ANNUAL REPORT 2021

SAIPEM

MISSION

Transforming customers' strategies and projects into competitive and sustainable infrastructures, plants and processes.

VALUES

Ability to innovate in technology; engineering and management expertise; consolidated experience in project management; strong problem-solving orientation; dialogue and transparency.

ESEF (European Single Electronic Format) requirements

This report has not been prepared in accordance with the EU Delegated Regulation 2019/815 (ESEF Regulation), implementing the Transparency Directive. The Annual Report in ESEF format (only in Italian language) is published in the specific section of the Company's website (www.saipem.com, Quarterly Results and Documentation) and is available at the centralized storage mechanism authorized by Consob "eMarket STORAGE" (www.emarketstorage.com).

Disclaimer

By their nature, forward-looking statements are subject to risk and uncertainty since they are dependent upon circumstances which should or are considered likely to occur in the future and are outside of the Group's control. These include, but are not limited to: exchange and interest rate fluctuations, commodity price volatility, credit and liquidity risks, HSE risks, the levels of capital expenditure in the oil industry and other sectors, political instability in areas where the Group operates, actions by competitors, success of commercial transactions, risks associated with the execution of projects (including ongoing investment projects), the COVID-19 pandemic (including its impacts on our business, our ongoing projects worldwide and our procurement chain), in addition to changes in stakeholders' expectations and other changes affecting business conditions. Actual results could therefore differ materially from the forecasts. The financial reports contain in-depth analyses of some of the aforementioned risks. Forward-looking statements are to be considered in the context of the date of their release. Saipem SpA is under no obligation to review, update or correct them subsequently, except where this is a mandatory requirement to the applicable legislation.

COUNTRIES IN WHICH SAIPEM OPERATES

EUROPE

Albania, Austria, Bulgaria, Cyprus, Denmark, France, Germany, Greece, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Switzerland, Turkey, United Kingdom

AMERICAS

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

CIS

Azerbaijan, Georgia, Kazakhstan, Russia

AFRICA

Algeria, Angola, Cameroon, Congo, Côte d'Ivoire, Egypt, Equatorial Guinea, Gabon, Ghana, Kenya, Libya, Mauritania, Morocco, Mozambique, Nigeria, Senegal, South Africa, Tunisia, Uganda

MIDDLE EAST

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

FAR EAST AND OCEANIA

Australia, Bangladesh, China, India, Indonesia, Japan, Malaysia, Singapore, Taiwan, Thailand, Vietnam

BOARD OF DIRECTORS AND STATUTORY AUDITORS OF SAIPEM SpA

BOARD OF DIRECTORS[1]

Chairman
Silvia Merlo

CEO - General Manager
Francesco Caio

Directors
Roberto Diacetti, Alessandra Ferone, Patrizia Michela Giangualano, Pier Francesco Ragni, Marco Reggiani, Paul Schapira, Paola Tagliavini

General Manager[3]
Alessandro Puliti

BOARD OF STATUTORY AUDITORS[2]

Chairman
Giovanni Fiori

Statutory Auditors
Giulia De Martino
Norberto Rosini

Alternate Statutory Auditors
Francesca Michela Maurelli
Maria Francesca Talamonti

INDEPENDENT AUDITORS

KPMG SpA[4]

(1) Appointed by the Shareholders' Meeting on April 30, 2021, for financial years 2021, 2022 and 2023, and in any case up to the date of the Shareholders' Meeting which will be called to approve the financial statements as at December 31, 2023.
(2) Appointed by the Shareholders' Meeting on April 29, 2020, for a three-year period and in any case up to the date of the Shareholders' Meeting to approve the financial statements as at December 31, 2022.
(3) Appointed by the Board of Directors on February 4, 2022.
(4) The Shareholders' Meeting of May 3, 2018, resolved to appoint KPMG SpA as the independent auditors from 2019 to 2027.

ANNUAL REPORT
2021

Ordinary Shareholders' Meeting of May 17, 2022
Notice of the Shareholders' Meeting was published on the Company website and an excerpt was published in the daily newspaper Il Sole 24 Ore on April 14, 2022.
Owing to the COVID-19 health emergency and in compliance with Article106 of Law-Decree No. 18 dated March 17, 2020, and subsequent extensions, aimed at minimising travel and gatherings, attending and voting at the Shareholders' Meeting can only occur through the granting of a specific proxy to the designated representative (Avv. Dario Trevisan) as per the instructions given in the notice.

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

A difficult year is drawing to a close, but we are confident that the foundations – both strategic and organsational – have been laid for a robust and sustainable new phase of development.
There are two main reasons for the 2021 results.
On the one hand, the impact that the pandemic had on the prices and availability of raw materials and on logistics, with repercussions on the costs, timing and complexity of moving people and vehicles, leading to a significant deterioration in the full-life economic margins of some Onshore E&C projects of around €440 million.
On the other hand, certain offshore wind projects, acquired between 2019 and early 2021 assuming a level of risks and costs that was much lower than what later emerged in the implementation phase.
Specifically, during the year, the increase in cost estimates to complete the offshore wind projects had already led to the recognition – in the first nine months of the year – of a reduction in full-life margins of around €370 million.
Between December 2021 and January 2022, delays in critical supplies and the failure to agree on a revision of time and costs necessitated a further change in the estimates of full-life costs – based on the accounting standards adopted – by a further €580 million approximately.
As soon as the first signs of these critical situations emerged, and in anticipation of the final statement of accounts for the 2021 results, management commenced a review of the performance of contracts acquired in previous years, which revealed a significant deterioration in the full-life profit margins of the above-mentioned Onshore E&C and Offshore Wind projects.
It is important to note that without the impact of the backlog review, adjusted EBITDA in the fourth quarter would have been positive by approximately €120 million.
The strategic plan that identified growth drivers was accompanied, in January 2022, by a new organisation by business lines that goes beyond the divisional one, with the aim of centralising risk control, increasing efficiency and developing innovative and flexible execution models in line with the requirements of the energy transition.
Due to the difficult economic and financial situation resulting from the backlog review, the Board of Directors made important decisions.
The company's organisational structure was strengthened with the creation of a general management function that, by consolidating the check and balance mechanisms, fits in well with the new organisational review.
The revision of the 2022-2025 Strategic Plan was also approved, as well as the maneuver to strengthen the Company's financial and equity structure.
The guidelines underpinning the revision of the 2022-2025 Plan, which is based on the dynamics of Saipem's reference markets presented in October 2021, are founded on the pursuit of a more balanced risk-return profile and on a deleveraging path.
The revision of the Saipem 2022-2025 Strategic Plan aid the foundations for the strengthening of Saipem's financial and equity structure in order to overcome the uncertainties arising from the significant losses reported in the fourth quarter of 2021, as well as to strengthen the financial statements, de-risk the business model and support the execution of the Plan.
Acquisitions in the fourth quarter of 2021, mainly in Brazil, Australia, Turkey and Saudi Arabia and worth approximately €2.3 billion (more than five times the value of the third quarter) and those in the first quarter of 2022 confirm the expectations of a recovery in Oil&Gas investment and Saipem's competitiveness in the reference markets.

The Chairman
Silvia Merlo

2021 results

2021 ended with adjusted consolidated operating revenues of €6,875 million, a decrease of 6.4% compared to 2020. Consolidated adjusted operating EBITDA in 2021 was negative for €1,192 million (positive for €614 million in 2020).
The results for 2021 were significantly impacted by the fourth quarter, which reported a negative consolidated adjusted operating EBITDA of €901 million, discounting the negative impact of €1,020 million resulting from increased difficulties on some specific Offshore Wind and Onshore E&C contracts, which became apparent with the backlog review exercise that came to cover a total of 22 projects, representing approximately 80% of the alue of the total consolidated backlog existing as of September 30, 2021, approximately 88% of the consolidated backlog of the E&C segments as of the same date.
This, in accordance with the international accounting standards, led to the recognition in the fourth quarter of all the increased costs and lower overall revenues expected in future years on the contracts in question, until their completion.
Without the impact described, consolidated adjusted EBITDA in the fourth quarter would have been positive by approximately €120 million, confirming the overall strength of the portfolio of activities managed by Saipem, supported by results in drilling and offshore E&C, not including the wind sector.

The net financial position post IFRS-16 stood at approximately €1.5 billion at the end of 2021, an improvement from approximately €1.7 billion at the end of September 2021. Cash and cash equivalents at the end of 2021 amounted to €2.3 billion, of which approximately €0.7 billion were available and the remainder tied up mainly in joint venture projects.
The operating performance in the fourth quarter shows signs of improvement compared to the third quarter in the offshore and onshore drilling businesses, as well as a good performance of the offshore E&C business, excluding offshore wind.
In the drilling segments, in addition to improved results in the quarter, there are positive market dynamics with increased demand and prospects for full utilisation of the operating fleet.
Acquisitions of new contracts in 2021 amounted to approximately €7.2 billion (book-to-bill > 1), with a strong acceleration in the fourth quarter (€2.3 billion, more than 5 times that of the third quarter), confirming the recovery of demand in traditional offshore E&C Oil&Gas and Saipem's centrality to major clients in this segment.

Business Sustainability

For your Company, the principles of economic, environmental and social sustainability have been part of the business model and ESG factors for many years, and they guide the company's actions as they are integrated into the company's strategy and management for the benefit of all stakeholders.
Saipem intends to continue to generate sustainable value for all its stakeholders by attributing, among other things, a key role to people, their health and safety, skills, ability to attract new talents, the social and economic contribution to the local communities in which it operates, and to relationships with clients and the supply chain.
Sustainability at Saipem is expressed first and foremost in the responsibility of the way we operate. In this sense, the continuous improvement of health and safety standards is a pillar of sustainability. The effective management of the pandemic has ensured that offices and operating sites are fully operational through rigorous action plans specific to offices, projects and facilities around the world, always putting people's health first. At Saipem there is a continuous drive to disseminate a culture of safety, for example, through campaigns such as "Life Saving Rules – LSRs", using the most modern tools offered by digital technology.
In terms of overall safety performance, the TRIFR - Total Recordable Injury Frequency Rate went from 0.36 in 2020 to 0.37 in 2021, a year in which no fatal accidents were recorded.
These significant results are the fruit of proper management and supervision of projects and operational sites, and continuous training and awareness-raising at all organisational levels.
The principle of business ethics and anti-corruption is constantly pursued by Saipem and is also sanctioned in the 2016 adhesion to the United Nations Global Compact. In 2021 Saipem was awarded the renewal of the international ISO 37001 "Anti-Corruption Management Systems" certificate, which testifies to the fact that legality, transparency, fairness and integrity are principles of the Company that cannot be derogated.
On the subject of transparency and reporting on the Company's commitment to fighting climate change, it should be noted that in 2021 the fourth report "Shaping a Net-Zero Future" was published, in line with the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD). The document, approved by the Board of Directors, provides stakeholders with structured information on technological developments, climate-changing emissions and scenario analysis, strategies, governance, risks and business opportunities related to climate change.
The reduction of greenhouse gas emissions, also through energy efficiency initiatives, is among the Company's environmental priorities. In particular, also in relation to the provisions of the Paris Agreement (COP21 of 2015) on combating climate change, Saipem's objective is to accelerate the pursuit of medium and long-term strategies and implementation plans to achieve "Net-Zero" greenhouse gas emissions. In this context, in February 2021 the Company announced its long-term decarbonisation targets, launching the Net-Zero Programme following a long and structured process initiated in recent years.
The following medium and long-term targets have been identified:
- 50% reduction in Scope 1 and 2 emissions by 2035 (base GHG emissions in 2018);
- carbon neutrality for Scope 2 emissions by 2025.

In terms of reporting, once again this year, extensive reporting on sustainability strategies, programmes, objectives and performance was prepared for stakeholders through the publication of the Sustainability Report 2021, the sixteenth since Saipem embarked on this voluntary reporting practice. In addition, in accordance with EU Directive 95/2014 and Legislative Decree No. 254/2016, the Consolidated Non-Financial Statement (NFS), which constitutes a section of the Directors' Report, was prepared. Both documents are reviewed and prepared according to the most advanced international standards.
Saipem's continuous focus on sustainability and on reporting, including voluntary reporting, of its sustainable commitment has contributed to improving the appreciation of financial stakeholders and international analysts, who have confirmed in 2021 Saipem's inclusion among the sector leaders in the most important sustainability indices and ratings such as, the Dow Jones Sustainability Index, which has seen a further increase in the rating received by the Company.

The Chief Executive Officer (CEO)
Francesco Caio

In terms of integrating sustainability into its business, Saipem pursues the objective of contributing to energy decarbonisation along its value chain. In this way, the Company achieves the dual effect of reducing its own

carbon footprint and also that of its clients, towards whom it is increasingly acting as a technological partner on their journey towards Net-Zero.
In order to achieve these objectives, Saipem has, for example, adopted a dual strategy: on the one hand, it acts as a technological partner to energy companies in complex projects, in order to implement their pathway towards Net-Zero; on the other hand, it acts as a supplier of plants and modular/scalable solutions for applications such as CO_2 capture, plastics recycling or the production of biofuels, which are becoming relevant for a growing number of industrial sectors.

Market scenario

The business scenario foresees growing trends in Offshore E&C and Offshore Drilling. Offshore Wind also represents a potential for market growth with a different approach, by focusing on low-risk offshore wind activities for 2022-2023 and adopting a renewed commercial and execution strategy to capture the market growth potential in the second half of the Plan.
The current geopolitical context could lead to the development of new energy infrastructures with potential benefits for engineering and construction companies such as Saipem.
Beyond 2022, with progress in project execution, further efficiencies and an increasingly selective commercial activity, we expect a return to adjusted EBITDA growth and a resumption of the reduction path in net financial debt.

April 22, 2022

On behalf of the Board of Directors

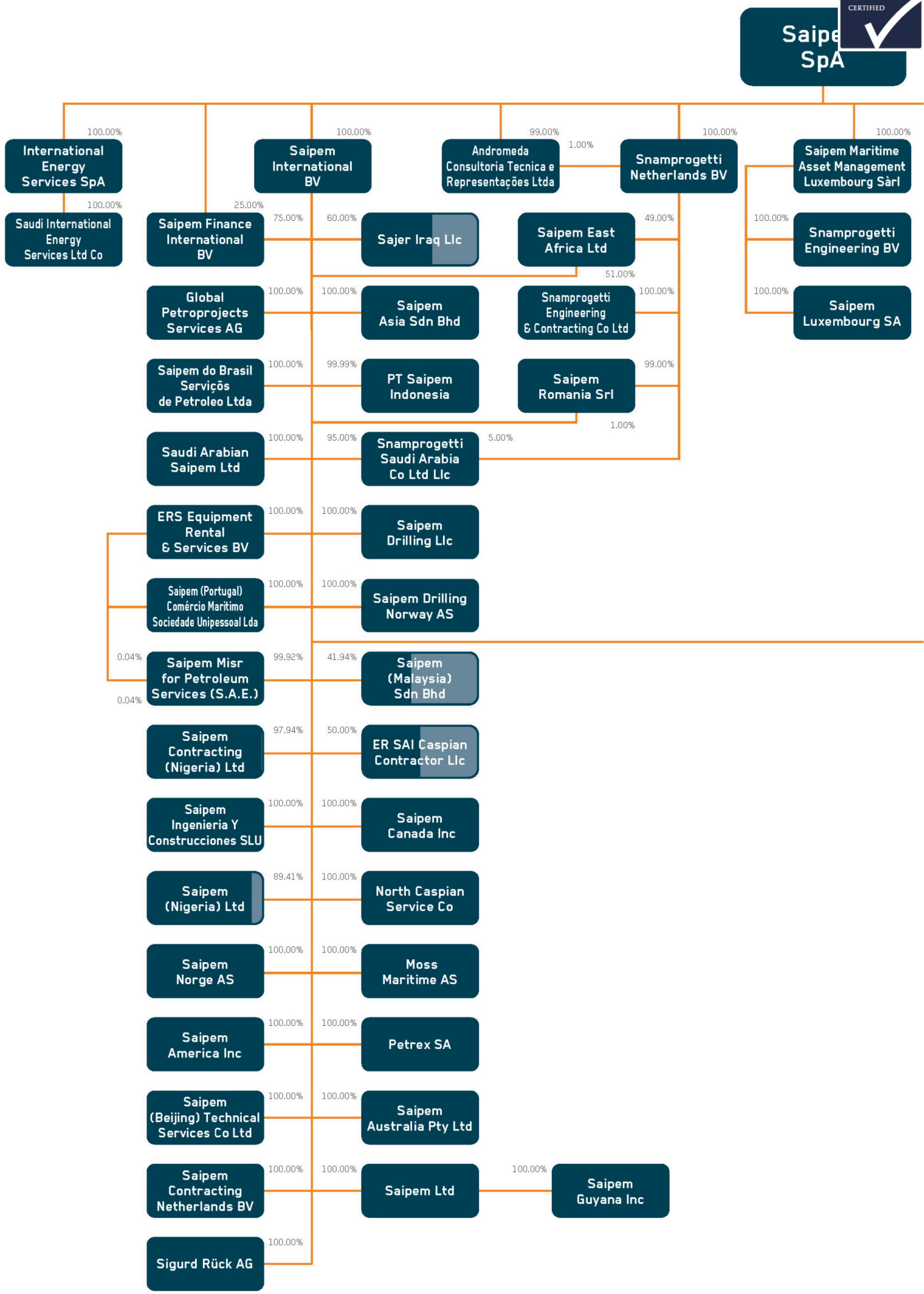
The Chairman
Silvia Merlo

The Chief Executive Officer-CEO
Francesco Caio

E-MARKET SDIR CERTIFIED

STRUCTURE OF THE SAIPEM GROUP

(subsidiaries)


Saipem SpA
International Energy Services SpA
100.00%
Saudi International Energy Services Ltd Co
100.00%
Saipem International BV
100.00%
25.00%
Saipem Finance International BV
75.00%
Global Petroprojects Services AG
100.00%
Saipem do Brasil Serviçõs de Petroleo Ltda
100.00%
Saudi Arabian Saipem Ltd
100.00%
ERS Equipment Rental & Services BV
100.00%
Saipem (Portugal) Comércio Marítimo Sociedade Unipessoal Lda
100.00%
Saipem Misr for Petroleum Services (S.A.E.)
99.92%
0.04%
0.04%
Saipem Contracting (Nigeria) Ltd
97.94%
Saipem Ingenieria Y Construcciones SLU
100.00%
Saipem (Nigeria) Ltd
89.41%
Saipem Norge AS
100.00%
Saipem America Inc
100.00%
Saipem (Beijing) Technical Services Co Ltd
100.00%
Saipem Contracting Netherlands BV
100.00%
Sigurd Rück AG
100.00%
Sajer Iraq Llc
60.00%
Saipem Asia Sdn Bhd
100.00%
PT Saipem Indonesia
99.99%
Snamprogetti Saudi Arabia Co Ltd Llc
95.00%
5.00%
Saipem Drilling Llc
100.00%
Saipem Drilling Norway AS
100.00%
Saipem (Malaysia) Sdn Bhd
41.94%
ER SAI Caspian Contractor Llc
50.00%
Saipem Canada Inc
100.00%
North Caspian Service Co
100.00%
Moss Maritime AS
100.00%
Petrex SA
100.00%
Saipem Australia Pty Ltd
100.00%
Saipem Ltd
100.00%
Saipem Guyana Inc
100.00%
Andromeda Consultoria Tecnica e Representações Ltda
99.00%
1.00%
Snamprogetti Netherlands BV
100.00%
Saipem East Africa Ltd
49.00%
51.00%
Snamprogetti Engineering & Contracting Co Ltd
100.00%
Saipem Romania Srl
99.00%
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Saipem Maritime Asset Management Luxembourg Sàrl
100.00%
Snamprogetti Engineering BV
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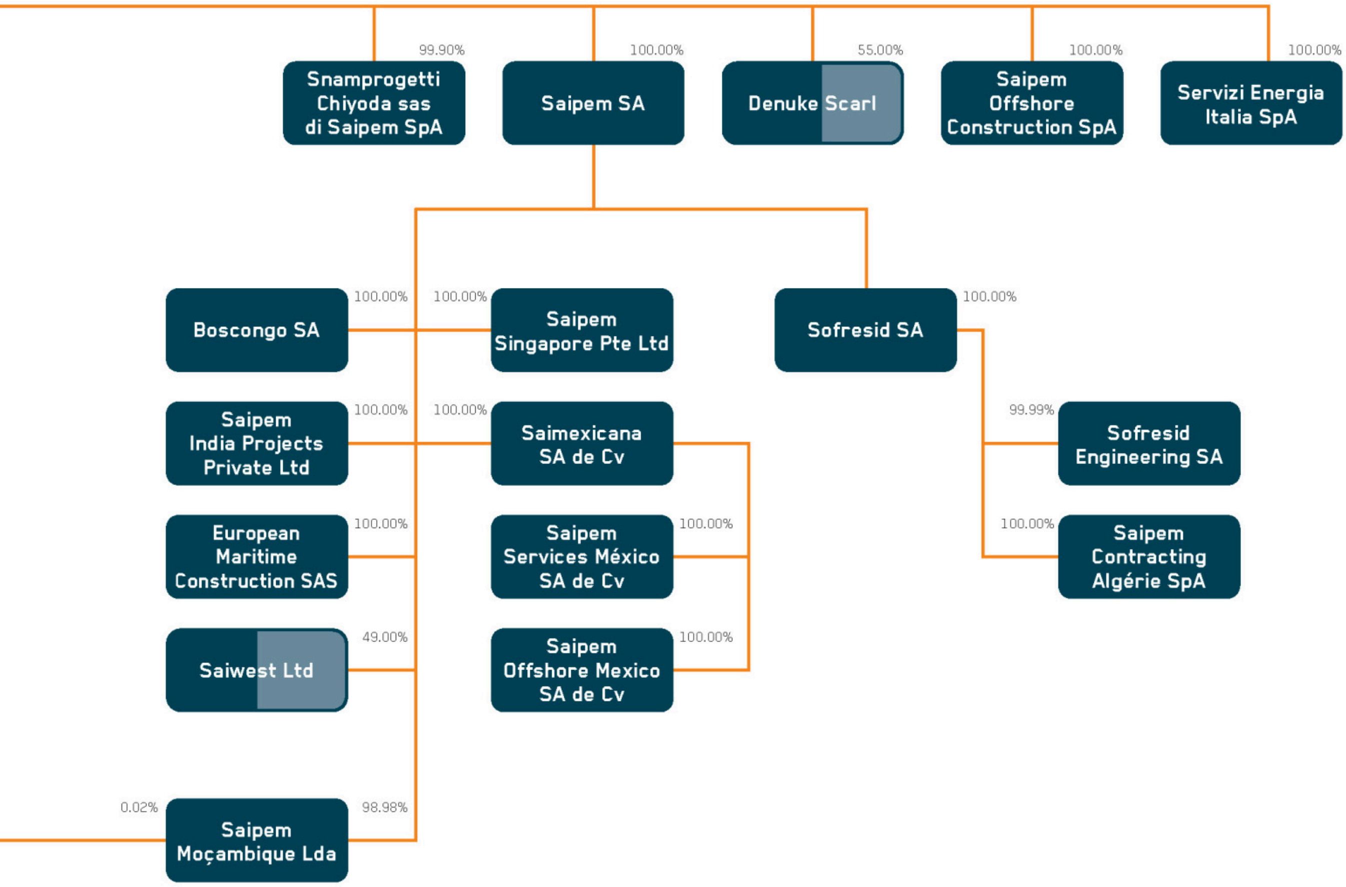
Saipem Luxembourg SA
100.00%



The chart shows only subsidiaries

DIRECTORS' REPORT

E-MARKET SDIR CERTIFIED

SAIPEM SpA SHARE PERFORMANCE

2021 saw a general recovery for equity markets which, after the contraction suffered in 2020 following the losses linked to the pandemic, benefited from the accommodative policies of central banks and from support plans for the real economy by individual governments. In this context, the FTSE MIB index closed the year with one of the best performances among the European stock exchanges (+23%). By contrast, Saipem share value decreased by 17% during 2021, because of the uncertainties in the energy service sector and specific company factors reflected in the economic and financial performance.
In this context, after a negative performance at the beginning of the year due to speculative activities and general profit-taking by funds which had increased the exposure to the sector, energy shares posted a strong recovery, showing positive performances thanks to better than expected results, a significant cash generation and, finally, a general improvement of the relevant macro conditions.
In line with the rest of the sector, in the first two months of the year Saipem stock was purchased both by generalist long-only investors and by sector specialists and hedge-funds. The share reached its peak on February 16 at €2.65.
However, the messages sent in February with the 2020 annual results triggered several sales of Saipem shares. In this phase, the market focused on the possible consequences for 2021 of the dynamics found by the Offshore E&C Wind in the last quarter of 2020 and on whether the provided outlook was associated with a contingent factor or with a combination of aspects with a more lasting effect.
The uncertainty on these issues generated a volatile trend in the months of March and April, until the announcement of the results of the first quarter, which caused a new pressure on the shares, mainly due to results lower than market expectations and the announcement of the suspension declared by the client of the LNG project for Onshore E&C Division in Mozambique due to force majeure.
The same trading dynamics characterised the share trend also during May and June, because the investors maintained a wait-and-see attitude, with some positive Stock Exchange sessions associated with new awards. By the end of June, the price of the Saipem share was €2.04.

Key stock exchange indices and share data

		Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021
Share capital	(€)	2,191,384,693	2,191,384,693	2,191,384,693	2,191,384,693	2,191,384,693
No. of ordinary shares		1,010,966,841	1,010,966,841	1,010,966,841	1,010,966,841	1,010,966,841
No. of savings shares		10,598	10,598	10,598	10,598	10,598
Market capitalisation	(€ million)	3,872	3,286	4,408	2,235	1,871
Gross dividend per share:						
- ordinary shares	(€)	-	-	0.01	-	-
Price/earnings ratio per share: [1]						
- ordinary shares	(€)	-	-	367.32	-	-
Price/cash flow ratio per share: [1]						
- ordinary shares	(€)	9.49	9.69	6.28	16.31	-
Adjusted price/earnings ratio per share:						
- ordinary shares	(€)	84.17	131.43	26.71	-	-
Price/adjusted cash flow ratio per share:						
- ordinary shares	(€)	6.79	6.66	5.64	6.92	-

(1) Figures are based on consolidated results.

The results of the first half of 2021, characterised by the persistence of difficulties in some Offshore E&C projects, further increased investors' caution, as they assumed that the same elements of uncertainty that marked the performance of the first half (slowdown in the execution of some Offshore E&C projects, pandemic impact, volatility and uncertainty in the macro context and the effect of the suspension of the project in Mozambique) could persist in the short term, with a negative impact on the results for the whole year.
After a stable performance in August, the positive trend of the pandemic and the easing of restrictions that took place after the summer have boosted the stock, that has shown a good recovery in September and October, also due to the rise in the price of oil. The share reached the peak of the second half of the year on October 25 at €2.26.

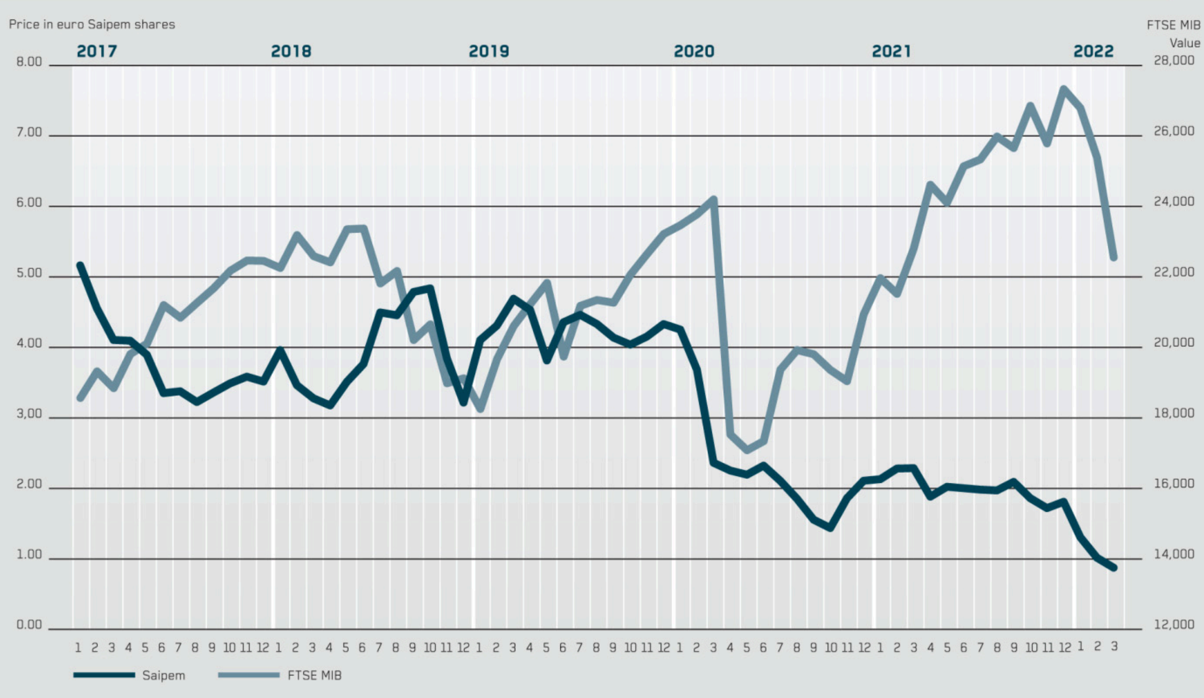
Following the announcement of the third quarter results, the share performance was characterised mainly by adjustment dynamics, also as a result of the adjustments of estimates and target prices by the main brokers. Despite the announcements regarding the award of new offshore projects in Saudi Arabia, Brazil, Turkey, and Australia, the share went down in November, due to the fear of the consequences that a new lockdown would have on the macroeconomy, following the spread of the Omicron variant.
After reaching the lowest price in 2021, at €1.73 on December 20, the shares showed signs of recovery in the last ten days of the year (+7%), recovering part of the losses of the previous month, following the increase in the target price by some analysts and presumably thanks to the greater contribution of important investors, combined with fewer speculations. 2021 closed with the share at €1.85.

Prices on Euronext Milan

(€)	2017	2018	2019	2020	2021
Ordinary shares:					
- maximum	5.65	5.43	4.99	4.49	2.65
- minimum	2.96	3.10	3.22	1.36	1.73
- average	3.83	3.98	4.29	2.36	2.11
- year end	3.83	3.25	4.36	2.21	1.85
Savings shares:					
- maximum	60.00	41.80	44.20	45.00	45.00
- minimum	40.00	40.00	40.00	42.00	36.00
- average	46.13	40.27	41.23	43.37	41.84
- year end	40.00	40.00	42.00	45.00	37.00

The figures have been restated following the reverse stock split and the share capital increase.

SAIPEM AND FTSE MIB - AVERAGE MONTHLY PRICES JANUARY 2017-MARCH 2022



During January 2022, the share continued to follow a positive trend, which stopped on January 31, with the announcement of the withdrawal of the outlooks communicated in October 2021 and the forecast of a consolidated adjusted EBITDA in the second half of 2021 that was €1 billion lower than expected, as a result of the backlog review initiated by management on the performance of contracts acquired in previous years, in anticipation of the finalisation of annual results.
The share dropped from €1.94 on January 28 to €1.35 on January 31, and continued to show a volatile trend over the following sessions, due to the headlines and downgrades by some brokers. This meant that the stock hit historic lows, with partial technical recovery phases in some market windows.
On February 24, 2022, Saipem announced the completion of the backlog review with no further impacts compared to what was communicated on January 31. It also defined the guidelines for the revision of the

Strategic Plan, which lays the foundations for the actions to be taken to strengthen the Company's financial and capital structure. The outbreak of the conflict in Ukraine in the last days of February brought strong volatility in the international financial markets. This added pressure on Saipem, which closed the month of February at €1.06/share.

Saipem's market capitalisation at the end of the year was higher than €1.8 billion. In terms of share liquidity, shares traded in 2021 totalled about 3.3 billion (-4% compared to the previous year). The average number of shares traded daily for the period totalled 12.8 million, compared to the 13.3 million in the same period of the previous year. In line with the decrease in the share volume and value, the turnover was a little less than €7 billion, a decrease compared to the 7.8 of the previous year.

At the end of the year, there were 10,598 savings shares, which were convertible at par with ordinary shares. Their value, affected by the very poor liquidity, recorded a decrease of 17.8% during the year, going from €45.0 at the beginning of the period to €37.0 at the end of the period.

OPERATING REVIEW

Organisational structure

As of January 14, 2022, the Company adopted an organisational configuration divided into four distinct areas of business which, in line with the new organisation model, involves:

- the organisational and geographical centralisation of staff structures, aimed at achieving higher efficiency levels;
- the introduction of a central business department to manage the order intake and customer interaction within a "One Saipem" perspective, while ensuring the optimised management of regional and local structures on a global scale;
- the integration of project control and risk management processes within the Chief Financial Officer operating area, raising the level of sensitivity in risk analysis and management over the entire life cycle of projects;
- the division of the Saipem portfolio into four business lines, each with different dynamics, goals, and skills aimed at the technical and financial development of the offers and the management of projects in the execution phase. They will also be centres of excellence in technology and engineering, globally recognised by our clients:
  - Asset-Based Service - it aggregates businesses based on Saipem's asset portfolio, which includes Drilling, Sea Trunklines, Transportation & Installation, Subsea Development and the management of vessels and yards serving the Group's businesses;
  - Energy Carriers - evolution of Saipem's systems with a strong technological content, great attention to new energy carriers and circularity; it brings together the E&C business of "one-of-a-kind" Onshore and Offshore projects, enhancing the extent, depth, and quality of our technical and management skill portfolio;
  - Robotics and Industrialised Solutions - answering the new needs of the energy sector, it integrates the technical-operational skills dedicated to the development, engineering, and execution of modular, repeatable, and scalable systems, as well as the monitoring and maintenance services based on digital technologies;
  - Sustainable Infrastructures - to seize the opportunities of a sector that has become strategic in the energy transition ecosystem, which will hopefully by accelerated by the Italian Recovery Fund.

The new organisational model is operational as of January 14, 2022; consequently, the financial information has been prepared based on the organisational structure in force at December 31, 2021, which was based on four business divisions: Offshore Engineering & Construction, Onshore Engineering & Construction, Offshore Drilling, and Onshore Drilling. The results of the XSIGHT Division are included in the Onshore Engineering & Construction Division, as these are numerically immaterial.
On February 4, 2022, the Board of Directors of Saipem approved, as an integration and completion of the new organisational structure, a new directorate general with wide operational and managerial delegations, by establishing a unit that will report to the General Manager aimed at strengthening the planning and financial control of orders and other management activities.

Market conditions

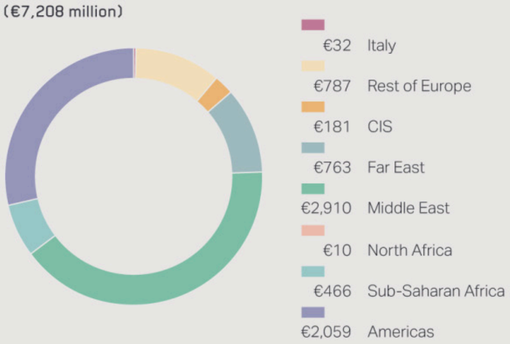
2021 was marked by a slow return to normality in several regions of the world. The spread, effectiveness of vaccines and fiscal and monetary support in some advanced economies contributed to a significant economic recovery during the year, albeit slightly lower than expected in the first half of the year. Lower expectations are partly related to critical issues in supply chains in advanced economies, and to worsening economic performance in emerging economies, only partly offset in exporting countries by higher commodity prices. Recent estimates confirm a growth, compared to 2020, of around 5.9% for 2021.
The economic recovery is still not homogeneous, with vaccine access and economic support unevenly available in different parts of the world.
In this context, the energy sector, which had been among the most impacted by the crisis in 2020, showed signs of recovery in 2021 thanks to an increased demand for energy, oil and gas in particular. This rebalancing of market dynamics has lead to a significant increase in oil and gas prices, which have moved above pre-crisis levels. The return to production has happened gradually in different geographical areas, with a recovery in both North America and in the Middle East.
All in all, the year positive signals have only partially translated into a recovery of the investments in the Oil&Gas sectors. This is also due to the conservative strategy of the operators who confirm their goal of keeping their financial assets solid, while trying to diversify their investment portfolios in order to respond to the growing market pressure in terms of energy transition and of CO_2 emissions reduction.
For more information on the effects of the Russian-Ukranian crisis, please refer to the specific section in "Business outlook and events after the reporting period".

New contracts and backlog

New contracts awarded in 2021 amounted to €7,208 million (€8,659 million in 2020).
55% of all contracts awarded were in the Offshore Engineering & Construction sector, 38% in the Onshore Engineering & Construction sector, 3% in the Offshore Drilling sector and 4% in the Onshore Drilling sector.
New contracts to be carried out abroad made up 99% of the total; contracts awarded by Eni Group companies were 6% of the overall figure. Orders awarded to Saipem SpA amounted to 26% of the total. Acquisitions relating to non-consolidated companies amounted to €82 million; total acquisitions amounted to €7,290 million.

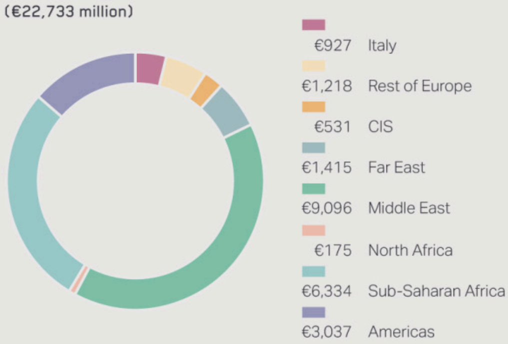
NEW CONTRACTS BY GEOGRAPHIC AREA

(€7,208 million)



ORDER BACKLOG BY GEOGRAPHIC AREA

(€22,733 million)



Saipem Group - Orders acquired during the year ended on December 31

(€ million)	2020		2021	
	Amount	%	Amount	%
Saipem SpA	3,509	41	1,893	26
Group companies	5,150	59	5,315	74
Total	**8,659**	**100**	**7,208**	**100**
Offshore Engineering & Construction	3,423	40	4,000	55
Onshore Engineering & Construction	4,884	56	2,716	38
Offshore Drilling	145	2	236	3
Onshore Drilling	207	2	256	4
Total	**8,659**	**100**	**7,208**	**100**
Italy	385	4	32	1
Outside Italy	8,274	96	7,176	99
Total	**8,659**	**100**	**7,208**	**100**
Eni Group	433	5	420	6
Third parties	8,226	95	6,788	94
Total	**8,659**	**100**	**7,208**	**100**

The order backlog as of December 31, 2021 amounts to €22,733 million (€22,400 million as of December 31, 2020), of which €8,062 million to be carried out in 2022 (€13,439 million in the Onshore Engineering & Construction, €7,436 million in the Offshore Engineering & Construction, €360 million in Offshore Drilling, and €1,498 million in the Onshore Drilling), and, in a critical year, it reached a new maximum level.
The breakdown of the backlog by sector is as follows: 33% in the Offshore Engineering & Construction sector, 59% in the Onshore Engineering & Construction sector, 2% in Offshore Drilling and 6% in Onshore Drilling.
96% of orders were on behalf of overseas clients, while orders from Eni Group companies represented 1% of the overall backlog. The parent company Saipem SpA accounted for 24% of the total order backlog.
The order backlog including non-consolidated companies was €24,682 million (€25,296 million as of December 31, 2020).
The share of the remaining order backlog as of December 31, 2021, not associated to the oil price, is approximately 76% of the total Engineering & Construction backlog.

Saipem Group - Backlog as of December 31

(€ million)	2020		2021	
	Amount	%	Amount	%
Saipem SpA	5,232	23	5,449	24
Group companies	17,168	77	17,284	76
Total	**22,400**	**100**	**22,733**	**100**
Offshore Engineering & Construction	6,285	28	7,436	33
Onshore Engineering & Construction	14,009	63	13,439	59
Offshore Drilling	518	2	360	2
Onshore Drilling	1,588	7	1,498	6
Total	**22,400**	**100**	**22,733**	**100**
Italy	1,130	5	927	4
Outside Italy	21,270	95	21.806	96
Total	**22,400**	**100**	**22,733**	**100**
Eni Group	406	2	300	1
Third parties	21,994	98	22,433	99
Total	**22,400**	**100**	**22,733**	**100**

Capital expenditure

Despite the critical period, the investments were in line with the previous year.
Capital expenditure in 2021 amounted to €298 million (€322 million in 2020) and mainly related to:

- €150 million for Offshore Engineering & Construction: upgrading of the Saipem Endeavour barge, extraordinary maintenance of the FDS and FDS 2 vessels, extraordinary maintenance of the Castoro 12 and service and upgrading operations on existing vessels; Castoro Sei and S600 were discontinued;
- €20 million for Onshore Engineering & Construction: purchase and maintenance of equipment and completion of the Saint Felicién plant in Canada;
- €76 million for Offshore Drilling: refurbishment and adaptation of the equipment to ensure it complies with international regulations and client requirements. Among the rigs under maintenance to renew their class certification there were, specifically, the jack-ups Perro Negro 8, Perro Negro 7, Perro Negro 4 and the drillship Saipem 10000;
- €52 million for Onshore Drilling: upgrading of rigs for operations in Saudi Arabia, South America, and United Arab Emirates, as well as the maintenance and upgrading of the existing assets.

The following table provides a breakdown of capital expenditure in 2021:

Investments

(€ million)	2020	2021
Saipem SpA	40	38
Other Group companies	282	260
Total	**322**	**298**
Offshore Engineering & Construction	193	150
Onshore Engineering & Construction	17	20
Offshore Drilling	60	76
Onshore Drilling	52	52
Total	**322**	**298**

Details of capital expenditure for the individual business units are provided in the following paragraphs.

Profit Warning

In anticipation of the closing of the results on the orders acquired in recent years, the management has started a backlog review which has highlighted – due to the ongoing COVID-19 pandemic, to the increase, current and prospective, of raw material costs and transport, and to the unexpected interruption of ongoing negotiations that included, inter alia, higher revenues – a significant deterioration in the full-life economic margins of certain projects relative to the Onshore E&C and Offshore E&C Wind, with relevant effects on Saipem's consolidated financial results.

Consequently, on January 31, 2022, Saipem withdrew the outlooks announced to the market on October 28, 2021.
In February 2022, Saipem extended the review to additional projects reaching a coverage of 80% of the value of the total backlog existing as of September 30, 2021, approximately 88% of the consolidated backlog of the E&C segments as of the same date, representing 74% of the Offshore E&C backlog and 95% of the Onshore E&C backlog. The review was completed in February and did not reveal any further impacts compared to what was communicated on January 31, 2022.
As a result of the above, Saipem's 2021 statutory financial statements show losses in excess of one-third of the share capital, supplementing the conditions required by Article 2446 of the Italian Civil Code.
Those conditions can determine, after the course of contractual terms (where applicable) and unless a waiver is obtained from the bank counterparties, their right to accelerate the repayment of certain financial liabilities in favour of Saipem Group.
The Company promptly took action and immediately began discussions with the shareholders exercising joint control over the Company (Eni SpA and CDP Industria SpA) and the banks to define an adequate Financial Package aimed at strengthening Saipem's capital and financial structure in order to overcome the uncertainties arising from the significant losses reported in the fourth quarter of 2021.
The goals of the Financial Package are:
- re-establishing the levels of share capital and shareholders' equity in accordance with the company's size;
- re-establishing adequate levels of cash over the 2022-2025 Business Plan;
- availability of credit lines in order to support company operations;
- stabilising Saipem's credit rating with a view to ensuring access to debt capital markets to refinance outstanding bonds.

The planned mitigating actions are detailed below:
- on March 24, 2022, the Board of Directors resolved to submit to the Extraordinary Shareholders' Meeting of May 17, 2022 a capital increase of €2 billion to be carried out by March 31, 2023 in connection with which it obtained (i) a commitment to pro-rata subscription by the shareholders exercising joint control over the company Eni SpA and CDP Industria SpA; (ii) a commitment by the financial institutions involved in the capital and financial strengthening package, formalised through the signing of a pre-underwriting agreement, to guarantee the subscription of any newly issued shares that are not taken up by the market;
- willingness of a pool of banks to organise and manage the syndication of a new RCF in the amount of €1 billion in the wider context of the capital increase;
- obtaining specific Waiver on existing financial lines, were necessary.

In the short term, to meet the Company's financial needs until the capital increase planned by December 31, 2022, the Financial Package includes:
- obtaining a so-called bridge financing to right issue for a total amount of €1.5 billion, to be disbursed: (i) €458 million in the form of a "capital contribution" to shareholders' equity with a special equity reserve by the shareholder Eni SpA, which exercises joint control over the company; (ii) €188 million in the form of a "payment for future capital increase" by the shareholder CDP Industria SpA, which exercises joint control over the company; and (iii) €855 million from a pool of banks backed by a specific guarantee issued by Eni. Once the authorisation process has been completed, this credit line guaranteed by Eni will be refinanced through a further liquidity line of €852 million, again provided by the same pool of banks and guaranteed for 70% by SACE under the "Garanzia Italia" instrument and for a further 18% by Eni. In particular, a Mandate Letter has been signed providing for a liquidity facility in favour of the Company for an amount of €855 million, 100% covered by a parent company guarantee issued by the shareholder Eni ("Liquidity Facility"); this facility, together with the related guarantee, will remain in place until the disbursement of the loan supported by the "Garanzia Italia" as specified above;
- availability of signature credits (performance bonds, bid bonds and AP bonds) from banking institutions to support commercial activities;
- obtaining specific Waiver on existing financial lines, where necessary.

For further details, please refer to the section "Going concern".

OFFSHORE ENGINEERING & CONSTRUCTION

General overview

The Offshore Engineering & Construction Division is a leading "Global Solution Provider" in the energy industry, with a focus on SURF, fixed facilities and pipelines, renewable energies and decarbonisation projects, as well as other technological services for the energy industry. The division's core activities include the development of subsea and conventional fields, laying of export pipelines and trunk lines, as well as acting as EPCI and T/I contractor for windfarms. We support our customers from the pre-FID (Final Investment Decision) phase through to capital expenditure development, extending our services to the Life of Field, including operational, maintenance or modification activities, all the way through to the decommissioning of plants.
The division pursues this objective through three business units, namely SURF, Offshore New Energies, Offshore Facilities and Pipelines, endowed with a set of best-in-class elements, including engineering and project management expertise, a strong technological and innovative approach, an established local presence in strategic markets notably through building yards and bases such as Nigeria, Congo, Angola, Brazil, Indonesia, Guyana, United States and Saudi Arabia, a technologically advanced and comprehensive fleet sized to execute a wide span of projects in the most diverse operational and environmental conditions, a suite of products complementing our offer in the energy market.
The division's technology portfolio includes several alternative solutions, from robotics to subsea processing, such as the new generation of resident and autonomous ROV platforms HyDrone, or the subsea water treatment and injections system SPRINGS, developed with Total and Veolia. In addition, the Offshore Engineering & Construction Division continuously endeavours to improve production processes, by enhancing material and welding technologies (e.g. Internal Plasma Welding for cladded pipes), as well as by fostering automation and digitalisation. Saipem also implements its innovation and creative attitude in the development of state-of-the-art designs such as, for instance, floating windfarms. Regarding the latter, during 2021 Saipem acquired Naval Energies' floating wind assets, thus extending the portfolio of technologies to be offered to its stakeholders.
The division employs all of the above resources in the relentless search for the highest level of safety for people and the environment, in the interest of all its stakeholders.
The Offshore Engineering & Construction Division actively administers its assets portfolio, taking also in consideration flexible management models with the aim of tailoring its fleet to the needs of the strategic market pursued.
Saipem serves the subsea market with extremely versatile vessels, including the FDS 2, FDS and Saipem Costellation, the pride of the fleet. The vessel FDS 2 is a 183-metre long, 32-metre wide mono-hull equipped with a cutting-edge class 3 Dynamic Positioning system (DP3) and a pipeline fabrication system. It has a vertical J-lay tower with a holding capacity of 2,000 tonnes capable of laying quad joint sealines of up to 36" in diameter. With its 1,000-tonne crane and two 750 and 500-tonne capstan winches, the FDS 2 is suited to even the most challenging deep-water projects. The other vessel, the FDS, is equipped with (DP3) dynamic positioning, a 600-tonne lifting capacity crane and a pipelaying system capable of operating in water depths of over 2,000 metres.
The rigid and flexible pipeline reel-lay and subsea development vessel Saipem Constellation complements Saipem's capabilities in the subsea market. With its DP3 system, the Ice Class notation, the 800-tonne multilaying capabilities, the 3,000-tonne crane, the Saipem Constellation represents, on one hand, a unique "one-stop-shop" vessel to execute complex deep-water projects and, on the other hand, it has the capabilities to serve both the conventional market and specific wind farm projects.
Saipem's fleet of vessels also includes the Saipem 7000 semi-submersible, which is equipped with a class 3 Dynamic Positioning system and a 14,000-tonne lifting capacity, thus representing a solid asset to serve different markets, amongst which, primarily, offshore windfarm projects and decommissioning.
As far as the pipeline market is concerned, Saipem owns, amongst other assets, the Castorone, a 330-metre long and 39-metre wide mono-hull, designed to carry out the most demanding deep-water, large diameter pipelaying projects, with the necessary flexibility and productivity to be effective even in less complex projects. The vessel's distinctive features include a class 3 Dynamic Positioning system (DP3), the capacity to fabricate and lay triple joint pipes of up to 60" in diameter with a tensioning capacity of up to 750 tonnes, a highly automated firing line, the articulated stinger for both shallow and deep-water pipelaying through an advanced control system, and the capacity to operate in extreme environments.
In addition to the above, the division manages other strategical assets, both owned or leased, the purpose of which is mainly to serve the conventional market.
These include, inter alia: Saipem Endeavour, a barge with capabilities for laying single- or double-joint pipes of up to 60" in diameter in S-lay mode, with a tensioning capacity of up to 260 tonnes and equipped with a rotating crane with a 1,100 tonne capacity; Saipem 3000, capable of laying flexible lines, umbilical and mooring systems in waters up to 3,000 metres deep, and of installing structures of up to 2,200 tonnes; Dehe, a dynamically positioned

leased vessel for laying pipes and lifting heavy loads of up to 5,000 tonnes, capable of deep water installations up to depths of 3,000 meters and laying pipes with a tensioning capacity of up to 600 tonnes in S-lay mode.

Market conditions

After a 2021 in which the energy industry suffered unprecedented impacts from the COVID-19 pandemic, energy operators reviewed their long-term strategies through a redefinition of their asset portfolios. Oil and gas companies are gradually changing their business model to that of all-round energy companies, increasingly investing in renewables, slightly lowering the level of priority in the development of Oil&Gas assets, and in some cases deploying M&A strategies in search of synergies and optimisation of costs and risks.
As a result, the offshore renewable energy market, particularly wind power, continues its robust growth with increasing interest from investors and operators. Commercial and executive activities are therefore expected to increase. The offshore wind sector is experiencing a high level of activity related to developments in Northern Europe (including France), Asia-Pacific, as well as in emerging regions, including the United States. Technological developments, partnerships, and robust capital inflow are set to sustain the grow of this segment in the near future and beyond.
In the Oil&Gas market, we have generally witnessed a business recovery, implying reasonable expectations of a short-term market recovery, while execution activities worldwide are still suffering the impacts of the very low level of awards experienced during 2020.
As far as the conventional market is concerned, we can confirm the resilience of the Middle Eastern shallow-water market. Saudi Arabia is proceeding with its major oil development, while Qatar, despite a few delays in awarding some projects, is still pursuing its goal of becoming the world's largest gas exporter, hence remaining firm in its commitment to proceed with offshore gas developments (such as the North Field) to support the growth in LNG capacity. The United Arab Emirates are also proceeding with their Oil&Gas developments, aimed at satisfying national energy needs. The conventional market is also experiencing an increased interest in North and West Africa, with several new developments, especially linked to gas, although they are at different stages so they might not materialize immediately.
Linked to gas developments, the market of export and transmission pipelines has always shown to be somehow erratic, as very big projects materialize occasionally. While some of the projects in Asia-Pacific are still on stand-by, but expected to resume shortly, in the Mediterranean Sea the development of big gas transport infrastructures is at an early stage, but looks very promising.
The SURF market has been among those that have suffered the most in recent times, as clients on the one hand have delayed or abandoned high-risk or less profitable projects and on the other hand are resuming activities by looking for strategies to decrease costs. However, the last few months have seen strong signs of recovery, with Brazil as the main region, but also with Northern Europe, especially Norway, thanks to the stimuli put in place to counteract the effects of the crisis. In Guyana, developments are proceeding at full speed and there are also signs of an imminent recovery of the African market, especially in West Africa.

Capital expenditure

In the Offshore Engineering & Construction Division, investments made in 2021 were mainly related to the upgrading of the Saipem Endeavour barge, extraordinary maintenance of the FDS and FDS 2 vessels, extraordinary maintenance of the Castoro 12 barge and maintenance and upgrading of existing assets. On the other hand, the Castoro Sei and S600 vehicles have been decommissioned.

New contracts

The most significant contracts during 2021 were:
- for Qatargas, in Qatar, an EPCI contract for the North Field Production Sustainability Pipelines Project ("EPCL" package) which includes the engineering, procurement, construction, and installation of three offshore export pipelines and associated onshore connection works. This new contract is part of the development of the North Field production plateau, which also includes the EPCI of the offshore facilities ("EPCO" package) previously awarded to Saipem;
- for Saudi Aramco, in Saudi Arabia, a new three-year extension to the Long-Term Agreement (LTA), the framework agreement covering engineering, procurement, construction, and installation (EPCI) activities for the development of new offshore infrastructure and the upgrading of existing infrastructure. In addition, four work orders were awarded, covering the upgrading of existing facilities at the Zuluf, Berri and Abu Safah offshore fields and the Ras Tanura terminal, and a further fifth work order relating to activities to develop the Marjan offshore field;
- for Eoliennes Offshore du Calvados SAS (EODC), a contract for the Offshore Courseulles-sur-Mer wind farm in Normandy, France. Activities includes the design, construction, and installation work of 64 steel foundations for an equivalent number of wind turbines;

- for Qatargas, in Qatar, confirmation of the two options for additional works under the North Field Production Sustainability Offshore project ("EPCO" package). The activities include the construction of two additional gathering platforms, two additional bridges to connect them with the existing wellhead platforms, two 13-km long carbon steel lined anticorrosion pipelines connecting the wells, as well as the decommissioning of the existing pipeline;
- for Eni Angola SpA, a new contract for the deepwater subsea development of the preliminary Phase 2 of the Agogo field in Block 15/06 West Hub. Works include engineering, procurement, construction, and installation of subsea equipment and structures;
- for Chevron Australia Pty Ltd, a T&I contract for the Jansz-Io Compression project, relating to the Jansz-Io gas field located approximately 200 kilometres off the northwest coast of Australia, at a depth of approximately 1,400 metres;
- for Subsea 7 Norway AS, a contract for the Sakarya Gas Field Development project, the first deepwater natural gas field discovered in Turkey's Black Sea, approximately 175 kilometres off the coast of Eregli. The contract provides for the transport and installation of pipelines up to a depth of 2,200 metres;
- for Petrobras, a SURF EPCI contract for the installation of a subsea system based on rigid risers for the Buzios 7 project, for the development of the pre-salt field located about 200 kilometres off the coast of the state of Rio de Janeiro, at a depth of about 2,000 metres.

Work performed

The largest and most important projects underway or completed during 2021 were as follows. In general, the progress of the contracts described below is still affected by the COVID-19 emergency.

SURF Business Unit

In Guyana, for ExxonMobil:
- pipelay and installation activities are near completion for the **Liza Phase 2** project, which includes the engineering, procurement, fabrication, and installation of risers, umbilicals, manifolds, flowlines, well connections, and related facilities for the development of the Liza field;
- work on the **Payara** project is progressing according to schedule, with the completion of the first campaign by FDS 2 later this year and the current preparation for the second campaign scheduled for 2022. The project includes the engineering, procurement, fabrication, and installation of risers, umbilicals, flowlines, well connections, and associated facilities for the development of the Payara and Pacora fields.

In the Gulf of Mexico:
- for Pemex, the suspended project for the development of the **Lakach** field is about to be reactivated. The EPCI SURF project involves connecting the offshore field with the onshore gas conditioning plant;
- for Chevron, engineering activities for the **JSM-4** project are proceeding according to schedule. The project scope is the engineering, transportation, and installation of two modules (a generation module weighing 1,150 tonnes and a water injection module weighing 4,350 tonnes) onto Chevron's existing/operating FPU facility.

In Brazil, for Petrobras:
- engineering and procurement activities are progressing for the **Buzios 5** project, which includes engineering, procurement, fabrication, and installation of Steel Lazy Wave Risers (SLWR), umbilicals, manifolds, flowlines, well connections, and related facilities for the development of the Buzios field;
- work has begun on the execution of the **SURF EPCI Buzios 7** project, which includes the engineering, procurement, construction, and installation of the SLWR and the corresponding interconnecting flowlines between the subsea wells and the FPSO unit, as well as the associated service lines and control umbilicals. In addition, Saipem will be responsible for the supply and installation of the FPSO unit's anchors and its attachment to the reservoir.

In Egypt, for Petrobel, fabrication and installation activities have been completed for the **Zohr Rup** project, including the engineering, procurement, construction, and installation work for the "Ramp Up to Plateau" phase of the Zohr field gas development project; the Provisional Acceptance Certificate has been issued. Within the frame of the same project, the client has instructed us to proceed with the hook up of additional wells, which consists of building, transporting, and installing some jumpers. Offshore installation operations should start in the first quarter of 2022.

In West Africa,
- for Eni Angola:
  - the main sea installation activities for the **Cabaça** project have been completed, with the installation of the remaining jumpers scheduled for 2022;
  - engineering, procurement, and fabrication activities commenced at the Ambriz base in Angola for the **Agogo Early Phase 2** project, which involves the engineering, procurement, fabrication, and installation of two production pipelines, one for water injection and one for gas injection, as well as spools, jumpers, umbilicals

and connectors. Sea operations will start in the second quarter of 2022 with the involvement of the FDS unit initially, and of the Saipem Constellation later.

In Australia, for Chevron Australia Pty Ltd, the **Jansz-Io** contract has been signed for the transportation and installation of a subsea compressor station, manifold, field control station, as well as umbilicals and other facilities. The offshore activities will be carried out in two phases. The first campaign will take place between the end of 2024 and the beginning of 2025 and the second between the end of 2025 and the beginning of 2026.

New Energies Business Unit

In Asia, for Jan De Nul, having completed the procurement phase, the construction of 32 jackets for the Formosa II offshore wind farm in Taiwan is underway at Karimun yard.

In the North Sea:
- for ConocoPhilips, preparatory activities have been completed for the removal for the **LOGGS** project, involving the dismantling of the topsides and jackets of a platform;
- for Neart Na Gaoithe, offshore pile installation and stabilisation activities are in progress for the **NnG Offshore Windfarm** project, which includes engineering, procurement, fabrication, and installation of 56 jackets for the development of a wind farm. In addition, at the Karimun yard, the manufacture of two Offshore Substations (OSS), whose jackets are temporarily stored in Norway, has been completed and the manufacture of jackets for wind turbine generators (WTGs) is underway;
- for Seagreen, the first wind turbine generator jacket (WTG) **installation campaign** has been completed and the next one is about to start. The installation of jackets for offshore substation platforms (OSP) was also completed;
- for Dogger Bank Offshore Wind Farms, the engineering and procurement activities are in an advanced phase for the two **Offshore Substation** jackets being currently built at the Arbatax yard (Italy).

In France:
- for EDF Renewables, Enbridge Inc and wpd Offshore, manufacturing activities are ongoing for the **Fécamp** project, including the engineering, construction, and installation of 71 gravity base structures (GBS - Gravity Base Structures) in concrete as basis for the associated offshore wind farm;
- for Eolienes Offshore du Calvados (EDF Renewable, Enbridge Inc and wpd Offshore), the engineering and installation activities started on the monopiles and transition structures for the **Courseulles** project, which includes the transport and installation of 64 foundation monopiles.

Facilities and Pipelines Business Unit

In Saudi Arabia,
- for Saudi Aramco:
  - in the **Berri (LTA-34)** and **Marjan (LTA-35)** projects, engineering and procurement activities are nearing completion, while offshore construction work has commenced in terms of pre-laying activities, preparation of coastal draught and laying with the Saipem Endevour and, starting at the end of December, with Castoro 12. The (LTA-34) Berri and Marjan (LTA-35) projects include engineering, procurement, construction, and installation for new platforms, new wellhead platform decks, associated trunkline to shore, subsea pipelines, and cables;
  - engineering and procurement activities are nearing completion for the EPCI of **Berri Downstream (LTA-43)** project, which includes engineering, procurement, construction, and installation of subsea and onshore pipelines. Onshore construction activities are underway and preparatory work for onshore draught has also started, which will be followed by the offshore campaign of the vessel Castoro 12, expected in the first part of 2022 in combination with the LTA-34 and LTA-35 projects;
  - engineering and procurement activities are nearing completion for the EPCI **Enhance Piping Network (LTA-53)** project, which involves the design, engineering, construction, and installation of a pipeline on the existing network around the Ju'aymah area. The related offshore installation work has begun and is expected to continue until mid-2022;
  - engineering and procurement activities started for the recently sanctioned **LTA-63**, **64**, **65**, **68** and **70** projects. These involve the engineering, procurement, construction, and installation of subsea, onshore/offshore pipelines, jackets and wellhead platforms. The construction and installation of these projects will take place throughout 2022 as per the schedule of each individual scope;
- for Al Khafji Joint Operations (KJO), engineering and procurement activities are nearing completion, for the **Laying of New Hout Crude** contract, which includes the engineering, procurement, construction, installation, and start-up phases of a new pipeline for the transportation of crude oil. Discussions are also underway with the client to define an acceptable timeframe to proceed with the installation activities and the subsequent project phases.

In Qatar,
- for Qatargas:
  - the offshore installation activities for the **Barzan Novated Items & Pipeline** contract were completed, including the replacement of the damaged pipeline, which included the engineering, procurement,

construction, and installation of two export and interconnecting pipelines, connecting elements between the pipelines and various subsea structures;
- engineering ad procurement activities have started for the recently awarded **North Field Production Sustainability** (**EPCO** and **EPCL**) projects. Manufacturing work began at the Karimun yard in the latter part of November. Construction activities and the first offshore survey campaign began in the latter part of the year. The projects include engineering, procurement, construction, and installation of subsea, onshore/offshore pipelines, jackets, and wellhead platforms, as well as the associated support activities;
- the installation work for the **Qatargas 1 Jacket (WHP 12N)** project was completed, with the Dehe unit used as the main vessel. The project involved the engineering, procurement, fabrication, and installation of the piles, jacket, and other structures for the WHP 12N wellhead platform;
- the installation work for the **Gallaf** project has been completed using the Dehe. The project involved the engineering, transportation, and installation of 2 jackets and the wellhead platform.

In Indonesia, for BP Berau Ltd, most of the work on the **Tangguh LNG Expansion** project was completed during 2021, with additional engineering, connection work, and pipeline preservation carried out in the second half of the year. There are still operations to be carried out concerning the final connection with the LNG plant on shore and the commissioning of the plant, including post-launch assistance activities.

In the North Sea, for PremierOil, offshore installation has been completed for the **Tolmount** project, which includes the engineering, procurement, and installation of the 20” gas export pipeline and associated piggyback methanol line. Drainage of the 3-inch methanol line, scheduled for the first part of 2022, remains to be completed.

In the Baltic Sea, for Gaz System SA, in connection with the **Baltic** project, the installation of cement-lined pipelines for the transport of gas between Denmark and Poland was completed using the Castorone, Castoro Sei and Castoro 10. Micro-tunnelling activities have been completed in both Poland and Denmark. Dredging and rock-dumping operations along the pipeline route are also in progress.

In West Africa:
> for BP, activities are underway for the installation of the piles and the breakwater in relation to the combined execution of the **Tortue** project (Marine & Civil and Facilities), which includes engineering, procurement, fabrication, installation, hook-up, and commissioning of a breakwater, the related pontoon and raised platform for the transport of gas in co-development between Senegal and Mauritania. The structures are being built at the Karimun yard and will continue in 2022. The offshore campaign will continue during 2022;
> for Noble Energy EG Ltd (acquired by Chevron at the end of 2020), in Equatorial Guinea, the **Alen Gas Monetization** project was completed in February 2021. This involved the installation, connection, and testing of a rigid pipeline that enables gas to flow from offshore production facilities to onshore facilities located at Punta Europa (Alba and EG LNG plants).

In Azerbaijan,
> for BP:
  - work relating to the **Shah Deniz 2 (Call-off 007)** contract are under way, involving the transportation and installation of production systems and subsea facilities, the laying of optical fiber cables and production umbilicals, start-up, supply of the crew and operational management of the new vessel, with installation activities envisaged until the first half of 2023;
  - engineering and procurement activities are under way for the **ACE (Call-off 002)** project, involving the engineering, laying and pipeline installation activities, planned between late 2021 and the first quarter of 2022;
  - the engineering, procurement and installation activities for the jacket pine pile have been completed for the **ACE (Call-off 006)** project, which also includes the engineering, procurement, and installation of spools and subsea structures;
> for Total, procurement and construction are nearing completion for the **Absheron URF** project, which includes engineering, procurement, construction, and installation of pipelines and umbilical systems in the Caspian Sea. The installation of the guide posts was completed in the first quarter of 2021, while the installation of the umbilicals is expected to be completed during 2022;
> for Bosshelf:
  - in relation to the **Absheron T&I** project, where Saipem has been contracted for the installation of jackets and platforms, installation activities are scheduled throughout the year until the first half of 2022;
  - the activities related to the **Umid Babek** field development project have been rescheduled by the client and installation activities are expected to start in February 2022 with completion scheduled for the second quarter of the same year.

E-MARKET SDIR CERTIFIED

Offshore fleet as of December 31, 2021

Saipem 7000	Self-propelled, semi-submersible, dynamically positioned crane and pipelay vessel capable of lifting structures of up to 14,000 tonnes and J-laying pipelines at depths of up to 3,000 metres.
Saipem Constellation	Dynamically positioned vessel for the reel-lay of rigid and flexible pipelines in ultra-deep water depths. It is equipped with a 3,000 tonnes crane and a laying tower (800 tonnes capacity) equipped with two tensioners each with a 400 tonnes capacity.
Saipem FDS	Dynamically positioned vessel utilised for the development of deep-water fields at depths of over 2,000 metres. Capable of launching pipes of up to 22" in diameter in J-lay configuration, able to lay quadruple joint pipes (52-metre strings) with a holding capacity of up to 750 tonnes and a crane with lifting capacity of up to 600 tonnes.
Saipem FDS 2	Dynamically positioned vessel utilised for the development of deep-water fields; it has a J-lay tower with a holding capacity of up to 2,000 tonnes; capable of launching pipes with a maximum diameter of 36"; able to lay quadruple joint pipes (52-metre strings) at depths of up to 3,000 metres. Also capable of operating in S-lay mode with a crane with a lifting capacity of up to 1,000 tonnes.
Castorone	Dynamically positioned pipe-laying vessel operating in S-lay mode with an S-lay stern stinger of over 120 metres consisting of three sections for shallow and deep-water operations, a tensioning capacity of up to 750 tonnes, pipelay capability of up to 60 inches, onboard fabrication facilities for double and triple joints and pipe storage capacity in cargo holds.
Saipem 3000	Mono-hull, self-propelled, dynamically positioned lifting vessel, with drilling tower, capable of laying flexible pipes and umbilicals in deep waters (3,000 metres) and lifting heavy loads of up to 2,200 tonnes.
Dehe	Dynamically positioned (leased) vessel for laying pipes and lifting heavy loads of up to 5,000 tonnes, capable of deep water installations up to depths of 3,000 metres and laying pipes with a tensioning capacity of up to 600 tonnes in S-lay mode.
Saipem Endeavour	Barge for lifting heavy loads and laying pipes (in S-lay mode), suitable for launching single- or double-joint pipes of up to 60" in diameter for shallow and deep-water operations, with a tensioning capacity of up to 260 tonnes, equipped with a floating launch ramp composed of three sections for deep-water operations, a mini ramp with adjustable structure for shallow-water operations, and a rotating crane with a 1,100 tonne capacity.
Castoro 10	Trench/pipelay barge capable of burying pipes of up to 60" diameter in shallow waters.
Castoro 12	Pipelay barge capable of laying pipes of up to 40" diameter in ultra-shallow waters of a minimum depth of 1.4 metres.
Castoro 16	Post-trenching and back-filling barge for pipes of up to 40" diameter in ultra-shallow waters of a minimum depth of 1.4 metres.
Ersai 1	Heavy lifting barge equipped with two crawler cranes, capable of carrying out installations whilst grounded on the seabed and of operating in S-lay mode. The lifting capacities of the two crawler cranes are 300 and 1,800 tonnes, respectively.
Ersai 2	Work barge equipped with a fixed crane capable of lifting structures of up to 200 tonnes.
Ersai 3	Support barge with storage space, workshop, and offices for 50 people.
Ersai 4	Support barge with workshop and offices for 150 people.
Bautino 1	Shallow water post trenching and backfilling barge.
Bautino 2 and 3	Cargo barges for the execution of tie-ins and transportation of materials.
Ersai 400	Accommodation barge for up to 400 people, equipped with gas shelter in the event of an evacuation due to H_2S leaks.
Castoro XI	Heavy-duty cargo barge.
Castoro 14	Cargo barge.
S42	Cargo barge, currently used for storing the J-lay tower of the Saipem 7000.
S43	Cargo barge.
S44	Launch cargo barge, for structures of up to 30,000 tonnes.
S45	Launch cargo barge, for structures of up to 20,000 tonnes.
S46	Cargo barge.
S47	Cargo barge.

ONSHORE ENGINEERING & CONSTRUCTION

General overview

The Saipem Group's Onshore Engineering & Construction is focused on the execution of large-scale projects with a high degree of complexity in terms of engineering, technology, and operations, with a strong bias towards challenging projects in difficult environments and remote areas.
Saipem enjoys a worldwide leading position, providing a complete range of integrated basic and detailed engineering, procurement, project management and construction services, principally to the Oil&Gas, complex civil and marine infrastructure and environmental markets.
Aiming to grow, adapting to the specific regional features of traditional markets, and be competitive in the highest technology segments of energy transition, the Onshore Engineering & Construction Division has developed an operational organisation covering geographical areas for the upstream, midstream and downstream traditional segments, and two product lines (Infrastructure and New Energies) supported transversely by engineering, procurement, and construction hubs and by other support functions.
In 2021, development initiatives continued, aiming to transform and increase the efficiency of work processes through digitalisation.
In terms of energy transition, Saipem is heavily investing in areas such as the capture, storage, and reuse of CO_2, hydrogen and, more generally, on initiatives for the reduction of the carbon footprint of traditional plants, on the design of green facilities, and on the matter of "circular economy and plastic recovery" even in areas still based on the exploitation of traditional energy sources.
In many markets, special emphasis is placed on maximising local content in project implementation.

Market conditions

During 2021, the contingent situation associated with the COVID-19 pandemic has stabilised in terms of the impacts on the offer and demand of primary energy, as well as in terms of mobility, consumption, and production activities on a global level. Despite a recovery in energy commodity prices, investment scenarios in Saipem's traditional markets are still below pre-COVID levels, with a generalised fall of new contract awarded during 2021, the postponement of some initiatives to future years, as well as the cancellation of some projects. The seriousness of the situation depends on the various segments and geographical areas where Saipem operates and the timeframe in question. In general, the energy transition dynamics seem in any case to be more favourable, on the one hand, to gas compared to other fossil fuel sources and, on the other hand, to the use of technologies aimed at decarbonising fossil fuel sources (CCUS) and reducing CO_2 emissions (i.e. through the use of hydrogen as an energy vector).
The volume of contracts awarded in 2021 in the Division's target market largely relates to the Floaters segment, followed by Upstream and Pipeline.
In the short-to-medium term, the Midstream and Downstream segments persisted, with expectations of significant investment volumes confirmed in the Gas Monetization and Fertilizers sectors in Africa, the Americas and the Middle East, and in Petrochemicals in Asia. The LNG market, following Qatar's recent sanctioning of the NFE project, is envisaging medium-term initiatives in the Far East and Africa, both as "new build" and as extensions to existing plants. In the Upstream segment, following the sharp slowdown in the last two years, signs of recovery of investments in the Arab Emirates and Saudi Arabia are now visible. In the Floaters segment, significant volumes are expected in Latin America and Africa.
The Infrastructure segment confirms the positive signs of major investments in high-speed rail in Italy, mainly in relation to the prospects arising from the PNRR (National Recovery and Resilience Plan). With regard to renewables (solar) and green technologies (hydrogen, CO_2 and biofuels management and biochemistry) in general, the visibility of projects in Europe, North Africa and the Middle East is increasing. Specifically, investments in the renewables sector (i.e. solar) have been severely impacted by the strong uncertainty in the supply chain of photovoltaic panels.

Capital expenditure

Capital expenditure in 2021 in the Onshore Engineering & Construction sector focused mainly on the acquisition and maintenance of equipment, as well as the completion of the Saint-Felicién plant, in Canada, included in the CO_2 Solutions technology purchase plan.

New contracts

The most significant contracts awarded to the Group during 2021 were:
- for Petróleo Brasileiro (Petrobras), in Brazil, as a joint venture with Daewoo Shipbuilding & Marine Engineering (DSME), a contract for the construction of a floating production, storage and offloading (FPSO) unit named P-79, for the development of the Búzios offshore field in Brazil;
- for of ADNOC Sour Gas – a subsidiary of Abu Dhabi National Oil Co (ADNOC) – in the United Arab Emirates, a new contract for the Optimum Shah Gas Expansion (OSGE) & Gas Gathering project. The contract includes the expansion and strengthening of the already operating Shah plant;
- for Aramco, in Saudi Arabia, a new contract for the implementation of package 4 of the Jafurah upstream field development programme (JFGP), for the construction of onshore pipelines.

Work performed

The biggest and most important projects underway or completed during 2021 were as follows. In general, progress on the contracts described below is still affected by the COVID-19 emergency.

In Saudi Arabia,
- for Saudi Aramco:
  - the **Hawiyah Gas Plant Expansion** project is under execution for the expansion of the Hawiyah gas treatment plant located in the south-eastern part of the Arabian Peninsula;
  - Final Mechanical Completion was achieved on both EPC (Package 1 & 2) contracts for the **Jazan Integrated Gasification Combined Cycle** (gasification plant combined with a combined power cycle for electricity generation) project. Assistance is being provided to the customer to start running the plant;
  - Mechanical Completion was achieved for the **EPC Khurais** project, involving the extension of the onshore production centres in the fields of Khurais, Mazajili, Abu Jifan, Ain Dar, and Shedgum. The project is now being launched by the client;
  - the **South Gas Compression Plants Pipeline Project** relating to the development of the Haradh (HdGP) gas plant located in the east of the country, which includes the auditing of detailed engineering developed by the client, procurement of all materials excluding the line pipe for coated carbon steel lines provided by the client, as well as construction, pre-commissioning and commissioning support, is under way;
  - civil works began at the construction site for the **Marjan** project, an EPC contract for the implementation of "Package 10" of the Marjan field development programme, which includes gas treatment, sulphur recovery and tail gas treatment plants;
  - civil works began at the construction site for the **Berri** project, an EPC contract to increase the capacity of the Berri camp through the construction of new facilities in Abu Ali and Khursaniyah. The TCF (Temporary Construction Facilities) are currently being built on site.

Also in Saudi Arabia, for Petrorabigh (a joint venture between Saudi Aramco and Sumitomo Chemical), the mechanical works of the **Rabigh II** project related to the naphtha conversion plant and the plant for the production of aromatic compounds have been completed; also the additional works, awarded during the second half of 2016, related to the Utilities and Offsite Facilities package, have been concluded. The plant is now being commissioned by the customer.

In Kuwait:
- for Kuwait Oil Co (KOC), the **Feed Pipelines for New Refinery** project is nearing mechanical completion and the first commissioning stages. The contract includes engineering, procurement, construction, and commissioning activities related to the development of the new connection lines and related pumping station and measurement of the new Al Zour refinery located in south Kuwait;
- for Kuwait Integrated Petroleum Industries Co (KIPIC), in a joint venture with Essar Projects Ltd, engineering and procurement activities were completed for the **Al-Zour Refinery** project; construction and completion of the project are progressing. The contract encompasses design, procurement, construction, pre commissioning, and assistance during commissioning tests, start-up and checks on the performance of tanks, related road works, buildings, pipelines, piping support frames, water works and control systems for the Al-Zour refinery.

In Iraq, for Exxon, as part of the **West Qurna I** project, work on site is under way with mechanical and electrical instrumentation installations. The installation of prefabricated modules is completed. The project involves the execution of infield engineering, pre-fabrication, and construction relating to some tie-ins to existing plants owned by Bassra Oil Co.

In Oman, for Duqm Refinery and Petrochemical Industries Co Llc, engineering and procurement activities have been completed, while the construction activities for the **Duqm Refinery package 3** project are under way.

In Israel, for Haifa Group, the project for the development of an **Ammonia Plant** at the Mishor Rotem site is under way with the engineering and procurement phase and with the preparation activities for the site opening.

In the United Arab Emirates, for ADNOC Sour Gas – a subsidiary of Abu Dhabi National Oil Co (ADNOC) – engineering and procurement activities are under way and construction activities have started at the construction site for the recently acquired **Optimum Shah Gas Expansion (OSGE) & Gas Gathering** project. The contract entails the expansion and strengthening of the already operating Shah plant.

In Chile, for the Caitan consortium (Mitsui-Tedagua), start-up activities have been completed and commissioning is under way for the **Spence Growth Option** project for the development of a desalination plant and water pipelines in the north of Chile. The project included engineering, procurement, construction, and commissioning activities and will provide desalinated water to the Spence mine, owned by the mining company BHP and located at 1,710 metres above sea level.

In Indonesia, for BP Berau Ltd, engineering, procurement, and logistics for the delivery of the materials and the construction of infrastructure have been completed. At the same time, mechanical works for plant units are ongoing for the **Tangguh LNG Expansion** project, which involves the construction of an onshore LNG train, auxiliary services, an LNG jetty and the associated infrastructure.

In Thailand:
- for PTT LNG Co Ltd (PTTLNG), for the **Nong Fab LNG** project, the home office (engineering and procurement) activities have been completed in Taipei. The equipment and materials have been fully delivered to the site, construction activities continue focused on the completion of the piping circuits with mechanical seal tests, the LNG storage tanks are substantially completed and in the hydraulic testing phase, the subsea tunnels for seawater intake and discharge pipelines have been completed (2 of the 4 required), as well as most of the super structural works of the jetty. The project includes the construction of a Regasification Terminal, including storage tanks and a jetty for importing LNG;
- for Thai Oil, the **Clean Fuel** project is in progress, involving the construction and start-up of new units within the Sriracha refinery located around 130 kilometres from Bangkok, Thailand. The design and procurement activities are nearing completion. The manufacturing, delivery, piping prefabrication, and module fabrication activities continue in the yards. The civil works, buildings, underground works, and installation of metal structures are being implemented on site. The first modules, a substantial part of the equipment and the reactors, have already been transported and installed at the site.

In Nigeria:
- for Dangote Fertilizer, activities are ongoing for the **Dangote** project for the new ammonia and urea production complex. In particular, during the year, the commissioning and start-up of the plant's first production line (plant 1) was completed, while the commissioning of the second plant is nearing completion. The scope of work encompasses engineering, procurement, construction supervision and commissioning of two twin production streams and related utilities located at the Lekki Free Trade Zone, Lagos State;
- for Nigeria LNG Ltd (NLNG), engineering activities and procurement services are under way, and preparation activities for the building site are ongoing under the EPC **LNG Bonny Train 7** contract for the engineering and construction of a LNG plant, in joint venture with Daewoo and Chiyoda Corp. The project involves the construction of a natural gas liquefaction plant, as well as all the necessary utilities and port facilities for export, for the expansion of the existing LNG plant at Finima on Bonny Island.

In Mozambique, for Total (which acquired Anadarko interests during 2019 for the **Mozambique LNG** project). The project includes the construction of a LNG plant consisting of two LNG liquefaction trains, as well as all the relevant infrastructures, storage tanks, and port facilities for export.
However, due to the unsafe situation in northern Mozambique – which culminated on March 24, 2021 in a series of armed attacks near the city of Palma – following the instructions of client Total, activities at the site have been suspended. Saipem evacuated the site, continuing to manage a residual part of the project activities not subject to suspension, outside the country. Saipem has also evaluated, in close cooperation with the client, measures to preserve the value of the project and ensure a prompt resumption of work as soon as safety conditions in the area are restored.

In Uganda, for Yatra Africa (which is developing and managing the investment on behalf of the Ugandan government), the first phase of FEED has been delivered for a grass roots refinery at Hoima with the corresponding pipeline of over 200 kilometres and remote storage near Kampala. The refinery is part of the largest Ugandan project which aims to make the most out of recently discovered oilfields in Albertine Graben, near Lake Albert.

In Serbia, for Infrastructure Development and Construction (IDC), the engineering, construction, and laying activities were completed for the **Transmission Gas Pipeline** (Interconnector) Border of Bulgaria-Border of Hungary project and field engineering activities for the compressor station were completed.

In Russia, for Gazpromneft, the engineering, procurement, and building activities are in progress for a **sulphur recovery unit** for the Moscow refinery. Please refer to section "Effects of the Russian-Ukrainian crisis: restrictive measures and EU sanctions" in "Business outlook and events after the reporting period".

In Italy:
- for Ital Gas Storage (IGS), engineering, procurement, and construction activities have been completed for the **Natural Gas Storage Plant** EPC project, which included the development of natural gas storage plants in Cornegliano Laudense, in the province of Lodi, as well as engineering and procurement activities for a work variation (Water Separation);
- for Rete Ferroviaria Italiana as part of the CEPAV 2 Consortium, for the **CEPAV 2 High-Speed Brescia Est-Verona** project, construction activities are in progress along the whole section. With regard to the excavation of the Lonato natural tunnel, on the critical tract of the project, about 3 km of the first tunnel (about 67%) have been excavated. In 2021, a total of 4 public contracts were awarded by the Consortium through a European tender; the last 3 contracts will be awarded between 2022 and the beginning of 2023. In December 2021, the first milestone of the Verona Merci by-pass was completed and delivered on time;
- for Eni New Energy works are under way to build **three photovoltaic plants**, one located in Trecate and two in Marghera.

Floaters

The FPSO market remains stable in terms of volumes, despite the uncertain times which have led to the postponement of a portion of the allocations expected for 2020 and 2021. Backed by recovering oil prices, several feasibility studies, FEED and EPC and L&O (Lease and Operate) tenders are currently under way, especially in areas such as Brazil and West Africa. Oil companies are showing confidence in approving final investment decisions (FIDs) by 2021.
The FLNG/FSRU market is showing signs of recovery, especially in the Mediterranean region and in Asia.
Saipem owns two FPSO vessels, i.e., **Cidade de Vitoria**, a production, processing, storage, and offloading vessel with a production capacity of 100,000 barrels a day and the **Gimboa**, a production, processing, storage, and offloading vessel with a production capacity of 60,000 barrels a day.

Work performed

The biggest and most important projects underway or completed during 2021 were as follows.

In Indonesia, for Eni East Sepinggan Ltd, the **Merakes Development** project has been completed, involving the extension of the production capacity of the FPU in the Jangkrik gas field. The unit is currently running after having successfully passed the performance test.

In Russia:
- for Arctic LNG-2 Llc, in joint venture with RHI Russia BV (affiliated company of Renaissance Heavy Industries Llc), the contract for activities related to the **Arctic LNG 2 - GBS**, regarding the completion of three liquefied natural gas plants that will be installed on reinforced concrete support and storage structures. The scope of the contract includes design, procurement, construction, transportation by sea, and installation of three concrete support and storage structures;
- again for Arctic LNG2 Llc, in joint venture with Techinp and NIPI, the contract for the participation in the **Arctic LNG 2 - Topsides** project, including the engineering, procurement, and manufacturing of the topside modules of the LNG trains.

Please refer to section “Effects of the Russian-Ukrainian crisis: restrictive measures and EU sanctions” in “Events after the reporting period”.

In the United Arab Emirates, for Eni, the supply of services for the lay-up and preservation activities of **FPSO Firenze** continues, pending the renewal works for a possible relocation of the unit.

In Brazil, for Petróleo Brasileiro (Petrobras), in a joint venture with Daewoo Shipbuilding & Marine Engineering (DSME), engineering and procurement activities started on the recently acquired **P-79** project, for the construction of a floating production and storage unit (FPSO) for the development of the Búzios offshore field in Brazil.

Finally, in Angola, for Total, the operation and maintenance services (O&M) of the **FPSOs Kaombo Norte** and **Kaombo Sul** will continue for a seven-year period, plus an additional eight optional years.

In the “Leased FPSO” segment, the following vessels carried out operations during 2021:
- the **FPSO Cidade de Vitoria** unit, carried out operations for Petrobras as part of a fifteen-year contract finishing in early 2023, focused on the second phase of development of the Golfinho field, situated off the coast of Brazil at a water depth of 1,400 metres;
- the **FPSO Gimboa** carried out operations for Sonangol P&P under a contract for the development of the Gimboa field, located in Block 4/05 offshore Angola, at a water depth of 700 metres.

E-MARKET SDIR CERTIFIED

OFFSHORE DRILLING

General overview

As of December 2021, the Saipem Offshore Drilling fleet consisted of twelve vessels, divided as follows: six ultra-deep-water units for operations at depths in excess of 3,300 feet (the drillships Saipem 10000, Saipem 12000 and Santorini, and the semi-submersible drilling rigs Scarabeo 5, Scarabeo 8, and Scarabeo 9), five high specification jack-ups for operations at depths of up to 375 feet (Perro Negro 7, Perro Negro 8, Pioneer, Sea Lion 7, and Perro Negro 9), one standard jack-up for activities at depths of up to 150 feet (Perro Negro 4). All the rigs mentioned are self-owned with the exception of the jack-ups Pioneer, Sea Lion 7, Perro Negro 9, and the drillship Santorini, which are third party units and operated by Saipem. The barge rig Saipem TAD is not included in the calculation as it is intended for disinvestment.
During the year, the sale of the standard jack-ups Perro Negro 2 and Perro Negro 5 to third parties was completed, while in June a charter agreement with purchase option was finalised for the drillship Santorini, a 7th generation ultra deep-water rig built at the Samsung Heavy Industries shipyard (where both the Saipem 10000 and Saipem 12000 were built). The ship was delivered to Saipem in November.
During the year, the Offshore Drilling fleet operated in Norway, in the sub-arctic area of the Kara Sea, in Egypt (Red Sea and Mediterranean), in West Africa (Angola, Ghana, and Ivory Coast), in East Africa (Mozambique and Kenya), in Mexico, and in Saudi Arabia.

Market conditions

Consistently with 2020, the financial year began with a market context still strongly influenced by the crisis which started in the previous year and was caused firstly by tensions between oil-producing countries and then by the outbreak of the COVID-19 pandemic.
The business plans of Oil Companies continued to be affected by the significant revision of investments launched after the start of the crisis. Over the course of the year, rate pressure remained quite strong overall and competition high. In the second half of the year, thanks also to a confirmed stability in oil prices (which even reached over USD 80 per barrel), the first signs of a possible market recovery were recorded: in fact, all segments began to show a general increase in tendering activity by clients for activities to be carried out in particular from 2023; in parallel, the ultra-deepwater began to record a trend towards full occupancy of the fleet in some key regions such as the Gulf of Mexico; also in this segment, there was a reactivation of rigs that had been cold stacked for a long time and were indicated as candidates for exit from the market.
The preference for technologically more modern rigs was again confirmed in both shallow water and deep water, as shown by the higher utilisation rates recorded in these segments (around 80%) compared to older rigs.
The number of installations being completed in the shipyards continued to decrease compared to the previous year, but remained significant: in December, 54 new units were under construction (30 jack-ups, 7 semi-submersibles, and 17 drillships), of which only 5 had a contractual commitment for their use after completion of construction.
The large number of new units under construction, the increase in retirements of old rigs, and the ongoing restructuring of many contractors, constitute a structural change of the Offshore Drilling segment.

New contracts

The most significant acquisitions during the year included:
- for Wintershall DEA, a contract for the construction of six firm wells plus two optional wells in Norway using the semi-submersible Scarabeo 8; the construction of these wells began in October 2021, immediately after the conclusion of the previous contract with the customer Var Energi;
- for JSC Aurora, a contract for the construction of two firm wells plus an optional well using the jack-up Perro Negro 8 for operations in the Kara Sea. Please refer to section "Effects of the Russian-Ukrainian crisis: EU restrictive measures and sanctions" in "Events after the reporting period";
- for Eni, the exercise of two options related to the semi-submersible platform Scarabeo 5 for operations in Angola during 2021 and 2022;
- for Eni, a contract for the execution of a firm well plus an optional well using the semi-submersible Scarabeo 9 for activities in Angola; activities commenced during the year;
- for Eni, a contract with a duration of 240 days plus two options (each with a duration of 180 days) for the deployment of the drillship Saipem 10000; under the terms of this agreement, the drillship Saipem 10000 was deployed for activities in Egypt following the conclusion of operations carried out in West Africa and previously acquired; at the same time, an agreement was reached with the same client for the deployment of the drillship Santorini for the execution of a project in the Gulf of Mexico initially intended for the drillship Saipem 10000.

Capital expenditure

Investments made during 2021 concerned the refurbishment and adaptation of the equipment to ensure its compliance with international regulations and client requirements. Among the rigs subject to maintenance activities aimed at renewing the class certification there were, in particular, the jack-ups Perro Negro 8, Perro Negro 7, Perro Negro 4, and the drillship Saipem 10000.

Work performed

During 2021, the management of COVID-19 pandemic issues continued to involve Saipem's entire Offshore Drilling fleet. A series of measures were put in place, including: emergency plans, reviewing shifts, pre-boarding testing, and scheduling of quarantine periods for operators in accordance with the regulations of the various countries where the drilling activities were carried out. These measures, which applied to all rigs, made it possible to ensure a substantial degree of business continuity, always prioritising people's health and safety.
The fleet was used as follows:

- ultra deep water/deep water units: the drillship **Saipem 12000** completed operations offshore Mozambique for Mozambique Rovuma Venture and, towards the end of the year, commenced operations in Kenya as part of a project acquired in the fourth quarter; the drillship **Saipem 10000** completed at the beginning of April the remunerated standby period agreed with the client during the previous year and class renewal activities commenced in 2020; subsequently, the rig was transferred to West Africa to carry out activities in Ghana and the Ivory Coast, after which it moved to the Mediterranean for operations in Egypt; the semi-submersible **Scarabeo 9** completed its stacking period in Cartagena, Spain, in July and then began execution of a project in Angola for Eni that was acquired during the year; the semi-submersible Scarabeo 8 completed operations for Var Energi in Norway in October and, straightaway, started operations for Wintershall; the semi-submersible **Scarabeo 5** continued operations in Angola for Eni;
- high specification jack-ups: the unit **Perro Negro 8**, having completed work in April to renew its class certification, was transferred to the sub-arctic area to begin operations in the Kara Sea; in October, the rig was placed on winter stand-by, as agreed with the client, pending the resumption of operations in summer 2022; the **Perro Negro 7**, **Sea Lion 7**, and **Perro Negro 9** continued to operate for Saudi Aramco offshore Saudi Arabia; the **Pioneer** unit continued to operate for Eni in Mexico;
- standard jack-ups: **Perro Negro 4** continued to operate in the Red Sea for Petrobel;
- other assets: the **Saipem TAD** tender-assisted plant continued to be stacked while awaiting decommissioning; the **Perro Negro 2** and **Perro Negro 5** jack-ups also continued to be stacked until they were sold to third parties in August.

E-MARKET SDIR CERTIFIED

Utilisation of vessels

The main vessel utilisation in 2021 was as follows:

Vessel (No. of days)	Dec. 31, 2021 under contract	idle
Semi-submersible platform Scarabeo 5	365	-
Semi-submersible platform Scarabeo 8	322	43 (1)
Semi-submersible platform Scarabeo 9	160	205 (1)
Drillship Saipem 10000	365	-
Drillship Saipem 12000	333	32 (1)
Drillship Santorini (*)	47 (2)	-
Jack-up Perro Negro 2	-	223 (3)
Jack-up Perro Negro 4	321	44 (4)
Jack-up Perro Negro 5	-	223 (3)
Jack-up Perro Negro 7	292	73 (4)
Jack-up Perro Negro 8	257	108 (5)
Jack-up Pioneer (*)	365	-
Jack-up Sea Lion 7 (*)	365	-
Jack-up Perro Negro 9 (*)	365	-
Tender Assisted Drilling Barge	-	365 (6)

(1) Days on which the vessel was idle and not under contract.
(2) Rig joined the fleet on November 15, 2021.
(3) Rig transferred to third party on August 12, 2021.
(4) Days on which the vessel underwent class reinstatement works.
(5) Days on which the vessel partly underwent class reinstatement/preparation works and was partly idle with no contract.
(6) Rig intended for disinvestment according to current regulations (green recycling).
(*) Leased vessels.

ONSHORE DRILLING

General overview

As of December 2021, the Onshore Drilling rig fleet comprises of 66 units available for operations, in addition to 17 rigs in Venezuela, which are unusable and entirely written off. Throughout the year, the Onshore Drilling Division managed 1 unit owned by a third party. The areas where Saipem operated were Latin America (Peru, Bolivia, Colombia, Ecuador, and Argentina), the Middle East (Saudi Arabia, Kuwait, and United Arab Emirates), and Africa (Congo and Morocco).

Market conditions

On a global level, the estimates for the onshore drilling segment showed some improvement signs for 2021 compared to 2020, as new contracts were gradually awarded again.
During the year, in North America, a market historically very reactive to the trends of oil prices, there was an increase in the operations in terms of active rigs, new wells, and drilled metres, also leading to a significant increase in investments as compared to the previous year. During the same period and specifically for Saipem reference markets (Europe, Africa, Middle East and Latin America), the market showed an overall moderate recovery in investments and number of rigs compared to the second half of the previous year. Latin America was one of the most dynamic international geographic areas in 2021, particularly thanks to the recovery of activities in Peru, Colombia, Ecuador, and Argentina, the latter representing around 30% of the regional market, where commercial activity previously slowed down by the pandemic is restarting.

Capital expenditure

Capital expenditure carried out during 2021 concerned plants in Saudi Arabia, South America, and United Arab Emirates. Improvement and integration interventions were also carried out in order to maintain the operating efficiency of the fleet and meeting the specific requirements of clients.

New contracts

During 2021, the Onshore Drilling Division acquired 2 new contracts in South America with a duration of 12 months or longer (in addition to several short-term contracts). Specifically, the acquisitions were a 4-year contract in Colombia and a 1-year contract in Ecuador. A 15-month contract was acquired in the United Arab Emirates (Sharjah). In addition, there were some significant contract extensions in the Middle East for 10 and 5-year terms.

Work performed

In 2021, 153 wells were completed, with a total of 497,710 metres drilled. Moreover, in 2021 workover activities were carried out on 7 additional wells.

Saipem operated in the following areas:
- Latin America: drilling, workover, and pulling activities were performed in **Peru** for various clients (including CNPC, Savia, CEPSA, Unna Energia, Aguaytia Energy, and Petrotal) with eight self-owned rigs. The other ten self-owned rigs remained inactive. In **Bolivia**, drilling activities were carried out for Repsol, Shell, and Andina with four rigs (one coming from Peru), one of which completed its operations in February and another in July. The fifth rig in the country remained inactive. Drilling activities were carried out in **Argentina** for YPF (Yacimientos Petrolíferos Fiscales) under multi-year contracts using two rigs, one of which has been temporarily halted since October, while the other two rigs remained inactive. In **Colombia**, drilling activities were carried out with three rigs (one from Houston) for Ecopetrol. There are two units in **Ecuador**, one of which has been used since April for client Pluspetrol, while the other one remained inactive. The seventeen rigs in **Venezuela** have remained inactive;
- Middle East: drilling operations were carried out in **Saudi Arabia** for Saudi Aramco under multi-year contracts using twenty-two rigs. Due to the COVID-19 pandemic, the operations of six other rigs under contract are still temporarily suspended. In **Kuwait**, operations of two Saipem units provided to the client KOC are ongoing, under previously existing contracts. In the **United Arab Emirates**, there is one inactive unit and one unit in mobilisation from Italy;
- rest of the world: drilling activities were carried out in **Congo** for Eni Congo SA with a unit owned by the client.

Utilisation of rigs

Average utilisation of rigs stood at 37.7% (43.6% in the same period of 2020), also including the Venezuelan rigs. The average utilisation excluding the Venezuelan rigs is 47.4% (54.9% in the same period of 2020).
The highest utilisation rate was recorded in the regions of Europe, Middle East, and Africa, where contracted fleets saw a decline compared to 2020 with 59.2% of days sold (75.1% in the corresponding period of 2020).
The number of plants in the region on December 31, 2021, was 36 (same as in 2020). In addition, 1 unit owned by third parties was used in the Congo.
In Latin America, an average utilisation rate of 21.3% was recorded, slightly higher than the 19.6% recorded in 2020. This increase is due to an increased use of equipment in Ecuador, although the percentage is weighed down by the equipment in Venezuela, which is unused and already totally devalued. The number of rigs in use in the region as of December 31, 2021 was 30 (equal to the same period in 2020, not including the 17 rigs in use in Venezuela).

FINANCIAL AND ECONOMIC RESULTS

Going concern

In compliance with the provisions of the Italian Civil Code and the IAS/IFRS international accounting standards (referred to by Consob in Document No. 2 issued on February 6, 2009 and by IASB in the document "Going concern - a focus on disclosure" issued in January 2021), in the preparation stage of the financial statements it is necessary to measure the Company's and Group's ability to continue on a going concern basis.
In particular, paragraph 25 of IAS 1 states that "financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties.
When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern".
Furthermore, paragraph 26 of IAS 1 requires that "in assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period". And also "... Management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate".
As already commented in the section "Operating Review", following a backlog review activated by Saipem's management, the Company has disclosed to the market on January 31, 2022 a significant deterioration in the full-life economic margins of certain projects relative to the Onshore E&C and Offshore E&C wind, due to the ongoing COVID-19 pandemic, to the increase, current and prospective, of raw material costs and transport, and to the unexpected interruption of ongoing negotiations that included, inter alia, higher revenues, with relevant effects on Saipem's consolidated financial results as of December 31, 2021.
As a result of the above, the 2021 statutory financial statements show losses in excess of one-third of the share capital, supplementing the conditions required by Article 2446 of the Italian Civil Code. Those conditions can determine, after the course of contractual terms (where applicable) and unless a waiver is obtained from the bank counterparties, their right to accelerate the expiry of certain financial liabilities in favour of Saipem Group.
Below are indicated the uncertainties, as well as the initiatives that Saipem has undertaken or plans to undertake to address the effects of such uncertainties on the going concern assumptions, and reasons are given for them. Below are also clarified the reasons for the decision to prepare the financial statements on a going concern basis, despite the significant uncertainties that persist, considering the documentation available as of today regarding the mitigating factors.
The events and conditions that can raise significant doubts on the entity's ability to continue to operate as a going concern for a period of at least twelve months after the date of the present financial statements are as follows:
- strategic and operating uncertainties, connected to the current and prospective performance of Saipem operations. Those uncertainties determined the need to review the Group's strategic plan compared to the approved version of October 2021;
- capital and financial uncertainties, mainly attributable to the relevant losses of the fourth quarter 2021, which determined the need to implement a Financial Package to strengthen the capital and financial structure of the Company.

Strategic and operating uncertainties and mitigating actions

The main negative variances noted with respect to the previous outlooks of October 2021 that have resulted in significant uncertainties regarding Saipem's ability to meet strategic objectives under the previous Strategic Plan approved in October 2021 relate to the contraction in consolidated adjusted EBITDA for the second half of 2021 by approximately €1 billion, due to both the findings of the backlog review of Onshore E&C projects showing an increase in material and logistics costs that are only partially recoverable and the recent further difficulties of the Offshore E&C wind projects.
As a result, the 2021 statutory financial statements show losses in excess of one-third of the share capital, supplementing the conditions required by Article 2446 of the Italian Civil Code.
The mitigations actions undertaken or planned for the resolution of the strategic and operating uncertainties are detailed below:
- revision of the 2022-2025 Strategic Plan (including redefinition of strategic and operating business lines), based on the following guidelines aimed at the pursuit of a more balanced return risk profile and at a deleveraging path:
  - reduction of structural costs, with an increase in the target for 2022 to over €150 million;

- increase of focus on the acquisition of offshore operations, both E&C and Drilling, marked by a higher profitability thanks to Saipem's consolidated competitive position;
- increased selectivity in the acquisition of Onshore E&C business, giving priority to higher-tech contracts in the LNG and gas valorization segments, where Saipem can leverage on proprietary technologies;
- repositioning on low-risk activities in Offshore wind for the biennium 2022-2023 and adoption of a renewed commercial and executive strategy to benefit in the subsequent periods of the Plan from the growth potential of the market;
- reaffirmed Saipem's industrial focus on energy transition and circular economy, also through the development of modular and industrialised solutions, in particular on CCUS supply chain, plastic recycling technologies and subsea robotics;
- active management of the asset portfolio, to support cash flow generation for the duration of the 2022-2025 Plan.

It should also be noted that the revision of the 2022-2025 Plan has been subject to an "Independent Business Review" assigned to primary independent consultants who did not identify significant issues concerning the assumptions used in the preparation of the Plan;

> changes in the Group's organisational structure to create a new directorate general with wide operational and managerial powers, as well as a unit that will reinforce the planning activity and the financial control of orders and other management activities, and the concentration of legal and negotiating activities in a corporate function within the new directorate general.

For further details on the revision of the 2022-2025 Plan, please refer to the section "Business outlook".

Capital and financial uncertainties and mitigation actions

The main elements of capital and financial uncertainty (before intervention) are as follows:

> Saipem's treasury is not adequate to support the Company's financial commitments for 2022 (i.e. the twelve months after the reporting period) and for the following years;
> the share capital of Saipem SpA as of December 31, 2021 has been reduced by more than a third (configuring a situation pursuant to Article 2446 of the Italian Civil Code) and, in a future perspective, it is reasonable to assume that, without adequate strategic and operational interventions, it could decrease even further in the future;
> the lines of credit, the availability of which is necessary in order for the Group to carry on its business, may no longer be made immediately available by the banking system in view of the financial difficulties experienced by the Company and the Group;
> as a result of the criticalities encountered, Saipem has been downgraded by the world's main rating agencies and, also taking into account the possible negative evolution of these ratings in the future, Saipem could find it difficult to refinance itself on the capital markets, especially given the maturities of its outstanding bonds.

In view of these uncertainties, it has become necessary, even in the short term, to involve the Group's joint controlling shareholders and the entire reference banking system, with a view to implementing extraordinary financial and capital measures.

In view of the above, Saipem, in addition to drafting the New Plan, had undertaken the implementation of a Financial Package to strengthen the capital and financial structure of the Company to overcome the uncertainties emerged following the losses in the fourth quarter 2021.

The goals of the Financial Package are:

> re-establishing the levels of share capital and shareholders' equity in accordance with the company's size;
> re-establishing adequate levels of cash over the 2022-2025 Business Plan;
> availability access to availability of credit lines in order to support company operations;
> stabilising Saipem's credit rating with a view to ensuring access to debt capital markets to refinance outstanding bonds.

The planned mitigating actions are detailed below:

> on March 24, 2022, the Board of Directors resolved to submit to the Extraordinary Shareholders' Meeting of May 17, 2022 a capital increase of €2 billion to be carried out by March 31, 2023 in connection with which it obtained (i) a commitment to pro-rata subscription by the shareholders exercising joint control over the company Eni SpA and CDP Industria SpA; (ii) a commitment by the financial institutions involved in the capital and financial strengthening package, formalised through the signing of a pre-underwriting agreement, to guarantee the subscription of any newly issued shares that are not taken up by the market;
> willingness of a pool of banks to organise and manage the syndication of a new RCF in the amount of €1 billion in the wider context of the capital increase;
> obtaining specific waiver on existing financial lines, were necessary.

In the short term, to meet the Company's financial needs until the capital increase planned by December 31, 2022, the Financial Package includes:

> obtaining a so-called bridge financing to right issue for a total amount of €1.5 billion, to be disbursed: (i) €458 million in the form of a "capital contribution" to shareholders' equity with a special "targata" reserve by the shareholder Eni SpA, which exercises joint control over the company; (ii) €188 million in the form of a "payment for future capital increase" by the shareholder CDP Industria SpA, which exercises joint control over the company; and (iii) €855 million from a pool of banks backed by a specific guarantee issued by Eni. Once the authorisation process has been completed, this credit line guaranteed by Eni will be refinanced through a further liquidity line of €852 million, again provided by the same pool of banks and guaranteed for 70% by SACE under

the "Garanzia Italia" instrument and for a further 18% by Eni. In particular, a Mandate Letter has been signed providing for a liquidity facility in favour of the Company for an amount of €855 million, 100% covered by a parent company guarantee issued by the shareholder Eni ("Liquidity Facility"); this facility, together with the related guarantee, will remain in place until the disbursement of the loan supported by the "Garanzia Italia" as specified above;
- availability of signature credits (performance bonds, bid bonds and AP bonds) from banking institutions to support commercial activities;
- obtaining specific waiver on existing financial lines, were necessary.

The Financial Package also includes:
- the repayment of financial debts maturing in 2022, in accordance with their respective repayment schedules, with the exception of uncommitted financial lines amounting to approximately €168 million;
- obtaining the necessary waivers on existing financial lines (lack of further repayments beyond the contractual deadlines);
- a minimum cash level of €700 million, also with a view to enabling normal working capital management;
- the refinancing on the capital market of bonds maturing in subsequent years.

In light of the mitigating actions carried out and/or planned, the Board of Directors of Saipem SpA considers that all the conditions exist to prepare the Annual Report as of December 31, 2021 on a going concern basis, maintaining the valuation criteria of a going concern, as described in Note 3 to the Consolidated Financial Statements.

It should also be noted that, taking into account the final documentation available at the date and the additional documents supporting the forecasts for the implementation of these mitigating actions, it is believed that, even considering the latter, certain material uncertainties remain with regard to Saipem's going concern assumption. In fact, although from the documentation available it is reasonable to expect, in substance, that the Financial Package will be concluded in accordance with the scheduled deadlines, from a formal point of view there is a lack of certain final documents and the existence of commitments subject to events that have not yet been defined, so that, as of today, it does not appear possible to consider all material uncertainty factors connected with the Financial Package to have been eliminated.

In particular, as of March 24, 2022, the date of approval of the draft financial statements by the Board of Directors, there are uncertainties in relation to: (i) the execution of the share capital increase, which is expected to be completed by the end of 2022; (ii) the completion of the payments for the future share capital increase by the shareholders exercising joint control that are expected to be completed by March 31, 2022 (a condition, among others, for the execution of the share capital increase). It should be noted that as of today's date, the main conditions for the related payments have been met; (iii) the signing of the Underwriting Agreement by the banks (in turn, a condition for the execution of the capital increase); (iv) the signing of the agreement relating to the Liquidity Facility (in turn, a condition for the execution of the capital increase). However, as of today, the related Term Sheet has been signed which provides for the subscription of the Liquidity Facility by March 31, 2022; (v) the availability of new bonding lines for an amount sufficient to cover the requirements of 2022. The availability, on a best effort basis, of a bonding line amounting to at least €1.345 billion is a condition for the disbursement of the liquidity facility. As of today, advanced bilateral discussions are underway with the banks in order to achieve the aforementioned objective; (vi) the formalisation of the request for financing through the "Garanzia Italia" scheme by the Company as a condition for the disbursement of the Liquidity Facility. It should be noted that this activity will be carried out in the short term; (vii) the cancellation planned by March 31, 2022 of the €1 billion RCF dated December 10, 2015 and obtaining a new RCF for a total amount of €1 billion, which will be organised by the time the capital increase is launched. It should be noted that, as of today, a pool of banks participating in the Financial Package has confirmed that they have preliminarily approved the participation for approximately €450 million; (viii) the achievement of a rating deemed sufficient for the future refinancing of the bonds maturing from 2023 onwards; (ix) future compliance with the contractual clauses, including the covenants, also those of a financial nature, that will be included in the above-mentioned Liquidity Facility.

From this it follows that, in the context of the scenarios defined in the document "Going concern - a focus on disclosure" issued in January 2021 by the IASB with reference to the verification of the existence of the assumption of going concern, the Company considers reasonable to conclude that it is in the Scenario 3. As regards the scenarios defined by Consob in Document No. 2 issued on February 6, 2009, the Company considers reasonable to conclude that it is placed in the case referred to in Scenario 2 relating to the case in which significant uncertainties are identified that may raise significant doubts on the ability of the Company to continue its operations for a foreseeable future, but the directors consider that it is in any case appropriate to use the going concern assumption to prepare the financial statements.

It should be noted that the evaluation by the Board of Directors on the existence of a going concern assumption involves a judgment, at a given time, on the future outcome of events or conditions that are uncertain by nature; therefore, while formulated on the basis of a careful weighting of all the available information, such judgement is liable to be contradicted by the evolution of the facts if the reasonably expected events do not happen, or if incompatible facts and conditions should arise that are unknown or not measurable today.

The Board of Directors will carry out a constant monitoring on the evolution of the factors taken into account, so as to be ready to take the appropriate corrective measures where necessary.

Effects of COVID-19

The spread, evolution, and persistence of the COVID-19 pandemic had a significant impact on the global economy and, as a result, on the Saipem Group, as the energy sector was among the most affected worldwide. However, the macroeconomic scenario recorded a significant turnaround in 2021, thanks to the success of the vaccination campaign, China's economic performance, and the agreements between the producing countries of the OPEC alliance, which enabled a gradual recovery of the economies and manufacturing activities. However, the economy and consumption have not yet returned to pre-pandemic normality and there are still risks of possible slowdowns linked to new variants of the virus that could interfere with the growth of economies and the recovery of energy demand. During the first few months of the 2022 financial year, the upward trend of oil commodity prices, especially Brent and natural gas, continued, also in relation to the evolution of international geopolitical tensions with the Ukrainian-Russian crisis.
At an overall level, the positive signs visible to date are estimated to translate into a recovery of investments in the Oil&Gas sector, with the main operators at the same time diversifying their portfolios towards segments linked to the energy transition.
In 2021, the Saipem Group continued to carry out an in-depth and constant analysis of the ongoing pandemic, in terms of: (i) the evolution of the regulatory framework in the countries where the Group operates, through the monitoring of the containment measures adopted by such countries; (ii) the management of relations with clients and partners; (iii) the management of contracts, both active and passive, through the introduction and/or activation, where possible, of specific contractual clauses to mitigate the potential negative effects of the pandemic; (iv) impacts on project execution activities, and in particular on the operations of shipyards and vessels, due to the changed availability of internal and external resources and/or other circumstances directly or indirectly resulting from the pandemic; (v) performance levels and continuity of service by suppliers, subcontractors and partners.
Saipem Group has implemented specific mitigation measures to contain the impact of the pandemic from the outset, activating a crisis response protocol by setting up a specific task force in charge of constantly monitoring the spread of the virus and finding solutions to inform and protect internal and external staff (employees, customers, and suppliers) in the offices and work sites in Italy and in the countries where the Group operates to comply with the instructions of the Ministry of Health and to ensure the continuity of its operations worldwide. The Saipem Crisis Unit in Milan is always open, is in constant contact and coordination with Local Crisis Units worldwide; it periodically reviews the situation and adjusts the status of the action plan with the Corporate Crisis Committee chaired by the Chief Executive Officer. Saipem continues to monitor the situation by maintaining adequate surveillance levels and measures to prevent and combat the spread of the pandemic, aiming to safeguard people's health, which remains the top priority.
In order to offset the increase in costs related to the COVID-19 event described above, management promptly initiated an appropriate cost containment programme also related to the pandemic.
Financial aspects: the Company continues to pay particular attention to reviewing the expected losses of financial assets with particular regard to: (i) trade receivables; (ii) hedging derivatives; and (iii) financial assets measured at fair value.
The procedures centrally implemented by Saipem's Finance Department are structured to manage the risks associated with the transactions put in place by constantly monitoring the effects caused by uncertainty surrounding future variables and by the risk of the market counterparties with whom contracts are entered into.
With regard to trade receivables related to the risk of customer insolvency, Saipem constantly monitors and assesses risk indicators and the probability of default of customers with information provided by third parties, in addition to evaluating the recoverability of receivables.
Recoverability of non-financial assets: the cash flows used for impairment testing are those of the 2022-2025 Strategic Plan, approved by the Board of Directors on March 24, 2022. It should be noted that the cash flows were normalised, where necessary, in accordance with IAS 36 and that, in particular, the long-term lease rates of the Offshore Drilling CGUs were defined using the latest reports available at the date and prepared by external sources, normally used as benchmarks. The impairment test of December 31, 2021 did not show impairment losses.
Estimate process: with regard to revenue from contracts with customers as a result of the COVID-19 crisis and changing market conditions, circumstances were assessed relating to the possible: (i) collection of payments that may no longer be highly probable and (ii) agreements between the parties that could modify certain aspects of the contract related to the subject matter or price of the transactions.
The enforceability of contractual rights and obligations and the likelihood of collecting the relevant payment are prerequisites for identifying a contract with customers for accounting purposes. In fact, according to IFRS 15, if these conditions are not met, the contract should not exist from an accounting point of view and the revenue may not be recognised. Given the ongoing uncertainty, it is still necessary to check whether such conditions are met when entering into a contract, and whenever there are substantial changes in the relevant facts and circumstances.
In addition, the estimate of the revenue variables continues to be reviewed which, given the current situation of uncertainty, is complex and requires a high degree of judgement, due to the limitation ("constraint") established by the standard that allows the revenues to be recognised only for those amounts that are highly probable that they cannot be reversed in the future (so-called "reversal"). Likewise, the effects of the operational implications deriving

from the pandemic have been assessed and, where necessary, considered in the cost estimate for the duration of projects.
In terms of the analysis of the possible effects of the COVID-19 pandemic undertaken early in 2020 and still in progress due to the continuous evolution of the phenomenon, Saipem has identified, assessed, and constantly monitored these effects for every project currently under way.
Identifying the COVID-19 economic impact: with reference to contract assets from work in progress assessment, for which revenue are recorded "over time" according to input methods such as "cost to cost", the estimate of the final charges and the timing for fulfilling the performance obligations made it necessary to consider whether the costs linked to COVID-19 should be excluded from project progress.
For this purpose, Saipem, also for 2021, divided the costs associated with COVID-19 into three "clusters":
1. Costs directly related to COVID-19 (special items): these are costs directly related to COVID-19 as incurred, or to be incurred, to manage the emergency at Group companies and at project sites; these costs are borne by Saipem as they are contractually non-reimbursable by the client. These costs are recognised on specific contracts separate from operating contracts and are recognised as costs in the income statement without generating contract progress (and therefore without recognising any contract assets) and without recognising any margin. During 2021, the costs directly attributable to COVID-19 amount to approximately €78 million (e.g. including: costs for stand-by resources in accordance with quarantine regulations and in the event that the activities of operational sites and vessels were stopped by authorities; costs of purchasing personal protective equipment in addition to standard practices; costs of sanitising work areas; costs of organising charter flights to bring the personnel home).
2. Costs indirectly related to COVID-19: these are costs incurred, or that will be incurred, for which it is impossible to establish with reasonable certainty whether they are due to the pandemic or to other causes such as, for instance, changing market conditions linked to fluctuations in crude oil prices. These are, by way of example, costs due to delays in project or site activities, which have continued notwithstanding the challenges due, for example, to personnel reductions, postponements in materials deliveries or delays by customers. These costs are included in the full-life estimates of job orders.
3. Costs "to be evaluated case by case": these are direct project costs for which the company declares that "force majeure causes" were incurred, or due to staff kept on stand-by due to lockdown, and whose allocation must be assessed on a case-by-case basis because of the peculiarity of the situation, of the customer, of the contract, etc. No specific and quantifiable cases of this type have been identified.
Relevant market: regarding the possible outlook on the markets trend, the uncertainty of the global economic recovery continues globally despite the recovery signs in our sector, specifically related to the commodity price recovery.
It should be noted that Saipem designs and constructs systems commissioned by clients on the basis of long-term investment assessments; this takes on average between four and seven years, depending on the complexity of the project, from the initial concept phase of the initiative, through development and construction.
Due to the nature of the business and its diversification in various segments, there is no direct correlation between the trend in oil prices and Saipem's financial results: as of December 2021, more than 76% of its E&C backlog was made up of non-oil projects, including LNG and renewables (energy efficiency).
Given the continuation of the COVID-19 pandemic, the going concern assumption used for the preparation of the Annual Report as of December 31, 2021 is not impacted. For details on the going concern, please refer to the above section "Going concern".

Group organisation: reporting

The Saipem Group's operating and financial results for 2021 and the comparative data provided for prior years have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Commission.
The new organisational model is operational as of January 14, 2022; consequently, the financial information has been prepared based on the organisational structure applicable at December 31, 2021, which was based on five business divisions: Offshore Engineering & Construction, Onshore Engineering & Construction, Offshore Drilling, Onshore Drilling and XSIGHT.
The results of the XSIGHT Division are not disclosed to the market separately, rather they are included in the Onshore Engineering & Construction Division because the economic figures do not warrant separate disclosure.

Operating results

Saipem Group - Income statement

(€ million)	2020	2021	% Ch.
Core business revenue	**7,342**	**6,875**	**(6.4)**
Revenue and other income	12	5	
Purchases, services and other costs	(5,294)	(6,837)	
Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(7)	(42)	
Personnel expenses	(1,625)	(1,651)	
Gross operating profit (EBITDA)	**428**	**(1,650)**	**n.s.**
Depreciation, amortisation and impairment losses	(1,273)	(616)	
Operating result (EBIT)	**(845)**	**(2,266)**	**n.s.**
Net financial income (expense)	(166)	(140)	
Net gains (losses) on equity investments	37	9	
Pre-tax profit (loss)	**(974)**	**(2,397)**	**n.s.**
Income taxes	(143)	(70)	
Profit (loss) before non-controlling interests	**(1,117)**	**(2,467)**	**n.s.**
Profit (loss) attributable to non-controlling interests	(19)	-	
Profit (loss) for the period	**(1,136)**	**(2,467)**	**n.s.**

With regards to the above, in section "Profit Warning", and to the verifications related to the Backlog Review, it should be noted that the activity started in January 2022 covered 22 projects, representing approximately 80% of the value of the total existing consolidated backlog as of September 30, 2021, and approximately 88% of the consolidated backlog of the E&C segments as of the same date, and in particular 74% of the Offshore E&C and 95% of the Onshore E&C. Full-life margins of 8 projects have been revised, generating a negative impact on the 2021 EBITDA of about €1 billion, as an effect of provision for expected future losses, accounted for in the fourth quarter 2021.
Core business revenue during 2021 amounted to €6,875 million.
Gross operating profit (EBITDA) is a loss of €1,650 million. Depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets totalled €616 million.
The operating result (EBIT) achieved in 2021 is a loss of €2,266 million.
The main variations relating to the income statement items above are detailed below in the analysis by segment.
The balance of net financial income (expense) is a negative €140 million, down €26 million as a result of lower charges for exchange rate differences, an effect partly mitigated by the increase in charges deriving from the repurchase of bonds maturing in 2022 and the bond issued in July maturing in 2026.
Net financial income (expense) on equity investments was positive for €9 million, thanks to the improvement of the results of contracts performed by companies measured using the equity method.
Pre-tax results amounted to a loss of €2,397 million. Income taxes totaled €70 million compared to €143 million in 2020.
Net profit recorded a loss of €2,467 million (loss of €1,136 million in 2020) and, unlike adjusted net profit, was impacted by the following special items, for a total of €553 million:

- partial impairment of vessels and logistic bases, which are expected to be decommissioned over the course of the plan, and of the related working capital, for €124 million;
- contingent liabilities of €293 million arising from the settlement of legal disputes relating to two long-completed projects and the effects of the first instance decision by the Algiers Court concerning the Arzew LNG3 project, against which Saipem has appealed;
- costs deriving from the health emergency for €78 million. This amount includes the costs incurred in the reporting period directly attributable to the COVID-19 pandemic, such as costs for the resources on stand-by, in accordance with quarantine regulations and in cases where activities at operating sites and onboard vessels were suspended by the authorities, for the purchase of personal protective equipment and devices in addition to the standard requirements, for sanitising work areas and for the organisation of charter flights to return people home;
- reorganisation expenses amounting to €58 million.

The financial statement entries impacted by the special items in 2020 and 2021 are detailed below:

(€ million)	2020	2021
Revenues	7,342	6,875
Impairment losses of current assets	-	-
Adjusted revenues	7,342	6,875

(€ million)	2020	2021
Operating result (EBIT)	(845)	(2,266)
Impairment/write-down and restructuring expenses	868	553
Adjusted operating profit (EBIT)	23	(1,713)

(€ million)	2020	2021
Profit (loss) for the period	(1,136)	(2,467)
Impairment/write-down and restructuring expenses	868	553
Adjusted profit (loss) for the period	(268)	(1,914)

Adjusted EBIT reconciliation - EBIT 2021

(€ million)	Offshore E&C	Onshore E&C	Offshore Drilling	Onshore Drilling	Total
Adjusted EBIT 2021	(1,215)	(506)	47	(39)	(1,713)
Impairment	-	-	-	-	-
Impairment of asset	77	18	-	-	95
Impairment of working capital/provision for costs [1]	29	-	-	-	29
Dispute settlements [1]	-	293	-	-	293
Restructuring expenses [1]	33	21	2	2	58
COVID-19 health emergency [1]	50	14	8	6	78
Total special items	189	346	10	8	553
EBIT 2021	(1,404)	(852)	37	(47)	(2,266)

(1) Total €458 million: reconciliation of adjusted EBITDA (€1,192 million) with EBITDA (€1,650 million).

The impact on net income is equal to the impact on EBIT.

Adjusted EBIT reconciliation - EBIT 2020

(€ million)	Offshore E&C	Onshore E&C	Offshore Drilling	Onshore Drilling	Total
Adjusted EBIT 2020	(62)	115	(16)	(14)	23
Impairment	-	-	590	-	590
Impairment of asset	46	22	13	11	92
Impairment of working capital/provision for costs [1]	-	6	12	4	22
Dispute settlements [1]	-	24	-	-	24
Restructuring expenses [1]	19	6	2	3	30
COVID-19 health emergency [1]	51	38	12	9	110
Total special items	(116)	(96)	(629)	(27)	(868)
EBIT 2020	(178)	19	(645)	(41)	(845)

(1) Total €186 million: reconciliation of adjusted EBITDA of €614 million with EBITDA of €428 million.

Saipem Group - Adjusted income statement

(€ million)	2020	2021	% Ch.
Adjusted core business revenue	**7,342**	**6,875**	**(6.4)**
Revenue and other income	12	5	
Purchases, services and other costs	(5,185)	(6,461)	
Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(7)	(42)	
Payroll and related costs	(1,548)	(1,569)	
Adjusted gross operating profit (EBITDA)	**614**	**(1,192)**	**n.s.**
Depreciation, amortisation and impairment losses	(591)	(521)	
Adjusted operating profit (EBIT)	**23**	**(1,713)**	**n.s.**
Net financial expense	(166)	(140)	
Net gains (losses) on equity investments	37	9	
Adjusted pre-tax results	**(106)**	**(1,844)**	**n.s.**
Income taxes	(143)	(70)	
Adjusted profit (loss) before non-controlling interests	**(249)**	**(1,914)**	**n.s.**
Profit (loss) attributable to non-controlling interests	(19)	-	
Adjusted net profit (loss) for the year	**(268)**	**(1,914)**	**n.s.**

Adjusted operating profit and costs by function

(€ million)	2020	2021	% Ch.
Adjusted core business revenue	**7,342**	**6,875**	**(6.4)**
Production costs	(6,630)	(8,031)	
Idle costs	(352)	(250)	
Selling expenses	(157)	(134)	
Research and development expenses	(35)	(35)	
Other operating income (expenses)	-	(5)	
General expenses	(145)	(133)	
Adjusted operating profit (EBIT)	**23**	**(1,713)**	**n.s.**

The Saipem Group achieved in 2021 revenues related to ordinary operations for €6,875 million, down €467 million compared to 2020; the slowdown affects in particular engineering and construction activities, especially due to effects of the above mentioned backlog review.
Production costs (which include direct costs of sales and depreciation of vessels and equipment) amounted to €8,031 million, representing an increase of €1,401 million compared to 2020, as a result of provisions following the backlog review in the fourth quarter and of the extra costs incurred on some projects in the Engineering & Construction sector.
Idle costs decreased by €102 million compared to 2020, mainly as a consequence of the postponement of some projects due to the COVID-19 pandemic. Selling expenses, amounting to €134 million, decreased by €23 million, thanks to greater efficiency in the management of tenders for the acquisition of new projects.
The research and development expenses recognised as operating costs, amounting to €35 million, were essentially in line with those incurred in 2020.
General expenses, amounted to €133 million, decreased by €12 million compared to 2020 as a result of cost-cutting initiatives launched since the pandemic and through the introduction of the "Saipem Project".

Offshore Engineering & Construction

(€ million)	2020	2021
Core business revenue	2,749	2,848
Cost of sales	(2,514)	(3,802)
Adjusted gross operating profit (EBITDA)	235	(954)
Depreciation and amortisation	(297)	(261)
Adjusted operating profit (EBIT)	(62)	(1,215)
Impairment losses and restructuring expenses	(116)	(189)
Operating result (EBIT)	(178)	(1,404)

Revenues for 2021 amounted to €2,848 million, up by 3.6% compared to the same period of 2020, mainly attributable to higher volumes in Europe, the Middle East and South America, partly offset by the decrease in volumes in North Africa and Italy. The cost of sales totalling €3,802 million, an increase compared to 2020, impacted by the backlog review as detailed below.
Adjusted gross operating profit (EBITDA) in 2021 was a negative €954 million, down from a positive €235 million in the corresponding 2020 period; the 2021 result was negatively impacted by approximately €580 million in the fourth quarter in relation to wind projects included in the backlog review, in addition to higher costs already recognised in the first nine months of approximately €370 million.

Depreciation and amortisation are lower by €36 million compared to 2020, due to the termination of a vessel leasing contract by a third party closed in 2020.
The operating loss (EBIT) in 2021 was €1,404 million and includes the impairment losses of tangible assets for €77 million, costs for the COVID-19 healthcare emergency for €50 million, restructuring expenses for €33 million and depreciation for €29 million.

Onshore Engineering & Construction

(€ million)	2020	2021
Adjusted core business revenue	3,882	3,286
Cost of sales	(3,689)	(3,722)
Adjusted gross operating profit (EBITDA)	193	(436)
Depreciation and amortisation	(78)	(70)
Adjusted operating profit (EBIT)	115	(506)
Impairment losses and restructuring expenses	(96)	(346)
Operating result (EBIT)	19	(852)

Revenues for 2021 amounted to €3,286 million, down 15.4% compared to the corresponding period of 2020, mainly as a result of lower volumes in the Middle East.
The cost of sales of €3,722 million, an increase compared to the same period of 2020 as an effect of the backlog review as detailed below. The increase was partially offset by minor costs due to the slowdown of projects.
The adjusted gross operating profit (EBITDA) for 2021 was negative for €436 million, compared to the positive figure of €193 million of the corresponding period of 2020; the result was negatively affected in the fourth quarter by approximately €440 million by the backlog review of projects and the additional costs of the extended time of execution of a project in the Middle East due to COVID-19.
Depreciation and amortisation amounted to €70 million, down €8 million compared to the corresponding period of 2020, mainly due to the lower depreciation following the impairment of a base in the previous year.
The operating loss (EBIT) in 2021 was a €852 million loss, and included the accrual of the costs for legal disputes for approximately €293 million, from the activity of periodic legal monitoring of the evolution of litigations, restructuring expenses for €21 million, depreciation of tangible fixed assets for €18 million, and costs incurred due to the COVID-19 health emergency for €14 million.

Offshore Drilling

(€ million)	2020	2021
Core business revenue	294	394
Cost of sales	(221)	(278)
Adjusted gross operating profit (EBITDA)	73	116
Depreciation and amortisation	(89)	(69)
Adjusted operating profit (EBIT)	(16)	47
Impairment losses and restructuring expenses	(629)	(10)
Operating result (EBIT)	(645)	37

Revenues for 2021 amounted to €394 million, an increase of 34% compared to the same period in 2020. This was mainly due to the increased activity of the drilliship S10000, which remained idle for extraordinary maintenance for approximately three months in 2020, and of the semi-submersible rigs Scarabeo 8 and Scarabeo 9, inactive for most of 2020, but also for the larger contribution of the drillship S12000, on stand-by during the same period of 2020, only partially compensated by the reduced activity of the jack-ups Perro Negro 7 and Perro Negro 8, idle for extraordinary maintenance during 2021.
Cost of sales of €278 million, up compared to the corresponding period in 2020, an effect of the higher volumes recorded during 2021.
The adjusted gross operating profit (EBITDA) for 2021 amounted to €116 million, equal to 29.4% of revenues, compared to €73 million for the same period of 2020, equal to 24.8% of revenues, thanks to the aforementioned increase in fleet use.
Depreciation and amortisation amounted to €69 million, down €20 million compared to the corresponding period of 2020, mainly due to the lower impact on impaired assets recorded in the previous year.
The operating result (EBIT) in 2021 was €37 million, after recognising the cost of the COVID-19 health emergency for €8 million and restructuring expenses for €2 million.

Onshore Drilling

(€ million)	2020	2021
Core business revenue	417	347
Cost of sales	(304)	(265)
Adjusted gross operating profit (EBITDA)	113	82
Depreciation and amortisation	(127)	(121)
Adjusted operating profit (EBIT)	(14)	(39)
Impairment losses and restructuring expenses	(27)	(8)
Operating result (EBIT)	(41)	(47)

Revenues for 2021 amounted to €347 million, down 16.8% compared to the corresponding period of 2020, as a result of reduced operations in South America.
The cost of sales, equal to €265 million, was lower compared to 2020, due to lower volumes. The adjusted gross operating profit (EBITDA) for 2021 amounted to €82 million, equal to 23.6% of revenues. This was down from €113 million, or 27.1% of revenue in the corresponding period of 2020.
Depreciation and amortisation amounted to €121 million, down €6 million compared to the corresponding period of 2020, mainly due to the lower depreciation of the vessels impaired in the previous year.
The operating loss (EBIT) for 2021 was €47 million, after recognising the cost of the COVID-19 health emergency for €6 million.

Balance sheet and financial position

Saipem Group - Reclassified consolidated statement of financial position [1]

The reclassified consolidated statement of financial position aggregates asset and liability amounts from the statutory statement of financial position by function, under three basic areas: operating, investing and financing.
Management believes that the proposed schedule provides useful information for investors because it makes it possible to identify the sources of financial resources (own funds and borrowed funds) and their use in fixed assets and working capital.

(€ million)		Dec. 31, 2020		Dec. 31, 2021
Property, plant and equipment		3,284		3,113
Right-of-Use assets		288		261
Net intangible assets		701		699
		4,273		**4,073**
- Offshore Engineering & Construction	*2,740*		*2,597*	
- Onshore Engineering & Construction	*530*		*503*	
- Offshore Drilling	*552*		*563*	
- Onshore Drilling	*451*		*410*	
Equity investments		140		127
Non-current assets		**4,413**		**4,200**
Net current assets		**(2)**		**(2,070)**
Employee benefits		(237)		(238)
Net assets held for sale		**-**		**-**
Net capital employed		**4,174**		**1,892**
Equity		2,923		326
Non-controlling interests		25		25
Net financial debt pre-IFRS 16 lease liabilities		872		1,223
Lease liabilities		354		318
Net debt		**1,226**		**1,541**
Funding		**4,174**		**1,892**
Leverage before IFRS 16 (net borrowing/equity + third-party equity)		**0.30**		**3.48**
Leverage post-IFRS 16 (net borrowing/equity + third-party equity)		**0.42**		**4.39**
Number of shares issued and outstanding		1,010,977,439		1,010,977,439

Management uses the reclassified statement of financial position to calculate key ratios such as the Return On Average Capital Employed (ROACE) and leverage (used to indicate the robustness of the group's capital structure).
Non-current assets as of December 31, 2021 stood at €4,200 million, down €213 million compared to 2020. The change derives from capital expenditure of €298 million, amortisation and depreciation of €521 million and impairment losses of €95 million, an increase of the leased Right-of-Use assets for €105 million, disinvestments and write off for €29 million, a decrease in the equity investments measured using the equity method for €18 million and the net positive effect deriving from the translation of financial statements denominated in foreign currencies, as well as other changes, for €47 million.
Net current assets have decreased by €2,068 million, going from a negative balance of €2 million as of December 31, 2020, to a negative balance of €2,070 million as of December 31, 2021.

(1) For reconciliation with mandatory templates see "Reconciliation of reclassified balance sheets used in the management report with the mandatory financial statements" on page 80.

Employee benefits amounted to €238 million, an increase of €1 million compared to December 31, 2020.
As a result of the above, **net capital employed** has decreased by €2,282 million to €1,892 million as of December 31, 2021, from €4,174 million as of December 31, 2020.
Equity, including non-controlling interests, amounts to €351 million as of December 31, 2021, a decrease of €2,597 million compared to December 31, 2020. The decrease is primarily attributable to the negative effect of net income for the period (€2,467 million), the negative effect of the purchase of shares (€15 million) and the negative effect of the change in the fair value measurement of foreign exchange and commodity hedging derivatives (€151 million).
Net financial debt pre-IFRS 16 lease liabilities amounts to €1,223 million as of December 31, 2021, up by €351 million since December 31, 2020 (€872 million) mainly due to the slowdown of some projects and the postponement of the contribution of recently acquired projects. Net financial debt inclusive of IFRS 16 lease liabilities (€318 million) amounted to €1,541 million.

Analyses of net financial debt

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Non-current financial assets	(66)	(61)
Non-current bank loans and borrowings	584	439
Non-current bonds and other financial liabilities	1,993	1,993
Net medium/long-term financial debt	**2,511**	**2,371**
Cash and cash equivalents	(1,687)	(1,632)
Financial assets measured at fair value through OCI	(68)	(59)
Other current financial assets	(342)	(566)
Current bank loans and borrowings	387	518
Current bonds and other financial liabilities	71	591
Net short-term debt (liquid funds)	**(1,639)**	**(1,148)**
Net financial debt (liquid funds) pre-IFRS 16	**872**	**1,223**
Net current lease liabilities	**135**	**117**
Net non-current lease liabilities	**219**	**201**
Net financial debt (liquid funds)	**1,226**	**1,541**

Cash and cash equivalents include: (i) cash and cash equivalents of €713 million in current accounts of projects executed in partnership or joint venture; (ii) cash and cash equivalents of €214 million in current accounts denominated in currencies subject to movement and/or convertibility restrictions; (iii) cash and cash equivalents amounting to €3 million in current accounts frozen or subject to restrictions for a total of €930 million.
For information on net debt as required by Consob, Communication No. DEM/5/21 of April 29, 2021, see Note 22 "Analyses of net financial debt".

Statement of comprehensive income

(€ million)	2020	2021
Profit (loss) for the period	**(1,117)**	**(2,467)**
Other items of comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
- remeasurement of defined benefit plans for employees	(2)	(16)
- change in fair value of equity investments measured at fair value through OCI	-	-
- share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans	1	-
- income tax relating to items that will not be reclassified	1	3
Items that may be reclassified subsequently to profit or loss:		
- change in the fair value of cash flow hedges	155	(196)
- change in the fair value of financial assets, other than equity investments, with effects on OCI	-	-
- exchange differences arising from the translation into euro of financial statements currencies other than the euro	(78)	47
- income tax relating to items that will be reclassified	(34)	45
Other items of comprehensive income	**43**	**(117)**
Comprehensive income (expense) for the year	**(1,074)**	**(2,584)**
Attributable to:		
- owners of the parent	(1,090)	(2,584)
- non-controlling interests	16	-

Equity including non-controlling interests

(€ million)	
Equity including non-controlling interest as of January 1, 2021	**2,948**
Comprehensive income for the year	(2,584)
Dividends distributed to Saipem shareholders	-
Dividends distributed by other subsidiaries	-
Sale (re-purchase) of treasury shares net of fair value of the incentive plans	(15)
Purchase of non-controlling interests	-
Share capital increase net of charges	-
Other changes	2
Total changes	
Equity including non-controlling interests as of December 31, 2021	**351**
Attributable to:	
- owners of the parent	326
- non-controlling interests	25

Reconciliation between equity and the result for the year of Saipem SpA with the consolidated one

	Equity		Profit (loss) for the period	
(€ million)	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021
As reported in Saipem SpA's financial statements	**2,937**	**471**	**(171)**	**(2,382)**
Surplus shareholder equity in the overall results for the period, compared to the book value of the consolidated company shares	(547)	(819)	(1,011)	(224)
Consolidation adjustments, net of tax effects for:				
- difference between purchase cost and underlying carrying amount of equity	723	720	(3)	(3)
- elimination of unrealised intra group profits (losses)	(216)	(193)	36	31
- other adjustments	51	172	32	111
Total equity	**2,948**	**351**	**(1,117)**	**(2,467)**
Non-controlling interests	(25)	(25)	(19)	-
As reported in the consolidated financial statements	**2,923**	**326**	**(1,136)**	**(2,467)**

The item "Other adjustments" mainly includes the impact of: (i) consolidated entries aiming to align the profit margins of contracts affecting more than one Group company, the individual progress of which may not have uniform economic/temporal development synchronised to the progress of the consolidated contract; (ii) consolidated entries to reflect and align any impairments deriving from impairment tests.

Reclassified statement of cash flows [2]

Saipem's reclassified statement of cash flows derives from the statutory statement of cash flows. It enables investors to understand the link existing between changes in cash and cash equivalents (deriving from the statutory statement of cash flows) and in net financial debt (deriving from the reclassified statement of cash flows) that occurred between the beginning and the end of the period. The measure enabling such a link is represented by the free cash flows, i.e. the surplus or cash deficit remaining after the financing of investments. The free cash flow closes alternatively on: (i) changes in cash and cash equivalents for the period by adding/deducting cash flows relating to financial liabilities/assets (issuance/repayment of loan assets/loans and borrowings), to repayments for lease liabilities, equity (dividends paid, net repurchase of treasury shares, capital issuance) and the effect of changes in the consolidation scope and of exchange differences on cash and cash equivalents, or (ii) changes in net financial debt for the period by adding/deducting cash flows relating to equity, and the effect of repayments of lease liabilities and of changes in the consolidation scope and of exchange differences on net financial debt.

(2) For reconciliation with mandatory templates see "Reconciliation of reclassified balance sheets used in the management report with the mandatory financial statements" on page 801.

(€ million)	2020	2021
Profit (loss) for the period	(1,136)	(2,467)
Non-controlling interests	19	-
adjustments:		
Depreciation, amortisation and other non-monetary items	1,316	477
Net (gains) losses on disposals of assets	(8)	-
Dividends, interest and income taxes	272	184
Cash flows generated by operating activities before changes in working capital	**463**	**(1,806)**
Changes in working capital related to operations	(72)	2,081
Dividends received, income taxes paid, interest paid and received	(268)	(185)
Net cash flows from operating activities	**123**	**90**
Capital expenditure	(322)	(298)
Investments in equity, consolidated subsidiaries and business units	(4)	-
Disposals and partial sales of consolidated equity, business units and property, plant and equipment	16	15
Other changes related to financing activities	-	-
Free cash flows	**(187)**	**(193)**
Net change in receivables and securities held for non-operating purposes	(153)	(207)
Changes in short and long-term loans and borrowings	(27)	498
Repayments of lease liabilities	(126)	(126)
Sale (purchase) of treasury shares	(16)	(15)
Cash flow from capital and reserves	(69)	(26)
Changes in consolidation and exchange differences on cash and cash equivalents	(7)	14
NET CASH FLOWS FOR THE PERIOD	**(585)**	**(55)**
Free cash flows	**(187)**	**(193)**
Repayments of lease liabilities	(126)	(126)
Sale (purchase) of treasury shares	(16)	(15)
Cash flow from capital and reserves	(69)	(26)
Exchange differences on net financial debt and other changes	(2)	9
CHANGE IN NET FINANCIAL DEBT PRE-LEASE LIABILITIES	**(400)**	**(351)**
Effect of first-time adoption of IFRS 16	-	-
Financing/closing for the period	110	(80)
Repayments of lease liabilities	126	126
Exchange differences and other variations	20	(10)
Change in lease liabilities	256	36
CHANGE IN NET FINANCIAL DEBT	**(144)**	**(315)**

Net cash flows from operating activities of €90 million net of the negative cash flow from technical investments amounting to €298 million, and of the positive flow of disposals and partial disposals of consolidated equity investments, divisions and tangible assets amounting to €15 million, resulted in negative **free cash flows** of €193 million.
Repayments of lease liabilities generated a negative effect of €126 million; **cash flow from capital and reserves** is negative by €26 million, and relates to dividend payments resolved in 2020. The purchase of treasury shares generated a negative effect of €15 million. Exchange differences and other changes on net financial debt produced a net positive effect of €9 million.
Therefore there was a **negative change in net financial debt pre-lease liabilities** of €351 million.
The **change in lease liabilities** generated an overall effect equal to €36 million, due to the net negative effect of new financing and contract closure for €80 million in the period, to the repayments of lease liabilities for €126 million, and exchange differences and other changes negative for €10 million.
Cash flows generated by operating activities before changes in working capital negative for €1,806 million related to:

- the loss for the year amounting to €2,467 million;
- depreciation, amortisation and impairment of tangible and intangible assets totaling €616 million, the positive valuation of equity investments using the equity method totaling €9 million, the negative change in provisions for employee benefits amounting to €20 million and exchange rate differences and other changes totaling €110 million;
- from net financial expense of €114 million and income taxes of €70 million.

The change in working capital related to operations, for €2,081 million, was due to financial cash flows of projects underway.
Dividends received, income taxes paid, interest paid and received during in 2021 were negative for €185 million and were mainly related to income taxes paid net of tax credits and to interest paid.

Key profit and financial indicators

Return On Average Capital Employed (ROACE)

Return On Average Capital Employed is calculated as the ratio between adjusted profit (loss) for the period before non-controlling interest, less net financial expense after deducting the related tax effect and net average capital employed. The tax rate applied to financial expense is 24%, as per the applicable tax legislation.

Return On Average Operating Capital (ROACE)

To calculate the Return On Average Operating Capital, the average capital employed is netted of investments in progress that did not contribute to profit for the period.
No significant investment in progress in the two periods compared were identified.

		Dec. 31, 2020	Dec. 31, 2021
Profit (loss) for the period	(€ million)	(1,117)	(2,467)
Exclusion of net financial expense (net of tax effects)	(€ million)	166	140
Unlevered profit (loss) for the year	(€ million)	(991)	(2,361)
Capital employed, net:	(€ million)		
- at the beginning of the period		5,207	4,174
- at the end of the period		4,174	1,892
Average capital employed, net:	(€ million)	4,691	3,033
ROACE	(%)	**(21.13)**	**(77.84)**
Return On Average Operating Capital	(%)	**(21.13)**	**(77.84)**

Net financial debt and leverage

Saipem management uses leverage ratios to assess the soundness and efficiency of the Group's capital structure in terms of an optimal mix between net borrowings and equity, and to carry out benchmark analyses against industry standards. Leverage is a measure of a company's level of indebtedness, calculated as the ratio between net borrowings and equity, including non-controlling interests.

	Dec. 31, 2020	Dec. 31, 2021
Leverage pre-IFRS 16	0.30	3.48
Leverage post-IFRS 16	0.42	4.39

Non-GAAP measures

This section provides the performance indicators that, although not required by IFRS (non-GAAP measures), are used in the "Directors' Report".
Such indicators are disclosed to enhance the user's understanding of the Group's performance and are not intended to be considered as a substitute for IFRS measures.
Specifically, the non-GAAP measures used in the Directors' Report are as follows:

- cash flow: this indicator is given by the sum of net income plus amortisation and depreciation;
- technical investments: this indicator is calculated by excluding investments in equity investments from total investments;
- EBITDA: a useful measure for evaluating the operating performance of the Group as a whole and of the individual business segments, in addition to operating profit. EBITDA is an intermediate measure, which is calculated by adding depreciation and amortisation to operating profit;
- non-current assets: the sum of net property, plant and equipment net intangible assets and equity investments;
- net working capital: includes working capital and provisions for risks and charges;
- net invested capital: this is the sum of fixed assets, working capital and the provision for employee benefits;
- funding: this is the sum of equity, non-controlling interest and net financial debt;
- special items: they represent: (i) not-recurring events or transactions; (ii) events or transactions that are not representative of normal business activities;
- net debt: this is calculated as financial debt less cash and cash equivalents, securities and other financial assets not used in operating activities.

RESEARCH AND DEVELOPMENT

Saipem is an advanced technological and engineering platform for the design, construction, and operation of complex, safe, and sustainable infrastructures and plants. Always oriented towards technological innovation, Saipem is today committed to working alongside its customers on the frontier of the energy transition with increasingly digital means, technologies and processes oriented from their conception to environmental sustainability.

The first part of this report covers division-specific activities, and the second part focuses on cross-divisional initiatives, like those related to energy transition.

Moving on to a detailed description of each business division's activities, the **Offshore Engineering & Construction Division** continues its innovation activities with a growing focus on technologies that reduce the development and management costs of offshore fields, with particular attention to the decarbonisation of the activities in the marine sector of the hydrocarbon extraction industry.

Regarding the business line "Offshore Facilities and Pipelines", the increasingly challenging technical requirements coming from the industry push us to optimise our diversified technology portfolio to keep a competitive advantage in the mega projects segment, like the one acquired during the year in Qatar, called "North Field Production Sustainability Pipelines Project". A key element here is the ongoing improvement of the technologies related to rigid metallic pipelines, developed at our Ploiesti Technology Center in Romania. Some of the newest welding, NDT (Non Destructive Testing) and FJC (Field Joint Coating) technologies have been applied also on the Liza field development programme in Guyana and in several projects in the Middle East on clad welding pipes, on multiple-joint prefabrication on board pipelay vessels and on FJC processes. Recently, a new high-speed welding process was successfully validated for the launch of S-shaped subsea pipelines, in a wide range of diameters and thicknesses, for corrosive services and those subject to fatigue stress. It was based on the combination of the proprietary system Saipem SwS and the re-melting procedure of the first two passes using the proprietary plasma technology Saipem SPRINT.
Saipem carried out a multi-year programme for the robotisation and digitalisation of its proprietary welding technologies, NDT and FJC, completing the creation of the smart FJC digital twin and the welding simulator for welders training. Thanks to this, all automatic FJC systems at the Ploiesti site can now be controlled and managed remotely, generating data which are acquired and processed automatically. Among these there are some recently developed, and now ready to operate: SHINKRA, a unit for application of heat shrinkable sleeves on pipes; SINCRO, a system for the internal coating of girth welds; SANDI, an automatic sandblasting unit, and SARCHOS, a "Heat & Coat" unit for the application of heat coatings from sintered powders, suitable also for large diameter pipes. Special attention is given to the development of equipment with a double key role in ensuring productivity and low installation costs, such as the Integrated Acoustic Unit for the research and automatic detection of defects in pipes, the anti-flooding equipment and the equipment for underwater cold bending, all used during the launch of the pipes offshore. The Company is also implementing new technologies to minimise the number of risky manual operations onboard vessels, for example the "hands free" lifting and suspension system for which a patent application has been filed; the project phase was completed during the year, and a series of tests are scheduled in 2022.

Within the "SURF" (Subsea, Umbilicals, Risers and Flowlines) unit of the Offshore Division, fully dedicated to underwater activities and infrastructures in deep water, new solutions and new material combinations are being developed for the interconnection pipe systems of the subsea fields, to reduce the costs of investment and operation, such as the use of internal polymeric coatings replacing noble coatings for water injection pipes. In the same area, Saipem is completing the development of innovative heating systems, such as the direct electric heating system "Pipe in Pipe" (DEH PiP) and the modular induction heating system for convoluted interconnection pipelines. The DEH PiP proprietary system efficiently uses the low voltage skin effect, ideal for large diameters and lengths of pipelines. The main components of the system are currently in the technological validation phase. New materials were also validated for the thermal wet isolation of subsea structures working at high temperature and in ultra-deep waters. In Brazil, a booming deep-water market, new R&D initiatives have been launched on "riser" systems for fluid transportation, to promote the "Steel Lazy Wave" technology, chosen for the projects Buzios 5 and Buzios 7, recently awarded by PetroBras. In this regard, we can mention the interconnection system Pull-In tubes, lightened and optimised, to adapt the innovative rigid risers to the flexible connections existing on the FPSOs already in operation but in need of upgrades and maintenance, or the new materials, competitive for cost and performance, for protection against the corrosion of hydrocarbon "riser" systems. The Company is also studying and experimenting, in collaboration with MIT, the application of artificial intelligence procedures for the optimisation of the design of the"risers" systems.

Saipem is pursuing an innovative approach to the design and maintenance of critical submarine components, based on the extensive use of digital technologies, by applying advanced algorithms and using advanced sensors and exact digital replicas such as the RIMS (Riser Monitoring System), for advanced "Life-of-Field" applications which at will be used in the Buzios 5 project.
In the field of subsea service, repairs and maintenance, Saipem is qualifying, with a third party certification authority, a submarine mechanical end connector ("Seal & Grip"), to replace and repair damaged pipe sections; that solution is currently the only one adopting a "metal-to-metal" seal capable of ensuring permanent repairs of pipes with noble coatings, polymer coatings and/or operating in presence of H_2S (hydrogen sulfide). The validation of an innovative repair system based on composite materials is also underway.
Regarding the optimisation of the production schemes and architectures for subsea oil fields, Saipem is studying and adopting the integration of machinery and solutions which ensure the reduction of the costs associated with the development, implementation and connection, in existing fields, of new wells located at a great distance and, if possible and sustainable, hybridisation by powering them with renewable energy harvested around the field itself. For instance, the solution Wind2Sub™ is under development for the integration of power generation systems powering the control and storage and additive injection systems, with floating wind turbines or other innovative renewable marine sources, to decarbonise and reduce the costs for the development and management of marine oil fields.

Subsea Factory

Saipem is also developing an industrial platform called "Subsea Factory Solutions", consolidating the associated supply chain with a number of specific agreements (with Total, Siemens, Curtiss Wright, Veolia and other technology providers). That activity contributes to the "All-Electric" vision for fields, made of subsea infrastructures connected by electric lines and optical fibres, instead of complex electro-hydraulic umbilical to operate mechanisms and valves. The SPRINGS™ programme for water treatment and re-injection is at an advanced step of validation in partnership with Total and Veolia. A major client recently awarded Saipem with a study to evaluate its application to the decarbonisation of subsea fields. The validation of several equipment and subcomponents is in progress to allow the combination of multiple configurations of use. At the same time, other subsea process technologies are in the development stage: the HiSep™ subsea separation of dense-phase CO_2 from oil, now under scale testing for Petrobras (owner of the technology); the SpoolSep™ technology for separation and cleaning of water produced together with oil, for which a further joint development step is under discussion with several clients. In addition, Saipem's Fluideep™ system was developed for subsea storage and additive injection. In order to overcome limitations to the development of simplified architectures for subsea fields, due to limitations related to fluid transportation, Saipem is studying subsea units for the dehydration of the gases produced.

Subsea robotics

The development and industrialization programmes of the "Hydrone" submarine robotic platform continue. The first Hydrone-R vehicle has been delivered to Equinor, as part of the first ever "Life of Field" contract for an Underwater Intervention Drone, covering 10 years of service in the Equinor "Njord" field off the coast of Trondheim, together with the new Hydrone-W vehicle. The Hydrone-R was tested in the subsea base located off the coast of Trieste, and before being used in the field, passed the functional integration tests with Equinor's SDS (universal Subsea Docking Station). Hydrone-R recently won the "Spotlight on New Technology" award in May 2021 during the OTC (Offshore Technology Conference). This award is granted to the most innovative technologies which contribute to the progress and the future of marine energy. This result is a confirmation of the essential role this new generation of subsea drones have in this specific time of overall transition of the marine energy market. The industrialisation of Hydrone-W is ongoing with a dedicated investment. This vehicle, a workclass full electric ROV, will be equipped with a revolutionary powertrain and power management system, that minimises energy consumption during operations. It is designed to operate also from unmanned platforms, controlled from land. The development of "Flatfish", another vehicle from the Hydrone platform, is also ongoing; specifically, an advanced autonomous underwater vehicle with artificial intelligence and underwater residence capability. The construction of the first prototype and its garage was completed in the Sonsub technological development site in Marghera, Italy. An immersion test was completed at the end of 2021. An industrial project for the further development of the advanced self-management capability of "Flatfish" will be launched in Brazil in 2022.
The whole Hydrone platform will benefit also from more advanced functions which, combined with subsea wireless networks, will improve the continuous and detailed inspection capacity, and allow more efficient data collection; these additional developments have already attracted the interest of several international players. To this end, Saipem completed the remote control tests, in low latency conditions, on its ROV (Remotely Operated Vehicle) "Innovator" operating on the "Saipem 7000" ship station in the Marghera waters and piloted by a drilling rig located in the Norwegian sea.
Also for this purpose, a collaboration started with WSense for the implementation of IoT (Internet of Things) technologies on the Hydrone platform. In addition, Saipem is participating in the "AIPlan4EU" project, financed by the European programme "Horizon 2020", for the joint development of an Artificial Intelligence software for automatic mission planning, to be used also on our Hydrone platform. Finally, Saipem is developing the pilot for an oil company, for the application of a self-powered buoy for monitoring the environment and the marine flora and fauna in Brazil.

The **Offshore E&C Division**, in collaboration with other divisions, pursues diversification plans and opportunities:
- continuing the development of the SDO-SuRS (Special & Diving Operations - Submarine Rescue Ship) for rescuing divers; together with Drass, a leading company in submarine and hyperbaric crewed technology, it was selected by Marina Militare Italiana (the Italian Navy) for the equipment of SDO-SuRS, the new vessel for the rescue of divers. The system integrates a state-of-the-art remote operated vehicle, acting as a vector for navigation and control, with a rescue capsule bringing divers back to the surface through a controlled habitat in total safety. Other non-military applications are under study to maximise the use of the know-how developed in this area;
- developing a new cutting system capable of reducing risks and increasing operation efficiency for the decommissioning of oil production platforms;
- continuing the conceptual study for the Messina Strait Crossing Tunnel, in cooperation with the Onshore E&C and XSIGHT divisions. That application requires the use of anchoring systems and non-seismic joints with a design derived from the designs applied in the oil industry. In the same field, Saipem through its Norwegian sister company Moss Maritime, has also been involved in the Biornafjord floating bridge project in Norway and is currently participating in the Sula-og Halsafjorden project;
- Moss Maritime, on behalf of Nova Sea, has also conducted a study on the detail feasibility of an innovative closed containment offshore fish farm concept developed for harsh environmental conditions.

The **Offshore Drilling Division** has continued to develop a tool to exploit the benefits of artificial intelligence to improve the quality of wells. Drilling operations are thus improved thanks to the integration of signals and data to support the optimisation of quality and performance of the well. The tool has been validated on data from past drilling projects and will be tested in production in 2022 on one of the units. In the field of digital transformation, the Division has developed the virtual model of the Saipem 10000, the Perro Negro 8 and the Scarabeo 9, while the work is progressing on the Santorini. These virtual models increase the virtual fleet, which already comprised of Scarabeo 8 and Saipem 12000. In order to reap the benefits of “gamification”, a videogame is being developed to improve the experience of the staff and their results in terms of familiarisation with rig operations and HSE procedures before going onboard. To increase complexity and return on value of the virtual fleet, the Division is also completing a pilot project aiming to add new functionalities and data sources to the Virtual Fleet models, as well as to extend the programme to other rigs. The pilot project for the use of a search engine based on Natural Language Processing techniques has been completed. The Division is also fully deploying the new IoT infrastructure on the fleet: the new architecture allows to reach every data available on board and apply the relevant algorithms. This is considered the foundation of all digital applications to be developed, now and in the future. An operational excellence project is now in full roll out: data automatically generated and retrieved from equipment onboard are analysed in detail so as to allow a real-time adjustment process. The implementing phase of a predictive maintenance project is ongoing, and involves all the critical equipment on Scarabeo 8; the aim is to detect malfunctions in advance and to carry out “what if” analyses. The first milestone, which involves the completion of the infrastructure and the fine-tuning of the algorithms for local operation onboard, was reached together with a market-leading partner in the field of industrial automation.
Finally, opportunities for diversification are being investigated by the Division: deep sea mining, CO_2 storage solutions and offshore geothermal. In the latter field, Saipem has signed an agreement with Istituto Nazionale di Geofisica e Vulcanologia to carry out feasibility studies to build offshore geothermal plants, evaluating applicable technological solutions, providing expertise and playing a coordination role in the verification of the industrial feasibility. Other collaborative agreements in this area will follow shortly.

The **Onshore Drilling Division** has focused its efforts on pursuing continuous maximisation of the return on value of data obtained from sensors installed on land rigs to enable informed decision making based on the knowledge of real-time, integrated data, and to achieve operational efficiency through the adoption of digital tools. Specifically, the Drilling Performance Dashboard, which enables advanced analysis on drilling operations, has been updated with a new functionality for the monitoring of fuel consumption and GHG emissions allowing to acquire data directly from the generators in the field. This solution is currently implemented in rigs in Kuwait, with a view to extend its application to the rigs in other Middle Eastern countries and specifically in Saudi Arabia, where four data rooms have already been purchased and a control room is under construction at the operations base of Dammam. Furthermore, the Division has started a new programme aimed at enabling remote support to field operations and the digitalisation of maintenance processes.
The development of a new warehouse management approach based on “machine learning” is under way in order to optimise the spare parts and consumables inventory, ensuring a constant and optimal level of assets service. The Division is ready for the digitalisation of storage facilities and is also testing the Industrial 3D printing application to replicate a “just in time” procurement model.

The **Onshore Engineering & Construction** and **XSIGHT Divisions** have together pursued the monetisation of natural gas, decarbonisation processes, and evolution of the energy transition, with a focus on the consolidation and development of processes and technologies. To this end, a multi-year plan is in progress to keep the proprietary technologies at the highest level of competitiveness.
In terms of the fertiliser production technology “Snamprogetti™ Urea”, the ongoing activities include:
- enlarging our portfolio of high-end solutions with the introduction of the Snamprogetti SuperCups™ trays, which drastically increase the mixing efficiency of the reactant phases, optimising the product conversion rate and

significantly reducing the associated CO_2 emissions; several new or "revamped" facilities, are or will be adopting the SuperCups trays;
- providing complete solutions to operating plants with the Tuttle Prilling Bucket technology, a device adopted worldwide in Urea prilling towers for the production of high quality prills for a wide range of plant capacities;
- improving resistance to corrosion and cost reduction through the development of novel construction materials, either by traditional or additive manufacturing;
- reducing gaseous emissions using an innovative proprietary technology. A pilot plant has been constructed at Politecnico di Milano and was operated with results consistent with expectations;
- innovative solutions for Ammonia-Urea complexes for waste water treatment, the SPELL technology; developed under a cooperation agreement with Purammon Ltd for a highly effective removal of nitrogen and organic contaminants through a novel electrochemical technology, that allows for compliance with the most stringent environmental regulations. In order to facilitate demo opportunities at the sites of interested clients, a trial rig is under construction, which is containerized, has a capacity of 2 m^3/h, and can easily be moved and used at the clients' sites to show its capacity for the removal of the total equivalent of ammoniacal nitrogen (TAN) from wastewater;
- the development of the digital twin of the "Snamprogetti Urea™" technology, in partnership with Honeywell, a key partner for the provision of digitalisation services, will allow to extend Saipem traditional offering, integrating remote assistance services during the rig operation, also with the purpose to reduce the carbon footprint and maximise profit. The solution will be developed on the Honeywell platform, and Saipem will put it on the market for end customers.

Efforts in the LNG (Liquefied Natural Gas) field are ongoing to define proprietary small-scale liquefaction and regasification of natural gas, which can become a flexible tool also for supporting sustainable mobility in the near future. The Onshore E&C Division is working to provide support to clients in the evaluation of solutions for the reduction of CO_2 emissions of large scale LNG rigs; in this area, there were several initiatives, including a cooperation with suppliers of key equipment and technologies for the electrification of the base load absorbed by the liquefaction units. The new design concept allows the retrofitting of large electrical drives (e-drives) integrating the generation and use of renewable energy; as an option, it is possible to envision hydrogen generation units taking advantage of the excess renewable energy produced and using the hydrogen produced, mixed with natural gas, to generate power. Design solutions were also studied to integrate the production of Blue Hydrogen in the LNG units showing the possibility of its use in the gas turbine as a power mix in order to reach efficiency levels higher than 90% in CO_2 capture, and select the best technological combination for hydrogen production.
Moreover, XSIGHT is also working on alternative solutions designed to suit the current market scenario, including LNG facilities based on the proprietary Liqueflex™ and Liqueflex™ N_2 technologies. The following key activities are in progress for the afore-mentioned applications:
- design consolidation, integration of information on equipment/suppliers and criticality assessment of maintenance of Onshore small-scale LNG solutions;
- cooperation with a partner for the development of a new low-cost containment system for small and medium-scale transportation of LNG.

In relation to high octane technologies, Saipem innovation activities include:
- tests of the new formulation of catalyser provided by BASF for the C_8 Hydrogenation technology, involving a qualified, external laboratory (Politecnico di Milano): a pilot plant was built and the test phase was completed;
- identification and investigation of new possible configurations of the etherification to lower energy intensity.

As already mentioned, the following section of the report covers cross-divisional initiatives and specifically energy transition initiatives. In the middle term, with the goal of energy progressive decarbonisation and carbon emissions overall reduction, Saipem is involved in several activities in the following main fields.

CO_2 Management
The Onshore E&C Division is building a technology portfolio to deal either with the purification of natural gas from reservoirs with high content of CO_2, or capture of CO_2 from combustion flue gas in power generation and industrial processes. In this context, Saipem owns the "CO_2 Solutions by Saipem" proprietary technology, which reduces the costs and environmental impact of capturing CO_2 from combustion, enabling its capture and reuse to obtain new marketable products. The technology is based on an innovative enzymatic process to capture CO_2 during which no toxic products are used or released; moreover, regeneration occurs at low temperature, with a reduction of operating costs and energy consumption. The technology has been tested in a small-size commercial plant (30 tonnes of CO_2 per day) in operation at the Resolute Forest Products pulp paper mill in St. Félicien (Québec). The CO_2 produced is then used in the greenhouses of a nearby farm.
Saipem is pursuing a technological optimisation programme with objectives related to both installation and operation costs, which includes:
- the reduction of the costs of enzymes through a research and development activity dedicated to the development of a more resistant enzymatic family and with an improvement of the supply chain. In this context, Saipem and Novozymes, world leader in industrial biotechnology solutions, have signed an agreement for the development of innovative solutions for the process of CO_2 capture with enzymatic technology, with the aim of making it highly competitive on the market in the short term and compared to traditional processes;

- the optimisation of the size of the main equipment through the involvement of specialised suppliers and internal engineering expertise;
- the optimisation of materials made possible by the specific non-corrosive and non-toxic characteristics of the enzymes.

In order to increase the portfolio of solutions serving our clients decarbonisation objectives and create a more sustainable industrial model, Saipem is also ensuring access to different technologies for capturing CO_2 from the combustion flue, already used in Saipem markets.
The Company has also completed the design of a CO_2 capture module for offshore applications that can be implemented, via retrofit, on existing infrastructures.

A further and significant action towards achieving the objectives of reducing CO_2 emissions in Europe is the launch of the "ACCSESS" innovation project, financed by European funds and involving 18 partners. The aims of the project include the validation of Saipem's CO_2 Solutions technology for the capture of CO_2 from gaseous effluents from industries with a complex carbon footprint, such as paper, cement, and waste treatment, using a small-scale (2 tpd), modular and transportable solution.
The pilot plant, originally designed for traditional amine technology, will be modified to suit Saipem's proprietary technology; it will also be modified to implement another innovative solution (Rotating Packing Bed) to replace the traditional absorption column. The pilot plant will initially be tested in a waste treatment site, then in a pulp paper mill and finally in a cement factory.
In addition to this purpose, the initiative aims to develop an integrated chain for the capture and storage of CO_2 that connects the initiatives and infrastructures existing and under construction in Europe, from continental areas to those of northern Europe. Finally, the ACCSESS project will develop concrete and sustainable business models for CO_2 capture, storage and use, centered on European citizens and cities and a new culture for the proliferation of final products and services with zero or positive climate impact.

Special attention was given to the decarbonisation of the so called "hard-to-abate" industries, considered more challenging because the carbon dioxide released is not only due to the heat and power generation services, but is intrinsic in the manufacturing process. For those reasons, innovative solutions are needed, and the Onshore E&C Division is already cooperating with various industrial and technological actors on those solutions; some of them are listed below:
- the sustainable conversion of high energy-consuming units in the iron and steel industry, through the agreement with Danieli and Leonardo signed in February 2021, aiming at supplying, jointly and in an integrated way, technologies and services to lower carbon emissions in the steel production process, creating a new sustainable model in compliance with new environmental protection laws;
- the paper industry decarbonisation through an active cooperation with one of the leading company in the industry, aiming at implementing innovative solutions for the integration of CO_2 capture systems in the manufacturing process and to create a value chain for the reuse of carbon dioxide.

In general, Saipem is active and focused on identifying all the possible opportunities and technologies for the reuse of CO_2, immediately and in the future, to support clients with local carbon valorisation solution, specially where there are no infrastructures for transportation and storage:
- reuse of CO_2 in cements and carbonates;
- reuse of CO_2 for the production of synthetic fuels and chemicals;
- reuse of CO_2 for polymers and bioplastics.

In the field of CO_2 transportation, Saipem is supporting an activity funded by the Norwegian Government targeting identification of non-metallic materials suitable for use in CO_2 pipelines transportation and in the context of the project "Altera Infrastructure's Stella Maris CCS" together with Equinor, Total, DNV GL, Sintef, contributing to a feasibility study on large-scale transport and injection of CO_2 in subsea exhausted reservoirs/acquifers.
Moreover, the development of various solutions for the liquefaction of CO_2 continues, allowing Saipem to offer the best technological solutions and configurations for the costumers' needs.

Renewable energies and energy storage

The development of Saipem proprietary technology for offshore floating windfarms, HexaFloat™, continues through the Interregional North-West Europe AFLOWT project, for which the engineering studies and the detail design have been completed in the first half of 2021. In order to ensure the possibility of implementation on an industrial scale by the end of 2023, the demo rig was moved from the West coast of Ireland to the new test site called "MISTRAL", off the coast of Marseille, in collaboration with Valeco, EnBW subsidiary. The new location in the test site "MISTRAL" makes it possible to reach the project objectives and getting the HexaFloat™ technology ready for marketing, allowing to show its competitivity in terms of costs, resistance, and performance in extreme conditions. Saipem is also participating in a programme called "FLOATECH", recently granted by the EU in the context of "Horizon 2020", to increase competitiveness in terms of cost of the energy produced by offshore wind farms, by improving the aero-hydro coupled modelling and by developing active control techniques.

Together with Consiglio Nazionale delle Ricerche (CNR), a 1/6 scale version of the HexaFloat™ was installed offshore the CNR research station and the "Luigi Vanvitelli" University of Campania in the Gulf of Naples. The test confirmed the validity of the technology and excellent stability in real marine conditions.
Finally, the acquisition of activities and skills in semi-submersible technologies for the Naval Energies offshore wind farms, strengthens the strategic placement of Saipem as operator in the promising area of floating offshore wind farms.
To integrate the technological offer in the floating wind sector, Saipem is developing two solutions of semi-submersible bases, in order to offer a complete portfolio for variable market conditions: "X-Base", decentralised, and "STAR-1", centralised.
The "X-Base" solution, low waterline technology with a three column semi-submersible base for large wind turbines (15 MW), involves the housing of the turbine structure on one of the side columns, to facilitate dockside integration operations, and promotes a modular, simplified, and standardised approach to manufacturing operations. This technology is specific for wind farms floating in water at depths greater than 50 metres, offering a special space of 4,000 square metres to house auxiliary equipment such as solar panels or electrolysers for the integration of local production of green hydrogen. The design is in compliance with the requirements of the DNVGL-ST-0119 DNV standard and aims to be certified within the first quarter of 2022.
The STAR-1 solution, derived from the technological heritage of the recently acquired Naval Energies, still uses a semi-submersible base with three columns but with the turbine in a central position; the technology is considered mature and has already been technically validated for a commercial project in France.

Saipem is developing several other innovation initiatives in the field of renewable energy:
- in partnership with Equinor, a new concept of "Offshore Floating Solar Park", developed by Moss Maritime; together with Sintef, the two companies conducted tests on a small scale system;
- in partnership with QINT'X, the project called AGNES for an innovative offshore energy hub offshore Ravenna;
- in cooperation with the Marine Offshore Renewable Energy (MORELab) of Politecnico di Torino, Saipem is planning the development of another demonstration rig for the HexaFloat™ technology offshore the isle of Pantelleria. Within this initiative, the Company is working to establish a consortium of Italian companies for the design and construction of an offshore wind generator optimised for the marine weather conditions of the Mediterranean basin, in anticipation of the growth of this market;
- the development of an energy hub in Sardinia is being planned, which includes marine wind farms and green hydrogen generation plants, exploiting the technologies of wind turbines with a floating foundation that is best suited for the bathymetry of the area.

In the promising marine/ocean and high altitude wind energy sectors, some results have already been obtained:
- the cooperation with the Dutch company Wello Oy, which developed the innovative "Penguin" technology for the production of electricity from sea waves, is ongoing; Saipem has completed the transport and installation of the wave energy converter "Penguin 2" from the south coast of Cornwall to the Gulf of Bilbao, where the anchoring system and the electrical connection cable were installed. Saipem also installed Penguin 2 on the test site at the Biscay Marine Energy Platform;
- the XSIGHT Division is completing the evaluation of an innovative technology capable of generating power from high altitude wind, using special "drones", also for offshore applications.

Finally, various energy storage solutions combined with renewables for power generation and/or industrial plant hybridisation are under investigation. In addition, a technology for offshore long-term energy storage, patented by an external provider, is being evaluated for applications integrated in offshore renewable energy production systems.

Hydrogen

The potential for the future use of green hydrogen or blue hydrogen in industry, mobility and other uses is currently under investigation, considering the significant industrial experience and specific know-how of the Company on the matter. Furthermore, the technical issues linked with hydrogen transportation in pipelines, either pure or blended with natural gas, or by ship, are under investigation. Saipem, as a global leader in pipeline design and construction, is involved in studies for the conversion of existing infrastructures to hydrogen (or carbon) transport and for the definition of international standards for the design of those pipelines in a subsea environment, also through the involvement in various JIPs promoted by the DNV body. In this context, a specific focus is placed on the associated process equipment and on the prevention procedures for uncontrolled emissions and spills.

With the desire of having an important role in the new green hydrogen market, the Onshore E&C Division is developing electrolysis units for its clients on a large scale for hybrid industrial applications, including green ammonia and the Hydrogen Valleys.
Specifically, Saipem signed an agreement with Alboran Hydrogen, Edison, and Snam for the promotion and construction of new plants in the Mediterranean basin for the production of green hydrogen, specifically in Apulia. The goal is to accelerate the dissemination of hydrogen as part of the national energy mix and achieve the European and Italian carbon neutrality goals by 2050.

The "Puglia Green Hydrogen Valley" project includes construction of three green hydrogen production plants, precisely in the areas of Brindisi, Taranto, and Cerignola (Foggia), for a total equivalent capacity of 220 MW, powered by a photovoltaic power generation of 380 MW. When fully operational, an estimated 300 million cubic metres of green hydrogen per year will be produced. The hydrogen produced will be injected into the existing methane network and/or transported directly to the sites where it will be used as a feedstock or energy source by the local industry, with potential use also for sustainable mobility.
The project relating to the Brindisi area is already in the authorization process, aiming at a production of green hydrogen from an installed capacity of electrolysers equal to 60 MW, powered by a dedicated photovoltaic field. In total, the "Puglia Green Hydrogen Valley" project will include multiple regional entities: Società degli Acquedotti Pugliesi, Appulo Lucane railways, local technological and production districts, Università Politecnica di Bari, Università di Bari, di Foggia and del Salento. The investments planned in research and development will have a positive return through the promotion of the development of innovative skills in the local community and the growth of a local industrial chain focused on hydrogen.
Saipem was involved from the very beginning in the project, including the steps for the selection of technologies and preparatory activities of the feasibility study, supporting the permit process and financial evaluation.

In another area, Saipem launched the "SUISO" platform, a technological solution that integrates various renewable energy sources such as floating wind, floating solar, and marine energy into the same system. The system will power electrolysers, installed on already existing offshore platforms, for the production of green hydrogen, responding to the growing demand for green hydrogen production and at the same time allowing the conversion of marine infrastructures in the O&G sector which have now reached the end of their life cycle. The oxygen produced from this process can be utilised in different fields, such as aquaculture or the production of algae. The first application of the platform will be the aforementioned AGNES project.

In addition, the production and offshore storage of green hydrogen is being studied in several feasibility studies, for offshore electrical substations or for offshore hydrocarbon fields, for instance within the "SEALHYFE" project with the start-up LHYFE which is involved in the production of green hydrogen, with Chantiers de l'Atlantique and CEA. One of the topics under study is the construction of electrolyser containment modules specifically designed for the offshore environment.
Simultaneously, the Company is working on an hydrogen-powered version of the "ELEMANTA", the multiuse ship for advanced, innovative port environmental services. The concept is being discussed with several entities and actors of the port ecosystem in France and in Europe for the development of demo projects.

Biomass conversion and circular economy

A deep investigation was devoted to biofuel production processes and technologies with focus on second generation bioethanol. In this context, Saipem signed an agreement with Versalis for the joint promotion of the PROESA® technology used for the sustainable production of bioethanol and chemical derivatives from lignocellulosic biomass. Saipem and Versalis will offer integrated and technologically advanced solutions for the sustainable production of bioethanol. The PROESA® process does not use food-grade cultures, but produces bioethanol through a hydrolysis process and fermentation of widely available agricultural biomass, such as waste from agricultural processes, grass cuttings and pruning, and specific crops for energy production.
In addition, Saipem is active in the field of biotechnology for biodegradable plastics, an area where it is pursuing partnership and business opportunities for PLA (Polylactic Acid) production from sugar biomass. The Company is carrying out a feasibility study for the construction of a 30 kty PLA plant in northern Italy. It must be mentioned that, among bioplastics, PLA has uses comparable to plastic while being biodegradable and compostable.

In the circular economy area, an important asset for Saipem is the development of innovative solutions for the sustainable treatment of waste (including plastics recycling) and to be then used to create energy and/or valuable products.
In that field, Saipem promotes circular industrial models for plastic waste, evaluating partnerships with collector consortia, technology suppliers (in particular in the field of pyrolysis and depolymerization) and end users, aiming to build a holistic plant model for chemical recovery and conversion.

Outside of the aforementioned business areas, the corporate innovation function promotes and coordinates cross-divisional and corporate value initiatives.

Methods for estimating the value of technological innovation

Saipem in collaboration with Politecnico di Milano, has developed a new methodology to track and measure the value generated by technology innovation inside the executed projects, in relation to the sustainable development of the business and in line with the Company's ESG objectives. This innovative tracking and measurement system was tested also on recent projects, with different business models and sequences. The method, under further development, represents a helpful tool to support both the stakeholders' involvement in the innovation initiatives and the resource allocation in order to maximise the return of the technological innovation, which are both key factors for a sustainable business strategy, even in a typical business model based on the execution of projects.

Innovation Factory

2021 marks the five-year anniversary of the establishment of Saipem's Innovation Factory. During that time, Saipem has consolidated its experience in the field of radical innovation, firmly establishing the Factory as its hub for the development of internal entrepreneurial talents and the generation of new value. From 2016 to 2021, more than 300 colleagues from every business department, role, and geographical area have participated in 38 "Proof of Concept" projects. The "Innovators" have been carefully selected based on their specific combinations of skills and characteristics, such as lateral thinking, curiosity, entrepreneurial attitude, anti-fragility. This experience has provided each of them with precious opportunities to develop these skills in the best possible way and return to "daily" work with increased confidence and ability to support future strategic transformations and Saipem's growth. In return, about a quarter of the projects produced direct or indirect business value for Saipem.
The fourth series of projects, completed in the first half of 2021, investigated AI applications for design and procurement operations, circular economy in the area of plastics, cross-divisional strategic analysis of business opportunities in the green hydrogen value chain, the launch of an internal observatory on industrial 3D printing, and an in-depth investigation on collaboration contract models.
The fifth series of projects, started in June 2021, was focused on different emerging business opportunities – electrification and new offshore electricity transmission infrastructures, new energy highways and new energy carriers, future biorefining plants. In addition, two promising spaces for technological innovation and innovative business, i.e. the use of CO_2 and large-scale renewable energy storage systems, were explored through startup scouting and an observatory of technologies and business opportunities. The concept of "Water Neutrality" was identified as a long-term and promising issue. Finally, also in support of the profound transformation of the market context which will require the essential contribution of the people who will be its main interpreters, "Saipem Future Talents" was launched as a transversal and highly internationalized project.
In the Open Innovation field, our partnerships with AsterFab and Politecnico di Milano continue. Moreover, cooperation channels were opened with the embassies of Canada and Israel in Italy, countries with a high density of startups, for the exploration of their respective ecosystems and the identification of the most promising startups.

Intellectual property

Within the overall framework of technology innovation activities, Saipem filed 16 new patent applications in 2021. In addition, 32 patent families, corresponding to approximately 70 patented titles, were obtained through the acquisition of Naval Energies, mentioned above.
Furthermore, in 2021, Saipem confirmed its ranking in the first ten placements, in the ranking drawn up by the European Patent Office (EPO) relating to Italian companies with the highest number of European patent applications registered in 2020.

HUMAN RESOURCES

Quality

In 2021, with regard to the Quality Management System and the related development, implementation, measurement, analysis and continuous improvement processes, the following activities have been carried out:
- management and maintenance of the certificates relevant for the Company (ISO 9001, ISO 3834-2, EN 1090-2);
- integration of Saipem's "Multisite" certification schedule pursuant to ISO 9001 with new companies/subsidiaries;
- extension of the scope of Saipem's ISO 9001 certificate to projects in the renewable energy and ecological transition sector, consistently with the Company's Business Plan;
- implementation of divisional initiatives aimed at improving, digitising, and increasing awareness of aspects of the Quality Management System (Reflex tool, Quality@Saipem initiative);
- consolidation of cross-functional/cross-divisional initiatives aimed at improving and digitising methods and tools for managing the Quality Management System:
  - systematisation of assessment, self-assessment and Quality Plan to support Saipem Management and other operational entities within the Group;
  - simplifying the management of the internal auditing ("InSight" tool) and reporting process of the Group entities;
- continuous improvement of the processes and activities of Quality Assurance and Quality Control for a more efficient and systematic implementation of the company Quality System on various projects;
- optimisation of the Customer Satisfaction methodology, in order to make reporting activities for top management more effective and more consistent with the peculiarities of each business;
- optimisation of the services of availability and access to the International Technical Standards, capturing the needs of the business and maximising the potential offered by the market.

Human Resources Management and Industrial Relations

During 2021, as the emergency scenario continued, Saipem continued its health protection policies for its resources. Therefore, as was done during 2020, specific management initiatives were adopted in line with the guidelines issued by the World Health Organisation and by local governments and authorities of the countries in which the Company operates, aiming at guaranteeing the maximum safeguard and protection of its resources.

With reference to Italy and in all the countries in which the Company operates, specific prevention measures have been implemented in all offices and operating sites, as well as the adoption of programmes, management measures and behaviour procedures, supported by an intense and ongoing internal communication campaign, aimed at minimising social interactions and guaranteeing social distancing between people.

For the entire year, remote work remained the primary management mode to ensure a more effective containment measure and health protection of our people in regard to the epidemiological emergency. Therefore, the use of smart working continues to represent one of the Company's main drivers of change. The Company confirms its plan to adopt a structural smart working model that will maximise the effectiveness of the company's production and operational processes, also through a synergistic use of technologies and the digitisation and dematerialisation of activities; this new smart working method will have to allow a new work organisation model and ensure full accountability of resources, also concerning the reorganisation of the work spaces with a view to moving personnel from the offices of San Donato Milanese to the new building starting from 2022.

During 2021, Saipem continued the supervision of the construction of the new Santa Giulia Headquarters with a view to an overall rethinking of the functionality of the workplace, conceived to support the evolution of Saipem's Smart Working model and designed to ensure the centrality of the person within the company spaces. Saipem has studied new solutions to optimise and manage its spaces, seizing the opportunities deriving from the relocation of its headquarters to introduce the concepts of Smart Building and services related to the individual. The new concept of the working spaces will help to increase efficiency and improve the work experience.

During 2021, the "Saipem Project" was launched, aimed at ensuring the structural recovery of efficiency and cost containment, resulting from the management of the epidemiological emergency and the related impact on business activities which led to the slowdown and postponement of some projects. The Company has implemented some initiatives aimed at ensuring the optimisation and more efficient management of all expatriate staff, as well as containing the costs deriving from business trips, residual individual holidays and overtime hours, as well as additional company closing days in August and December, through specific agreements signed with the trade unions.

The new policy of international mobility adopted by the Company in the second half of 2021, consistent with the purpose of the Saipem Project, is characterised by important new elements that break away from the past, in any case safeguarding the value of international mobility as a means of integrating and developing resources, transferring critical know-how and as a pivotal tool to support the corporate strategy for the creation of long-term value. The adopted strategy is more focused on the development and enhancement of local staff. With this in mind, actions have been launched to optimise the presence of expatriate staff, while the procedures for managing expatriation have been updated, encouraging and safeguarding the use of roles with a technical and engineering content working on projects, in particular with reference to personnel working in operational sites and on vessels. The so-called "junior assignment" was also introduced: an expatriation mode dedicated to the development and training of younger staff through an international mobility path.

With regard to the cost containment of travel, the Company has introduced a whole series of measures aimed at ensuring the reduction of travel costs and access to more convenient rates, as well as at encouraging the use of call and video conferences when travel is not necessary. In addition, by enhancing the innovative and digital aspect, the adoption of a new booking system for travel services will allow employees greater autonomy in the management and personalisation of travel.

Furthermore, with reference to the efficiency and competitiveness recovery program launched by the Company with the Saipem Project, the qualitative and quantitative turnover of resources continues, taking into account the safeguard of critical skills, also through the consensual resolution plan pursuant Article 4, Law Fornero.

(units)	Average workforce 2020	Average workforce 2021
Offshore Engineering & Construction	13,261	14,525
Onshore Engineering & Construction	11,649	10,633
Offshore Drilling	1,692	1,780
Onshore Drilling	3,830	3,483
Staff positions	940	953
Total	**31,372**	**31,374**
Italian personnel	5,862	5,819
Other nationalities	25,510	25,555
Total	**31,372**	**31,374**
Italian personnel on open-ended contract	5,693	5,706
Italian personnel on fixed-term contract	168	113
Total	**5,861**	**5,819**

(units)	Dec. 31, 2020	Dec. 31, 2021
No. of engineers	6,360	6,290
No. of employees	29,522	32,041

Compensation

The aim of the Remuneration Policy Guidelines for 2021, approved by the Shareholders' Meeting of April 30, 2021, is to attract, motivate, and retain resources with a high professional and managerial profile, by enhancing the merit and the unusual and critical professional skills, while encouraging the achievement of strategic targets and sustainable growth of the Company. The goal is also to align the Management's interests with the priority objective of creating sustainable value for stakeholders in the medium and long term, in line with the guidelines defined in the Company's Strategic Plan.

The "Report on Saipem's Remuneration Policy and Compensation Paid 2021", which contains the Guidelines, is drawn up and defined in accordance to current legal and regulatory obligations, in compliance with EU Directive 2017/828, Article 123-*ter* of Italian Legislative Decree No. 58 of February 24, 1998, implemented in the Consolidated Law on Finance (TUF), Article 84-*quater* of the Consob Issuers' Regulation (Resolution No. 11971 of May 14, 1999 and subsequent amendments and additions) and the related Annex 3A, schedules No. 7-*bis* and 7-*ter*; as well as in compliance with the recommendations of the Corporate Governance Code, in its latest version approved in January 2020, endorsed by Saipem. The "Report on Saipem's Remuneration Policy and Compensation Paid 2021", was approved by the Board of Directors of Saipem on March 12, 2021, and subsequently by the Shareholders' Meeting on April 30, 2021.

The most important innovations introduced by the 2021 Policy on Remuneration relate to the improvements of the incentive plans for management. Specifically, regarding the Variable Short-Term Incentive Plan (STI), the incentive curve was revisited with a view to streamlining and with the goal to improve performances to above target; in addition, specific attention was placed to the definition of performance indicators in the ESG

(Environmental, Social & Governance) area intended to promote the actions associated to the processes of energy transition and digital transformation formulated in the company strategy. In particular, the ESG indicators reflect the following elements: support for the strengthening of climate policies, in line with the now consolidated international standards and in particular the Paris climate agreements; a strong focus on the issues of safety and gender diversity, in order to ensure better appreciation of the human capital; the will to guarantee support for the digital transformation.

In line with Saipem's strategy, which pays attention to issues related to Climate Change and alternative energy sources in order to seize opportunities in new markets that will be the main drivers in decarbonising the current portfolio, a reward mechanism has been introduced linked to the MBO objective "Orders to be Acquired", whenever there is an increase in the percentage of the residual "Non Oil Related" order portfolio.

In addition, the deployment of the 2021 corporate targets relating to the Variable Short-Term Incentive Plan has also been carried out and specific division targets were defined, according to a top-down process on the entire managerial population, ensuring a constant process of verification and monitoring of such objectives.

In the context of the Variable Long-Term Incentive Plan (LTI), for the purposes of 2021 allocation, the main change concerned the introduction of an additional business-based indicator: "Adjusted EBITDA cumulative in the three-year period 2021 2022 2023", which measures the total gross operating margin at the end of the three-year performance period, intended to better highlight the creation of value for Saipem over time.

In compliance with the provisions of the 2020 Remuneration Policy and following the report of the Group's objectives and management performance assessments for 2020, the Company has awarded individual short-term variable monetary incentives to the management for a total of €5,828,750, and it also implemented the first allocation of the share component of the Short-Term Incentive Plan 2021-2023. The total number of treasury shares serving the 2021 Allocation Plan was 918,150, as determined by the Board of Directors of April 27, 2021. Following the report of the Group's objectives and management performance assessments for 2020, the Company has awarded individual short-term variable monetary incentives as provided for by the Remuneration Policy proposals for 2020.

In compliance with the provisions of the 2021 Remuneration Policy Guidelines, in October Saipem provided the third and final allocation of the 2019-2021 Long-Term Variable Incentive Plan aimed at managerial resources. The Plan establishes the free assignment of Saipem SpA ordinary shares (performance share) upon achievement of specific performance conditions, measured at the end of the three-year period and based on three business objectives (Adjusted Net Financial Position, Return on Average Invested Capital Adjusted and Adjusted EBITDA cumulative in the three-year period - 2021-2022-2023), as well as a goal related to Saipem's stock performance (Total Shareholder Return) compared to two Peer Groups, consisting of competing companies (related to the Drilling and Engineering & Construction sectors, respectively). The total number of treasury shares serving the 2021 Allocation Plan was established to be a maximum of 17,040,000, as determined by the Board of Directors of October 27, 2021.

As for the 2016-2018 Long-Term Incentive Plan - 2018 Allocation, in compliance with the resolution of the Shareholders' Meeting of April 29, 2016 which approved the plan, the Board of Directors verified the achievement of the performance objectives of the 2016-2018 Long-Term Incentive Plan - 2018 Allocation, in compliance with the resolution of the Shareholders' Meeting of April 29, 2016 which approved the plan, so the related shares were assigned after the expiration of the vesting period, to the executives still working at the end of July 2021.

Finally, 2021 was characterised by the ongoing emergency situation caused by the COVID-19 pandemic, which led to continued general uncertainty in the markets. In addition to this socio-economic situation, the Company has embarked on an extensive cost saving programme, which has led to a containment of the Compensation Policy expenditure, therefore characterised by the use of selective interventions implemented with the aim of retaining the most strategic resources for the company and enhancing their distinctive contributions.

Cyber Security

In Saipem, the cyber risk is identified and reported to Enterprise Risk Management for monitoring by the Control and Risks Committee and the Board of Directors.

In March 2021, Saipem obtained the ISO/IEC 27001 certification, for "Cyber security events monitoring and incidents management". This important milestone confirms the validity of the structure Saipem adopted for Cyber Detection & Response activities, and it also makes it possible to proceed in a structured manner to continuously improve Saipem security management system.

In the past year, the Cyber Security Unit and the model adopted in the Company have undergone numerous audits and assessments by important customers and third parties. A process of periodic review of the security configurations related to the Office 365 environment was also initiated with Microsoft in order to ensure adequate adherence to the most current best practices.

The level of cyber security "posture" is also continuously monitored by BitSight, an independent rating company that provides us with an impartial assessment and visibility on any weaknesses. The latter are promptly addressed in order to maintain the company rating at a satisfactory level.

The growth of maritime cyber risk has prompted the International Maritime Organization (IMO) to ask shipowners and ship operators for a dedicated effort to include cyber risk within the map of the risks assessed and managed on board. Therefore, during 2021 a cyber security model was implemented for the fleet, to supplement the existing Safety Management Model, in order to meet the IT security requirements expressed by the IMO for the certification of vessels. Among these measures, the figure of Cyber Security Officer on board and the specific training for offshore resources need to be highlighted.

E-learning training courses have been implemented, focusing on Saipem's Guidelines for Security Management and Cyber Security (Standard, High and Critical Level), to train security personnel, HSSE RCMs, human resources managers and other specific company functions deemed to be at greater risk.

Numerous further actions were also completed in 2021, in line with the two-year security Master Plan 2020-2021 and upon the requests made by the main clients. In particular, directional, planning, and technological initiatives have been carried out, including:

- formalisation of the processes related to Vulnerability Management, Classification of Corporate Information, Cyber Security Requirements for Joint Ventures;
- security requirements update: Security by Design, Network Security, Device Security, Cyber Security Requirements for Teleworking, Secrets Management, Methods for allocating ICT resources and rules for their correct use;
- release of the Zero-Trust solution;
- Digital Identity project (foundation);
- implementation of a Privileged Identity Management solution, removal of administrative rights on users' computers, blocking of USB ports, release of the labeling tool for data classification, launch of the Identity Governance programme, completion of the installation of firewall for segregation between IT and OT on ships;
- integration of a Hardware Security Module for the protection of keys and certificates;
- definition of the IT security requirements of the Supply Chain;
- definition of the Corporate information classification model.

E-MARKET SDIR CERTIFIED

DIGITAL, ICT SERVICES

The continuation of the dual challenge of the COVID-19 pandemic and the slowdown of investments in the sector where Saipem operates required a rationalisation of the costs and optimisation of the investments in the Digital and ICT services area. The aim of this management approach is to ensure an evolutionary roadmap that is economically and financially sustainable, but also capable of supporting the business. In this context, the Company's efforts at global level have been maximised to ensure the development and adoption of digital solutions and the maintenance of adequate levels of service in the ICT area.

To support these management guidelines, in 2021 Saipem:
- confirmed the evolutionary guidelines of the 2020 digital programme, which focus mostly on improving the efficiency of the work processes;
- launched an ambitious competitiveness programme, involving also the digital and ICT area, with the objectives, inter alia, of redesigning the digital roadmap and agenda in order to align them with Saipem's new strategy and to fully integrate the staff's digital needs and the requirements of the relevant business verticals;
- confirmed specific goals at company level in order to promote the digital transformation process.

With regards to the main projects launched we have:
- confirmed and maintained a continual rate of transformation for all initiatives that relate, as a whole, to Engineering, Procurement and Construction (EPC Integration) processes, which is key for our core business;
- continued to develop and industrialise the technological components supporting the digital transformation of our assets;
- developed and started production of several digital solutions supporting the staff functions (e.g., HSE, Vendor Management, HR Services, Corporate Procurement, etc.), allowing the move to our new management centre and the new way of working remotely.

In terms of the EPC Integration initiative, which aims to integrate EPC processes across the board, it should be highlighted that two waves of development of digital solutions were already finalised in 2020, for a total of 8 use cases. In 2021, these solutions were industrialised and subsequently integrated to our business projects (around 20 projects in this area). An additional project was launched in 2021 to optimise engineering activities through a strong digitisation of the process. At the same time, three new solutions have been added to the test phase which will be industrialised and adopted in 2022.

The main areas addressed by the EPC Integration Model can be summarised as follows:
- integration and standardisation of the engineering and procurement processes
- integrated visibility of the Supply Chain supporting contracted projects;
- optimised, assisted management of contractual variations and requirements;
- remotisation of the inspection and expediting activities;
- interaction in the "vendor data" and "document management" areas;
- introduction of a solution supporting the AWP (Advanced Work Package) construction methodology;
- creation of a portal for the interaction with our clients.

As part of the digitisation of our assets, we designed and implemented our own IoT and Data Platform, bearing in mind the vertical solutions already existing in our technology portfolio. At the same time, we have started the digital modernisation plan of our fleet and the planning of future technological solutions that will be able to transform the classic processes of asset management, improving their exploitation through greater use of decisions driven by data and by implemented algorithms (e.g., predictive maintenance, remote assistance, operational dashboards).

This activity programme is based on a paradigm for incrementing the levels of governance on the data generated by our managed assets and leveraging the advance analytics procedures to support the decision-making process and operational efficiency improvements (e.g., fuel management), as well as sustainability (e.g., GHG emissions) on which we intend to measure our transition plan towards Net-Zero objectives.

The digital platform consists of a cloud component for the centralised collection and processing of all data coming from our assets, which are equipped with an "Edge computing" installed on board in order to optimise the computational capacity and data transmission in suboptimal conditions.
Currently, that component is installed onboard the following assets: Scarabeo 9, Saipem 7000, Castorone, Saipem 10000, FDS, Pioneer, Sea Lion 7, Perro Negro 9, Scarabeo 8, Rig 5913, Perro Negro 7, FDS 2, Saipem 12000.

In this context, we were able to increase the focus and control over our data, which gave us the opportunity to start a process for the definition of Saipem's new Data Governance, which also includes several initiatives in the area of Data Culture.
At the end of 2021, the digital solutions that were industrialised were in the following areas:
- Extended Maintenance in Offshore and Onshore Drilling;
- Predictive Maintenance in Offshore Drilling;
- Fuel Consumption Monitoring in Offshore;
- Operation Performance dashboarding in Onshore Drilling;
- Non-conformity reports dashboarding in Offshore Drilling.

The following minimum working solutions have been tested:
- Pipeline Productivity Tool 2.0, for the optimisation of the on-board management of the pipes to be laid offshore;
- Personal Protection Equipment Lifecycle Management in Offshore and Drilling;
- Greenhouse Gas Monitoring: CGT engines to monitor greenhouse gases.

In order to increase the value of the activities in the storage facility management, a project is ongoing for the optimisation of this area, and it is articulated in two streams:
- the first stream involves the development of a digital solution and a Machine Learning algorithm in the tuning phase, enabling the optimisation of warehouse stock and guaranteeing an adequate level of service. This project is currently being set-up and the data is being integrated for the import, processing, and validation of all documents extracted from the various IT applications. In the next phase, the system will Go-Live, initially in parallel with traditional management;
- the second stream, which is currently screening the addictive manufacturing spare parts, aims at verifying the feasibility of the process of creating a digital warehouse inventory capable of implementing a "just in time" inventory management through the use of additive technologies (e.g., 3D printing) for the reproduction of spare parts for the Oil&Gas sector. The current state of the project completes the step of defining the most important business cases and the selection of components through technical-economic analyses. At the end, some components will be selected for scanning (reverse engineering) for 3D modelling and subsequent reproduction in AM.

In the Corporate area, we have launched, and in several cases completed and are adopting, a number of digital initiatives including:
- platforms dedicated to staff functions (e.g., HSE, Vendor Feedback, Insurance, etc.);
- a tool supporting the new digital demand collection and management process;
- tools for managing smart working 2.0 and collaborations;
- new people care services on a specific platform;
- systems for recruiting external human resources supporting contracted projects;
- dematerialisation of selected internal authorisation flows;
- a portal dedicated to digital topics and a new chatbot communication channel (Saipup);
- a tool to support financial control systems (e.g. 231);
- Vendor Performance Feed-Back tools;
- online self-booking system in the travel sector;
- an enterprise architecture to support the integration between different technologies, solutions, and data;
- new tools for a simple, advanced, and qualified management of electronic signatures.

Different systems are being developed and tested in a several areas, for example:
- People Engagement (e.g., new intranet portal, gamification, etc.);
- platform solutions to support the new headquarters and new way of working (e.g., optimised energy management, on-line booking of workstations and meeting rooms, hoteling, etc.);
- digitisation of information flows in finance and document archives;
- digitisation and more efficient procurement processes for low-value materials.

It is worth highlighting how it is only thanks to the huge efforts of the ICT services that it was possible to guarantee continuity of the digital transformation and to learn and appreciate the new ways of working remotely.
Ongoing development and improvement of the roadmap of technological transformation, aiming to rationalise and modernise its ICT assets (e.g. applications, platforms, architectures and data infrastructures); this initiative is understood as a key enabler of the Digital programme focusing on data valorisation.

New initiatives have been started in the infrastructural area as regards the tools for optimising and managing centralised infrastructures, with which numerous areas of technical analysis were covered for correct analysis, configuration and management of IT systems.

Governance activities and compliance and security processes were all carried out successfully according to schedule during the year.

GOVERNANCE

The "**Corporate Governance and Shareholding Structure Report 2021**" (hereinafter the "Report") pursuant to Article 123-*bis* of the Italian Consolidated Law on Finance (TUF) is a stand-alone document approved by the Board of Directors on March 15, 2022, and published on the Company's website www.saipem.com under the "Governance" section.
The Report has been compiled according to the criteria of the "Corporate Governance and Shareholding Structure Report format - 9th Edition (January 2022)" of Borsa Italiana SpA and of the Corporate Governance Code that came into force in January 2021. In line with the provisions of the Corporate Governance Code, to which Saipem adhered by resolution of the Board of Directors on December 17, 2020, issuers were required to apply its provisions starting from the first financial year beginning after December 31, 2020, informing the market about it in the Corporate Governance and Shareholding Structure Report to be published during 2022.
The Report provides a general and complete overview of Saipem SpA's system of corporate governance. It describes the Company's profile and the principles it follows; it provides information on its ownership structure and adherence to the Corporate Governance Code, including the main governance practices applied and the main features of the internal control and risk management system; it describes in detail the functioning and structure of the management and control bodies and their committees, also in light of the diversity policies adopted by Saipem and of the equal access to the management and control bodies of listed companies. The Report also provides a detailed description of the roles, responsibilities, and powers granted to the Company's management and control bodies.
It also briefly presents the procedures adopted in relation to the "Transactions involving interests held by the Board Directors and Statutory Auditors and transactions with related parties", the text of which can be consulted on the Company's website under the "Governance" section. It also describes the new policy for managing communication with the general public and other market operators of Saipem, the handling of corporate information, internal management and external announcement of documents and information concerning the Company, with particular reference to important and privileged information (Market Abuse - Internal Dealing procedure and Insider List).

The criteria for determining the remuneration of Directors are illustrated in the "**Report on Remuneration Policy and Compensation Paid 2022**", drawn in compliance with the requirements of Article 123-*ter* of Italian Legislative Decree No. 58/1998 and Article 84-*quater* of the regulatory framework issued by Consob, published under the "Governance" section of the Company's website.

RISK MANAGEMENT

Saipem implements and maintains an adequate system of internal control and risk management, comprising of instruments, organisational structures, and procedures designed to safeguard Group assets and ensure the effectiveness and efficiency of internal processes, reliable financial reporting, as well as compliance with laws and regulations, the Articles of Association and Group procedures. To this end, Saipem has adopted and developed over time an Enterprise Risk Management model that constitutes an integral part of its internal control and risk management system. The aim of this model is to obtain an organic and overall vision of the main risks for the Group that may impact strategic and management objectives, ensuring greater consistency of methodologies and tools to support risk management, and strengthening awareness, at all levels, of the fact that an adequate identification, assessment, and management of risks may have a positive impact on the achievement of objectives and on the Group's value.

The structure of Saipem's internal control system, which is an integral part of the Group's organisational and management model, assigns specific roles to the Group's management bodies, compliance committees, control bodies, group management and all personnel. It is based on the principles contained in the Code of Ethics and the Corporate Governance Code, as well as on applicable legislation, the "CoSO Report" and national and international best practices.

Additional information on the internal control system and risk management, including details concerning its architecture, instruments and design, as well as the roles, responsibilities and duties of its key actors, is contained in the "Corporate Governance and Shareholding Structure Report" document.

The Saipem Enterprise Risk Management model entails the identification, assessment, and analysis of risks on a half-yearly basis for the Group, Corporate, business areas, and for the subsidiaries that are strategically relevant, identified on the basis of economic-financial and qualitative parameters. Risk assessment is performed by Saipem management through meetings and workshops coordinated by the Enterprise Risk Management function. In particular, risk assessment is performed by assessing in detail the risk events that could impact Saipem's strategic and management objectives, taking into account the changes in the business and organisation model and Group procedures, developments in the external environment (specifically, political, economic, social, technological and legal aspects) and the relevant industry and competitors.

Furthermore, Saipem has developed a process to monitor the Group's main risks on a quarterly basis through specific monitoring indicators on the evolution of risk and related mitigation activities.

Starting from the analysis of materiality carried out by the Sustainability function (more information on this tool can be found in the specific, detailed section in the "Consolidated Non-Financial Statement"), a focus group was introduced to identify the main themes which, according to Saipem's senior managers, are the most risky for the Group, and to assess the potential impact they may have.

Saipem is exposed to strategic, operational, and external risk factors that may be associated with both business activities and the business sector in which it operates. The occurrence of such risks could have negative effects on the Group's business and operations and on its financial position, performance and cash flow. The following are the main risk factors identified, analysed, assessed and managed by Saipem management.

These risk factors, together with specific risks related to activities, have been evaluated by the management as part of the preparation of the financial statements. Where deemed necessary, liabilities have been set aside in a special fund. See the "Notes to the Consolidated Financial Statements" for information on liabilities for risks provided for and the section "Guarantees, commitments and risks - Legal proceedings" in the "Notes to the Consolidated Financial Statements" for the most significant legal proceedings.

Regarding the ongoing COVID-19 pandemic worldwide, it continues to expose the internal and external staff to the risk of infection and consequent disease, affecting their health and the health of their families, and resulting in restrictions on work commuting (offices and sites) and business travel. As a result, this pandemic has sometimes caused the slowdowns of projects in the execution phase and also of commercial tenders with clients.

In the short term, Saipem has implemented specific treatment actions to reduce the impacts, such as: activation of the crisis response protocol, creation of a task force devoted to the constant monitoring of the development and escalation of the virus, and the identification of solutions to protect internal and external personnel and inform the entire Saipem staff in order to guarantee the maximum health and safety of the employees, clients and suppliers, in compliance with the indications provided by the Italian Ministry of Health and by the regions involved in the countries in which Saipem operates. Specifically, Saipem has sanitised its workplaces and drawn up detailed protocols on standards of behaviour and best practice for staff and management.

Saipem strongly encourages all its employees to get the COVID-19 vaccination, noting, however, that the vaccination against the Coronavirus is voluntary and must comply with the national vaccination protocol of the country of origin or assignment.

List of risks

1. Financial risks
2. Risks related to profit margins
3. Risks related to business processes

4. Risks related to strategic positioning
5. Legal risks
6. Risks related to technological development
7. Risks related to the supply chain
8. Risks related to health, safety and the environment
9. Risks related to commercial positioning
10. Cyber risks
11. Digital and IT risks
12. Risks related to political, social and economic and pandemic instability
13. Risks related to human resources
14. Business integrity risks

1. Financial risks

Description and impact

The volatility of market conditions and the possible deterioration of the financial position of clients can cause delays in both payments from the clients for the services provided based on the contractual provisions and acknowledgement and payment of change orders and claims relating to contracts under execution. These cash flow fluctuations may occur despite the fact that the contractor and the client cooperate to find agreements that satisfy both parties, to avoid compromising the correct performance of works and delaying the completion of the project. Therefore, Saipem is exposed to the risk of deterioration of working capital, which could lead to economic and financial impacts, as well as a deterioration of the reputation in the industry and in the financial markets.
Furthermore, the Group is exposed to numerous financial risks: (i) fluctuations in interest rates and exchange rates of foreign currency, as well as the volatility of prices for commodities such as copper and aluminum; (ii) the credit risk deriving from the possible default of a counterparty; (iii) the liquidity risk deriving from the lack of adequate financial resources to face short-term commitments; (iv) the risks connected with the issuance of the bank guarantees required by operating activities; (v) the risk of a downgrading of the credit rating by the main rating agencies; (vi) the loss or limitation of insurance coverage for the country risk, the risk of war and terrorist attacks on onshore assets, and the pandemic risk, in an insurance market characterised by a "hard market" phase. Changes in national tax regimes, tax incentives, rulings with tax authorities, international financial treaties and, in addition, risks related to their application and interpretation in the countries where the Group companies operate, exposing Saipem to financial risks which could result in financial disputes in some of those countries (especially in the economies more exposed to the deterioration of oil prices on the international market).
Furthermore, the difficulties in obtaining adequate insurance cover for the risks linked to wars and terrorist attacks (with particular reference to the Group assets related to Onshore activities), pandemic risks, and environmental risks could lead to economic/financial losses.
In terms of sustainable finance instruments which help to convey to stakeholders the company's strong commitment to ESG practices and to reduce the cost of financing, Saipem is currently monitoring the possibility of obtaining benefits through these financial instruments and is now identifying appropriate ESG targets for the short and medium term.
The financial risks are still negatively affected by the COVID-19 pandemic, triggering a potential worsening of the financial stress scenarios. This could be due to a deterioration of liquidity in general, delays in payments by clients, and the slowdown of operations on projects that would delay the invoicing to clients.
The main financial risks identified, monitored, and actively managed by Saipem are detailed in Note 3 "Accounting policies - Financial risk management" in the Notes to the Consolidated Financial Statements.

Mitigation

The management, control, and reporting of the financial risks are based on the Financial Risk Policy, issued and periodically updated at corporate level with the aim of standardising and coordinating the Saipem Group's financial risk policies. Specifically, financial risks are controlled through the periodic calculation of several Key Risk Indicators (KRI) which are subject to specific attention thresholds periodically updated according to the evolution of the Saipem Group's business. The control activities established by the Financial Risk Policy also include escalation procedure to be followed if the risk thresholds set by the KRIs are exceeded.
The Company has adopted various techniques that are implemented from the start of the negotiations with clients with the aim of achieving the most favourable conditions, such as contractually agreed advance payments, and of monitoring its contracts through stringent procedures to obtain the certifications necessary to proceed to invoicing, or by constant reporting all changes to contract or project execution to the client, so as to maintain positive or neutral cash flows during the various phases of the project execution. In addition, the fluctuation of net working capital is constantly monitored by the Group, and the top management is actively engaged in mitigating any situations that could have an impact on the Company's net working capital.
Saipem constantly monitors both the changes in and compliance with tax regulations (also in order to minimise the impacts due to its operating activities in all countries of interest through internal resources and tax consultants), and the changes in the "sustainable finance" market, including the way it is regulated.

Furthermore, the Group monitors the developments in the insurance market through a vast network of partners, aiming to identify the evolutions in the insurance and insurance products market (including alternative risk transfer products).
Finally, the Company management is constantly engaged in monitoring the evolution of the financial markets and in strengthening and increasing business relations with partners in the financial and insurance sector, as they are key players in the mitigation of financial risks.
The main financial risks identified, monitored, and actively managed by Saipem are detailed in Note 3 "Accounting policies - Financial risk management" in the Notes to the Consolidated Financial Statements.

2. Risks related to profit margins

Description and impact

Saipem operates mainly in the highly competitive sector of services for the energy and infrastructure industry, which is influenced by the trend in the hydrocarbon prices in international markets; this has an impact on the demand for services offered by the Company and the margins associated with them.
For this reason, the energy and infrastructure services industry has shown increasing competition on prices for contracts known as lump sum turnkey in Offshore and Onshore Engineering & Construction services and for rates of vessels in the Offshore and Onshore Drilling market.
Specifically, the preparation of bids and the determination of prices are the outcome of an accurate, precise, and timely estimation exercise that involves various group departments and which is further integrated by a risk assessment to cover the areas of uncertainty inevitably present in each bid (so-called contingency). Despite these efforts made by Saipem, over the life cycle of the contract, the costs, revenue and, consequently, the margins that the Group realises on lump sum contracts, could vary significantly compared to the sums originally estimated. This could be due to many reasons, for example: (i) performance/productivity of vendors and subcontractors; (ii) performance/productivity on the part of Saipem's workforce; (iii) changes in working conditions (so-called change order); (iv) weather conditions different from those anticipated according to the statistics available at the time; (v) a change in the price of raw materials (e.g., steel, copper, fuel, etc.); (vi) geopolitical conditions.
It should be noted that the Company's results could be affected by significant volatility as, in case of worsening performance, the rules for accounting costs and revenues for multiannual contracts, which are governed by the application of international accounting standards, establish an immediate detection of full-life losses of a project with an impact on margins.
The risk linked to the availability and volatility of commodity price has proved especially significant for Saipem in 2021, resulting in great difficulties in the execution phase of projects, not only for the Group, but also for the suppliers. The dynamics of supply is indeed characterised by a strong tension on the commodity market, mainly due to an imbalance in the relationship between supply and demand. That, together with the increases in the price of energy, determines a volatility in the prices, on top of speculative and arbitrage actions on the markets.
Furthermore, the worsening of the international macroeconomic scenario and, in particular, the COVID-19 pandemic, as well as the consequent variations in the clients' strategic choices, have made the situation even more difficult.
All of these factors, in addition to other risks inherent in the sectors in which Saipem operates, may imply additional costs, lost revenue, and the subsequent reduction in margins from those originally estimated, leading to a decrease, perhaps even a significant one, of profitability or to losses on projects. The result of such significant differences could worsen the Group's financial position and performance and damage Saipem's reputation in the relevant industry.

Mitigation

In order to bring the Company's cost and competitive profile in line with changes in the reference sectors, Saipem has already launched an important efficiency plan through specific initiatives in terms of the rationalisation of assets, the simplification of the operating model, and the reduction of structural costs. To implement its new strategy, as of January 14, 2022, Saipem has adopted a new organisational model divided into four distinct business areas, each with different dynamics, goals and skills: "Asset-Based Service" (drilling, vessels, fabrication), based on a rigorous asset optimisation, focused on geographies and key clients; "Energy Carriers" for the design of complex plants or their conversion to low-carbon with an increasing focus on the best risk/return balance and with greater attention to margins; "Robotics, Digital, and Industrialised solutions" to develop the offer of modular, replicable, and scalable plants, and for improvements based on digital technologies; "Sustainable Infrastructures" for growth in a sector that has become strategic in the new ecosystem of energy transition and sustainable mobility.
In addition, in the current market scenario of commodity, goods and services prices, Saipem is committed to applying the most advanced industry and project management best practices and to identifying and implementing various new initiatives and solutions to reduce its costs through more efficient processes and technologies.
Lastly, in 2022, the Group created the position of General Manager and launched a new organisational structure by introducing the role of Chief Project Control and Financial Advisory Officer who report to the General Manager.

3. Risks related to business processes

Description and impact

The industry in which Saipem operates has gone through a period of great transformation characterised by stronger competition and a reduction in profit margins.
Risks linked to a competitive and stable positioning, also with reference to the new, fast expanding energy market, derive from the need to achieve specific skills and resources and from the need to adopt an adequate organisational model capable of responding to the market, with particular reference to the evolution of the energy transition. The complex management of the EPCI chain of the offshore wind projects could result in highly challenging projects.

Mitigation

The Company has launched several initiatives aimed at achieving a better efficiency and effectiveness and particular emphasis has been placed on the rationalisation of business processes.
On top of this, Saipem is defining a new organisational model divided into four distinct business areas: "Asset-Based Service" (based on a rigorous discipline of asset optimisation); "Energy Carriers" (for the design of complex plants or their conversion to low-carbon with an increasing focus on the best risk/return balance and with greater attention to margins); "Robotics and Industrialised Solutions" (to develop the offer of modular, replicable, and scalable plants, and of monitoring and maintenance services based on digital technologies); "Sustainable Infrastructures" (for growth in a sector that has become strategic in the new ecosystem of energy transition and sustainable mobility). Each of these areas is characterised by different dynamics, objectives, and competencies. To allow a greater focus on the business, some activities and processes will be centrally supervised.
Finally, Saipem has embarked on a path to improve the work organisation model that – through a cultural, technological and digital change – can positively contribute to the achievement of corporate results, through increases in efficiency and effectiveness. In particular, in order to adapt quickly to these cultural changes, initiatives aimed at process dematerialisation and digitalisation are ongoing.

4. Risks related to strategic positioning

Description and impact

The definition of strategies implemented by Saipem is based on analysis of macroeconomic and geopolitical scenarios and the relevant markets and the technological developments applied to them. Saipem operates in an industry strongly characterised by strategic changes, also through the ever greater concentration of competitors via mergers and acquisitions and the creation of joint ventures and alliances locally or internationally, as well as technology developments in services that are of interest to Saipem.
Furthermore, Saipem's strategic positioning can be influenced by changes in client requests and in general by changes in demand in the reference sectors (including the energy transition).
Therefore, Saipem is exposed to various kinds of risks, linked to its strategic positioning in both conventional services in the energy sector, particularly Oil&Gas, and in energy transition services, which in recent years have already emerged and will continue to play an increasingly important role in Saipem's short- and long-term strategic positioning.
In particular, the changes linked to climate change and the consequent actions drive a gradual shift from current energy sources towards renewable ones.
The energy industry is in fact facing unprecedented pressure to show that its business model is compatible with the greenhouse gas emission reduction targets set out in the Paris Agreement on climate change. Climate change can have significant direct and indirect impacts on business operations: working in the energy sector, Saipem's business activities are intrinsically exposed to both physical climate risks and those related to the current energy transition.
Inadequate forecasts of the evolution of these scenarios, as well as the incorrect or delayed implementation of identified strategies, may expose the Group to the risk of not being able to adjust the asset portfolio and therefore its competitive positioning in the current energy transition in relation to the changes in scenarios.
Therefore, these risks could potentially result in a deterioration of strategic positioning within the sector, reducing market shares and the Group's margins. In addition, Saipem is exposed to risks linked to specific strategically significant geographical markets which may present a range of diverse peculiarities.
In addition, in February 2021, Saipem communicated to the market its first emission targets defined for the medium-long term, announcing a reduction by 50% of the total emissions of GHG Scope 1 and Scope 2 by 2035 (compared to the 2018 baseline). In relation to Scope 2, the Net-Zero goal should be reached by 2025.
Finally, for some specific business segments there is a risk of concentration with some clients in some geographical areas.

Mitigation

In particular, the Group always strives to go beyond the limits of innovation to create valuable relations with its clients and guide them toward the future of energy, while respecting the values and professional ethics of Saipem.
Saipem avails itself of companies which are specialised in providing periodic analyses and estimates on relevant market segment trends and on macroeconomic, geopolitical, and technological developments.

Furthermore, the Company created the Sustainability, Scenarios and Governance Committee, which is responsible for assisting the Board of Directors in its review and development of scenarios in order to prepare strategies, based on the analysis of the relevant issues for long-term value generation and the corporate governance of the Company and the Group.
Today, the fight against climate change is the main challenge not only for the energy sector but for society as a whole, and is therefore considered an integral part of Saipem's business model.
The strategy for fighting climate change is based firstly on the scenario analyses at 2050, drafted to identify the macro-trends and key drivers in the energy sector in terms of technologies, policies, legislation, socio-political aspects, etc., and how these will affect Saipem's business. These scenarios are updated at least annually and the results are presented to the Board of Directors and the Top Management in order to be developed into strategic guidelines.
Saipem's climate strategy includes a significant commitment to reducing dependence on fossil fuels, offering increasingly sustainable solutions to clients, investing in renewable technologies, developing more sustainable uses of fossil fuels and diversifying its activities (installation of offshore wind farms, development of technologies for producing energy from waste or raw scrap, implementation of solutions for the use of natural gas and systems that can limit the impacts deriving from the extraction, transport, and use of fossil fuels).
To ensure that Saipem's strategic positioning is strengthened, the Company management pursues business opportunities with a broad focus on the various clients in the energy sector (International Oil Companies, National Oil Companies, Independents, Utilities), with a global perspective on the reference markets and with a broad portfolio of products in Oil&Gas, renewable energy and infrastructure (specifically high speed trains), maintaining a continuous focus on the pursuit of a gradual business shift to exploit the opportunities offered by the energy transition.
Saipem is working to research solutions that are in line with market demands and that aim to be as carbon-neutral as possible. Therefore, Saipem plays an important enabling role in the transition from a fossil fuel-based economy to a "decarbonised" economy.
In the fight against climate change, Saipem wants to reduce its business dependence on fossil fuels with a new two-pillar strategy: becoming a key partner in the decarbonisation of clients and key players of its value-chain, extending the offer to industries with a lower environmental impact, and improving its assets and operations efficiency to reduce GHG emissions.
Regarding Scope 3 emissions (i.e. indirectly associated with Saipem value-chain activities), Saipem wants to have a key role in supporting and stimulating all the players in the chain, from clients to suppliers, in an organic and synergic decarbonisation process.
In this context, Saipem's strategic priorities are orienting its business, on the one hand towards an overall reduction in greenhouse gas emissions and a general increase in efficiency, and, on the other hand, towards the development of the digital and human capital, which will lead to a more efficient productivity, changing our way of managing and tackling engineering and construction projects (more information is available on the company website in the specific section "Sustainable value", in the document "Leading the path to energy transition", published in October 2020 and in the document "Shaping a Net-Zero Future", published in December 2021).
Finally, on December 13, 2021, Saipem obtained the validation of the Net-Zero Programme by Bureau Veritas, as an independent Third Party.

5. Legal risks

Description and impact

The Group is currently a party in judicial, penal, civil, tax proceedings, in Italy and abroad, and in administrative legal proceedings.
Given the intrinsic and unavoidable risk that characterises legal proceedings, while the Group has carried out the necessary assessments, including on the basis of applicable reporting standards, it is not possible to exclude the possibility that the Group might in future have to face payments for damages not covered by the provision for legal proceedings, or which are covered insufficiently, or which are uninsured, or which are of an amount greater than the maximum sum that may have been insured. Furthermore, in relation to legal proceedings brought by the Company, should it not be possible to settle the disputes by means of negotiation, the Company may have to bear further costs associated with the length of court hearings.
In addition, the progress of legal and tax proceedings exposes Saipem to potential impacts on its image and reputation in the mass media or with clients and partners.

Mitigation

In order to maximise the mitigation of these risks, Saipem not only implements actions aiming to constantly strengthen its internal control system, but also makes use of specialised external consultants who assist the Company in judicial, civil, tax or administrative proceedings. Furthermore, the Board of Directors of Saipem monitors the evolution of the main legal proceedings in an active and continuous manner.

6. Risks related to technological development

Description and impact

The Engineering & Construction, Drilling and high-value engineering sectors are characterised by the continuous development of the technologies, assets, patents, and licences used therein. In particular, Saipem's competitors could develop and implement technological developments of various kinds (concerning, for example, the Offshore E&C fleet and onshore and offshore drilling rigs), which would strengthen their competitive positioning.
The recovery of the market could entail possible difficulties in identifying and acquiring technologically suitable vessels to carry out the projects.
In addition, the development of patents and licences by competitors could enable them to develop innovative solutions (for example, in Onshore E&C plant projects and high value engineering services, including those related to energy transition and decarbonisation), weakening the strategic and commercial positioning of Saipem.
Therefore, should Saipem be unable to upgrade the technologies, assets, patents and licences required to improve its operational performance and the solutions offered to clients, its competitive position could be damaged and, as a result, cause changes or reductions to its short or long-term objectives.

Mitigation

In order to maintain its competitive position, Saipem updates the technology, assets and licences at its disposal, with the aim of aligning its offer of services to the current and future needs of the market.
Therefore, in addition to the extremely important experience of incremental research and development, which continues to be a key strategic point, Saipem is in the process of rolling out an initiative called the "Innovation Factory", which is an incubator of ideas to develop "disruptive" methods and technologies for dealing with the sector's challenges. An emerging area of interest for the "Innovation Factory" is linked to technologies aimed at increasing energy efficiency in operations and technologies in the decarbonisation of energy, for example renewable energy and CO_2 capture (more information in the specific section "Research and development") and production of green hydrogen.
In relation to the latter aspect, in 2020 Saipem purchased a proprietary CO_2 capture technology and continues to investigate new technological frontiers.
Saipem is supported by companies specialised in analysing the technological evolution in the reference market segments and the prospective solutions that clients may require in the following years (for example, in the renewable energy sector), also evaluating strategic agreements (such as joint ventures and alliances) to exploit market opportunities; lastly, the Group enters into agreements of various kinds both with companies that develop technological solutions in the energy industry and also in other industries (for example, in the field of digitisation) and with universities and research centres.
In fact, Saipem is constantly engaged in studying and possibly developing technological agreements with various partners in terms of technologies and licences in the energy sector, in addition to developing internally innovative technological solutions and patents through research and development projects with its own resources, as well as through cooperation with other organisations.

7. Risks related to the supply chain

Description and impact

In executing its projects, and in the normal course of its activities, the Group relies on numerous vendors of goods and services, subcontractors, and partners. Any inadequate performances by vendors, subcontractors, and partners, also due to significant periods of interruption of activities, could generate deficiencies in the supply chain and, consequently, lead to: additional costs linked to the difficulty in replacing vendors that provide goods and services, subcontractors and partners identified to carry out the activities; the procurement of goods and services at higher prices or delays in the completion and delivery of projects.
In addition, Saipem is exposed to risks related to any unethical behaviour by vendors, subcontractors, and partners in the different countries in which it operates, as well as risks of poor performance in relation to health, safety, and environment issues.
Therefore, this context may lead to a deterioration in relations with vendors, subcontractors, and partners, with a consequent competitive disadvantage linked to Saipem's reduced negotiating power.
These risks could lead to longer times and higher costs, a worsening of contractual terms and a deterioration of business relations with clients and of economic-financial results, and a negative impact on Saipem's competitive position.
In addition, the COVID-19 pandemic affected the supply chain, primarily in terms of the necessary audit and restructuration of the vendor lists available for procurement tenders, as well as more relational issues as a consequence of the various national and international protocols on workplace safeguards and safety, which together resulted essentially in a delay of the tenders timing.

Mitigation

With the aim of preventing and mitigating these risks, the Company has adopted a structured qualification and selection system in order to work with reliable vendors and subcontractors with a consolidated reputation. The services of vendors and subcontractors are also constantly controlled, and subject to feedback on all the work

sectors with the supplier, in order to pursue continuous improvement in the procurement process. With reference to the COVID-19 pandemic, Saipem monitors its impacts on the supply chain at the level of the individual projects, in terms of continuity and timeliness of the supplies.
To mitigate and prevent the risks associated with unethical behaviour by vendors and subcontractors, Saipem uses various tools, checks, and training programmes.
Additionally, Saipem requires its vendors, subcontractors, and partners to read and accept Model 231 in its entirety, including the Code of Ethics, which is inspired by the principles of the Universal Declaration of Human Rights of the United Nations, the Fundamental Conventions of the ILO (International Labour Organization) and to the OECD Guidelines for Multinational Enterprises.

8. Risks related to health, safety and the environment

Description and impact

The activities carried out by Saipem in both operational projects and projects related to upgrades, maintenance, or disposal of assets, using internal staff and/or subcontractors, expose the Group to potential accidents, that may cause negative impacts on the health and safety of people and the environment.
In addition, Saipem's activities are subject to the laws and regulations for the protection of the environment, and on health and safety, at both Italian and international level. Despite the Company's best efforts, during Saipem's normal activities, events might occur that are detrimental to people's health and to the environment.
Moreover, such events could lead to criminal and/or civil penalties against those responsible and, in some cases, to violations of safety regulations, also pursuant to Legislative Decree No. 231/2001. This would lead to costs related to such penalties against Saipem, costs associated with fulfilling the law and regulation requirements on environmental, health, and safety issues, as well as impacts on Saipem's image and reputation.
Moreover, in order to execute EPCI projects, drilling services and other services in the energy industry, the Group owns numerous assets, in particular specialised naval vessels (for example, for laying pipelines and lifting structures), offshore and onshore drilling rigs, production/treatment/storage and transport vessels commonly referred to as FPSO, Onshore equipment (for example, for pipe laying), manufacturing yards, and logistics bases. Therefore, the Group's assets are subject to the normal risks associated with ordinary operations and to catastrophic risks linked with the weather and/or natural disasters which can impact security and the safety of personnel and the environment. The risks connected with ordinary operations can be caused by: (i) mistaken or inadequate execution of manoeuvres and work sequences that lead to damage for assets or facilities; (ii) mistaken or inadequate ordinary and/or extraordinary maintenance. Despite the fact that Saipem has specific know-how and competencies constantly kept up-to-date, implements internal procedures for the execution of its operations, and regularly carries out maintenance work on its assets in order to monitor their quality and level of reliability, it is not possible to exclude the occurrence of incidents on assets or facilities during the execution of works.
At the end of the asset useful life, an inadequate management of the scrapping by any purchaser could have an impact on the Company's image and reputation.

Mitigation

With reference to these risks, Saipem has developed an HSE (Health, Safety and Environment) management system which is in line with the requirements of laws in force and with international standards ISO 45001 for health and safety in the workplace and ISO 14001 for environmental management, and for which Saipem has obtained certification for the whole Group. Specifically, HSE risk management is based on the principles of prevention, protection, awareness, promotion, and participation; its aim is to guarantee the workers' health and safety and to protect the environment and the general well-being of the community.
Regarding the risks related to the safety and health of people, Saipem has introduced a series of specific mitigation initiatives, among which please note:
- the continuing and renewed implementation of the "Leadership in Health & Safety" (LiHS) programme, which aims to strengthen the Company's health and safety culture;
- various campaigns, for example "Life Saving Rules", aimed at promoting awareness of dangerous activities and actions that each individual can carry out to protect themselves and others, "Dropped Objects Prevention" and the "We Want Zero" and "Keep Your Hands Safe" (KYHS) campaigns;
- the development of advanced occupational health and health surveillance activities.

Regarding the risks associated with safeguarding the environment, Saipem has developed a structured system of prevention, management, and response to spills.
Regarding the risks related to environmental protection, Saipem has introduced various specific mitigation initiatives, among which please note:
- measures to eliminate the risk of spills and, if this happens, measures and actions to prevent their spread;
- the identification of asset-specific maintenance programmes aimed at preventing fluid leaks.

Saipem promotes initiatives aimed at saving water and managing water risk, for example the creation of the Water Management Plan.
Lastly, for the mitigation of the risks related to asset management, Saipem incurs significant expenses for the maintenance of assets it owns and has developed various prevention initiatives, among which we highlight the implementation of the Asset Integrity Management System, a system that provides for the systematic management of critical elements, the identification of Key Performance Indicators and the creation of task familiarisation cards for

managing the development of personnel assigned to specific roles or the use of critical equipment. Specifically, with regard to all vessels in the Group's fleet, Saipem periodically renews certifications issued by the appropriate classification bodies and by flag state authorities following the inspections that the classification bodies perform on group vessels. In addition, the vessels, based on the technical characteristics and the type of each ship, must meet the requirements of applicable international maritime law and laws regulating the Oil&Gas industry.

9. Risks related to commercial positioning

Description and impact

The market context is characterised by the persistence of extremely volatile oil prices in international markets. The price trend of raw materials such as oil and natural gas is highly volatile and unpredictable for various reasons, which are often interconnected and/or interdependent (such as, for example, economic, political and social factors, wars, terrorist attacks, changes in demand, technological evolution, energy transition, etc.). This situation influences the investment policies of the main clients in the oil sector, exposing Saipem to: (i) delays in the negotiation process and possible non award of commercial initiatives relating to future projects; (ii) cancellation and suspension of projects already under way (whether EPCI lump sum or Drilling and value added engineering services contracts); (iii) delays and difficulties in obtaining payment of contractual penalties provided for to indemnify the Company against the cancellation and suspension of such contracts; (iv) strengthening of the level of aggression in commercial strategies by competitors; (v) delays and difficulties in obtaining change orders for the scope of work requested by the client and executed by Saipem; (vi) delays and difficulties by the clients in renewing contracts for onshore and offshore drilling fleets prior to the expiry thereof and under economically advantageous terms and conditions; (vii) claims and arbitration and international disputes in the most significant cases.
Moreover, during 2020, the onset of the COVID-19 pandemic and its persistence even in the current year further destabilised many industrial sectors at a global level, including the energy sector, and this has had a negative impact on the commercial positioning of Saipem on the Offshore and Onshore Engineering & Construction market of energy and infrastructures, Offshore and Onshore Drilling, and high-value engineering.
For this reason, Saipem is exposed to the risk of failing to strengthen or even the weakening of its commercial positioning, particularly with regard to certain specific product lines or geographical areas, with consequent economic-financial and reputational impacts.
Finally, cases of negative performance could lead to claims and even arbitration proceedings and disputes with the clients and also with suppliers and subcontractors of Saipem.

Mitigation

To mitigate the impact of any reduction in CAPEX investments, especially in the oil sector by its clients, Saipem has taken steps to expand its client and geographic market portfolio and to enter additional or alternative business sectors, such as: (i) maintenance and optimisation of existing rigs (MMOs) which are linked to OPEX investments in the energy sector; (ii) rigs for renewable sources (in particular, wind, solar); (iii) carbon capture projects; (iv) production of green hydrogen; (v) construction of pipelines and water networks for civil use and other industries (for instance, in the mining industry); (vi) dismantling of oil platforms, including plug & abandonment activities; (vii) construction of high-speed railway lines; (viii) high value engineering services in the energy industry in general (including renewable energy).
Indeed, Saipem has, for some time, implemented a programme of constant updating of its skills and renewal of its assets, with a view to speeding and facilitating its entry into the field of renewable energy, a growing sector that sees all the great international players increasingly focused on the issues of sustainability, climate change, and reduction of environmental impacts.
Finally, the risks of commercial positioning are mitigated through the establishment of partnerships and operations of strategic and technological value with special concentration on energy transition.

10. Cyber risks

Description and impact

In performing its activities in the offices and worksites onshore and offshore, Saipem uses a vast number of different digital tools; due to an increase in digitalisation and of the constant increase in cybernetic threats, the Group's IT systems are exposed to potential cyber attacks that can have a number of aims; the cyber attacks could endanger the operational continuity and damage Information Technology (IT) and Operational Technology (OT) systems, causing the loss and/or theft of data and information (even of a confidential nature), with significant impacts on corporate processes resulting in economic and financial damage, as well as damage to operations and to the company's reputation, particularly towards the clients.
Cyber risks have played and will continue to play an increasingly important role, due to the critical role of the various IT tools and the digitalisation process that are affecting the Group's activities and processes.
In addition, the ever-increasing demand for stringent cyber security requirements from customers and authorities (such as the Italian National Cyber Security Agency) and the performance of cyber security audits by third parties may result in the loss of future business opportunities due to the non-compliance with cyber security standards and the potential disruption to ongoing projects and operations.

The COVID-19 containment measures have led to the need to work remotely, using networks other than that of the Company, with a consequent potential increase of the area open to attacks. This is not an optimal scenario in terms of cyber security, as the measures adopted by the Group to contain IT threats and attacks could become less effective.
Lastly, the current situation related to the Russian-Ukrainian conflict has led to a sharp increase in cyber attacks to critical systems and services (i.e., intelligence, military, financial, energy).

Mitigation
Saipem has implemented measures of governance, response, and monitoring of cyber attacks, as well as compliance processes carried out through the involvement of specialised internal and external personnel and an advanced use of IT security technologies. Saipem applies procedures and protocols based on the sector best practices and on consolidated, tested international standards, with the goal of preventing and mitigating its exposure to cyber risk, as well as security additions to meet clients' requirements.
Specifically, to prevent and mitigate cyber risks, Saipem relies on specialised providers and uses the main prevention and defense instruments available on the market (more information is available in the specific "Digital, ICT Services" section). Moreover, Saipem is constantly improving its cyber security plan, strengthening its activities of threat detection and response to cyber incidents; it uses a platform that provides external and independent assessment of the Group's level of maturity of cyber security; it also assesses cyber risks also in relation to Operational Technology; it carries out cyber awareness activities aiming to increase the employees' level of training and knowledge and, finally, always collaborates with the main public and private stakeholders, and provides a contractual annex on IT security for third parties to ensure compliance with technical requirements issued by customers and authorities.
With reference to the Russian-Ukrainian conflict, Saipem is exercising the utmost attention, intensifying monitoring and defence in relation to any possible malware activity and adopting all necessary measures to mitigate risks.

11. Digital and IT risks

Description and impact
The execution and performance of Saipem's activities depend significantly on the IT system that has been developed over the years. Failure to take advantage of the opportunities linked to the digitalisation, the automation of processes and operations, as well as the inefficient use of innovative IT solutions could compromise the Company's technological development. This would have a negative impact on the achievement of Saipem's short or long-term objectives (more information is available in the specific "Digital, ICT Services" section).
Saipem is committed to taking on the digital challenge and the resulting risks related to the exploitation and enhancement of data and digital technologies in order to maintain and strengthen its competitive position.

Mitigation
Saipem is engaged in the implementation phase of the project of digital transformation through an agenda with several objectives, including rendering the ICT services more efficient, spreading digital awareness and adopting new technologies. To this end, Saipem has selected ICT technology and service partners and launched a broad review of the procurement of ICT services. The goal is introducing the concept of a supply ecosystem and ensuring that the requirements are covered thanks to the commitment and cooperation of suppliers supporting the actions required both for the individual supply area and for those activities that intrinsically require collaboration and integration.
The implementation of the Saipem Project also involves an overall review of the costs, governance, and operating model.
In addition, Saipem established various IT initiatives for the business environment, focusing on the strategic assumption of developing a data-centric approach for the business and a progressive and complete digitalisation of the Company's work processes. In particular, business developments have been oriented towards the automation of processes and the enhancement of internal information and data assets.
In order to enhance and exploit company data, a shared data model and a data governance methodology based on the Common Data Environment (CDE) methodology have been implemented and will be progressively extended on a collaborative technology platform.
Finally, Saipem has completed mapping of the digital skills of its personnel, in order to assess any suitable development actions.

12. Risks related to political, social and economic and pandemic instability

Description and impact
Substantial portions of Saipem's operations are performed in countries which may be politically, socially or economically unstable or at risk of terrorist threats. Developments in the political framework, economic crises, internal social unrest and conflicts with other countries, terrorist attacks, and embargoes may temporarily or permanently compromise the Group's ability to operate efficiently in such countries, as well as its ability to recover

Group assets therein, or may require specific measures to be taken at an organisational or management level in order to continue the activities under way in conditions different from those originally planned. Moreover, Saipem's operations, staff, and assets are located in many countries which are potentially exposed to the threat of terrorism on a global scale by various types of extremist groups.
Additional risks associated with operations in these countries are: (i) the absence of a stable legislative framework and the change in the rules and regulations valid within the territory where it is operating, including laws that implement international protocols or conventions for that sector of activity, as well as laws and financial regulations; (ii) uncertainty over the protection of the foreign group's rights in the event of contractual violation by private companies or state entities; (iii) penalising developments or applications of laws, regulations, unilateral contract amendments which lead to reductions in the value of the assets, forced divestment and expropriation; (iv) different types of restrictions on construction, drilling, import, and export activities; (v) changes in local regulations that impose the use of certain numbers of staff, goods, and services supplied by local companies (so-called 'local content'); (vi) international sanctions; (vii) restrictions of various kinds on cash and financial transactions.
Moreover, inter alia, the regulatory framework also impacts the methods used by Saipem to carry out its activities. Any adoption of more restrictive or unfavourable regulations, or the imposition of obligations for compliance, or further requirements linked to Engineering & Construction and Drilling activities, may lead to changes in operating conditions and may require an increase in investments, production costs or, at any rate, a slow-down or termination of the activities. Any violations of health, safety, and environmental laws could lead to limitations to the Group's activities or to fines, sanctions, or penalties in the event of non-compliance with environmental and health and safety laws and regulations. With reference to the sanctions programmes adopted against one or more countries where Saipem operates, it should be noted that the most relevant are those adopted by the European Union and United States against Russia.
In addition, in the current context, even in countries traditionally less exposed to political, economic and social instability, significant changes may occur that could impact the Saipem Group's current and future business activities, such as the conclusion of the Brexit process.
Lastly, considering that Saipem carries out its business activities in a global context characterised by the management of diversity deriving from socio-economic, political, industrial, and regulatory contexts, the Group is exposed to multiple scenarios regarding relations with staff and, where present, with trade unions. Such relationships, if not properly managed, can generate extra costs and impact the timing of the activities carried out in Saipem's operational offices and projects, as well as having negative repercussions on Saipem's image and reputation.
The current macroeconomic global scenario is also negatively impacted by the criticalities generated by the pandemic, that has brought about increased social and economic instability in the countries where Saipem engages in operating activities and projects.

Mitigation

Saipem is committed to constantly and closely monitoring political, social, and economic developments, terrorist threats and pandemics arising in the countries of interest, both through specialised Group resources and through providers of security services and information analyses.
Therefore, Saipem is able to periodically assess these political, social, economic, and health risks in the countries it operates in or intends to invest in, based on a specific risk assessment model. Specifically, Saipem has adopted an articulate security model based on the principles of prevention, precaution, protection, information, promotion, and participation, with the objective of reducing risks deriving from the actions of natural or legal persons who expose the Group and its assets, people, goods, image, and reputation to potential damage. In particular, in order to prevent these risks, Saipem also makes use of agencies that provide security services in the countries in which it operates. These agencies could expose Saipem to risks related to the violation of human rights in the execution of security services which they provide; for this reason the mitigation actions implemented by Saipem consist of regular checks and training activities.
In cases where Saipem's ability to operate is compromised, demobilisation is planned according to the criteria set for the protection of personnel and group assets where necessary, and for the minimisation of interruptions to operations, through the adoption of solutions that make the recommencement of ordinary activities faster and less expensive once favourable conditions are restored. These measures can increase costs and delays and have a negative impact on the profitability of projects executed in such countries.
Saipem constantly monitors the changes in and compliance with various types of regulations also in order to minimise the impacts due to its operating activities in all countries of interest whilst striving to maintain compliance with the ISO 31000 standard.
In support of its presence in the countries and in order to mitigate the impact of its operating activities on local economies and the risks generated by its relationships with subjects operating in the same areas, Saipem adopts a system of engagement with its local stakeholders, with the goal of maintaining dialogue, consolidating relationships, and creating shared value, especially through active participation in the socio-economic development of the areas in which it operates.
In addition, Saipem has faced and is continuing to manage the complex adjustment of the workforce to the significant changes in the market in which it operates, taking into account the relationships with both the staff and the trade unions in the countries involved. In fact, in order to mitigate and prevent these risks, Saipem has configured an approach of maximum awareness to industrial relations in the countries in which it operates. Specifically, Saipem is committed to strengthening relations and communication with staff and trade unions, and reaching and renewing specific agreements with the social partners involved.

In particular, with regard to the COVID-19 pandemic, Saipem has implemented a specific crisis response plan and has applied a series of measures at all levels of the organisation, at the offices, at the operating sites and on the fleet, thanks to its constant monitoring of the developments and escalation of the viral spread, identifying solutions for protecting internal and external personnel, operated by local multifunctional crisis units coordinated by the corporate crisis committee.
With reference to the risk arising from the sanctioning programmes, Saipem strives to adopt all necessary measures to guarantee the carrying out of activities in accordance with the reference regulatory frameworks, and constantly monitors the evolutions of those programmes to adapt its activities and adhere to the signs of discontinuity that may occur during 2022 due to the Russian-Ukrainian conflict (more information is available in the specific section "Events occurring after the reporting period").
In particular, Saipem constantly monitors the possible impacts deriving from the restrictive measures adopted by the EU, which include: (i) sanctions in the financial sector, for which the existing restrictions have been widened, limiting Russia's access to the most important capital markets and banning quotation and provision of services relating to actions of Russian national entities in any EU venue; (ii) sanctions in the energy sector: a ban on sale, supply, transport and export, either directly or indirectly, of goods and technologies used for oil refining, to hit the Russian oil sector and prevent Russia from modernising its refineries; (iii) sanctions in the technological sector: restrictions on the export of dual-use goods and technologies (civil/military), as well as restrictions on the export of certain goods and technologies which contribute to the strengthening of Russia's defence and security sectors.

13. Risks related to human resources

Description and impact

The Saipem Group relies to a significant degree on the professional contribution of key management personnel and highly specialised individuals. Key management personnel means "Senior Managers with strategic responsibilities" (further information can be found in the specific detailed section of the "Report on Saipem's Remuneration Policy and Compensation Paid 2021"). Highly specialised individuals, on the other hand, means personnel who, on the basis of their skills and experience, are vital to the execution of projects and to the growth and development of Saipem.
If this relationship between Saipem and one or more of the resources mentioned should be interrupted for any reason, there are no guarantees that the Company can restore it quickly using equally qualified individuals who can ensure the same operational and professional contribution in the short term.
The breaking off of relations with one of the key figures, the inability to attract and retain highly qualified personnel and competent management personnel, or to supplement the organisational structure with individuals capable of managing the growth of the Group, could have negative effects on Saipem's future business opportunities and projects in the execution phase.
Furthermore, working on international markets, the development of Saipem's future strategies will depend significantly on the Company's ability to attract and retain highly qualified and competent personnel with a high level of diversity in terms of age, nationality, and gender. Lastly, the regulatory developments in labour law in the countries where Saipem operates exposes it to risks of various kinds in the management of human resources, which can cause internal inefficiencies and disputes.

Mitigation

With the goal of preventing and mitigating these risks, Saipem is committed to investing in gender, nationality, and generational balance, encouraging the development and growth of younger resources, as well as motivating and retaining the most experienced resources, in order to ensure the protection of the distinctive and strategic skills for Saipem through several different initiatives.
The Human Resources Development Committee was set up for this purpose, with the objective of monitoring and guiding the development and career of young people, as well as assessing their professional and managerial paths in a universal manner. Saipem is also constantly committed to the promotion of diversity, with specific initiatives centred on the promotion and spread of an inclusive culture through partnership with the association "Valore D".
Furthermore, the aim of the Remuneration Policy, whose primary tools and objectives are defined in the Remuneration Report, is to attract, motivate, and retain high-profile professional and managerial resources, and align management's interests with the aim of creating value for shareholders in the medium-long term.
Saipem has adopted an innovative model for the management of human capital based on skills with the aim of better directing energies and professional figures to the areas in need and ensuring greater flexibility in the development of personal and professional skills at all levels.
Therefore, the expansion of the Group into different business lines is accompanied by plans to employ and train management and technical personnel, both international and local, with a wide range of skills, as well as job rotation programmes.
As defined in the Code of Ethics, in full compliance with applicable legal and contractual provisions, Saipem undertakes to offer equal opportunities to all its employees, making sure that each of them receives a fair statutory and wage treatment exclusively based on merit and expertise, without discrimination of any kind. Additionally, the Group monitors the legislative developments relating to personnel management in all the countries in which it operates or is interested in entering, availing itself of labour law consultants.

14. Business integrity risks

Description and impact

Although Saipem conducts its business with loyalty, fairness, transparency, integrity, and in full compliance with laws and regulations, the Group is subject to the risk of fraud and/or illegal conduct by employees and third parties (for example, corruption, lack of transparency, leaking confidential information, non-compliance with Company procedures and regulations).

Specifically, Saipem carries out its business activities together with subcontractors, vendors, and partners that could commit fraudulent acts in concert with employees to the detriment of the Company. Furthermore, the Group operates in various countries characterised by a high level of fraud and corruption, referred to in the "Corruption Perception Index" by Transparency International.

In the context of risks related to possible fraud or illegal activities by employees or third parties, Saipem is also exposed, in particular, to risks related to the protection of information and know-how, as the Company in the performance of its activities, relies on sensitive information, data and know-how, processed and contained in documents and/or electronic format, whose unauthorised access and disclosure of by employees or third parties may represent fraud or illegal activities, and might as well cause damage to Saipem.

Lastly, it cannot be excluded that non-compliance issues or the incorrect application of the European Data Protection Regulation (GDPR) may occur within the Group, which could result in the application of sanctions to the detriment of Saipem.

Mitigation

Among the various initiatives to mitigate these risks, Saipem has designed an "Anti-Corruption Compliance Programme", which consists of a detailed system of rules and checks, aimed at preventing corruption in line with international best practices and with the principle of "zero tolerance" mentioned in the Code of Ethics.

In particular, Saipem's "Anti-Corruption Compliance Programme" is dynamic and is constantly focused on the evolution of the national and international regulatory framework and of best practices.

In addition, Saipem's Code of Ethics (included in Model 231) establishes that "corruption practices, illegitimate favours, collusion, solicitation, [occurring] directly and/or through third parties for personal and career advantages for oneself or others, are without exception prohibited".

Furthermore, even if Saipem has constantly updated within all Group companies its internal control system and the Model 231, which includes the Saipem Code of Ethics, as well as the organisation, management and control model for Group companies (including those in foreign countries), it is not entirely possible to exclude the occurrence of fraudulent or unlawful conduct.

Saipem provides employees and stakeholders with a dedicated information channel, overseen by the Compliance Committee (a board whose autonomy and independence are guaranteed by its acknowledged position in the context of the company's organisational structure and by the necessary requisites of independence, honourability, and professionalism of its members), through which it is possible to report any problems related to the internal control system, financial reporting, corporate administrative liability, fraud, or other topics (i.e. violations of the Code of Ethics, mobbing, theft, personnel security, etc.).

Saipem periodically performs general audits, in addition to those specific on suspected offences, also using external consultants, considering fraud indicators and red flags.

Furthermore, over the years, Saipem has developed a management system that has received the International Standard ISO 37001 - Anti-Corruption Management Systems certification. This is an important safeguard in the prevention of and fight against corruption, as this ISO 37001 standard defines the requirements and provides a guideline to help organisations prevent, detect, and respond to corruption and comply with anti-corruption legislation and any other voluntary commitments applicable to their activities.

Saipem is aware that the first step for the development of an effective strategy against corruption is to know all the available tools for the prevention of corrupt behaviour.

In this regard, Saipem personnel are engaged in training activities related to the Organisation, Management, and Control Model and Anti-Corruption regulations.

In addition, specific training courses have been organised for personnel who are changing their role or are engaged in sensitive activities (i.e. Procurement, Managing Directors of subsidiaries, etc.).

For the management of risks related to the leak of confidential information, it should be noted that Saipem makes use of IT security technologies and procedures to mitigate this exposure (more information is available in the specific "Digital, ICT Services" section). Saipem has also adopted principles and rules to be followed by the Group in its internal management and external communication of corporate documents and information, with particular reference to inside information (more information is available in the specific section within the "Corporate Governance and Shareholding Structure Report").

Lastly, beginning in April 2018 Saipem developed an ad hoc Privacy Organisation Model aimed at guaranteeing compliance with the European directive on data protection (General Data Protection Regulation - GDPR).

E-MARKET SDIR CERTIFIED

Transfer of risks to the insurance market

In close cooperation with top management the Corporate insurance function annually defines the Saipem Group's guidelines on insurance coverage against residual risks of material damages and civil liability, and those deriving from contracts taken on.
An insurance programme is defined on the basis of the guidelines, which identifies specific excess and maximum limit coverage for each type of risk based on an analysis that takes into account claim records for recent years, industry statistics and conditions offered by the international insurance market.
The Saipem insurance programme is structured in such a way as to appropriately transfer risks deriving from operations to the insurance market, in particular the risks associated with the management of the fleet, equipment and other assets, including third party liability risks, those relating to Saipem personnel, cyber security risks and risks deriving from the performance of contracts awarded by its clients.
Given the coverage that is offered by the insurance market and the changing circumstances on the energy market in which Saipem operates, it is not possible to guarantee that all circumstances and events will be adequately covered by the insurance programme. Equally, due to the volatility of the insurance market, it cannot be guaranteed that it will be possible in the future to reasonably maintain adequate insurance coverage at the current rates, terms and conditions.
Within the Saipem insurance programme, a distinction can be made between insurance cover for Group assets ("Corporate insurance policies") and the insurance cover connected with project execution.

Corporate insurance policies

The Corporate insurance programme is structured with an initial band of risk that is self-insured through a captive reinsurance group, with amounts in excess covered by a catastrophic insurance programme taken out on the insurance market.
The catastrophic insurance programme is composed of policies that cover damage to property, maritime and nonmaritime third party liability, professional liability and cyber risks. Cover can be broken down as follows:

Material damages

- "Fleet Insurance" policy: covers the entire fleet against events that cause partial or total damage to vessels;
- "Equipment" policy: covers all onshore and offshore equipment, for example site equipment, onshore drilling rigs, subsea equipment, etc.;
- "Transport" policy: covers transport, handling and storage of assets and equipment by land, sea or air;
- "Buildings and Sites" policy: covers owned or rented buildings, offices, storage facilities and shipyards.

Third-party liability

- "Protection & Indemnity" ("P&I") policy: covers ship owners' liability through a P&I Club that is part of the International Group of P&I Clubs for events occurring during transit and/or for events occurring during offshore drilling and construction operations;
- "Comprehensive General Liability" policy: covers all other types of general and third party liability claims arising from Saipem's industrial activities and supplements previous P&I coverage;
- "Employer's Liability" and "Personal Accident" policies: these cover employer liability and employee accident risks respectively on the basis of the specific regulations in force in each country where the Group operates;
- "Directors & Officers" ("D&O") policy: covers the responsibilities of the administrative and control bodies, as well as managers; of the parent and its subsidiaries in the performance of their mandates and duties;
- "Cyber Insurance Protection" policy: covers both direct material damages and the damages to third parties attributable to a cyber-attack on the Group's information and operating systems.

A key tool in the management of Saipem's insurable risks is Sigurd Rück AG, a captive reinsurance group, which operates to cover the first level of risk. Sigurd Rück AG in turn carries out risk mitigation by re-insuring its portfolio on primary securities markets.

Insurance policies relating to the execution of projects

For all contracts assigned there must be specific project insurance coverage in place and said coverage generally falls within the client's contractual scope of responsibility.
In cases where such coverage instead falls within the contractor's scope of responsibility, Saipem defines an insurance suitable for covering all project-related risks, for the entire term.
Usually it takes out "Builders All Risks" insurance, which covers the scope of work of the contract, i.e. damage to the works under construction, as well as to equipment, products and materials required for its construction and third party liability for all works to be performed by the Group during all phases of project execution (engineering, transportation, construction, assembly, testing) including the contractual guarantee period.

E-MARKET SDIR CERTIFIED

ADDITIONAL INFORMATION

New issuance of senior, unsecured, fixed rate bonds

On March 23, 2021, Saipem successfully issued a new fixed rate bond with maturity March 31, 2028 for a total amount of €500 million.
The bonds, issued by Saipem Finance International BV under the EMTN Programme (Euro Medium Term Note Programme), pay a fixed annual coupon of 3.125% with a re-offer price of 100%.
The bonds were purchased by institutional investors mainly located in Italy, France, the United Kingdom and Germany and will be listed on the Euro MTF of the Luxembourg Stock Exchange.

Short-term Incentive Plan 2021-2023

On April 27, 2021, the Board of Directors resolved, following a proposal by the Compensation and Nomination Committee, to implement for 2021 the short-term share-based incentive Plan 2021-2023 (the "Plan"), approved by the Shareholders' Meeting on April 29, 2020. The Board of Directors determined that the total number of treasury shares necessary to service the Plan should be 918,150. The Board of Directors and, on its behalf, the CEO, will undertake the programme for the purchase of treasury shares to service the Plan, under the terms and conditions authorised by the Shareholders' Meeting on April 29, 2020, and, therefore, within a period of 18 months from the resolution Shareholders' Meeting, and for a maximum total amount, in any case, not exceeding €17,200,000.

Authorisation to repurchase treasury shares at the service of the Incentive Plans

On April 30, 2021, the Ordinary Shareholders' Meeting resolved on the authorisation to repurchase of treasury shares, as follow:
- up to a maximum of 3,500,000 ordinary shares and, in any case, up to a maximum of €9,800,000, to be used in the 2022 allocation of the 2021-2023 Short-Term Incentive Plan;
- up to a maximum of 22,000,000 ordinary shares and, in any case, up to a maximum of €61,400,000, to be used in the 2021 allocation of the 2019-2021 Long-Term Incentive Plan.

The authorisations for the repurchase of treasury shares are requested for a period of eighteen months from the date of the resolution of the Shareholders' Meeting.

Opening of the Saipem ordinary share purchase programme at the service of the Incentive Plans

On September 9, 2021, Saipem announced the launch of the ordinary share purchase programme resolved by the Shareholders' Meeting of April 29, 2020.
The programme involves the purchase of treasury shares for:
- the 2020 allocation of the 2019-2021 Long-Term Incentive Plan, for a maximum number of 17,090,920 treasury shares and a maximum value of €93,000,000;
- the 2021 allocation of the 2021-2023 Short-Term Incentive Plan, for a maximum number of 918,150 treasury shares and a maximum value of €17,200,000.

The treasury share purchase programme was performed using safe harbour in accordance with the MAR Regulation, in compliance with the terms and conditions of the applicable legislation.
The purchase of the shares took place on regulated markets by conferring a specific mandate to Banca Arkos SpA as an authorised intermediary, in compliance with contractually predefined parameters and criteria, as well as constraints of the applicable legislation and the shareholders' resolution.
The operations took place in accordance with the procedures and within the operational limits permitted by existing community and national legislation, as well as the applicable provisions, taking into account market practices relating to the purchase of treasury shares admitted by Consob.

Conclusion of Saipem's ordinary share purchase programme at the service of the Incentive Plans

On October 28, 2021, the Board of Directors resolved the conclusion of the ordinary share purchase programme.
In the period between September 9 and October 27, 2021, a total of 7,485,207 treasury shares was purchased (equal to 0.74% of share capital), divided as follows:

- 6,567,057 shares for the 2020 allocation of the Long-Term Incentive Plan 2019-2021;
- 918,150 shares for the 2021 allocation of the Short-Term Incentive Plan 2021-2023.

The purchases were made at the average price of €2.0163 per share, for a total value of €15,092,428.
The total number of treasury shares held by Saipem as of October 27, 2021 was 21,523,426, equal to 2.13% of the share capital.

Long-Term Incentive Plan 2019-2021

On October 28, 2021, following a proposal by the Compensation and Nomination Committee, the Board of Directors decided to implement during 2021 the Long-Term Incentive Plan 2019-2021 ("the Plan") which was approved by the Shareholders' Meeting on April 30, 2019. The Board of Directors has determined that a total of 17,040,000 of treasury shares will be used under the Plan. The CEO on behalf of the Board of Directors will begin the purchasing programme of treasury shares under the Plan, according to the terms and conditions authorised by the Shareholders' Meeting on April 30, 2021, within a period of 18 months from the board's resolution and for a maximum total amount, in any case not exceeding €61,400,000.

Regulation on Markets

Article 15 (formerly Article 36) of Consob Regulation on Markets (adopted with Resolution No. 20249 of December 28, 2017): conditions for listing shares of parent companies of companies incorporated and regulated by the law of non-EU countries

With regard to the published regulations setting out conditions for the listing of shares of companies with control over companies established and regulated under the law of non-EU countries and that are deemed to be of material significance in relation to the consolidated financial statements:

i. as of December 31, 2021, the regulatory provisions of Art. 15 of the Regulation on Markets applied to the following 16 subsidiaries:
   - Saudi Arabian Saipem Ltd;
   - Snamprogetti Saudi Arabia Co Ltd Llc;
   - PT Saipem Indonesia;
   - Saipem Misr for Petroleum Services (S.A.E.);
   - Saipem Drilling Norway AS;
   - Saipem Contracting Nigeria Ltd;
   - Petrex SA;
   - Saipem America Inc;
   - Saipem do Brasil Serviçõs de Petroleo Ltda;
   - Saimexicana SA de Cv;
   - Saipem India Projects Private Ltd;
   - Sigurd Rück AG;
   - Snamprogetti Engineering & Contracting Co Ltd;
   - Global Petroprojects Services AG;
   - Saipem Singapore Pte Ltd;
   - Saipem Ltd.

ii. Procedures designed to ensure full compliance with the aforementioned regulations have been adopted.

Disclosure of transactions with related parties

On April 27, 2021, the Board of Directors of Saipem SpA updated, with a favorable and unanimous opinion of the Related Parties Committee, the Management System Guidelines "Transactions with interests of Administrators and Auditors and Transactions with Related Parties", to take into account the standards introduced by the Consob Resolution No. 21624 of December 10, 2020, which amended the Consob Regulation regarding Transactions with Related Parties.
On March 15, 2022, the Board of Directors of Saipem further updated the above mentioned Management System Guidelines, with regards to the information flow towards the Related Parties Committee, strengthening its role in relation to transactions with stakeholders.
Directors, statutory auditors, general managers, and key management personnel must declare, every 6 months, any transactions they enter into with Saipem SpA or its subsidiaries, directly or through a third party. Directors and Statutory Auditors will release every six months and/or in the event of a change, a statement in which each potential interest is represented in relation to the parent and the Group and in any case report to the Chief Executive Officer (or the Chairman where the Chief Executive Officer is involved), who will inform the other directors and the Board of Statutory Auditors of the individual transactions that the parent intends to perform, in which they have direct interests.
As of December 31, 2021, Saipem SpA is not subject to the management and coordination of other parties, due to the make-up of its shareholding following the entry into force on January 22, 2016 – and subsequent updates –

of the Shareholders' Agreement between Eni and FSI (subsequently CDP Equity SpA and now CDP Industria SpA), aimed "at achieving joint control of Saipem by Eni and FSI". Saipem SpA manages and coordinates its own subsidiaries pursuant to Article 2497 ff. of the Italian Civil Code.
Transactions carried by Saipem with related parties essentially consist of the exchange of goods, the supply of services, the provision and utilisation of financial resources including entering into derivatives contracts. All transactions form part of ordinary operations, are settled at market conditions, i.e. at the conditions that would have applied between two independent parties, and are carried out in the interest of Group companies.
The values of transactions of a trade, financial or other nature entered into with related parties are illustrated in Note 38 of the "Notes to the Consolidated Financial Statements".

Business outlook

The Board of Directors approves the update of the 2022-2025 Strategic Plan and the package to strengthen the Company's financial and capital structure.
The financing package provides for a capital increase of €2 billion, which is expected to be implemented by the end of the year.
Shareholders Eni and CDP are committed to underwrite a total of approximately 43% of the capital increase, in proportion to their respective holdings in the Company's share capital; the remaining part of around 57% is covered by a pre-underwriting agreement with primary Italian and international banks.
The updated strategic plan is based on the following key elements:

- a development path driven in particular by the Offshore E&C and Offshore Drilling segments, with 2021-2025 CAGR of Group revenues expected at around 15%;
- an accelerated efficiency plan with reduction of structural costs of more than €150 million in 2022 and a run-rate of more than €300 million in 2024;
- 2022 adjusted EBITDA[3] is expected at over €500 million, and double-digit margin on revenues from 2024; 2025 adjusted EBITDA expected at over €1 billion, with free cash flow in 2025 of approximately €700 million;
- net financial position (post-IFRS 16): after the capital increase of €2 billion, a post-IFRS 16 net debt of approximately €800 million is expected at the end of 2022, with a target of close to zero at the end of 2025;
- identified additional actions not accounted for in the strategic plan which may bring potential additional liquidity for more than €1.5 billion also through the valorisation of the Onshore Drilling business by virtue of an exclusive negotiation with a leading international operator.

The implementation of the Plan is based on the new organisation structured on business lines rather than on divisions, with the aim of increased efficiency, centralised risk control and development of innovative and flexible execution models, in line with the needs of the energy transition.
Please refer to the paragraph "Effects of the Russian-Ukrainian crisis: EU restrictive measures and sanctions" for further details regarding the actions taken to mitigate the impacts on the orders in progress and future initiatives potentially deriving from this conflict.

Events after the reporting period

Shareholders' Agreement relating to ordinary shares of Saipem SpA

On January 21, 2022, Eni SpA and CDP Industria SpA announced:

- the expiration, on January 22, 2022, of the shareholders' agreement between the Parties concerning ordinary shares of Saipem SpA ("Saipem"), entered into on October 27, 2015 and tacitly renewed for three years on January 22, 2019 (the "Original Agreement");
- the signing, on January 21, 2022, of a new shareholders' agreement between the same Parties, which is relevant pursuant to Article 122, paragraphs 1 and 5, letters a), b) and d), of the Consolidated Financial Act, also relating to ordinary shares of Saipem and which entered into force when the Original Agreement expired, i.e. on January 22, 2022 (the "Agreement"). The Agreement will last three years and will be automatically renewed upon expiration for a further period of three years only, unless terminated. The Agreement, which is substantially the same as the Original Agreement, is intended to govern the relationship between the Parties as shareholders of Saipem; specifically the appointment of bodies, obligations of prior consultation and voting at Saipem's Shareholders' Meetings and Board of Directors and the allocation of their respective shares in Saipem. For the purposes of Article 129 of the Issuers' Regulation, it should be noted that the Parties have contributed a total of approximately 25.006% of Saipem's ordinary share capital to the Agreement (CDP Industria and Eni have each contributed 126,401,182 shares, representing approximately 12.503% of Saipem's ordinary share capital).

Valorisation of onshore drilling

It should be noted that, following the closing of the 2021 financial year, as part of the additional actions with respect to the strategic plan which may bring in additional liquidity, a negotiation agreement was signed on an exclusive basis with a leading international operator oriented to the valorisation of onshore drilling.

(3) Adjusted results are management accounts which do not include "special items", items of income arising from events or transactions that are non-recurring or that are not considered to be representative of the ordinary course of business (e.g. write downs of fixed assets, contingent liabilities in relation to pending judgments, health emergency costs, reorganisation costs)

Effects of the Russian-Ukrainian crisis: EU restrictive measures and sanctions

Following the conflict in Ukraine and the possible impact of the restrictive measures adopted by the European Union, Saipem undertook an in-depth analysis to assess the potential impact on its business, particularly in relation to projects currently underway with the country. This conflict started in February 2022, hence after the end of the reporting period and it falls within the category of events referred to IAS 10, paragraph 3 (b), i.e. those situations that do not require adjustment as they arose after the balance sheet was closed.
The Council of the European Union has seen fit to adopt a series of restrictive measures.
With the Decision (CFSP) 2022/264 of February 23, 2022, the Council imposed restrictions regarding the access to capital markets, in particular by prohibiting the financing of Russia, of its Government, and of its Central Bank.
With the packages adopted by the EU with Regulations 2022/328 of the Council of February 25, 2022, 334/2022 of February 28, 2022, 336/2022 of March 1, 2022 and 428/2022 of March 15, 2022 a series of restrictive measures have been put in place against the Russian Federation, among which:
(i) individual sanctions against the members of the National Security Council of the Russian Federation who supported the Russia's claim to recognise the Ukrainian areas of Donetsk and Luhansk not controlled by the government as independent entities;
(ii) financial sanctions that expand the existing restrictions, thus limiting Russia's access to the most important capital markets and forbidding the quotation and provision of services related to shares of Russian state entities within the EU trading venues. New measures have also been introduced to significantly limit the cash flows from Russia to the EU, forbidding the acceptance of deposits higher than a certain amount from Russian citizens or residents, preventing the EU central securities depositories from keeping accounts of Russian clients, and forbidding the sale of shares in euros to Russian clients;
(iii) sanctions in the energy sector: ban on selling, supplying, transferring or exporting, directly or indirectly, goods and technologies for oil refining listed in the annex X of the EU Regulation 2022/328 of the Council of February 25, 2022. This applies also to all above mentioned items originating outside the EU, to any natural or legal person, entity or institution in Russia or destined to use in Russia. The ban does not apply to the execution, until May 27, 2022, of contracts awarded before February 26, 2022 or of ancillary contracts necessary for the execution of said contracts. With the introduction of the ban, the aim is to hit the Russian oil sector and to stop Russia from modernising its oil refineries;
(iv) sanctions in the technology sector: restrictions have been put in place on the export of dual-use goods and technologies (civil and military), as well as restrictions on the export of specific goods and technologies that can contribute to the technological empowerment of Russia's defense and security sector. Again, the prohibition applies to all goods listed in the EU Dual-Use Regulation (821/2021) and those listed in Annex IV of EU Regulation 2022/328 even if not originating in the Union, to any natural or legal person, entity or body in Russia or for use in Russia. The ban does not apply to the execution, until September 17, 2022, of contracts awarded before March 16, 2022 or of ancillary contracts necessary for the execution of said contracts;
(v) by EU Regulation 428/2022, the same restrictions as for dual-use goods and technologies also apply to physical exports listed in Annex II of Regulation 833/2014 (goods of particular significance in the energy sector such as pipelines, etc.). The ban also does not apply to the execution, until September 17, 2022, of contracts awarded before March 16, 2022 or of ancillary contracts necessary for the execution of said contracts;
(vi) EU Regulation 428/2022 also included a prohibition on entering into any transaction with a number of Russian natural and legal persons, including GazpromNeft, which prohibition does not apply until May 15, 2022 for the performance of contracts concluded before March 16, 2022.
The EU has also decided to exclude seven Russian banks from the SWIFT system starting from March 12, 2022. This will guarantee they are excluded from the international financial system. The seven banks are Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Sovcombank, Vnesheconombank (VEB) and VTB Bank.
In particular, the EU has decided to ban what follows:
- the provision of specialised financial messaging services, used to exchange financial data (SWIFT), to Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Sovcombank, Vnesheconombank (VEB) and VTB Bank. The above mentioned ban will apply also to legal persons, entities and institutions in Russia, whose property rights are directly or indirectly held by those banks for over 50%;
- investing, participating or contributing in any way to future projects co-financed by the Russian Direct Investment Fund;
- selling, supplying, transferring or exporting banknotes denominated in euro to Russia or to any natural or legal person, entity or institution in Russia, included the Russian Government and the Russian Central Bank, or to be used in Russia.

For the moment, Sberbank (the main Russian banking group) and Gazprombank (the gas bank) are excluded from the ban.
Excluding some of the Russian banks from the international electronic payment system (SWIFT) means that companies and privates can no longer carry out worldwide transactions with those banks.
The contracts involving activities in Russia and/or with Russian customers are: (i) Moscow Refinery - customer GazpromNeft; (ii) Arctic LNG 2 GBS (in JV with Technip) - customer Novatek - scope of work EPCI; (iii) Arctic LNG 2 TSOF (in JV with Renaissance) - customer Novatek - scope of work EPCI; (iv) a contract for gas drilling in Arctic waters with the use of the drilling rig Perro Negro 8 which is currently outside Russian territorial waters.
The Company confirms that it operates in full compliance with the provisions established by European and national institutions with respect to the Russian Federation.

The Company is monitoring the continuous evolution of the situation in order to assess its impacts and has activated and will continue to activate, depending on the evolution of the situation, the appropriate contractual clauses to protect its rights and interests.
On the four projects, the total backlog amounts to €1,966 million, of which €254 million for projects included in Saipem's scope of consolidation. In the extreme scenario, considered however unlikely, of the immediate cancellation of the contracts, the impact on EBITDA and consolidated net result is estimated to be not significant. In this scenario the overall financial impact is estimated to be between €100 and €150 million, also taking into account the expected dividends. This estimate does not take account of the enforcement of guarantees in favor of clients, considering this to be a remote event as well, which would in any case be mitigated by the cash on hand associated with the advances received from clients.
However, it cannot be excluded that a further extreme deterioration in the geopolitical situation and the associated international sanctions could lead to more significant impacts, which cannot be estimated at present.
Following the Russian-Ukranian conflict and the subsequent sanctions imposed by the EU, US and other countries, Saipem has activated the Corporate Crisis Unit (CCU) that cooperates daily with the Local Crisis Units (LCU) in Russia and the business operational functions involved in the management of projects and personnel onsite, on which a meeting was called. Regarding the above mentioned, it should be noted that there are no activities carried out by Saipem, nor personnel in any Ukranian territory affected by the conflict.
Currently, commodity prices show globally extreme volatility, unprecedented in the recent past which is, among other things, set against a backdrop of high inflation started as early as the second half of 2021.
The Russian crisis increases the uncertainty caused by the pandemic and the current socio-economic scenario makes it difficult for supply chain operators to provide price forecasts and make contractual commitments with long-term estimates. In some instances, suppliers cannot submit bids because production plants have become extremely selective and only provide relevant quotes to those customers deemed most reliable and financially sound. Delivery times are also considerably longer with a direct impact on the projects in the portfolio. High and extremely volatile prices are expected as long as the current situation continues.
Currently, there is a real possibility that the material in transit to Russia will be unloaded at intermediate ports as many international carriers refuse to ship to Russian ports.
Saipem has arranged to store the goods at its own logistics bases and/or intermediate storage areas. We are also considering the possibility, wherever possible, of delivering materials to Russian shipyards by road.
Saipem does not purchase raw materials directly as its supply chain is long. No direct impacts are foreseen, but it is possible that the availability of steel and nickel will be lower and that prices will be affected by other factors (e.g. gas), which will also have an impact on delivery times and logistics.
Saipem has a diversified and, where possible, global supply chain approach. There is still a risk, however, for supplies where, for technological reasons, few alternatives are available, typically, if these technologies are supplied by Western producers and are not subject to sanctions.
The Company is closely monitoring its supply chain to identify and take appropriate mitigation actions in relation to potential impacts in terms of material and service costs and delivery times resulting from the evolving conflict in Ukraine. The Company, considering the extreme unpredictability of this situation and the effects on the orders, is already adjusting its execution strategies and has already started discussions with its customers and in general with the entire supply chain to negotiate risk management and risk sharing mechanisms to mitigate the impacts on the orders in execution and future initiatives.
Our threat intelligence services report an increased cyber threat to operators in these markets and their supply chains.
As of 2019, Saipem has implemented a system of protection against cyber attacks, in line with the requirements of the National Cybersecurity Framework, which includes organisational, physical, and logical measures. A major effort was made to define guidelines for both technology implementation and employee behaviour. Ongoing third-party assessments validate the effectiveness of the attack detection and response approach within the company's crisis management plan, as well as the technological measures in place to protect business-critical assets.
In March 2021, Saipem obtained the certification under ISO/IEC 27001, for "Cyber security events monitoring and incidents management". This important milestone confirms the validity of the structure Saipem adopted for Cyber Detection & Response activities, and it also makes it possible to proceed in a structured manner in the ongoing improvement of the Saipem security management system. The company's security level is now also a function of the constant training and education of workers. During the past year, Saipem has developed e-learning training focusing on the cyber security management model (standard, high, and critical level).
Saipem coordinates closely with national cyber security institutions, DIS (the Italian Security Intelligence Department), the National Cybersecurity Agency and CNAIPIC (the Italian National Cybercrime Centre for Critical Infrastructure Protection).
Saipem uses reliable suppliers for services that are critical and most exposed to the risk of cyber attacks, especially when providing IT services for the support of business activities.
Controlling the supply chain is one of our most difficult challenges. The Security division has defined specific cyber requirements which must be met by the Supply Chain; this will ensure that all suppliers have acceptable resilience characteristics.

New contracts

As announced on January 11, 2022, Saipem was awarded two new contracts in the Offshore sector:
- for Scarborough Joint Venture, a contract for the installation and lining of the export trunkline of the gas pipeline that will connect the Scarborough gas field with the corresponding Onshore facility;
- for Esso Exploration and Production Guyana Ltd (EEPGL), part of the ExxonMobil group, a contract for the development of the Yellowtail project in the Stabroek offshore block off Guyana at a depth of approximately 1,800 metres.

As announced on March 17, 2022, Saipem also signed a new agreement with Aker BP for the use of the semi-submersible platform Scarabeo 8 off the coast of Norway.

Additional information

Under Article 20 of the Articles of Association, pursuant to Article 2365, second paragraph of the Italian Civilian Code, the Board of Directors of Saipem SpA is responsible for amending the Articles of Association to comply with legislative provisions.

E-MARKET SDIR CERTIFIED

Reconciliation of reclassified balance sheets used in the management report with the mandatory financial statements

Reclassified statement of financial position

(€ million)	Dec. 31, 2020		Dec. 31, 2021	
Reclassified statement of financial position (where not explicitly stated, the component is obtained from the mandatory template)	Partial values from mandatory template	Values from reclassified template	Partial values from mandatory template	Values from reclassified template
A) Net property, plant and equipment		3,284		3,113
Note 14 - Property, plant and equipment	*3,284*		*3,113*	
B) Net intangible assets		701		699
Note 15 - Intangible assets	*701*		*699*	
C) Right-of-Use assets		288		261
Note 16 - Right-of-Use assets	*288*		*261*	
D) Equity investments		140		127
Note 17 - Equity investments	*166*		*157*	
Reclassified from F) - provisions for losses of investees	*(26)*		*(30)*	
E) Working capital		267		(747)
Note 9 - Other current financial assets	*344*		*567*	
Reclassified to M) - loan assets not related to operations	*(342)*		*(566)*	
Note 10 - Trade receivables and other assets	*1,991*		*2,251*	
Note 11 - Inventories and contract assets	*1,575*		*1,578*	
Note 12 - Current and non-current income tax assets	*263*		*295*	
Note 12 - Other current tax assets	*189*		*196*	
Note 13 - Other current assets	*298*		*231*	
Note 13 - Other non-current assets	*35*		*37*	
Note 18 - Deferred tax assets	*240*		*329*	
Note 19 - Trade payables, other liabilities and contract liabilities	*(4,079)*		*(5,168)*	
Note 12 - Current and non-current tax liabilities	*(68)*		*(84)*	
Note 12 - Other current tax liabilities	*(136)*		*(192)*	
Note 20 - Other current liabilities	*(35)*		*(186)*	
Note 20 - Other non-current liabilities	*(2)*		*(30)*	
Note 18 - Deferred tax liabilities	*(6)*		*(5)*	
F) Provisions for risks and charges		(269)		(1,323)
Note 23 - Provisions for risks and charges	*(295)*		*(1,353)*	
Reclassified to D) - provisions for losses of investees	*26*		*30*	
G) Employee benefits		(237)		(238)
Note 24 - Employee benefits	*(237)*		*(238)*	
H) Assets held for sale		-		-
Note 26 - Assets held for sale	*-*		*-*	
EMPLOYED CAPITAL, NET		**4,174**		**1,892**
I) Equity		2,923		326
Note 27 - Equity	*2,923*		*326*	
L) Non-controlling interests		25		25
Note 27 - Equity	*25*		*25*	
M) Net financial debt pre-lease liabilities		872		1,223
Note 7 - Cash and cash equivalents	*(1,687)*		*(1,632)*	
Note 8 - Financial assets measured at fair value through OCI	*(68)*		*(59)*	
Note 9 - Other non-current financial assets	*(66)*		*(61)*	
Note 21 - Current financial liabilities	*257*		*412*	
Note 21 - Non-current financial liabilities	*2,577*		*2,432*	
Note 21 - Current portion of non-current financial liabilities	*201*		*697*	
Reclassified from E) - financial receivables for non-operating purposes (Note 9)	*(342)*		*(566)*	
N) Lease liabilities		354		318
Note 16 - Net lease liabilities	*354*		*318*	
O) Net debt		1,226		1,541
FUNDING		**4,174**		**1,892**

Reclassified income statement

The reclassified income statement differs from the mandatory template solely for the following reclassifications:

- the items "financial income" (€305 million), "financial expense" (-€333 million) and "derivatives" (-€112 million), which are indicated separately in the mandatory template, are stated under the item "Net financial expense" (-€140 million) in the reclassified income statement.

All other items are unchanged.

Items of the reclassified statement of cash flows

The reclassified statement of cash flows differs from the mandatory template solely for the following reclassifications:

- the items "amortisation" (€521 million), "net depreciation of tangible and intangible assets " (€95 million), "other changes" (-€110 million), "changes in employee benefits" (-€20 million) and "effect of accounting using the equity method" (-€9 million), indicated separately and included in the net cash flows generated by operating activities in the mandatory template, are shown net under the item "depreciation/amortisation and other non-monetary items" (€477 million);
- the items "income taxes" (€70 million), "interest expense" (€120 million) and "interest income" (-€6 million), indicated separately and included in cash flows from working capital in the mandatory template, are shown net under the item "dividends, interests and taxes" (€184 million);
- the items regarding "trade receivables" (-€36 million), changes in "inventories" (€30 million), "provisions for risk and charges" (€1,043 million), "trade payables" (€117 million), "other contract assets and liabilities" (€874 million) and "other assets and liabilities" (€53 million), indicated separately and included in cash flows from working capital in the mandatory template, are shown net under the item "changes in working capital related to operations" (€2,081 million);
- the items "interests received" (€3 million), "dividends received" (€27 million), "income taxes paid net of refunds of tax credits" (-€107 million) and "interest paid" (-€108 million), indicated separately and included in cash flows generated by operating activities in the mandatory template, are shown net under the item "dividends received, income taxes paid and interest paid and received" (-€185 million);
- the items relating to investments in "property, plant and equipment" (-€283 million) and "intangible assets" (-€15 million), indicated separately and included in cash flows from investing activities in the mandatory template, are shown net under the item "capital expenditure" (-€298 million);
- the items "increase in non-current loans and borrowings" (€606 million), "increase (decrease) in current loans and borrowings" (€147 million) and "decrease in non-current loans and borrowings" (-€255 million), indicated separately and included in net cash flows from financing activities in the mandatory template, are shown net under the item "changes in current and non-current loans and borrowings" (€498 million).

All other items are unchanged.

GLOSSARY

Financial terms

- **Adjusted EBIT** operating result net of special items.
- **Adjusted EBITDA** gross operating margin net of special items.
- **Beta** coefficient that defines the measure of the systematic risk of a financial asset, i.e. the trend of an asset's return in line with changes in the reference market. The beta is defined as the ratio between the probability of the expected return of a specific asset with the expected market return, and the variance of the market return.
- **CGU** Cash Generating Unit refers to, as part of the execution of the impairment test, the smallest identifiable group of assets that generates cash inflows or outflows, deriving from the continuous use of assets, largely independent of the cash inflows or outflows from other assets or groups of assets.
- **EBIT** earnings before interest and tax.
- **EBITDA** earnings before interest, taxes, depreciation and amortisation.
- **Headroom** (Impairment Loss) positive (or negative) excess of the recoverable amount of a CGU over the carrying amount of that unit.
- **IFRS** International Financial Reporting Standards issued by the IASB (International Accounting Standards Board) and endorsed by the European Commission. They comprise International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and the Standing Interpretations Committee (SIC) adopted by the IASB. The name International Financial Reporting Standards (IFRS) has been adopted by the IASB for standards issued after May 2003. Standards issued before May 2003 have maintained the denomination IAS.
- **KRI** (Key Risk Indicator) metric for measuring the likelihood that the combined probability of an event and its consequences will exceed the organisation's risk appetite and have a profoundly negative impact on an organisation's ability to be successful.
- **Leverage** measures a company's level of indebtedness, calculated as the ratio between net financial debt and equity including non-controlling interests.
- **OCI** (Other Comprehensive Income) items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by IFRSs.
- **Receivables "in bonis"** total amount of receivables of a commercial nature, not expired or past due by no more than twelve months, towards clients deemed solvent.
- **ROACE** (Return On Average Capital Employed) calculated as the ratio between net result before non-controlling interests, plus net financial expense on net financial debt less the related tax effect and net average capital employed.
- **Special items** items of income arising from events or transactions that are non-recurring or that are not considered to be representative of the ordinary course of business.
- **WACC** Weighted Average Cost of Capital calculated as a weighted average of the cost of the group's debt capital and the cost of risk capital, defined on the basis of the Capital Asset Pricing Model (CAPM) methodology, consistent with the specific risk of Saipem's business, measured by the beta of the Saipem share.
- **Write-off** cancellation or reduction of the value of an asset.

Operational terms

- **Buckle detection** system that utilises electromagnetic waves during pipe laying in order to flag if the pipes laid on the bottom have collapsed or are deformed in any way.
- **Bundles** bundles of cables.
- **Carbon Capture and Storage** technology which enables the carbon present in gaseous effluents from hydrocarbon combustion and treatment plants to be captured and stored over long periods of time in underground geological formations, thus reducing or eliminating carbon dioxide emissions into the atmosphere.
- **Central Processing Facility** production unit performing the first transformation of crude oil or natural gas.
- **Cold stacked** an inactive plant with skeleton crew and maintenance.
- **Commissioning** series of processes and procedures undertaken in order to start operations of a gas pipeline, associated plants and equipment.
- **Concrete coating** reinforced concrete coating for subsea pipelines in order to ballast and protect them from damage and corrosion.
- **Conventional waters** water depths of up to 500 metres.
- **Cracking** chemical-physical process, typically employed in dedicated refinery plants, whose objective is to break down the heavy hydrocarbon molecules obtained from primary distillation into lighter fractions.
- **Debottlenecking** removal of obstacles (in rigs/fields) which leads to higher production.
- **Deck** area of a vessel or platform where process plants, equipment, accommodation modules and drilling units are located.

- **Decommissioning** a process undertaken in order to wind down the operations of a gas pipeline and its associated plant and equipment. It is performed at the end of the useful life of the plant or vessel following an incident, for technical or financial reasons, for safety or environmental reasons.
- **Deep waters** water depths of over 500 metres.
- **Downstream** all operations that follow exploration and production operations in the oil sector.
- **Drillship** vessel capable of self-propulsion, designed to carry out drilling operations in deep waters.
- **Dry-tree** wellhead located above the water on a floating production platform.
- **Dynamically Positioned Heavy Lifting Vessel** vessel equipped with a heavy-lift crane, capable of holding a precise position through the use of thrusters, thereby counteracting the force of the wind, sea, currents, etc.
- **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. The term "turnkey" means when a plant is provided to customer ready for use, so already operational.
- **EPCI** (Engineering, Procurement, Construction, Installation) 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 (usually a construction company or a consortium) provides the engineering services, procurement of materials, construction of the system and its infrastructure, transport to site, installation and commissioning/preparatory activities for the start-up of operations.
- **Fabrication yard** yard at which offshore structures are fabricated.
- **Facilities** auxiliary services, structures and installations required to support the main systems.
- **Farm out** awarding of the contract by the client to another entity for a fixed period of time.
- **FDS** (Field Development Ship) dynamically-positioned multi-purpose crane and pipe lay vessel.
- **FEED** (Front-End Engineering and Design) basic engineering and preliminary activities carried out before beginning a complex project to evaluate its technical aspects and enable an initial estimate of the investment required.
- **Field Engineer** on-site engineer.
- **Flare** tall metal structure used to burn off gas produced by oil/gas separation in oil fields when it is not possible to utilise it on site or ship it elsewhere.
- **FLNG** Floating Liquefied Natural Gas unit used for the treatment, liquefaction and storage of gas which is subsequently transferred onto vessels for transportation to end-use markets.
- **Floatover** type of module installation on offshore platforms that does not require lifting operations. A specialised vessel transporting the module uses a ballast system to position itself directly above the location where the module is to be installed. Once the module is in contact with the supports, the vessel disconnects and the module is subsequently secured to the support structure.
- **Flowline** pipeline used to connect individual wells to a manifold or to gathering and processing facilities.
- **FPSO vessel** Floating Production, Storage and Offloading system comprising a large tanker equipped with a high-capacity production facility. This system, moored at the bow to maintain a geo-stationary position, is effectively a temporarily fixed platform that uses risers to connect the subsea wellheads to the on-board processing, storage and offloading systems.
- **FPU** Floating Production Unit.
- **FSHR** (Free Standing Hybrid Risers) system consisting of a vertical steel pipe ("riser"), which is kept under tension by a floating module position near the water whose buoyancy, ensures stability. A flexible pipe (jumper) connects the upper part of the riser to the Floating Production Unit (FPU), while the riser is anchored to the sea bottom by means of an anchoring system. A rigid pipe (riser base jumper) connects the lower part of the FSHR to the Pipe Line End Terminations (PLETs).
- **FSRU** (Floating Storage Regasification Unit) a floating terminal in which liquefied natural gas is stored and then re-gasified before being transported by pipeline.
- **Gas export line** pipeline for carrying gas from the subsea reservoirs to the mainland.
- **Grass Root Refinery** a refinery that is built from scratch with a planned capacity.
- **Hydrocracker** installation in which large hydrocarbon molecules are broken down into smaller ones.
- **Hydrotesting** operation involving high pressure (higher than operational pressure) water being pumped into a pipeline to ensure that it is devoid of defects.
- **Hydrotreating** refining process aimed at improving the characteristics of oil fractions.
- **Ice Class** classification that indicates the additional level of upgrading and other criteria that make a ship sea worthy to sail in sea ice.
- **International Oil Companies** privately-owned, typically publicly traded, oil companies engaged in various fields of the upstream and/or downstream oil industry.
- **Jacket** platform underside structure fixed to the seabed using piles.
- **Jack-up** mobile self-lifting unit comprising a hull and retractable legs used for offshore drilling operations.
- **J-laying** method of pipe laying that utilises an almost vertical launch ramp, making the pipe configuration resemble the letter "J". This type of pipe laying is suitable for deep waters.
- **Lay-up** a laid-up vessel whereby its class certification validity is suspended.
- **Leased FPSO** FPSO (Floating Production, Storage and Offloading) vessel for which a lease contract is in place between a client/lessee (Oil Company) and a contractor/lessor, whereby the lessee (client/Oil Company) makes lease payments to the lessor for use of the vessel for a specific period of time. At the end of the lease term, the lessee has the option to purchase the FPSO.

- **LNG** (Liquefied Natural Gas), which is obtained at atmospheric pressure by cooling the natural gas down to -160 °C. It is turned to liquid form for ease of transport from its extraction location to where it will then be transformed and used. A tonne of LNG is equivalent to 1,500 cubic metres of gas.
- **Local Content** policy whereby a group develops local capabilities, transfers its technical and managerial know-how and enhances the local labour market and businesses through its own business activities.
- **LPG** (Liquefied Petroleum Gas) produced in refineries through the fractionation of crude oil and subsequent processes, liquid petroleum gas exists in a gaseous state at ambient temperatures and atmospheric pressure, but changes to a liquid state under moderate pressure at ambient temperatures, thus enabling large quantities to be stored in easy-to-handle metal pressure vessels.
- **LTI** (Lost Time Injury) any work-related injury that renders the injured person temporarily unable to perform any regular job or restricted work on any day/shift after the day or shift on which the injury occurred.
- **Marginal fields** oil fields with scarce exploitable resources or that are recording a drop in production so it is sought to extend their use via low risk, cost effective technologies.
- **Midstream** sector comprising all those activities relating to the construction and management of the oil transport infrastructure.
- **Moon pool** an opening in the hull of a drillship for equipment to be lowered through.
- **Mooring buoy** offshore mooring system.
- **Multipipe subsea** subsea gas/liquid gravity separation system using a series of small diameter vertical separators operating in parallel (for deep water application).
- **National Oil Companies** State-owned/controlled companies engaged in oil exploration, production, transportation and conversion.
- **NDT** (Non Destructive Testing) a series of inspections and tests used to detect structural defects conducted using methods that do not alter the material under inspection.
- **NDT Phased Array** non-destructive testing method that employs ultrasound to detect structural or welding defects.
- **Offshore/Onshore** the term offshore indicates a portion of open sea and, by extension, the activities carried out in this area, while onshore refers to land operations.
- **Oil Services Industry** industrial sector that provides services and/or products to the National or International Oil Companies engaged in oil exploration, production, transportation and conversion.
- **Open Book Estimate** (OBE) type of contract where the lump-sum fee for the project (usually for turnkey or EPC projects) is agreed on with the client, with complete transparency, after the contract has been signed and during an advanced stage of the base engineering, on the basis of an overall project cost estimate.
- **P&ID** (Piping and Instrumentation Diagram) diagram showing all plant equipment, piping and instrumentation with associated shut-down and safety valves.
- **Pig** piece of equipment used to clean, descale and survey a pipeline internally.
- **Piggy back pipeline** small-diameter pipeline, fixed to a larger pipeline, used to transport a product other than that of the main line.
- **Pile** long and heavy steel pylon driven into the seabed. A system of piles is used as the foundation for anchoring a fixed platform or other offshore structures.
- **Pipe-in-pipe** subsea pipeline system comprising 2 coaxial pipes, used to transport hot fluids (Oil&Gas). The internal pipe has the function of transporting the fluid. The space between the two pipes is insulated to reduce heat exchange with the external environment. The external pipe provides mechanical protection from the pressure of the water.
- **Pipe-in-pipe forged end** forged end of a coaxial double pipe.
- **Pipelayer** vessel used for subsea pipe laying.
- **Pipeline** pipes and auxiliary equipment used principally for transporting crude oil, oil products and natural gas to the point of delivery.
- **Pre Assembled Rack** (PAR) pipeline support beams.
- **Pre-commissioning** phase comprising pipeline clean-out and drying.
- **Pre-drilling template** support structure for a drilling platform.
- **Pre-Salt layer** geological formation present on the continental shelves offshore Brazil and Africa.
- **Pre-Travel Counselling** health and medical advice for anyone required to travel, providing them with adequate information on the specific risks in the country of destination and the relevant preventive measures to be taken.
- **PTS** (Pipe Tracking System) an electronic system used to ensure the full traceability of the components of subsea pipes installed on a project.
- **Pulling** minor operations on oil wells due to maintenance or marginal replacements.
- **QHSE** Quality, Health, Safety, Environment.
- **Rig** drilling installation comprising the derrick, the drill deck (which supports the derrick), and ancillary installations that enable the descent, ascent and rotation of the drill unit, as well as mud extraction.
- **Riser** manifold connecting the subsea wellhead to the surface.
- **ROV** (Remotely Operated Vehicle) unmanned vehicle, piloted and powered via umbilical, used for subsea surveys and operations.
- **Shale gas** unconventional gas extracted from shale deposits.
- **Shale oil** non-conventional oil obtained from bituminous shale.
- **Shallow water** sees Conventional waters.

- **Sick Building Syndrome** a cluster of symptoms in people working in a specific workplace. The exact causes of the syndrome are not known but the presence of volatile organic compounds, formaldehyde, moulds and dust mites are thought to be contributing factors.
- **S-laying** method of pipe laying that utilises the elastic properties of steel, making the pipe configuration resemble the letter "S", with one end on the seabed and the other under tension on-board the ship. This configuration is suited to medium to shallow-water pipe laying.
- **Slug catcher** equipment for the purification of gas.
- **Smart stacking** when rig is left idle to reduce operational costs and a preservation programme is put in place.
- **Sour water** water containing dissolved pollutants.
- **Spar** floating production system, anchored to the seabed by means of a semi-rigid mooring system, comprising a vertical cylindrical hull supporting the platform structure.
- **Spare capacity** relationship between crude oil production and production capacity, i.e. quantity of oil which is not currently needed to meet demand.
- **Spool** connection between a subsea pipeline and the platform riser, or between the ends of two pipelines.
- **Spoolsep** unit used to separate water from oil as part of the crude oil treatment process.
- **Stripping** process through which volatile compounds are removed from the liquid solution or the solid mass in which they have been diluted.
- **Subsea processing** operations performed in offshore oil and/or natural gas field developments, especially relating to the equipment and technology employed for the extraction, treatment and transportation of oil or gas below sea level.
- **Subsea tiebacks** lines connecting new oil fields with existing fixed or floating facilities.
- **Subsea treatment** a new process for the development of marginal fields. The system involves the injection and treatment of sea-water directly on the seabed.
- **SURF** (Subsea, Umbilical, Risers, Flowlines) facilities, pipelines and equipment connecting the well or subsea system to a floating unit.
- **TAD** (Tender Assisted Drilling unit) an offshore platform complete with drilling tower, connected to a drilling support tender vessel housing all necessary ancillary infrastructures.
- **Tandem Offloading** method used for the transfer of liquids (oil or LNG) between two offshore units in a line via aerial, floating or subsea lines (unlike side-by-side offloading, where the two units are positioned next to each other).
- **Tar sands** mixture of clay, sand, mud, water and bitumen. The tar is made up primarily of high molecular weight hydrocarbons and can be transformed into various petroleum products.
- **Template** rigid and modular subsea structure where the oilfield well-heads are located.
- **Tendons** pulling cables used on tension leg platforms to ensure platform stability during operations.
- **Termination for Convenience** the right to unilaterally terminate the contract at any time provided they pay the agreed termination fee to do so.
- **Tie-in** connection between a production line and a subsea wellhead or simply a connection between two pipeline sections.
- **Tight oil** oil "trapped" in liquid form deep below the earth's surface in low permeability rock formations, which it is difficult to extract using conventional methods.
- **TLP** (Tension Leg Platform) fixed-type floating platform held in position by a system of tendons and anchored to ballast caissons located on the seabed. These platforms are used in ultra-deep waters.
- **Topside** portion of a platform above the jacket.
- **Train** series of units that achieve a complex refining, petrochemical, liquefaction or natural gas regasification process. A plant can be made up of one or more trains of equal capacity operating in parallel.
- **Trenching** burying of offshore or onshore pipelines.
- **Trunkline** oil pipeline connecting large storage facilities to the production facilities, refineries and/or onshore terminals.
- **Umbilical** flexible connecting sheath, containing flexible pipes and cables.
- **Upstream** relating to exploration and production operations.
- **Vacuum** second stage of oil distillation.
- **Warm Stacking** idle plant, but one ready to resume operations in the event that a new contract is acquired. Personnel are at full strength and ordinary maintenance is normally carried out.
- **Wellhead** fixed structure separating the well from the outside environment.
- **WHB** (Wellhead Barge) vessel equipped for drilling, workover and production (partial or total) operations, connected to process and/or storage plants.
- **Workover** major maintenance operation on a well or replacement of subsea equipment used to transport the oil to the surface.

Other terms

- **CCUS** (Carbon Capture, Utilization and Storage) covers all the solutions making it possible to reduce or fully eliminate from the atmosphere greenhouse gas emissions of polluting treatment plants.
- **ESG** (Environmental Social Governance) refers to the consideration of the operations of a company in relation of its interactions with the environment and territory, community and company management.

- **ESMA** European Securities and Markets Authority.
- **OECD** (Organisation for Economic Co-operation and Development) composed of thirty-five developed countries having in common a democratic system of government and a free market economy.
- **OPEC** Organization of the Petroleum Exporting Countries.

CONSOLIDATED NON-FINANCIAL STATEMENT

in accordance with Italian Legislative Decree No. 254 of December 30, 2016

The "Consolidated Non-Financial Statement" (hereinafter the NFS) is the report drafted by Saipem to meet the requirements laid down in Articles 3 and 4 of Italian Legislative Decree (D.Lgs.) No. 254/2016, the Italian transposition of European Directive 2014/95/EU. This document reports on the management of non-financial aspects, the Group's policies, its activities, risks and related management methods, the main results and impacts generated in the year in terms of indicators and trend analysis. The document also integrates Saipem's commitment to concretely implementing the relative European Commission guidelines, in order to provide stakeholders with increasingly useful, complete and transparent non-financial information to understand the business of the Company.

Methodology, principles and reporting criteria

This document constitutes the "Consolidated Non-Financial Statement" of the Saipem Group (hereinafter Group, Saipem, Company) as of December 31, 2021.

The document is drawn up in accordance with Global Reporting Initiative (GRI), "Core" option GRI standards (see the "GRI Content Index" section). The Core option requires that 33 disclosures in the Organisational profile, Strategy, Ethics and integrity, Governance, Stakeholder engagement and Reporting practice areas are included and that for every material (or relevant) topic, all the requirements contained in the "Management Approach" GRI standard 103 and all reporting requirements for at least one indicator foreseen by the relevant "topic-specific" standard are met.

In order to continue to improve transparency in relation to the Company performance and facilitate the comparability of the data and information provided to stakeholders, the document also considered the indications provided by the Sustainability Accounting Standards Board (SASB) for the identification and publication of the information deemed most significant for creating long-term value for the sector. Considering the diversified operational activities of the Group, the document refers to SASB standards in two different sectors: 1) Extractives & Minerals processing sector - Oil&Gas - Services; 2) Infrastructure sector - Engineering & Construction services.

As laid down in Article 5 of Italian Legislative Decree No. 254/2016, the NFS is a separate report within the "Directors' Report", marked by a specific wording to ensure it is clearly identified. As such, it was approved by the Board of Directors of Saipem SpA on March 24, 2022. The NFS is drafted by the Corporate Sustainability function, in cooperation with all Corporate functions, companies, operational projects and sites of the Group in charge of the various topics discussed.

Specific procedures define the roles, responsibilities, activities, controls and information flows relating to the NFS reporting process. In particular, the "Consolidated non-financial and sustainability reporting" procedure defines the guidelines to be followed regarding the process of reporting and consolidating information and indicators for the Group. The procedure sets out the reporting principles, a description of the materiality analysis process, the process of identifying non-financial and sustainability indicators, the definition of the scope of consolidation of the NFS, the process of collecting and attesting data, the process of preparing, approving and publishing the NFS.
The NFS refers to other sections of the "Directors' Report" and the "Corporate Governance and Shareholding Structure Report" with regard to the content dealt with in detail therein and in turn it contains information that fulfils the obligations referred to in the first and second paragraphs of Article 2428 of the Italian Civil Code, limited to the analysis of information on staff and the environment. Moreover, the "Report on the Remuneration Policy and Paid Compensation" provides further details on the ESG objectives included in the long term variable remuneration of Directors, Statutory Auditors and Managers with Group strategic responsibilities.

In addition to the provisions outlined by legislation, the content of the document has been defined, as established by the provisions of the GRI Standards, taking into consideration the principles of materiality, stakeholder inclusiveness, sustainability context and completeness. The principles of balance, comparability, accuracy, timeliness, clarity and reliability have been followed to guarantee the quality of the information contained in the document. The section entitled "GRI Content Index" contains details of the performance indicators reported in accordance with the adopted guidelines.

The information given in the NFS refers to material topics identified and the relative indicators, which reflect the relevant economic, environmental and social impacts of the organisation or which could substantially influence the assessments and decisions of the Group's stakeholders. The materiality analysis, updated annually and with the direct involvement of the Company's stakeholder representatives, has led to the definition of the contents to be reported. The key objectives and commitments, the description of the strategic approach to the key non-financial topics and the main risks generated and incurred in these fields, including the methods for managing them, are discussed in the relative sections of this document.

In order to provide more detailed information on the issues that are of greatest interest to the company stakeholders, since 2006 Saipem has been publishing an annual Sustainability Report which has a more communicative language and approach; this year it has been published in both Italian and English. The document is available on the institutional website, along with other issue-specific documents, which we refer the reader to where necessary. In particular, for the third year running, Saipem has renewed its commitment to disclosure according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board in its document "2021 Shaping a Net-Zero future", which was published in December 2021 and is available on the company website. Moreover, since 2016 the Company has published an annual Modern Slavery Statement which describes the measures adopted to ensure, as required by the United Kingdom Modern Slavery Act 2015 - Section 54, that there are no forms of modern slavery, penal labour or human trafficking within the Company or in its supply chain. Voluntarily, the Statement considers the activities of the whole Saipem Group and not only the companies operating in the United Kingdom.

The performance indicators are gathered annually, and the report refers to the three-year period 2019-2021, unless otherwise specified. The information and quantitative data collection process has been organised in such a way as to guarantee comparability over the data and analysis of the trends over a 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. The document also presents the Group's commitments and objectives relating to the Net-Zero Plan and other issues covered. Any changes in the collection methods from the previous year are suitably indicated in the document.

With regard to the security of data and information managed by the Company, not exclusively for the purposes of this document, Saipem has adopted security measures to ensure that all technical applications and infrastructure are completely integrated with the security systems for protection against cybersecurity threats, which also provide additional guarantees for the reporting systems.

The NFS is subject to specific conformity approval by an independent auditor, which in a specific and separate report expresses its certification of the conformity of the information provided pursuant to Article 3 (10) of D.Lgs. No. 254/2016 and of the "Global Reporting Initiative Sustainability Reporting Standards" defined by the GRI - Global Reporting Initiative ("GRI Standards"), identified as reporting standards. The limited audit did not apply the directives provided by the SASB. The audit is carried out according to the procedures indicated in the section "Independent Auditors' Report" of this document.

Reporting boundary

The NFS contains the information and performance indicators for Saipem SpA and the fully consolidated subsidiaries in the "Annual Report", as prescribed by Italian Legislative Decree No. 254/2016. Any changes in the reporting boundary from the previous year are described in the "Principles of consolidation" section of the "Annual Report".

In some contexts there are deviations from the consolidation scope defined above, in any case guaranteeing the criterion of significant impact. As regards the safety data, it is underlined that, from 2018, these are accounted for separately for Saipem and its subcontractors. On the other hand, environmental indicators also include the data for subcontractors operating on Saipem and partner sites in activities where Saipem is responsible for HSE management. Furthermore, the significance limits for the inclusion of operating sites in the scope (No. of people on site or, in the case of offices not belonging to Saipem, the type of lease contract) are also defined for these indicators.
Please also note that companies that do not have significant business activities are excluded from relations with local stakeholders.

To ensure the understanding of the Company's activities, progress, results and the impact it has produced, as laid down in D.Lgs. No. 254/2016, i.e. to provide the information necessary to ensure the understanding of the activities of the whole Saipem Group, and also to guarantee the comparability of its performance in relation to the information published in other corporate documents, in addition to the companies consolidated boundary (referred to as the "consolidated boundary" in this document), the indicators are also given with a broader reporting boundary, including subsidiaries that are not fully consolidated and those in joint operation, joint control or affiliated companies in which Saipem has control over the operations. These indicators are marked by the wording "Group Total".

For some material topics, the impact of Saipem's activities is manifested beyond the boundary of the organisation. As foreseen by the principle of information completeness defined by GRI Standard 101: Foundation, the organisation is bound to report the boundary for each material topic not only concerning the impacts caused directly by its own activities but also the impacts it contributes to and which are linked through business relations to its own activities, products and services. For this purpose and concerning the most significant issues, Saipem reports some significant indicators and information also referred to activities it does not directly manage. The following table identifies the external boundaries by category of concerned stakeholder, also indicating any limitations that impact each material topic.

Topics addressed in the 2021 NFS	External boundary	Limitations
Safety along the supply chain	Vendors and subcontractors, some local communities	Partial, for vendors
Safety leadership and culture	Vendors and subcontractors, some local communities	Partial, for vendors
Anti-corruption & bribery	Business partners, vendors and subcontractors	-
Human and labour rights along the supply chain	Vendors and subcontractors	Partial, for vendors
Digital transformation	Business partners, vendors and subcontractors	Partial, for vendors
Diversity and inclusion	-	-
Partnership, stakeholder engagement and satisfaction	Business partners, vendors and subcontractors	Partial, for vendors
Employee attraction, talent management & retention	-	-
Energy use and efficiency	Vendors and subcontractors	Vendors
GHG emissions control and reduction	Vendors and subcontractors	Vendors
Climate change adaptation and mitigation	Vendors and subcontractors	Vendors
Air emissions control & reduction (non GHG)	Vendors and subcontractors	Vendors
Use of alternative fuels	Vendors and subcontractors	Vendors
Cybersecurity	-	-
Renewables	Vendors and subcontractors	Partial, for vendors
Board effectiveness	-	-
ESG Governance model and ESG objectives	-	-
Company labour rights commitment	Business partners, vendors and subcontractors	Partial, for vendors

Control activities on non-financial reporting

Over the years, Saipem's non-financial reporting system has been progressively strengthened: specific procedures have been introduced that define roles, responsibilities, tasks and information flows. In addition, specific IT systems, which are constantly evolving with a view to continuous improvement, have been set up to make the process as efficient and robust as possible.
An internal attestation system has also been developed whereby clearly identified data handlers send an "attestation letter", drafted to certify the accuracy and traceability of data and information. Finally, the NFS and the sustainability report are subject to a limited audit by an independent auditing company.
Saipem has adopted a control system for non-financial reporting, in addition to the internal attestation process and independent audit, in order to further strengthen the reliability, timeliness and completeness of the reporting process.
A dedicated unit has been created which is responsible for coordinating and planning the tasks necessary for the operation of the control system and specific internal procedures have been issued (a specific Management System Guideline and forms for each company in the scope).

The Internal Control System on non-financial reporting was developed using the principles of the CoSO Internal Control-Integrated Framework. A minimum set of controls and monitoring has been defined, broken down by macro processes, sub-processes and indicators, as well as by type of site/asset, to be implemented at Group level. The focus on the site/asset is fundamental as it determines specificities in non-financial reporting processes, in particular for the collection of primary data.

The operating phases of control system are the following:
1) definition of the scope of application (Group companies and non-financial indicators);
2) identification and evaluation of controls. Specific control activities are identified, which may include approvals, authorisations, audits, reconciliations, reviews of operational performance, confirmation of assumptions and estimates, and separation of duties. Controls may be manual or automated, depending on

the method and tools used to perform them, and may also be preventive or inspections, depending on the position of the control in the reporting flow;
3) monitoring activities and corrective actions. Monitoring is a set of tasks aimed at verifying that the Internal Control System is correctly designed and operational. Two types of monitoring are foreseen: line monitoring and independent monitoring. Line monitoring is carried out on an annual basis by the head of the organisational unit managing the phase or task on which the risk lies. Independent monitoring is carried out with the assistance of Saipem's Internal Audit function. As of 2021, the frequency of independent monitoring activities is every six months;
4) internal control system reporting and assessment. A summary report on the Internal Control System on non-financial reporting is prepared, describing the main findings of line and independent monitoring activities. In 2021, this report was shared with both the Sustainability, Scenarios and Governance Committee and the Audit and Risk Committee.

The System has been operational since 2019 with progressively broader coverage of companies and indicators.
Since the introduction of the system to date, some reporting processes have been strengthened, additions have been made to some company procedures, new indicators have been integrated into the company's IT systems and some calculations previously done manually have been automated. In addition, a major effort has been made to formalise existing control activities, but especially to design appropriate monitoring activities when not already foreseen.

To strengthen the effectiveness of its ESG operational processes, Saipem has developed an additional control tool. In 2021, the Internal Audit Function updated its work programmes, planned for audits targeting companies, by integrating a set of audits on ESG issues. The issues considered are respect for human rights, sustainable supply chain, diversity and the environment. These checks were carried out on a sample of companies included in the annual audit plan approved by the Board of Directors.
The analyses conducted, the results of which were presented to the Control and Risk Committee as part of the regular and periodic reporting on the implementation of the Audit Plan, did not reveal any particular critical issues in this regard.

Materiality analysis and content definition

The NFS reports on the areas laid down in D.Lgs. No. 254/2016 deemed to be significant and material according to a process that considers the specific activities of Saipem and the interests of all categories of Company stakeholders, as described below.
As established by the provisions of the GRI Standards and in accordance with Saipem procedures, the Company implements a materiality analysis process every year. This is aimed at identifying and prioritising the sustainability aspects of its business that could substantially influence the assessments and decisions of its stakeholders and are considered most significant for the Company itself. The analysis is carried out with the involvement of representatives from all the main stakeholder categories (including employees), the company's management and the Board of Directors.

Following is a representation of the process in its subsequent work phases.

IDENTIFICATION OF SIGNIFICANT TOPICS FOR THE SECTOR IN RELATION TO SAIPEM BUSINESS SUSTAINABILITY	ANALYSIS OF SIGNIFICANT TOPICS FOR SAIPEM STAKEHOLDERS	ANALYSIS OF PRIORITY ISSUES FOR THE MANAGEMENT AND THE BOARD OF DIRECTORS OF THE COMPANY	SELECTION OF MATERIAL TOPICS FOR THE COMPANY
Analysis of the sustainability context of Saipem's business, sustainability rating agencies, means of communication and customer and competitor benchmarks to map significant sustainability topics for the reference industry, in consideration also of emerging topics and global trends. An overall set of 49 topics was identified	Survey administered to representatives of all corporate stakeholder categories (over 4,260 respondents): clients, business partners, trade associations, investors, insurance companies, NGOs, representatives of local communities, authority representatives, vendors, Saipem employees and university students). The analysis of key topics for Saipem stakeholders was aggregated with analyses relating to key topics for clients, competitors and energy sector businesses; regulations; news and social channels	Consultation, through a survey, of Saipem's Board of Directors, Senior Management and the Sustainability, Scenarios and Governance Committee	Identification of the 15 most significant topics for the company and stakeholders, on which the non-financial and sustainability statements are based and which the company takes into account to define its future objectives

The analysis conducted during 2021 was characterised by a preliminary introduction of the so-called "double materiality" approach, in a proactive and anticipatory manner on national regulation, according to the first indications of the European Commission and EFRAG[4], which provides for an assessment according to the impact and financial outlook, defined as follows:

- the impact perspective assesses the relevance of sustainability issues in terms of the impacts of the company's operations and its value chain, based on the severity and likelihood of actual and potential negative impacts on people and the environment; magnitude and likelihood of positive effects on people and the environment related to the company's operations and value chain; and immediacy derived from social or environmental public policy objectives and planetary boundaries;
- the financial perspective evaluates sustainability matters that are financially material for the reporting entity based on evidence that such matters are reasonably likely to affect its value beyond what is already recognised in financial reporting.

To enable a more precise and objective identification of the priority areas for the company's stakeholders, the sustainability issues for the business have been updated with new emerging topics within the relevant context and certain issues from the previous analysis were redefined in more detailed sub-issues. The 2021 materiality matrix therefore includes 49 topics that are analysed, from which 15 have been highlighted as a higher priority. The topic of occupational health and safety, which was found to be material for all stakeholder categories in previous materiality analyses, was considered ex ante material for 2021 and therefore not subject to assessment. The topic is therefore treated in this document in the same way as the topics identified as material with the analysis described therein. More details and a presentation of the results are available in the section "Methodology and reporting criteria" of the 2021 Sustainability Report.
The NFS also addresses the issues of board effectiveness and the governance model of ESG issues and ESG objectives as necessary to meet regulatory requirements and the expectations of financial stakeholders, who are the main recipients of the document. Finally, the topic of labour rights is also addressed to complement the human rights topic prescribed by Legislative Decree 254/2016.

The Board of Directors participated in the materiality analysis exercise at its meeting on November 17, 2021.
The final results of the materiality analysis were shared with the Sustainability, Scenarios and Governance Committee, the Control and Risk Committee and the Board of Directors.
The topics that emerged from the materiality analysis become the basis for the definition of the Saipem Sustainability Plan, that is taken into consideration for the definition of the four-year action plan and company targets.
More details on the ESG objectives included in the long-term variable remuneration of Directors, Statutory Auditors and Managers with strategic Group responsibilities are available in the "Report on the Remuneration Policy and Paid Compensation".

To facilitate the reading of the NFS, the icons given in the following table help to visually identify the macro-areas of the related material topics presented in Saipem's materiality matrix.

(4) Guidelines on the disclosure of non-financial information: Integration concerning climate-related disclosures (2019/C 209/01) and Proposal for a Directive of the European Parliament and of the Council amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No. 537/2014 as regards corporate sustainability report.

For a description of the risks identified by the Company in relation to the five areas for discussion laid down in D.Lgs. No. 254/2016 and the topics identified as material for the Company, in addition to what explained in the specific sections of the NFS, reference is also made to the "Risk management" section of the "Directors' Report" for a more complete description integrated into Saipem's overall Enterprise Risk Management system and that of its subsidiaries.

	Related to strategic positioning	Related to technological development	Related to business processes	Related to health, safety and the environment	Digital and IT risks	Risks related to the supply chain	Risks related to political, social and economic instability and to pandemics	Business integrity risks	Cyber risks	Risks related to human resources
TOPICS ADDRESSED IN THE NFS 2021/RISKS DESCRIBED IN THE "RISK MANAGEMENT" SECTION OF THE DIRECTORS' REPORT										
Safety along the supply chain				■		■	■			
GHG emissions control and reduction	■			■						
Anti-corruption & bribery						■		■		
Energy use and efficiency	■			■						
Climate change adaptation and mitigation	■			■						
Air emissions control & reduction (non GHG)	■			■						
Human and labour rights along the supply chain				■		■		■		
Employee attraction, talent management & retention										■
Use of alternative fuels	■									
Safety leadership and culture				■						
Diversity and inclusion										■
Digital transformation	■	■	■		■				■	
Partnership, stakeholder engagement and satisfaction							■	■	■	
Cybersecurity									■	
Renewables	■	■	■							
Board effectiveness	■									
ESG Governance model and ESG objectives	■									
Company labour rights commitment										■

LEGISLATIVE DECREE NO. 254/MATERIAL TOPICS/NFS CONTENT CORRESPONDENCE

Areas laid down in D.Lgs. No. 254/2016	**Saipem's material topics addressed in the NFS**	**GRI Standards**	**Icon**	**Sections of the Saipem 2021 NFS**	**Discussion in other documents**
Company management and organisation model Article 3.1, subsection a	Board effectiveness. ESG Governance model and ESG objectives.	GRI 102: General Disclosures 2016 GRI 201: Economic Performance 2016 GRI 204: Procurement Practices 2016		Company management and organisation model.	"Human resources" and "Governance" chapters of the Directors' Report. Corporate Governance and Shareholding Structure Report 2021.
Policies Article 3.1, subsection b				In the specific "Management policies and system" sections of each issue discussed.	Corporate policies are available in the Documentation section on the website www.saipem.com.
Environmental topics: - environmental impacts Article 3.2, subsection c - energy and emissions Article 3.2, subsection a Article 3.2, subsection b - water resources Article 3.2, subsection a	Energy use and efficiency. Renewables. Use of alternative fuels. GHG emissions control and reduction. Climate change adaptation and mitigation. Air emissions control & reduction (non GHG).	GRI 201: Economic Performance 2016 GRI 302: Energy 2016 GRI 303: Water and Effluents 2018 GRI 305: Emissions 2016 GRI 306: Waste 2020		Energy use and efficiency. Renewables. Use of alternative fuels. GHG emissions control and reduction. Climate change adaptation and mitigation. Air emissions control & reduction (non GHG).	Chapters of the 2021 Sustainability Report "Transitioning toward net-zero", "Fulfilling our vision of decarbonisation".
Human resources management Article 3.2, subsection d Impacts on health and safety Article 3.2, subsection c	Attracting employees, management and retention of talent. Diversity and inclusion. Human and labour rights along the supply chain. Digital transformation. Cybersecurity. Safety leadership and culture. Safety along the supply chain. Board effectiveness. ESG Governance model and ESG objectives. Company labour rights commitment.	GRI 401: Employment 2016 GRI 403: Occupational Health and Safety 2018 GRI 404: Training and Education 2016 GRI 405: Diversity and Equal Opportunity 2016 GRI 412: Human Rights Assessment 2016 GRI 413: Local Communities 2016		Safety. Health. Competencies and knowledge.	Chapter "Added value at our core" of the 2021 Sustainability Report.
Social aspects Article 3.2, subsection d		GRI 201: Economic performance 2016 GRI 202: Market presence 2016 GRI 203: Indirect Economic Impacts 2016 GRI 207: Tax 2017 GRI 308: Supplier Environmental Assessment 2016 GRI 414: Vendor Social Assessment 2016		Creation of sustainable value over time. Ethical supply chain management. Security practices.	Chapter "Added value at our core" of the 2021 Sustainability Report.
Respect for human rights Article 3.2, subsection e	Human and labour rights along the supply chain. Company labour rights commitment.	GRI 406: Non discrimination 2016 GRI 407: Freedom of Association and Collective Bargaining 2016 GRI 408: Child Labour 2016 GRI 409: Forced or Compulsory Labour 2016 GRI 410: Security Practices 2016		Saipem people and all subsections. Respect for human rights.	Chapter "Added value at our core" of the 2021 Sustainability Report.
Fighting corruption Article 3.2, subsection f	Anticorruption.	GRI 205: Anti-corruption 2016 GRI 415: Public policy 2016		Fighting corruption.	

E-MARKET SDIR CERTIFIED

SAIPEM'S BUSINESS

Company profile and key operations

GRI 102-2, 102-4, 102-6, 102-7
SASB IF0301-A/B/C
SASB EM-SV-000. A/B/C/D

The Saipem Group is a provider of global solutions for the energy and infrastructure sectors, operating in over 70 countries, with 9 fabrication yards, a sea fleet of 41 vessels and an onshore drilling fleet of 84 units, of which 83 owned and 1 owned by third parties but operated by Saipem. The Company operates in Europe, the Americas, the CIS, Africa, Middle East, Far East and Oceania. The Company has specialist skills in the management of complex projects, from design to decommissioning, in extreme environments, remote areas and deep waters.
The market conditions in which the Group operates are described in the "Market conditions" section of this Annual Report.
To foster energy transition, responding to and anticipating current and future market needs, the Group has made innovation and digitalisation key elements of its strategy. A commitment affecting both the conventional business linked to fossil fuel sources and to the development of new technologies for the emerging renewable energy markets.
The Group business model enhances the synergies between the different business areas and the external context in which it operates, aiming to constantly identify new solutions to increase operational efficiency, reduce the environmental impacts of operations and products supplied to clients, and to improve the safety of staff and vendors.
Additional information on the company profile and the operations by business Division is available in chapters "Offshore Engineering & Construction", "Onshore Engineering & Construction", "Offshore Drilling" and "Onshore Drilling" of the "Directors' Report".

Metrics of operational activities in the year	Unit of measurement	**2021**
Onshore drilling rigs [a]	(number)	83
Offshore drilling rigs [b]	(number)	12
Onshore wells	(number)	153
Metres drilled onshore	(metres)	497,710
Total backlog	(€ million)	22,733

(a) Of which 83 are company owned and 1 are owned by third parties.
(b) Of which 1 are on a long term lease.

Development of the market scenario and strategy

The forecast information contained in this paragraph must be seen as "forward-looking statements", since they depend on the occurrence of events and future developments that are beyond the control of the Company; in particular, the information could be reviewed following the evolution of the on-going Russian-Ukrainian crisis and as a result of the situation in the reference market. More details can be found in Note 41 to the Notes to the consolidated financial statements "Business outlook and events after the reporting period – Effects of the Russian-Ukrainian crisis: EU restrictive measures and sanctions".

The reference context is currently characterised by a significant recovery, both in terms of the main macroeconomic indicators and the level of demand for Oil&Gas products; the latter supported by a marked increase in prices on the main markets.
More specifically, various regions in the world recorded a slow return to normality during 2021. The distribution and effectiveness of vaccines, and the fiscal and monetary support provided by certain advanced economies have contributed to a significant economic recovery. Recent estimates forecast growth in world GDP for 2021 (around 5.9%) and for 2022 (around +4.9% compared to the previous year). Economic recovery is however not consistent where the possibilities of accessing vaccines and economic support mechanisms were not available on an equal basis in different areas of the world.
In this context, the energy sector, which had been among the most impacted by the 2020 crisis, began to show signs of recovery in 2021 with the recovery in demand for energy and, in particular, oil and gas. The progressive rebalancing of market fundamentals has resulted in a significant increase in oil and gas prices, which have moved beyond pre-crisis levels. The return to production has gradually evolved in the main geographical areas, with a widespread recovery both in North America and in the Middle East.
The expectations for the Oil&Gas sector in coming years are positive in different regions (for example, Latin America, Africa and the Middle East, areas where Saipem has a historical presence), and across the different reference markets of Saipem, starting from the most reactive to the oil and gas price trend, such as Offshore E&C, Offshore Drilling and Onshore Drilling, diversified between upstream, midstream and downstream activities. A growing focus will be given to traditional, historically more attractive Offshore Construction markets for which Saipem has unique assets in the industry, while in the Offshore Wind market a multi-stage strategy will be pursued, starting from an initial repositioning towards lower risk initiatives in order to

consolidate Saipem's presence apace with the full development of the market in the coming years. A more selective commercial strategy will be pursued instead in the Onshore Construction sector than previously, both in terms of geographies and segments, while an offer will be progressively structured in modular solutions and sustainable infrastructures, through two new dedicated business lines.
An analysis of the market context shows a gradually changing world over the longer term. Global energy demand will continue to grow over the next twenty years, albeit with a different mix from the current one. The commitment by governments in the main countries to progressively reduce climate-altering emissions is expected to support a gradual shift in the use of traditional energy sources, favouring renewables and low-carbon sources. These commitments, which are also supported by the ESG choices of financial investors and pressure from public opinion, have led to the announcement of several emission reduction initiatives by countries and companies in different areas of the planet. The achievement of these objectives is mainly based on the development and use of a range of new technologies in areas such as renewable energy, the decarbonisation of various industrial sectors (e.g. agriculture, steel and cement production, transport), energy efficiency and the circular economy. The use of these innovative solutions in building new energy infrastructures and reducing carbon emissions is expected to create a significant market that is of particular interest to Saipem, which already has the skills and experience in this context, representing a competitive advantage in the new energy transition areas. In particular, Saipem has focused its efforts on certain key areas, such as:
- technology partnerships, patents and pilot plants on various green plant technologies (e.g. CO_2 capture);
- innovative robotic solutions (e.g. drones), to offer low carbon footprint monitoring and maintenance services;
- experience and a track record with plants and technologies that will be of primary importance in hybridisation strategies for energy sources;
- a solid reputation on the part of the main Oil&Gas operators that are playing a key role today in the implementation of the energy transition.

In the outlined context, the main focus of Saipem's energy transition strategy is divided into four main reference markets:
- LNG and gas monetisation (e.g. blue ammonia), as transitional energy carriers;
- carbon dioxide capture and sequestration, with long-term growth expectations and a number of initiatives already at an advanced stage in several countries, such as the UK, the USA and China. The market is also expected to open up in sectors other than Oil&Gas, such as electricity, steel and cement production;
- hydrogen and new energy carriers, primarily if produced from zero-impact energy sources. This market is also expected to grow strongly over the coming decades;
- the so-called Bio-X market, which includes several sectors that exploit organic raw materials, such as biofuels and bioplastics;
- offshore wind power, where significant investments are expected from operators mostly concentrated in Europe and, towards the second half of the plan period, in North America, as well as in China (a less accessible market for foreign contractors).

In order to better seize the opportunities of the energy transition, it is a priority for Saipem to adopt a dual commercial and executive approach: (i) confirm the role of reference partner for Energy Companies in the development of complex projects on green or transition energy carriers (e.g. LNG, gas monetisation, biorefineries, etc.); (ii) develop and market standard and modular solutions with a high digital and technological content in order to respond to distributed energy generation trends, as well as the needs of new players in the energy ecosystem.
Finally, particular attention has also focused on the infrastructure market, in particular those with a high technological and sustainable content associated with the Italian Recovery and Resilience Plan (PNRR). Saipem has consolidated experience in the sector on several significant projects both in Italy and abroad, and all the credentials in place to take up interesting business opportunities over the coming years.

Sustainable activities according to the EU Taxonomy

The EU Taxonomy for sustainable activities is a classification system established by the European Union to identify which activities and investments are environmentally sustainable.
The EU Taxonomy Regulation came into force in July 2020 and is at the heart of the European Sustainable Finance Action Plan involving all financial market participants, and is aimed at preventing greenwashing and supporting investors to make greener choices in order to redirect capital flows (both public and private) towards sustainable economic activities, contributing to the European Green Deal.

Taxonomy defines an economic activity as sustainable if: it contributes significantly to reaching one or more of the six environmental targets (SC - Substantial Contribution); does not cause a significant damage to any of the environmental objectives (Do No Significant Harm - DNSH); it is carried out in compliance with the minimum protection guarantees.

With reference to the Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021[5], Saipem has identified a series of eligible economic activities, as part of the portfolio of activities carried out by Saipem (current and potential).
During 2021, Saipem carried out a series of projects that can be classified as eligible economic activities for the European taxonomy, as they substantially contribute to the mitigation of climate change.

For the main projects, the alignment analysis with the technical screening criteria was also carried out to determine those that contribute substantially to the mitigation of climate change and do not cause significant damage to any other environmental objective.

EU Taxonomy reporting

The herein included reporting on Taxonomy is prepared in line with the EU Regulation 2020/852 and the related applicable delegated acts. The tables below include all the information required by Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021 for Saipem's activities currently aligned with or eligible for the Taxonomy.
As set forth by the Regulation, the alignment analysis to the technical scrutiny criteria is conducted exclusively for environmentally sustainable activities.

Aside from the activities specified in the tables, in order to provide corporate stakeholders with complete information aligned to the Company's business model, by virtue of the Complementary Climate delegated act presented by the European Commission on February 2, 2022, it should be noted that the share of revenues associated with E&C projects in the gas sector and potentially eligible according to the Taxonomy is 56%.

TABLE 1. PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2021 (*)

				SC		DNSH							
Economic activities	**Code**	**Absolute turnover**	**Proportion of turnover**	**Climate change mitigation**	**Climate change adaptation**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Environmental**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Category (enabling activity)**
		(k €)	(%)	(%)	(%)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E
A. TAXONOMY-ELIGIBLE ACTIVITIES													
A.1 Environmentally sustainable activities (Taxonomy-aligned)													
Electricity generation from wind power	4.3	379,265	5.52	5.52	0.00	Y	Y	Y	Y	Y	Y	Y	-
Infrastructure for rail transport	6.14	200,384	2.91	2.91	0.00	Y	Y	Y	Y	Y	Y	Y	E
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**579,649**	**8.43**	**8.43**	**0.00**								
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)													
Manufacture of anhydrous ammonia	3.15	43,362	0.63										
Electricity generation using solar photovoltaic technology	4.1	5,336	0.08										
Manufacture of other low carbon technologies	3.6	4,455	0.06										
Construction, extension and operation of water collection, treatment and supply systems	5.1	1,892	0.03										
Manufacture of hydrogen	3.10	751	0.01										
Others (**)		1,243	0.02										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**57,039**	**0.83**										
Total (A.1+A.2)		**636,689**	**9.26**										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES													
Turnover of Taxonomy-non-eligible activities (B)		**6,237,984**	**90.74**										
Total (A+B)		**6,874,672**	**100**										

(*) The other columns provided by the Regulation were not included because they are not applicable.
(**) Other eligible activities include: 5.11. Transport of CO_2; 4.13. Manufacture of biogas and biofuels for use in transport and of bioliquids; 3.2. Manufacture of equipment for the production and use of hydrogen; 4.4. Electricity generation from ocean energy technologies; 5.12. Underground permanent geological storage of CO_2; 4.2. Electricity generation using concentrated solar power (CSP) technology; 3.3. Manufacture of low carbon technologies for transport.

(5) Commission Delegated Regulation (EU) 2021/2139 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by laying down the screening criteria for determining under which conditions an economic activity can be considered to contribute substantially to climate change mitigation or adaptation and if it does not significantly harm any other environmental objective.

TABLE 2. PROPORTION OF CAPEX FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2021(*)

				SC		DNSH						
Economic activities	**Code**	**Absolute CapEx**	**Proportion of CapEx**	**Climate change mitigation**	**Climate change adaptation**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Environmental**	**Biodiversity and ecosystems**	**Minimum safeguards**
		(K €)	(%)	(%)	(%)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N
A. TAXONOMY-ELIGIBLE ACTIVITIES												
A.1 Environmentally sustainable activities (Taxonomy-aligned)												
Electricity generation from wind power	4.3	14,404	3.58	3.58	0.00	Y	Y	Y	Y	Y	Y	Y
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**14,404**	**3.58**	**3.58**	**0.00**							
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)												
Close to market research, development and innovation	9.1	5,093	1.27									
Installation, maintenance and repair of energy efficiency equipment	7.3	76	0.02									
CapEx of Taxonomy-eligible but not Environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**5,169**	**1.29**									
Total (A.1+A.2)		**19,573**	**4.87**									
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES												
CapEx of Taxonomy-non-eligible activities (B)		**382,390**	**95.13**									
Total (A+B)		**401,963**	**100**									

(*) The other columns provided by the Regulation were not included because they are not applicable.

TABLE 3. PROPORTION OF OPEX FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2021 (*)

				SC		DNSH							
Economic activities	Code	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Environmental	Biodiversity and ecosystems	Minimum safeguards	Category (enabling activity)
		(K €)	(%)	(%)	(%)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E
A. TAXONOMY-ELIGIBLE ACTIVITIES													
A.1 Environmentally sustainable activities (Taxonomy-aligned)													
Electricity generation from wind power	4.3	86,684	12.44	12.44	0.00	Y	Y	Y	Y	Y	Y	Y	-
Infrastructure for rail transport	6.14	7,135	1.02	1.02	0.00	Y	Y	Y	Y	Y	Y	Y	E
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**93,819**	**13.46**	**13.46**	**0.00**								
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)													
Close to market research, development and innovation	9.1	5,226	0.75										
Electricity generation from ocean energy technologies	4.4	1,474	0.21										
Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13	507	0.07										
Transmission and distribution networks for renewable and low-carbon gases	4.14	401	0.06										
Manufacture of hydrogen	3.10	310	0.04										
Manufacture of anhydrous ammonia	3.15	295	0.04										
Research, development and innovation for direct air capture of CO_2	9.2	244	0.03										
Construction, extension and operation of water collection, treatment and supply systems	5.1	234	0.03										
Electricity generation using concentrated solar power (CSP) technology	4.2	139	0.02										
Electricity generation using solar photovoltaic technology	4.1	138	0.02										
Others (**)		141	0.02										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		**9,109**	**1.31**										
Total (A.1+A.2)		**102,928**	**14.77**										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES													
OpEx of Taxonomy-non-eligible activities (B)		**593,894**	**85.23**										
Total (A+B)		**696,823**	**100**										

(*) The other columns provided by the Regulation were not included because they are not applicable.
(**) Other eligible activities include: 3.6. Manufacture of other low carbon technologies; 5.11. Transport of CO_2; 3.2. Manufacture of equipment for the production and use of hydrogen.

Accounting policy

The turnover KPIs were determined as follows:
- **denominator:** the core business revenue (reference to income statement) and
- **numerator:** the revenues of the eligible and aligned projects.

The CapEx KPIs were determined as follows:
- **denominator:** the additions to ROU, tangible and intangible assets during 2021 (reference to Note 14 “Property, plant and equipment”, Note 15 “Intangible assets” and Note 16 “Right-of-Use assets, lease assets and lease liabilities”) and
- **numerator:** the part of the mentioned additions referred to:
  - Taxonomy eligible or aligned projects or
  - Taxonomy-related Technology Innovation CapEx initiatives or
  - Net-Zero plan.

The OpEx KPIs were determined as follows:
- **denominator:** the relevant direct non-capitalised costs that relate to research and development, short-term lease, maintenance and repair of assets and
- **numerator:** the part of the above-mentioned costs referred to:
  - Taxonomy eligible or aligned projects or
  - Taxonomy-related R&D initiatives or
  - Net-Zero plan.

The Taxonomy-related KPIs were calculated on related project or job basis for each Taxonomy applicable economic activity.

For the calculation of Taxonomy-related OpEx KPIs the main and most relevant cost categories were considered such as: research and development, short-term lease, maintenance and repair of assets.
The short-term lease costs include also the components related to "Variable payments" and "Low value" which pertain to the same cost nature.
The maintenance and repair costs of assets were quantified using the specific approach for each Saipem Division in order to allow these costs identification in the most coherent and effective way considering the peculiarity of each performed activity.

Assessment of compliance with Regulation (EU) 2020/852

All the above reported KPIs related to the Taxonomy-eligible and Taxonomy-aligned economic activities are referred to the delegated act adopted pursuant to Article 10 (3) and concerning the significant contribution to climate change mitigation.
Here below the list of main Saipem Taxonomy-eligible and Taxonomy-aligned economic activities with some further details on the identified projects and their alignment analysis result.

Taxonomy activity	Saipem projects	Alignment to technical criteria
Electricity generation from wind power	Offshore wind farms projects	Yes
Infrastructure for rail transport	Rail infrastructure construction projects	Yes
Electricity generation using solar photovoltaic technology	Photovoltaic projects	On-going analysis
Manufacture of other low carbon technologies	Carbon capture and other low carbon technologies projects	On-going analysis
Construction, extension and operation of water collection, treatment and supply systems	Water pipeline construction projects	On-going analysis
Transport of CO_2	CO_2 transport/pipeline projects	On-going analysis
Close to market research, development and innovation	R&D projects	On-going analysis
Manufacture of biogas and biofuels for use in transport and of bioliquids	Biogas plant/bioenergy projects	On-going analysis

In order to apply the Taxonomy Regulation 2020/852 and calculate Taxonomy-related KPIs the following three-step analysis process was performed:
1) the complete screening of all company projects and activities to identify those eligible;
2) for main eligible activities the verification of the technical criteria in order to identify the aligned activities through the analysis of projects' documents and performance data;
3) with regards to social safeguards, detailed analysis has been carried out through a self-assessment.

Any double counting was avoided through the application of the careful analysis and definition of the overall process at company level to identify and map all Taxonomy-related activities. Each value is associated with only one Taxonomy-related economic activity and referred to a single cost/revenue object clearly identified in the accounting system and considered only once in the analysis.

Contextual information

The numerator of the turnover KPI includes exclusively the revenues from the contracts with customers.

Breakdown of CapEx KPI numerator by accounting category.

Accounting category	Percentage share
Additions to property, plant and equipment	96%
Additions to intangible assets, including:	4%
- related to business combinations	4%
Additions to capitalised right-of-use assets	0%

Breakdown of CapEx KPI numerator according to classification provided in Regulation delegated act of July 6, 2021.

Type	Percentage share
Related to assets or processes that are associated with Taxonomy-eligible or aligned economic activities	74%
Part of a plan to expand Taxonomy-aligned economic activities (CapEx plan)	26%
Related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions (Net-Zero Plan)	0.37%

Saipem Taxonomy-related CapEx plan is a part of the technology plan which aims to expand the Taxonomy-aligned economic activities. The plan, a portion of the overall Company's Strategic Plan, is approved by Saipem's Board of Directors.

The plan envisages R&D activities aimed at climate change mitigation, related to the following economic activities:
- electricity generation from wind power;
- close to market research, development and innovation.

The concerned economic activities are expected to be expanded within five years.
The total Taxonomy-related CapEx during 2021 is about €5.1 million while the value for the entire period of the plan (2021-2024) is €29.8 million.

Breakdown of OpEx KPI numerator.

Main expenses	Percentage share
Short-term lease	56%
Maintenance and repair of assets	28%
R&D (part of Technology Plan)	9%

Sustainable development partnerships

In 2021, several partnership agreements were drawn up as part of the sustainable development of the Company's business, especially in the field of energy decarbonisation. The most relevant ones are detailed below:
- With regard to the development of the "Saipem CO_2 Solutions" proprietary technology, key aspects of the project are the development of a more robust enzyme family and a strengthening of the supply chain. In this context, Saipem and Novozymes, a world leader in industrial biotechnology solutions, have signed a collaboration agreement for the development of innovative solutions for the process of CO_2 capture with enzymatic technology with the aim of making it highly competitive in the market in the short term and compared to traditional processes.
- A further significant action towards achieving Europe's CO_2 emission reduction targets is the launch (in May) of the "ACCSESS" innovation project, funded by "Horizon 2020" and involving 18 partners. One of the objectives is to validate the "Saipem CO_2 Solutions" technology for capturing CO_2 from gaseous effluents of industries with complex carbon footprints, such as paper, cement and waste treatment, using a small-scale (2 t/day), modular and transportable solution.
- As part of the process of decarbonising the so-called "hard-to-abate" industries, the foundations have been laid for the sustainable conversion of energy-intensive plants in the primary industry in the metallurgical sector, through the agreement with Danieli and Leonardo signed in February 2021, aimed at cooperatively providing integrated technologies and services to reduce CO_2 emissions from the steel production process, creating a new sustainable model that meets the new legal requirements on environmental protection.
- The development of the digital twin of the "Snamprogetti Urea™" fertilizer production technology, born from the collaboration with Honeywell, a key partner in the provision of digitalisation services, will expand Saipem's traditional offering by integrating remote assistance services during plant operation, also with the aim of reducing the carbon footprint and maximising revenue. The solution will be developed on the Honeywell Forge platform and Saipem will bring it to market to end customers.
- The acquisition of Naval Energies' assets and expertise in the field of semi-submersible marine wind technologies strengthens Saipem's strategic positioning as an operator in the promising floating marine wind sector; 32 patent families, corresponding to approximately 70 patent titles, were obtained through this transaction.
- Saipem is also participating, together with a number of other partners, in the "FLOATECH" programme, recently funded by the European Union as part of "Horizon 2020", to increase the cost competitiveness of marine wind energy by developing aero-hydrodynamic modelling coupled with active control technologies.
- Together with the National Research Council (CNR), a 1/6 scale version of the HexaFloat™ proprietary floating solar prototype was installed in the waters in front of the CNR and University of Campania "Luigi Vanvitelli" research station in the Gulf of Naples; the test demonstrated the validity of the technology and its excellent stability in real marine conditions.
- Saipem has signed an agreement with Alboran Hydrogen, Edison and Snam for the promotion and construction of new plants (Hydrogen Valley) in the Mediterranean basin for the production of green hydrogen, specifically in Apulia. The aim is to accelerate the distribution of hydrogen as part of the national energy mix and the achievement of European and Italian carbon neutrality targets by 2050.
- Saipem has also signed an agreement with Versalis for joint promotion of PROESA® technology used for the sustainable production of bioethanol and chemical derivatives from lignocellulosic biomass. The PROESA® process does not use food crops, but produces bioethanol through a process of hydrolysis and fermentation of abundantly available agricultural biomass, such as agricultural waste, mowing and pruning, and specific crops for energy production.

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- The Hydrone underwater intervention drone will benefit from additional advanced functionalities that, combined with wireless underwater connectivity capabilities, will improve detailed and continuous inspection capabilities and enable efficient data collection; to this end, a collaboration with WSense has started for the implementation of IoT ("Internet of Things") technologies on the underwater drone.
- Saipem is also participating in the "AIPlan4EU" project, funded by the "Horizon 2020" European programme, for the joint development of artificial intelligence protocols and applications for the automatic planning of autonomous drone missions, which will also be used for the Hydrone underwater drone.
- Finally, and still in this field, the development of the SDO-SuRS (Special & Diving Operations - Submarine Rescue Ship) system for rescuing underwater operators has continued; together with Drass, leader in technologies for operators in hyperbaric and submarine environments, it was selected by the Italian Navy for the equipment of the new SDO-SuRS vessel, used for rescuing underwater operators.

Company management and organisation model

In 2021, the continuing pandemic and the dynamics of demand and competition have transformed the context in which Saipem operates. In response to these changes, the Company has undertaken to pursue an increasingly lean, flexible and efficient organisational/operational model with the aim of developing a differentiated and innovative business offer in the traditional energy, sustainable infrastructure and energy transition sectors, also operating as a technological enabler of low-carbon strategies.
In this context, in July 2021, the "Saipem Project" was launched, whose objective is the transformation of the Company's operating model with a focus on efficiency for a rapid and sustainable recovery of competitiveness in the complex market context. The project is divided into two parts:

- "Competitiveness', aimed at identifying and implementing simplification and efficiency initiatives to rapidly and sustainably strengthen Saipem's competitiveness. The programme involved all corporate functions and is being looked after by a dedicated steering committee chaired by the CEO. The programme has identified some 270 initiatives that reduce both structural and project costs. This enabled opportunities for improvement to be identified that can be classified according to the following four areas:
  - increase in production flexibility;
  - optimisation of overhead costs;
  - reordering of geographic presence;
  - process simplification and digitalisation;
- "New Operative and Control Model", aimed at developing and implementing a new operational and control model that is innovative, flexible and consistent with the Company's Industrial Plan, which, as of January 14, 2022, led to the introduction of a corporate configuration that provides for:
  - organisational and geographical centralisation of staff structures, aimed at achieving higher levels of efficiency;
  - introduction of a central sales function to lead the evolution of order intake and client dialogue from a "One Saipem" perspective, while ensuring optimised management of regional and local structures on a global scale;
  - integration of the project control and risk management processes within the scope of the Chief Financial Officer, improving the risk management analysis processes over the entire life cycle of projects;
  - identification of four distinct business lines (Asset Based Services, Energy Carriers, Robotics and Industrialised Solutions and Sustainable Infrastructures), each with different dynamics, objectives and competencies for the technical and economic development of offers and the management of projects acquired in the assigned business sector.

At the same time, in compliance with Saipem's compliance requirements and governance principles, and in line with the company's current organisational set-up, a number of organisational interventions were carried out to manage transition to and/or to enable the evolution of the organisational model:

- development of the "Net-Zero Emission" Programme in order to define innovative solutions aimed at increasing energy efficiency and achieving zero greenhouse gas emissions for Saipem's work processes, services and assets;
- establishment of the Management Department dedicated to carrying out strategically important projects in the infrastructure sector for energy transition and sustainable development, seizing the opportunities arising from public investments envisaged by the National Recovery and Resilience Plan (PNRR) and promoting the role that Saipem can play at the service of the country;
- reorganisation of the activities of the Sustainability, Identity and Corporate Communication function, with a view to increasing the focus of Sustainability on governance aspects and disclosure activities on Sustainability performance, as well as optimising Saipem's institutional relations;
- establishment of a dedicated diversity and inclusion office to raise awareness and promote management strategies and policies aimed at enhancing diversity and inclusion in the workplace;
- development, within the five Divisions, of measures to optimise and align organisational structures aimed at the continuous search for effectiveness, efficiency and operational flexibility, both in Italy and abroad.

Supply chain management

GRI 102-9
GRI 204-1

In executing its operational projects, and in the normal course of its activities, the Saipem Group relies on numerous vendors of works, goods and services. Saipem is committed to maintaining and improving relations with the companies that work with and for Saipem to make them lasting, mutually profitable and reliable for both parties.
The Saipem supply chain has over 23,500 level 1 vendors, distributed in all the geographical areas in which the Company operates, with a prevalence (32%) of vendors from the European area. The product categories of works, goods and services required to perform Saipem's activities, classified to define uniform vendor-product combinations, total 1,700, of which almost 1,000 are classified as critical categories, i.e. deemed essential for the development of the Company's core business. In 2021, those most represented in terms of the amount purchased relate to mechanical equipment (centrifugal process compressors), pipeline pipes, civil works and personnel-related services.
The complexity and heterogeneity of the Company's supply chain lead to the need for a system guaranteeing an alignment between the Saipem standards and those adopted by its vendors, to prevent and mitigate risks and ensure an appropriate supply chain that can cope with the needs of current operational projects and potential acquisitions and developments in market conditions.
Saipem demands that its vendors apply the highest standards in relation to health and safety, combating bribery and corruption, respect for human rights and environmental protection. More details on the management of the supply chain in terms of the sustainability of their operations, with particular attention to the respect for human rights and HSE issues, are available in the "A sustainable supply chain" section of this document.
The procurement process, aiming to satisfy the needs expressed by the Group's different units, aims to maximise the overall value for Saipem, guaranteeing the availability and quality of the vendors, the correct management of contracts, logistic flows and post-order activities. The process is divided into five sub-processes which include, in order: the definition of the market approach strategy to be applied to the various supplies and the definition of project and non-project procurement plans using efficient and effective purchasing solutions; contract/purchase order processing and issue activities, including relations with vendors, and finally post-order activities and contract management. The supply chain flow described above is further divided into the sub-process relating to Vendor Management, which ensures the availability of a fleet of vendors that is quantitatively and qualitatively appropriate to the goods, works and services required to meet the Group's needs, according to the required economic, financial, ethical, professional, technical and HSE standards; finally, the sub-process relating to Reporting, control and management of documentation, which, through the management of documentation, guarantees the traceability of all phases of the Supply Chain process, making available information, key performance indicators and possible actions for improvement in relation to all supply chain activities.

The supply chain process

According to the principle of open competition, Saipem guarantees equal commercial opportunities for all companies which may potentially provide works, goods and services for its business, selecting its vendors and subcontractors from all over the world. Vendors are assessed in terms of technical and financial reliability and organisational capacity, including conformity with the principles expressed in the Saipem Sustainability Policy and Code of Ethics, as well as the requirements laid down in the specific HSE policies and standards.
The requirements are checked during the vendor qualification phase using a questionnaire, and where required also through more specific assessments and visits to production sites in the case of critical supplies. Additional checks on technical aspects and the vendor's ethical integrity are also carried out prior to the signature of actual purchase contracts.
The monitoring and control of vendor performances are fundamental phases of the relational process with vendors, as these offer a reduction in the risks associated with the supply and provide inputs to the vendor aiming to improve their own processes and performance.

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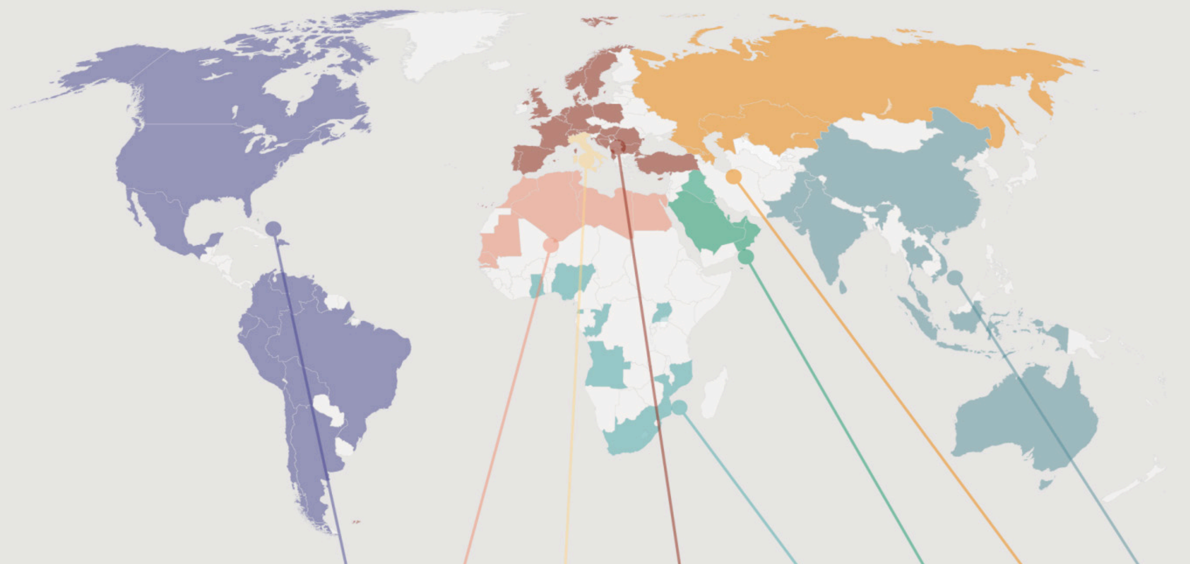
EXPENDITURE FOR OPERATING PROJECTS [*] BY GEOGRAPHICAL AREAS (€ million)



	Americas	North Africa	Italy	Europe	Sub-saharan Africa	Middle East	CIS	Oceania and East Asia
Global vendors	266	74	241	80	474	1.131	227	60
Local vendors [**]	248	17	579	760	645	2,047	858	381
% of expenditure for operating projects at a local level on total	48%	18%	71%	90%	58%	64%	79%	86%

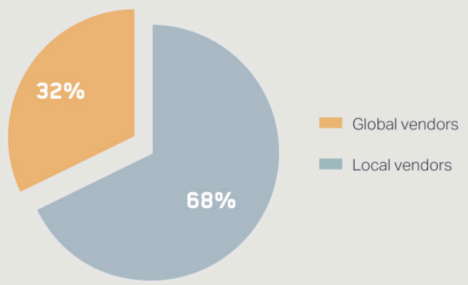
(*) Estimated monetary value of payments made to vendors in 2021.
The amount spent in the year not due to operational projects (property investments, personnel costs and other operating costs) is €1,472 million.
(**) Local vendors means entities that have their registered offices in countries included in the geographical area indicated.

How Saipem's business model creates value

GRI 201-1
GRI 201-4

Knowledge of the external context, and active listening to all interlocutors, helps to create long-term sustainable value, combining economic and social growth.
Through the Company's activities, its relations with stakeholders in all territories, its cooperations and partnerships, Saipem's business model promotes sustainable development, fully in line with the indications of the United Nations Global Compact, of which Saipem has been an active member since 2016, which underline the importance of the increasing integration of sustainability into strategic corporate choices. More information on the business model of the organisation is available in the "Directors' Report" of the Annual Report, specifically in the chapters "Offshore Engineering & Construction", "Onshore Engineering & Construction", "Offshore Drilling" and "Onshore Drilling".

AMOUNT SPENT FROM LOCAL SUPPLIERS FOR OPERATIONAL PROJECTS



Economic value generated and distributed

GRI 201-1

Saipem produces economic value through its activities and redistributes part of that value, contributing to the economic growth of the social and environmental context it operates in.
In 2021, Saipem generated economic value worth €6,426 million, a reduction of 4% compared to the previous year. €8,893 million was distributed to stakeholders in the form of payments and other forms of transfer. The main beneficiaries of this value were the supply chain, to whom €6,839 million (77% of the overall value distributed, compared to 68% in 2020) and employees, to whom €1,651 million were distributed (€1,625 million in the previous year), equal to 19% of the total. A significant share of the value was also distributed to suppliers of capital (€333 million, equal to 4% of the value distributed, compared to €691 million in 2020).
The share destined to the public administration – in the form of taxes and charges – was €70 million (1% of the distributed value).

Economic value generated and distributed

(€ million)	2019	2020	2021
Economic value generated			
Core business revenue	9,099	7,342	6,875
Revenue and other income	19	66	5
Financial income	515	465	305
Financial instruments	(82)	60	(112)
Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(62)	(7)	(42)
Other operating income (expense)	-	(1)	2
Gains (losses) on equity investments	(18)	37	9
(Gross) economic value generated	9,471	7,962	7,042
Depreciation, amortisation and impairment losses	(690)	(1,273)	(616)
Economic value generated (net of depreciation, amortisation and impairment losses)	8,781	6,689	6,426
Economic value distributed and retained			
Economic value distributed	8,683	7,806	8,893
- of which Operating expenses (purchases, services and other costs)	6,239	5,347	6,839
- of which Wages and employee benefits (personnel expenses)	1,670	1,625	1,651
- of which to the community (*)	1	1.6	0.4
- of which Capital providers (interest on loans)	643	691	333
- of which to the Public Administration (taxes)	130	143	70
Economic value retained in the group	97	(1,117)	(2,467)

(*) These are understood to be the local communities in the countries the Group operates in, for socio-economic development projects, environmental protection, as well as cultural, humanitarian, scientific and sporting initiatives..

Tax transparency

GRI 207-1
GRI 207-2
GRI 207-3
GRI 207-4

The disclosures and data in this paragraph have been calculated based on the Country-by-Country reporting the parent company Saipem SpA presented to the Italian Revenue Agency for the 2020 tax year, as set forth in the Decree of February 23, 2017 of the Ministry of Finance on reporting obligations relating to the automatic obligatory exchange of information in the fiscal sector.
The Tax Policy of the Saipem Group defines the guidelines and key principles the company's operations must be inspired by in the management of taxes – something the Company pays the utmost attention to – in order to guarantee the correct and prompt payment of taxes in accordance with the law, the performance of tax obligations and the limitation of tax risks.

(€ million)	Revenues			Profits (Losses) before income taxes	Income taxes paid (based on cash accounting)	Accrued income tax - current year	Number of employees (units)
	Non-Related Parties	Related Parties	Total				
Gap between tax rates							
Americas							
range 20%<x<25% total [1]	118.0	45.8	163.8	10.6	13.5	5.0	765
range x>25% total [2]	135.9	48.7	184.7	(118.0)	1.0	1.2	1,475
Total Americas	**253.9**	**94.5**	**348.5**	**(107.4)**	**14.5**	**6.2**	**2,240**

(1) Includes: USA, Bolivia, Ecuador, Guyana.
(2) Includes: Canada, Chile, Peru, Argentina, Mexico, Colombia, Brazil, Venezuela.

CIS							
range 20%<x<25% total [1]	360.3	8.4	368.7	28.9	21.7	29.5	1,583
Total CIS	**360.3**	**8.4**	**368.7**	**28.9**	**21.7**	**29.5**	**1,583**

(1) Includes: Georgia, Kazakhstan, Russia, Azerbaijan. Most of the taxes in this cluster are Azerbaijani income tax.

Europe							
range x<10% total [1]	54.3	124.2	178.4	(755.5)	(3.6)	2.3	550
range 10%<x<15% total [2]	107.3	11.5	118.7	25.1	1.2	3.6	249
range 15%<x<20% total [3]	427.8	109.4	537.2	(453.1)	1.1	0.1	1,020
range 20%<x<25% total [4]	2,460.4	878.3	3,338.7	(165.4)	14.5	38.0	5,516
range x>25% total [5]	621.5	250.5	872.0	(64.9)	20.9	6.8	1,712
Total Europe	**3,671.3**	**1,373.7**	**5,045.0**	**(1,413.8)**	**34.1**	**50.8**	**9,047**

(1) Includes: Portugal.
(2) Includes: Bulgaria, Cyprus, Albania, Serbia.
(3) Includes: Romania, Luxembourg, UK, Poland.
(4) Includes: Norway, Switzerland, Italy, Netherlands, Austria.
(5) Includes: France.

Far East							
range 15%<x<20% total [1]	23.8	8.9	32.7	5.5	6.2	1.2	294
range 20%<x<25% total [2]	357.1	188.8	545.8	16.3	17.5	17.1	4,734
range x>25% total [3]	2.8	15.9	18.7	(8.2)	0.0	0.0	12
Total Far East	**383.7**	**213.6**	**597.2**	**13.6**	**23.7**	**18.3**	**5,040**

(1) Includes: Thailand, Singapore.
(2) Includes: Indonesia, Malaysia, India, China. The majority of the taxes for this cluster come from the Indonesian tax on revenues on construction activities with a fixed tax rate of 3% which, therefore, does not depend on the margin that is achieved.
(3) Includes: Australia.

Middle East							
range x<10% total [1]	38.7	84.7	123.4	(9.9)	0.0	0.0	1,020
range 10%<x<15% total [2]	546.7	0.0	546.7	(44.0)	0.5	0.5	1,655
range 20%<x<25% total [3]	1,442.7	139.9	1,582.6	41.0	23.6	18.7	6,490
range x>25% total [4]	17.0	0.1	17.1	(31.5)	0.1	1.0	128
Total Middle East	**2,045.0**	**224.8**	**2,269.8**	**(44.3)**	**24.3**	**20.2**	**9,293**

(1) Includes: United Arab Emirates.
(2) Includes: Oman, Kuwait, Qatar. The income for this cluster was completely offset by the tax losses in previous years.
(3) Includes: Saudi Arabia.
(4) Includes: Iraq. Irrespectively of the ordinary tax on income, activities in Iraq are taxed on the basis of the presumed profit.

North Africa							
range 20%<x<25% total [1]	166.4	65.1	231.5	33.0	0.4	0.5	563
range x>25% total [2]	0.2	0.0	0.2	0.1	0.0	0.0	1
Total North Africa	**166.6**	**65.1**	**231.8**	**33.1**	**0.4**	**0.5**	**564**

(1) Includes: Egypt, Tunisia, Libya, Algeria. The income of this cluster has been partially exempted.
(2) Includes: Morocco. The drilling activities in Morocco are taxed on the basis of a presumed profit.

Sub-Saharan Africa							
range x>25% total [1]	495.1	29.7	524.8	(2.2)	44.2	4.9	4,530
Total Sub-Saharan Africa	**495.1**	**29.7**	**524.8**	**(2.2)**	**44.2**	**4.9**	**4,530**

(1) Includes: Senegal, Congo, Nigeria, Mozambique, Angola, Ghana. The taxes for this cluster are mainly withholding taxes (Angola, Ghana) applied on revenues and are therefore independent to the actual margin achieved from the activities.

Total all areas	**7,376.0**	**2,009.8**	**9,385.9**	**(1,492.0)**	**162.8**	**130.5**	**32,297**

In compliance with the Code of Ethics and Group Sustainability Policy, the Group has defined a Tax Policy, which has been published on its institutional website since 2017, that is based on principles of honesty and integrity, compliance with national and international tax regulations, transparency in relations with the tax authority and the creation of sustainable value over time.

To guarantee the implementation of these principles, the Group:

- is committed to promptly applying the fiscal regulations of the countries in which it operates, and ensures compliance with the spirit and purpose that rules or systems set forth for specific tax issues;

- does not use, at either a domestic or cross-border level, artificial schemes or structures to obtain fiscal convenience and, unless justified by operating requirements, it does not establish or localise residence of its subsidiaries in States which do not adopt international standards with regards the exchange of information on fiscal matters;
- is committed to guaranteeing a consistency between the place in which value is produced and the place of taxation, by not transferring the value it creates towards low-tax jurisdictions;
- does not make investments in tax havens for the purpose of reducing its tax burden, as it only does so for business initiatives;
- for tax purposes, it manages intragroup relations in accordance with the "arm's length principle" as defined by the OCSE, with the aim of aligning as correctly as possible the transfer conditions and prices with the places in which the value is created by the Group.

In line with the principles and guidelines contained in the Group's Tax Policy, the Tax Risk Management and Control System, called Tax Control Framework (TCF), has been included within the broader Internal Control and Risk Management System of the company, in order to ensure a fair and continuous management of taxation.

This system envisages a governance model aimed at ensuring that the tax function is involved in the preliminary assessment of the tax impacts of strategic and operational business transactions, both planned and to be implemented, and that Top Management is informed about the tax consequences of these transactions, ensuring that every decision taken is consistent with the Group's Tax Policy.

In this regard, in the course of 2021, the activities for the implementation and adoption of the TCF by Saipem SpA were concluded, and the extension of the model to the most important Group companies is expected in the short term.

The implementation of the Tax Control Framework took place through a consistent structured process:
- in a clear allocation of roles and responsibilities to the different sectors of the organisation with regard to tax risks, according to criteria of segregation of duties and decision escalation;
- by adopting effective procedures for the recognition, measurement and management of tax risks;
- by adopting effective monitoring procedures to identify any deficiencies or errors in the functioning of the model;
- by preparing a regular annual report on the results of the monitoring activities carried out and on measures to remedy any shortcomings.

In this context, the tax function was strengthened through the appointment of a Tax Risk Manager, dedicated to carrying out monitoring activities of the operations and proper functioning of the Tax Control Framework.
Finally, Saipem SpA reserves the right to adopt an enhanced cooperation system with the revenue agency when it is able to satisfy the conditions set forth by the applicable regulations.

RELATIONS WITH STAKEHOLDERS

GRI 102-43
GRI 102-44

The Company strives to continuously involve all bearers of legitimate interests in Saipem's activities as a fundamental aspect of its sustainable business. Pursuing a constant dialogue and sharing objectives with all stakeholders are the means through which it is possible for the Company to create shared value. The approach developed by Saipem over time aims to ensure open and transparent relations between all parties involve and, promote positive and mutually advantageous interactions in relations with all of its stakeholders, including local ones, in the territories in which Saipem operates.
The principles and responsibilities at the basis of Saipem's stakeholder engagement process are defined in the "Stakeholder Engagement" Management System Guideline, a corporate governance tool applied to the entire Group, designed to uniquely define the Saipem Sustainability Model and the relations with the stakeholders in line with the cornerstones of the Group's Sustainability Policy, available on the company intranet.
This year the claims emerging from the stakeholder engagement process related to material topics. They were found to be: climate change adaptation and mitigation strategies; energy consumption and energy efficiency; leadership and safety culture; fighting corruption; supply chain management with respect to safety; human and labour rights; digital transformation and IT security; attraction of employees; talent management and retention of talented workers; diversity and inclusiveness; partnerships, stakeholder engagement and satisfaction; renewable energy; use of alternative fuels; and control and reduction of GHG and non-GHG atmospheric emissions.
In order to meet stakeholder expectations on these issues, in terms of transparency and the definition of concrete commitments, Saipem provides detailed information in this document and in the reference documents of sustainability reporting, as detailed in the section "2021 Disclosure for our stakeholders" of the 2021 Sustainability Report.

Relations with the financial community

Non-financial information is increasingly analysed by investors and the financial market, who look more analytically at the ability of a company to develop sustainable business strategies and plans over time, with measurable objectives and concrete actions that demonstrate the company's ability to manage risks and exploit the opportunities of changing markets and scenarios.
Saipem also makes available non-financial performance data and information to its investors and financial analysts to respond to this growing interest. Furthermore, Saipem fosters continuous dialogue with financial interlocutors, also through periodic road shows and specific meetings, always guaranteeing transparency and fair access to information.
During 2021, 10 events were carried out with the financial community, including 6 roadshows, 2 international investor conferences and there were about 190 contacts with analysts and portfolio managers, as well as an analyst day in the month of March and a capital markets day in the month of October. This year, Saipem interacted on sustainability topics with 20 financial stakeholders interested specifically in ESG (Environment, Social, Governance) topics. Saipem is included in the Dow Jones Sustainability Index World and Europe as a best performer in its "Energy Equipment & Services" sector.

Financial stakeholders

OUR COMMITMENT

Continuous dialogue with the financial community.
Commitment to ensuring full transparency and fair access to confidential information.
Periodic publication of information through press releases and presentations.
Periodic meetings with institutional investors and financial analysts.
Individual shareholders can liaise directly with the Company Secretariat.
Commitment to developing and maintaining long-term relations with insurers and banks. The risk transfer process identifies the insurance capacities for appropriately covering our risk profile and exposures.
Communication of security and loss prevention initiatives and their results in order to ensure competitive terms and conditions.

ACTIONS TAKEN

- Organisation of 6 road show days and participation in 2 international investor conferences.
- Engagement activities with 20 financial stakeholders on ESG topics.
- Over 900 people took part in four conference calls and webcasts on the quarterly financial results.
- 32 financial stakeholders involved in the Saipem materiality analysis.

Relations with clients

Clients are one of Saipem's fundamental stakeholders, and guaranteeing their satisfaction is important both in terms of the profitability of projects and the effectiveness, efficiency and sustainability of the processes adopted for their implementation. Customer satisfaction monitoring and analysis systems are implemented in each division, to improve Saipem's operational management and performance in meeting the needs of clients and maintaining closer relations with them.
Direct assessment is regularly performed with the involvement of clients, through specific meetings and/or gathering information through satisfaction questionnaires. Furthermore, indirect assessment is performed without the explicit involvement of clients, through regular monitoring and the analysis of specific satisfaction indicators. All the results obtained through the customer satisfaction system are regularly reviewed by the Company Management to identify the critical areas and any preventive or improvement measures. In 2021, 62 operational projects were involved in direct assessment, with a 81% response rate. Satisfaction with Saipem's operations was expressed by 98% of respondents (i.e. gave an overall score of 7 or higher on a scale of 0 to 10; in 2020, the score was 97%), while 72% of respondents (compared to 58% in 2020) said they were totally satisfied with the company's activities (i.e. gave an overall score of 9 or higher on a scale of 0 to 10).
During 2021, the Customer Relationship Management system, which centralises workflows, data and insights on business initiatives, clients and markets in a collaborative digital platform, and which employs more than 400 colleagues, was further developed to enable synergies between the Divisions and Corporate functions involved in meeting clients' expectations. Specifically, the management functions of the client accreditation process and the recognition of the project opportunities subject to the Taxonomy according to the European regulations have been implemented.
In addition, qualitative telephone interviews were conducted by an independent company, a world leader in the field of reputation management, to assess the company's reputation profile as perceived by 22 decision-makers in clients' organisations, with the results returned in anonymous and aggregated form to ensure the confidentiality of the interviewees' assessment. The exercise will be repeated in 2022.

Clients

OUR COMMITMENT

Constant reporting and frequent meetings on operational projects.
Inclusion of aspects relating to business sustainability in meetings organised with clients and potential clients.
Discussions with clients to understand their requirements and expectations from the perspective of solution providers and with a focus on energy transition, including through defining partnerships and collaborations.
Involvement in HSE initiatives, including the environmental awareness campaigns and LiHS (Leadership in Health and Safety) programmes.

ACTIONS TAKEN

- Involvement of clients through a customer satisfaction monitoring system (62 evaluations of clients involved through customer satisfaction questionnaires).
- In order to improve interactions and information sharing, the CRM tool was further developed with the implementation of new functionalities.
- Partnerships and agreements signed with clients for the joint development of technological innovations, including those aimed at new renewable energy markets and the sustainable use of resources.
- Clients involved in events on HSE topics through the LiHS campaigns.
- Assessment of Saipem's reputation through interviews of 22 key people among the Company's global clients, carried out by a leading company in the field of reputation management.
- Assessment of Saipem's reputation among the Italian public informed by 2,000 surveys, carried out by a third party, a leader in the field of reputation management.
- 19 clients involved in the Saipem materiality analysis.

Employees

OUR COMMITMENT

Commitment to recruiting and retaining talented personnel, fostering their development, motivation and competence.
Commitment to guaranteeing safe and healthy working environments and stable relations with trade unions in order to establish open and cooperative dialogue.
Commitment to guaranteeing equal treatment and inclusion.

ACTIONS TAKEN

- Employee engagement initiatives, including the 15 Deep In Saipem workshops (approximately 5,000 participants), aiming to improve knowledge of operational projects, disseminate the use of best practices and a culture of innovation.
- Training and retention initiatives of talented workers, such as the internal Saipem Academy (to consolidate transversal technical skills and stimulate knowledge sharing), Digital Academy (a comprehensive training

offer to improve both technical skills and the soft skills required for a digital mindset), Reverse Mentoring (sharing of digital, technical and managerial skills between junior and senior resources, with a focus on diversity).
- Employees involved in events on HSE issues (LiHS programme, World Environment Day celebration, drug and alcohol prevention programme, cardiovascular disease prevention programme, etc.).
- Initiation of voluntary work (activities in collaboration with Legambiente for the rehabilitation of a green area near San Donato Milanese, Milan).
- Launch of People Survey on topics such as D&I, HSE awareness, skills development and professional growth, level of collaboration in teams, etc. Over 13,000 employees participated in the survey.
- Raising awareness on D&I issues in partnership with the Valore D Association.
- Key figures within the organisation involved in the "Meet the CEO" programme to become agents of change.
- Approximately 4,200 employees and senior managers involved in the Saipem materiality analysis.

Authorities and local governments

OUR COMMITMENT

Saipem does not need to establish institutional relations to promote its interests. Nevertheless, Saipem encourages dialogue with Institutions, governments, local authorities and with organised associations of civil society in all the countries where it operates. Institutional and official relations with the authorities, as well as cooperation with public bodies to launch initiatives aiming to create local value.

ACTIONS TAKEN

- Institutional relations and pro-active cooperation to jointly implement local development programmes.
- Contribution to consultative processes at the institutional level in 2021.
- Cooperation with health ministries, hospitals or local medical centres for projects to raise awareness on health issues, conducting vaccination and health campaigns, supporting healthcare facilities.
- As part of the open innovation activities and initiatives of the Saipem Innovation Factory, two channels of collaboration were opened with the Embassies of Canada and Israel in Italy, scouting for and being introduced to the most promising startups in their respective countries.
- 8 representatives of local authorities involved in the Saipem materiality analysis.
- In 2021, Saipem did not provide direct or indirect contributions, in any form, to political parties, movements, political and trade union committees or organisations, their representatives and candidates, with the exception of those provided by specific laws or by the applicable national bargaining agreements.

Local communities

OUR COMMITMENT

Contribution to the progress of the local communities, to the social, economic and cultural development and improvement of their living conditions. Every operational company or project adopts a targeted approach considering the role of the Company and the specific context.
Open and transparent dialogue with the communities living in the territories where the company operates.
Active involvement of local communities in the implementation of local development projects.
Proactive support in situations of crisis and emergency.

ACTIONS TAKEN

- 28 development initiatives for local communities in 15 countries (Angola, Argentina, Saudi Arabia, Azerbaijan, Bolivia, Brazil, Equatorial Guinea, India, Indonesia, Italy, Kazakhstan, Nigeria, Oman, Peru, Senegal) which reached a total of more than 33,000 beneficiaries. The sum of €400,000 was invested in these initiatives.
- Provide support with disease control (e.g., support fighting COVID-19 in Bolivia, Peru and Oman, Malaria Control Programme in Nigeria and Indonesia).
- HSE awareness events involving local communities (in Angola, Argentina, Indonesia, Peru and Senegal).
- Promoting environmental awareness and the importance of conservation of the environment and pollution reduction (e.g. in Saudi Arabia, Azerbaijan, Indonesia, etc.).
- Improving the well-being of local communities and promoting their economic development (e.g. in Angola, Indonesia, etc.).
- Cooperation with local schools and universities in many countries to encourage the development of human capital (e.g. training courses, internships, research projects, lectures at universities, provision of scholarships in Saudi Arabia, Italy, Indonesia, Brazil, India, Nigeria, Kazakhstan, etc.).
- Partnerships and agreements with research centres and universities for sharing knowledge and the joint development of technological innovations.
- 6 representatives of local universities, institutions and associations involved in the Saipem materiality analysis.

Local organisations and NGOs

OUR COMMITMENT

Regular publication of information, objectives and results through the Saipem institutional channels.

Identification of organisations with proven experience and integrity for short- and medium-term relations facilitating the implementation of specific value creation and local development projects.

ACTIONS TAKEN

- Community initiatives developed through partnerships and cooperation with non-governmental organisations (e.g. FACE and AGEFIPH in France, Legambiente in Italy, Environmental Friends Society in Saudi Arabia).

Vendors

OUR COMMITMENT

Commitment to developing and maintaining long-term relations with vendors. Through the vendor management process it is possible to assess their technical, financial, organisational and ethical reliability.
Pro-active commitment to HSE initiatives, like environmental awareness campaigns or safety programmes.

ACTIONS TAKEN

- Subcontractors involved in HSE initiatives (Saudi Arabia and Indonesia, training on human rights issues for security companies in Peru, Safety forum in Thailand and Nigeria).
- Engagement and dialogue initiatives on various issues related to business sustainability and Green Procurement.
- 172 vendors and business partners involved in the Saipem materiality analysis.

Future generations

OUR COMMITMENT

Investing in education and training through investments in the education system and programmes in the places where the Company operates.
Commitment to offering talented youths opportunities for joining the company and personal and professional growth through empowerment and tutoring initiatives.
Commitment to building a concrete and lasting partnership with schools and universities, encouraging the integration of knowledge with work experience.
Helping young people with career guidance and facilitating the dissemination of enterprise culture.

ACTIONS TAKEN

- Events for attracting talented people that foster a meeting between the world of work and the world of education, with a specific focus on STEM (e.g. Sinergia programme and Barcolana Job Fair in Italy).
- Partnerships with many universities in countries where the Company operate (e.g., Archimeds project in Brazil, award of scholarships to attend the University of Trieste in Italy, ERSAI scholarships in Kazakhstan, various activities carried out in collaboration with the Milan Polytechnic in Italy).
- Vocational training courses for young people to help them enter the labour market (e.g. in Brazil, Nigeria, Kazakhstan).
- Improvement of educational facilities to ensure a safe and effective learning environment (e.g. in India, Indonesia and Oman).
- 100 university students involved in the Saipem materiality analysis.

Relations with institutions and trade associations

Saipem has always been engaged in constructive dialogue with institutions and industry associations in the countries where it has a presence. The activity of interest representation is carried out by the Company with the will to create a climate of effective collaboration in a logic of constructive and beneficial dialogue for all parties involved, often on relevant issues of general interest, direct and/or indirect.

The Company manages its local, national and international stakeholder relations in line with the provisions of its Code of Ethics and its Business Integrity Guidelines and Policies, which require the adoption of behaviour based on correctness, transparency and traceability. These relations are exclusively handled by the relevant Company functions and positions identified, in compliance with approved plans and internal regulatory documents.
Saipem does not make direct or indirect contributions in whatever form to parties, movements, committees, political organisations and unions, to their representatives and/or candidates, unless required by local law.
The Corporate Institutional Relations department is responsible for institutional dialogue, guaranteeing uniform and coherent relational strategies and communication to external parties.
By virtue of the strong international orientation of the Group, which is present in 73 countries, Saipem collaborates and maintains close relations with the Italian diplomatic network, ensuring a constant dialogue with the Ministry of Foreign Affairs and International Cooperation and with the embassies in Italy of the countries where it has a presence.
In host countries, Saipem guarantees dialogue and constant interaction with central and local institutions, as this is deemed fundamental for ensuring relations based on criteria of transparency and correctness,

founded on a lasting, shared value creation strategy. In this constructive institutional context, Saipem supports local initiatives in communities, mainly in projects focusing on education, health and culture. For this purpose, stringent due diligence processes are applied to check the effective beneficiaries of initiatives put in place.

Saipem is convinced that it is essential for its sustainable growth to find an adequate balance between market and local needs, combining its industrial missions and services for the common good by working with the various institutional levels. Indeed, dialogue with institutions and the mutual commitment of all public and private stakeholders operating in the various local areas are the pillars on which the well-being of local communities can be based.

With this in mind, Saipem believes it is important to make its operations and its achievements in industry known to institutions. Among the various initiatives in this vein, in August 2021, Saipem hosted a delegation of local and national institutions at its technology base in Trieste, which included, among others, the Minister of Economic Development and the President of the Autonomous Region of Friuli-Venice Giulia. The purpose of the visit was to illustrate the work of the marine robotics hub that Saipem has created between Trieste and Marghera, taking the opportunity to demonstrate the operation of the latest generation of underwater drones developed by the Company.
Saipem also supported and actively participated in the organisation of the visit by national and local institutions to the site of the Brescia-Verona high-speed/high-capacity track, being built for the client RFI as part of its majority shareholding in the CEPAV Due consortium.
In addition to direct involvement in specific events, during 2021, Saipem collaborated with other national institutional stakeholders, including the Ministry of Ecological Transition and the Ministry of Economic Development, participating in discussions about technical issues and the sector.
With regard to the AGNES project, an integrated marine district for renewable energies off the coast of Ravenna, in collaboration with Qint'X, Saipem maintains constant contact with all the institutions involved and, in particular, with the Municipality of Ravenna, the Emilia-Romagna Region and local authorities. Following the approval of bipartisan parliamentary amendments that recognised its value, as did the Government, which gave a favourable opinion, this project is the recipient of specific funding from the resources of the Fund for Development and Cohesion, as part of the bill converting Decree Law No. 59/2021.

Saipem is a member of numerous trade and employer associations, which – among other roles – represent their members before institutional interlocutors on business aspects. The association activities provide services to the Company, in terms of information and the analysis of developments in the laws and regulations of the referred country or sector, also guaranteeing opportunities for trade promotion and discussion with other companies. Saipem is one of the founders of the Italian Association of Industrial Plants (ANIMP), and has been its President for 4 years, since 2018. Through the ANIMP sections and working groups, it collaborates in the development of methodologies and "best practices" for the plant engineering sector, dedicating its own qualified resources to Project Management training and certification. Through promotion and active participation in working groups for sustainability and the circular economy, free and independent guidelines for ESG assessment of the supply chain were defined. As president of the ANIMP, Saipem represents general contractors in the ANIE General Council. Saipem is also a member of Assorisorse, Confindustria Energy, Confitarma, Confindustria Africa and Mediterranean Association, and contributes to industrial and economic dialogue with international stakeholders through its membership of ISPI and Italy's association with the ASEAN.
Saipem is also a member of the World Energy Council (WEC) Italy, where it is represented by its Vice-President, and of various associations and networks active on the energy transition issue, such as the Global Carbon Capture & Storage Institute (GCCSI), and the associations CO_2 Value Europe, IHS and Hydrogen Europe and the European public initiative Clean Hydrogen Alliance.

Cooperation with international organisations and associations on the topic of climate change

As a key player in the energy sector, Saipem is an active member of specific trade associations in the countries in which it has a well-structured presence, taking part in events and discussions on environmental and climatic issues.
Saipem is a member of EVOLEN (the French association of energy sector companies and professionals), which aims to disseminate technical and scientific knowledge among its members and anticipate changes in the business, fostering cooperation and a long-term vision and supporting innovation and partnerships.
This allows Saipem to be involved in a dynamic network, promoting its own technological excellences and sharing information and experience on different topics, including sustainability, energy efficiency and climate issues.
Recently Saipem became a member of Renewable UK, the main renewable energy trade association in the United Kingdom, specialised in onshore and offshore wind, wave and tidal energy.
Furthermore, Saipem takes part in the Norwegian Solar Energy Cluster, which aims to foster cooperation and support the development of solar energy skills.

Saipem also takes part in the DeRisk-CO project, run in Italy by the Eni Enrico Mattei Foundation (FEEM), a scientific research and dissemination project aiming to raise awareness of the risks and opportunities associated to climate change, which has the objective of studying instruments to analyse scenarios and promote communication among Italian businesses on this strategic topic. Through its international network, FEEM integrates its research and dissemination activities with those of top academic institutions and think-tanks worldwide. As part of this collaboration, Saipem supported the organisation of a seminar focused on the analysis of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board, with particular reference to the identification of risks and opportunities and the scenario analysis of certain climate-related disclosure events, the recommendations of the TCFD and the revision of the European "Non-Binding Guidelines on Non-Financial Reporting", as well as on the implementation of Science-Based Targets, and the financial quantification of climate-related risks.
In this context, in 2020, Saipem gained the status of Supporter of the Task Force on Climate-related Financial Disclosure (TCFD) and has adopted its recommendations.

Relations with institutions and trade associations

OUR COMMITMENT

Continuous and transparent dialogue with national, local and international institutions in order to establish an effective collaboration to create shared value also for the benefit of the communities in which the Company operates.
Active participation in national and international associations joined by the Company, convinced of the added value of joint representation of sector interests and of the opportunities that arise from discussions of associations in terms of proposals and solutions for the field of competence, and with regard to sustainability.

ACTIONS TAKEN

- In 2021, the Saipem Group was an active member of 113 national and international business and trade associations.
- In particular, the parent is a member of 44 associations and organisations, including: ANIMP (Italian Association of industrial plants), Assorisorse, BNOW (Business Network for Offshore Wind), Confindustria, Assolombarda, IADC (International Association of Drilling Contractors), IMCA (International Maritime Contractors Association), Renewable UK, UN Global Compact, WEF (World Economic Forum), WEC (World Energy Council), Windeurope.
- In 2021, Saipem involved ten representatives of business associations as relevant stakeholders in its materiality analysis.
- Total membership fees spent in 2021 amount to €1,141 million, including in detail:
  - approx. 13% to Confindustria and approx. 17% to Assolombarda, with the main purpose of these membership fees being to receive support in the management of industrial relations, including at the local level, and for updates on operational issues for the sector, aside from increasing awareness of the company and its services within the entire Confindustria systems;
  - 15% to the World Economic Forum, whose membership is mainly aimed at strengthening the relationship with the highest levels of relevant international stakeholders (business, government and civil society). In 2021, the Company participated in events such as Davos Agenda, Sustainable Development Impact Summit, Energy Transition Dialogue on Nigeria, Accelerating Clean Hydrogen Initiative and other ones;
  - 8% to associations active in the energy transition.
- Furthermore, the Company actively participates in the Gas Industry Advisory Committee and its Technical, Economic and Regulatory sub-committees, within the East Mediterranean Gas Forum, whose purpose is to promote cooperation and investment in the area and to initiate a structured and systematic political dialogue on natural gas.

CORPORATE GOVERNANCE

The Governance Model

Saipem adopts a system of Corporate Governance that is based on the general and special regulations applicable to the Articles of Association, the Code of Ethics, the recommendations contained in the Corporate Governance Code promoted by the Corporate Governance Committee of the Italian Stock Exchange – which came into force on January 1, 2021 – and the best practices on the subject.
Saipem's system of Corporate Governance is based on the central role of the Board of Directors, on transparency and the effectiveness of the internal audit system.
It should be noted that the Sustainability, Scenarios and Governance Committee and the Control and Risk Committee are responsible for examining the "non-financial disclosures" required by Legislative Decree No. 254 of December 30, 2016.
In particular, the Sustainability, Scenarios and Governance Committee is responsible for: "*verifying the general approach of the non-financial statement and the articulation of its contents, as well as the completeness and transparency of the information provided with the same statement, reporting the outcome of its assessments, through its Chairman, to the Control and Risk Committee, which is called upon to assess the suitability of the periodic non-financial information to correctly represent the company's business model, strategies, the impact of its activities and the performance achieved*".
Consequently, the Audit and Risk Committee has the task of assessing *"the suitability of periodic financial and non-financial information to fairly present the company's business model, strategies, the impact of its activities and the performance achieved, cooperating, for periodic non-financial information, with the Sustainability, Scenarios and Governance Committee"*.
For a more detailed description of the governance of the aspects required by Italian Legislative Decree No. 254/2016, refer to the "Corporate Governance and Shareholding Structure Report" and the sections regarding the Board of Directors, its internal committees and risk management. The above-mentioned document is present in the "Governance" section of the Company's website.

Governance of business sustainability

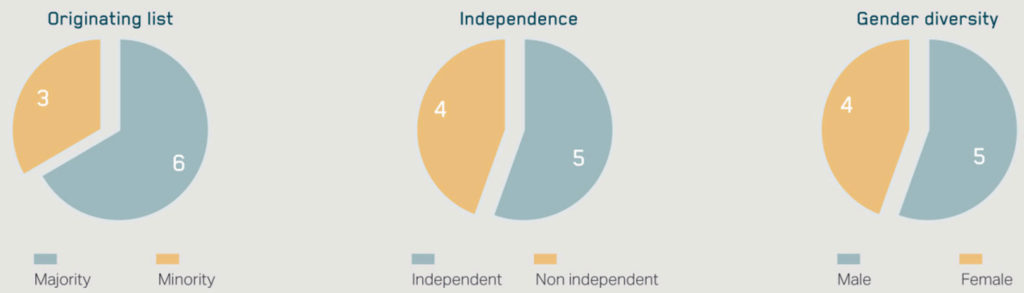
GRI 102-18
GRI 405-1

The Board of Directors was appointed by the Shareholders' Meeting on April 30, 2021 for three financial years and will expire on the date of the Meeting called for the approval of the financial statements for the year ending December 31, 2023. The appointment of Directors occurs pursuant to Article 19 of Articles of Association, through voting from a list, so as to allow the appointment of minority interest representatives and to ensure gender balance. The majority of directors are aged over 50. The curriculum with the personal and professional characteristics of the directors is available on the website www.saipem.com in the "Governance" section.
The responsibilities of the Board of Directors include the definition, at the request of the Chief Executive Officer-CEO, of the strategic lines and objectives of the Company and the Group, including their sustainability policies.

The Board of Directors appointed by the Shareholders' Meeting of April 30, 2021 has in its background competences related to evaluations and decisions linked to sustainability issues, including environmental, social & governance matters, connected to the exercise of company business and its dynamics of interaction with all stakeholders.

The new Board, 89% of which is made up of members over 50 years of age and 11% of which is made up of members between 30 and 50 years of age, is also adequately equipped with expertise in the field of the Code of Ethics, national and international regulations and best practices.

COMPOSITION OF THE BOARD OF DIRECTORS



With regard to the formation and information to the members of the new Board of Directors appointed by the Shareholders' Meeting of April 30, 2021, the Company has prepared and implemented a "Board Induction" programme, in order to allow the directors to progressively deepen their knowledge of the Company from both an industrial/operational/commercial standpoint and from a financial and governance compliance perspective. The programme, which also involved the Board of Statutory Auditors, consisted of the following sessions:

- April 30, 2021: in-depth study of HSE issues and COVID-19 emergency;
- May 18, 2021: introduction to Saipem businesses. More details on Onshore and Offshore Drilling. Market, competition, strategy, financials;
- May 27, 2021: Corporate & key facts and figures (including financial statements of 2020 and first quarter 2021. Competitive positioning); financials, organisation and sustainability; risk, governance and internal audit; risk & integrity; governance and internal audit;
- June16, 2021: E&C Offshore Businesses. Market, competition, strategy, financials; business Onshore E&C. Market, competition, strategy, financials and XSIGHT Division - Tech innovation and digital and Industrial plan.

In the 2021 financial year, the usual off-site induction sessions could not be held due to the regulatory requirements to contain the spread of the COVID-19 pandemic.

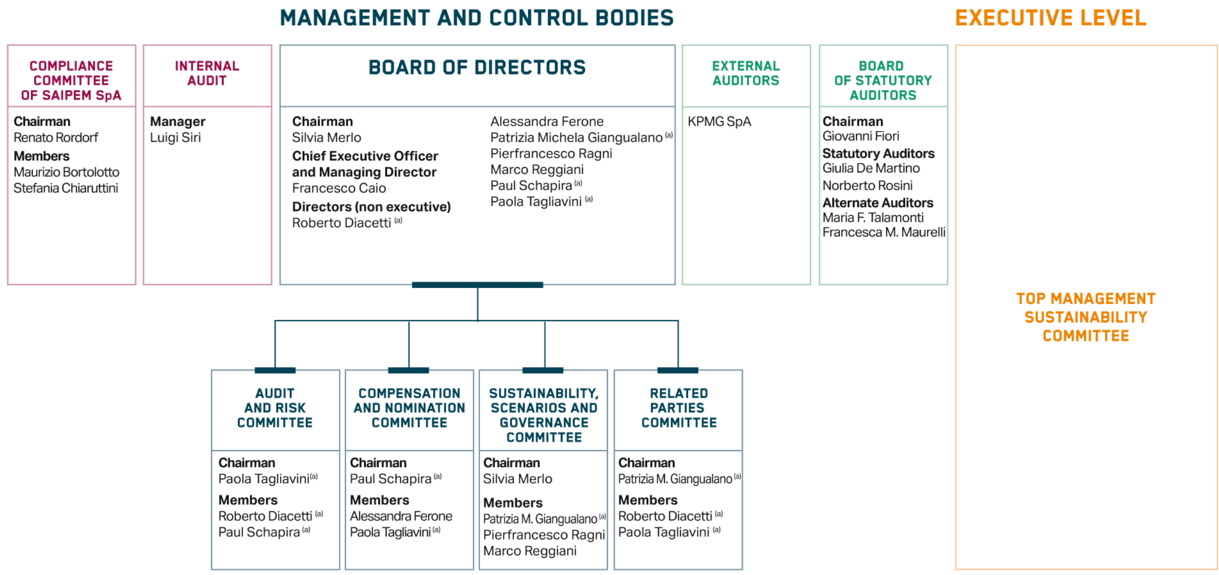
Further details on the composition, appointment, responsibilities, activities and formation of the Board of Directors can be found in the section "Corporate Governance and Shareholding Structure Report 2021".

To perform its tasks more effectively, the Board has appointed its own internal Compensation and Nomination Committee (made up entirely of non-executive and mostly independent directors); the Audit and Risk Committee (made up entirely of mostly independent non-executive directors) and the Sustainability, Scenarios and Governance Committee, made up of four non-executive directors – including two independent directors – and chaired by the Chairman of Saipem. The Committee is tasked with assisting the Board of Directors with advisory, preparatory and consultative functions, for its evaluations and decisions relative to issues of sustainability, even intended as environmental, social and governance, connected to the performance of the company's activities, to the dynamics of interactions with all the stakeholders, to the company's responsibility to society, to the review of scenarios for the preparation of the strategic plan, based also on an analysis of issues relevant to the generation of value over the long term and to the Company's and Group's corporate governance. The Sustainability, Scenarios and Governance Committee and the Chief Executive Officer and General Manager promote sustainability issues within the Board of Directors, which during the year discussed among other issues key topics in this sense, including disclosure on Saipem's approach to "Climate Change", its implications on the business strategies and the initiatives taken by the Company in this area, aside from an analysis of the situation linked to the positioning of the Company with regard to various sustainability ratings.

Since 2007, Saipem has set up a Sustainability Committee, a body comprising top management and chaired by the Chief Executive Officer and General Manager. The Sustainability Committee has the task of drafting sustainability policy guidelines and strategies for subsequent review by the Board's Sustainability, Scenarios and Governance Committee, and also provides indications and directives for the sustainability planning and reporting process.
Given the transversal nature of this topic, the sustainability objectives are defined, and must be disseminated within the Company, consistently with the various operational contexts and the requests emerging from stakeholder consultations and other contextual evidence. The Board of Directors approves the management performance plan, at the proposal of the Compensation and Nomination Committee, through which the Company's objectives are assigned to the CEO and General Director. The plan is drafted on the basis of the company's strategic plan and, for the part concerning objectives on ESG issues, considers the areas that were deemed to be of highest priority by the company's stakeholders. The objectives are then reported within a cascade process to the Company management and described in the short-term variable incentive plan. For the 2021 Plan, which is described in detail in the "Report on the Remuneration Policy and Paid Compensation 2022", following on from the previous year, a growing attention will be confirmed for objectives relating to ESG issues. Specifically, a reduction in greenhouse gas emissions, safety performances, gender diversity and innovation are some of the main issues the 2021 objectives for the Board of Directors and CEO and General Manager are focused on.
The active and regular involvement of stakeholders in the determination of priorities (including, for example, through materiality analyses) and the creation of an advanced monitoring system to monitor and report on company ESG performances also confirm that ESG/Sustainability factors represent a commitment the Company adopts towards stakeholders with a view to creating shared value in the long term. In terms of the Company's position to be an energy transition leader, the objective to reduce Scope 1 & 2 GHG emissions by 50% by 2035 (the reference value is calculated compared to 2018), and Carbon Neutrality in Scope 2 by 2025 is paramount.

THE MAIN SUSTAINABILITY TOPICS FACED BY THE BOARD OF DIRECTORS IN 2021

- Consolidated Non-Financial Statement 2020 (includes the materiality analysis)
- Remuneration Report and definition of objectives for the next year, which include business sustainability objectives
- Performance and achievement of objectives included in the HSE Plan
- Modern Slavery Statement 2020 in accordance with the UK “Modern Slavery Act”
- Document “Ready for the transition - Enabling a green future - 2020 Sustainability Report”
- Document “2021 - Shaping a Net-Zero future” drafted this year also in the Italian version “2021 - Costruire un futuro a zero emissioni”, according to the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD)



(a) Independent.

The Organisation, Management and Control Model of Saipem SpA

“Model 231” (including the Code of Ethics)

At its meeting on March 22, 2004, the Board of Directors of Saipem SpA resolved the adoption of an organisation, management and control model pursuant to Italian Legislative Decree No. 231/2001 (hereinafter, “Model 231”), aimed at preventing the commission of offences specified by Legislative Decree No. 231/2001.
Later, through specific projects, Model 231 was updated to reflect changes in the legislation and in the corporate organisation of Saipem SpA.
In particular, the subsequent updates of Model 231 have taken into account the following:

- changes in the corporate organisation of Saipem SpA;
- changes in case law and jurisprudence;
- the considerations arising from the implementation of Model 231, including case law indications;
- practices of Italian and foreign companies with regard to these models;
- the results of supervision activities and the findings of internal audit activities;
- the evolution of the legislative framework and the Confidustria Guidelines.

Most recently, in December 2021, Model 231 was updated based on:

- regulatory updates;
- organisational changes that have taken place;
- jurisprudence and most recent case law;
- best practices.

At the end of these updates, on December 23, 2021, the CEO of Saipem SpA approved the new Saipem SpA “Model 231 (including the Code of Ethics)”.
After the various timely updates made over the years, Model 231 of Saipem SpA has also been updated, inter alia, in accordance with the following regulations:

- Italian Legislative Decree No. 24 of March 4, 2014 intervened in the context of the trafficking of human beings and the protection of victims amending Article 600 of the Italian Penal Code (reduction or maintenance in slavery or servitude) Article 601 Italian Criminal Code (trafficking of persons);

- Italian Legislative Decree No. 39 of March 4, 2014, which introduced the crime of “grooming minors” into the crimes set out in Italian Legislative Decree No. 231/2001;
- Law No. 68 of May 22, 2015, “Provisions related to crimes against the environment” (so-called “Ecoreati”, “Eco-crimes Act”), which introduces new cases of environmental crime;
- Italian Law No. 167 of November 20, 2017, “Provisions for fulfilling the obligations arising from Italy being part of the European Union - European Law 2017”. The provision aims to bring domestic regulations in line with EU regulations, also intervening on the liability of legal entities. In regulating the fight “against some forms and expressions of xenophobic racism by means of criminal law”, the new Article 25-*terdecies* “Racism and Xenophobia” provides for this as a crime within Italian Legislative Decree No. 231/2001;
- Law No. 179 of November 30, 2017 on “Provisions for the protection of those reporting crimes or irregularities that they may have become aware of in the context of their public or private employment”;
- Italian Legislative Decree No. 107 of August 10, 2018, “Rules on the adaptation of national law to the provisions of Regulation (EU) No. 596/2014, relating to market abuses, repealing Directive 2003/6/EC and Directives 2003/124/EU, 2003/125/EC and 2004/72/EC”;
- Italian Law No. 3 of January 9, 2019, “Measures to combat crimes against the public administration, and relating to statute of limitations for those crimes and the transparency of political parties and movements”;
- Italian conversion Law No. 157 of December 24, 2019 of Decree-law No. 124/2019 containing “Urgent provisions on tax and requirements that cannot be postponed”;
- Italian conversion Law No. 133 of November 18, 2019 of Decree-law No. 105 of September 21, 2019, “Urgent provisions on the national cybersecurity perimeter”;
- Italian Legislative Decree No. 75 of July 14, 2020, “Implementation of Directive (EU) 2017/1371, relating to the fight against fraud harming the financial interests of the Union through criminal law” which implemented the so-called “PIF Directive”;
- Legislative Decree No. 184 of November 8, 2021, “Implementation of Directive (EU) 2019/713 of the European Parliament and of the Council of April 17, 2019 on combating fraud and counterfeiting of non-cash means of payment and which replaces Council Framework Decision 2001/413/JHA” on combating fraud and counterfeiting of non-cash means of payment;
- Legislative Decree No. 195 of November 8, 2021, “Implementation of Directive (EU) 2018/1673 of the European Parliament and of the Council of October 23, 2018 on combating money laundering by means of criminal law”.

In addition, on January 14, 2022, Model 231 was updated to incorporate the resolution of the Board of Directors of Saipem SpA to appoint the new Saipem SpA Supervisory Board.

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COMMITMENTS, RESULTS AND OBJECTIVES

SAIPEM MATERIAL TOPIC
ENERGY USE AND EFFICIENCY
RENEWABLES
GHG EMISSIONS CONTROL & REDUCTION
CLIMATE CHANGE ADAPTATION AND MITIGATION
AIR EMISSIONS CONTROL & REDUCTION (NON GHG)

COMMITMENT
Saipem Net-Zero:
- 50% reduction in Scope 1 and 2 emissions by 2035 (based on 2018 GHG emissions).
- Carbon Neutrality in Scope 2 emissions by 2025.

Optimising energy consumption, using the best available technology and increasing operational efficiency.

2021 RESULTS VS. 2021 OBJECTIVES
Achieve 2020-2024 strategic plan objectives for 2021 (specific for each Division) in terms of savings on emissions (36,500 t of CO_2 eq): avoided atmospheric emissions: 36,976 t of CO_2 eq; 426.9 t of NO_X; 16.9 t of SO_2; 121.2 t of CO; 24.2 t of NMVOC and 13.6 t of PM_{10}.
■ Define carbon neutrality Strategy (Net-Zero) for the Divisions and the Group: defined and approved manifest and strategic lines.
■ Define the implementation Plan for carbon neutrality (Net-Zero) for the Divisions and the Group: defined and approved implementation plans.
■ Third party validation of the documentation produced (strategies and implementation plans) for carbon neutrality (Net-Zero): obtained.
■ Assessment of all assets connected to the power grid to explore the possibility of obtaining 100% certified electricity from renewable sources: all sites connected to the power grid (54 in total) were analysed to assess the possibility of obtaining 100% of electricity from renewable sources. 38 sites do not have the possibility to access renewable sources in the immediate future. 11 sites are already supplied with 100% of electricity from renewable sources (20% of the total) for a total of 10,874 MWh of electricity.
■ Definition of a set of asset-specific KPIs (vessel, rig, temporary construction facility (TFC), yard and offices) for the assessment of GHG reduction initiatives and implementation of associated reporting: several KPIs were developed for individual assets and operations to measure GHG intensity (e.g. tonnes of GHG/rig operating day).

2022 OBJECTIVES
- Implementation of a monitoring system to improve information on Scope 3 emissions from the supply chain and a market survey to set Scope 3 targets.
- Evaluation of Science-Based Targets initiative (SBTi) membership.
- Adoption of internal carbon pricing.
- Exploration of offsetting and insetting initiatives.
- Savings in cumulative GHG emissions associated with energy efficiency initiatives (target reductions equal to 153,120 t of CO_2 eq in the period 2022-2024).
- Increase the number of sites connected to the power grid using 100% renewable energy (target 6 new sites).
- Finalise the definition of intensity KPIs for each business line.

SAIPEM MATERIAL TOPIC
USE OF ALTERNATIVE FUELS

COMMITMENT
- Evaluate the use of sustainable fuels obtained from renewable and alternative raw materials to replace fuels deriving from oil.

2021 RESULTS VS. 2021 OBJECTIVES
Evaluation of the possibility of use of sustainable aviation fuel (SAF) for a quota of flights acquired by the end of 2021: contact with airline companies to evaluate possible use of SAF and analysis of the related reduction of GHG Scope 3 emissions and related costs. Design of a pilot project with an identified airline.

2022 OBJECTIVES
Use of sustainable aviation fuel for a pilot project with an identified airline.

SAIPEM MATERIAL TOPIC
WORKPLACE HEALTH AND SAFETY
SAFETY LEADERSHIP AND CULTURE

COMMITMENT
- Implementing measures to prevent injuries, negative health impacts and damage to assets.
- Designing and implementing initiatives to provide the knowledge and skills needed to enable everyone to do their job safely.
- Continuously improving the way the Company works, the efficiency of procedures and the management system, in line with the highest international standards and through digital transformation and innovation of our processes, to be able to meet future challenges.
- Protecting the health of workers and guaranteeing the continuity of health services and, more generally, the continuity of the company's operations in the various areas of the world, with particular reference to the health management of the pandemic with the aim of reducing its impact.

2021 RESULTS VS. 2021 OBJECTIVES
■ Renewal of the Group's certification based on ISO 14001 and ISO 45001 Standards.
■ The TRIFR was maintained at 0.37 below the target value of 0.40.
■ The high-level frequency rate (HLFR) indicator, which is intended to measure all near misses with a high potential for personal injury, was introduced and calculated at 0.76, below the target value of 1.07.
■ Confirmation of the monitoring of the injury frequency rate (TRIFR) and the high-level frequency rate (HLFR) in order to better understand the most critical areas and implement programmes to limit triggering causes: Saipem constantly monitors performance indicators in order to promptly identify any critical issues, their underlying causes and take corrective action. For example, in the period from May to August 2021, the trend of the TRIFR increased from 0.32 to 0.37. The HSE function immediately undertook a detailed analysis, identified the causes and implemented preventive actions. In recent months performance has returned to 0.36, in line with the first quarter of the year.
■ In addition to the tried and tested pandemic containment measures, to promote Sars-CoV-2 COVID-19 vaccination of people coming to company sites through campaigns and information: since the start of the pandemic, a total of 224 epidemiological bulletins have been issued by the Health department; continuous updating of the Health Risk Assessment, internal COVID-19 Management procedures and implementation of the most suitable preventive measures has been maintained. 9 memos issued by the Health and Medicine Task Force on current and emerging issues related to disease prevention.
Monitoring of COVID-19 vaccination coverage of the people coming to Saipem sites at the end of 2021: 18,630 employees fully vaccinated; 3,280 employees given the first dose.

2022 OBJECTIVES
- TRIFR target: 0.42.
- HLFR target: 0.97.
- Launch of a new initiative focusing on Mental Health of employees.
- Continue the weekly information campaign throughout the year until the end of the pandemic (target: 50 bulletins).
- Update management guidelines and information material where necessary to ensure up-to-date management of COVID-19.
- Continue information campaigns to support COVID-19 vaccination coverage among the Saipem population, with the aim of achieving coverage of 20,000 employees by 2022.

SAIPEM MATERIAL TOPIC
HUMAN AND LABOUR RIGHTS ALONG THE SUPPLY CHAIN
SAFETY ALONG THE SUPPLY CHAIN

COMMITMENT
- Respecting international best practices on the subject of human and labour rights and monitoring compliance.
- Cooperating with vendors to contribute to the development of their own business sustainability and to reduce/minimise sustainability risks within the supply chain.

2021 RESULTS VS. 2021 OBJECTIVES
■ Continuing to support the improvement of the supply chain in terms of HSE standards and human and labour rights, also through partnerships with local business associations and institutions in the areas the Company operates in.
- Saipem reconfirmed its adherence to the UN Global Compact and has joined the Building Responsibly initiative;
- implementation of human rights risk assessment in 23 countries;
- about 600 suppliers analysed during qualification on human rights and the same number on HSE aspects;
- 5 subcontractor safety forums in Thailand and Nigeria;

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- e-learning training for 2 employment agencies in Malaysia and Indonesia.

■ Identified further areas/assets where a green procurement approach can be implemented.
As part of the Net-Zero programme, a green procurement roadmap has been defined; to achieve its goals, a green procurement stream has been created that includes 30 functions across the company from supply chain, HSE, digital, sustainability and others.

2022 OBJECTIVES
- Implementation and enforcement of a supplier code of conduct.
- Improve monitoring of supplier-related emissions for specific commodity codes and assess the possible impact of ESG requirements on suppliers.
- Achieving SA8000 social accountability certification for Saipem SpA.

SAIPEM MATERIAL TOPIC
ANTI-CORRUPTION & BRIBERY

COMMITMENT
- Operating in conformity with the best ethical business practices.

2021 RESULTS VS. 2021 OBJECTIVES
■ Maintaining the adequacy of the 231 Model and related procedures: Saipem's 231 Model was updated on December 23, 2021 in order to incorporate the regulatory and organisational updates that took place during 2021; on January 14, 2022, a further update was required in relation to the new composition of the Supervisory Board.
■ 100% coverage of the countries envisaged by the training plan for Anti-Corruption and 231 Compliance. 100% of countries singled out for Anti-Corruption and 231 Compliance training.
■ Continue to maintain an adequate internal control and risk management system. The internal control and risk management system is integrated into the organisational and corporate governance structures at Group level.

2022 OBJECTIVES
- 100% coverage of the countries envisaged by the training plan for Anti-Corruption and 231 Compliance.

SAIPEM MATERIAL TOPIC
EMPLOYEE ATTRACTION, TALENT MANAGEMENT & RETENTION

COMMITMENT
- Maintaining an alignment between employee skills and business requirements and improving the Company's image in order to retain and attract talented people.

2021 RESULTS VS. 2021 OBJECTIVES
■ Continue to attract talent, with a specific focus on women and young people. Employer branding and attraction activities dedicated to talented young people with interventions for internal role models.

2022 OBJECTIVES
- Continue to promote an inclusive culture through specific initiatives to enhance the skills and competences of employees and attract candidates with diverse skills.

SAIPEM MATERIAL TOPIC
DIVERSITY AND INCLUSION

COMMITMENT
- Promoting the creation of an inclusive company culture.

2021 RESULTS VS. 2021 OBJECTIVES
■ Launch of a mentoring programme with the aim of fostering the Diversity and Inclusion process: a mentoring programme dedicated to women's empowerment was implemented.
Employer branding activities were carried out to promote Saipem as an equal opportunity employer.
A training activity involving 80 employees dedicated to overcoming unconscious bias has begun.
■ Monitor the voluntary turnover rate of women.

2022 OBJECTIVES
- Continue to promote an inclusive culture through specific initiatives that value diversity and ensures equal opportunity.

SAIPEM MATERIAL TOPIC
PARTNERSHIP, STAKEHOLDER ENGAGEMENT AND SATISFACTION

COMMITMENT
- Maintaining a collaborative and transparent relationship with all stakeholders, continuously monitoring and improving their perception and the overall reputation of Saipem.
- Seeking and maintaining partnerships and agreements with technology partners, international and local institutions and others to support the company's strategy and objectives.

2021 RESULTS
- +4,500 people involved in the materiality process, including targeted university students for the first time:
  - 161 external stakeholders;
  - 3,915 employees;
  - 269 senior managers;
  - 9 members of the Board of Directors.
- 18 cooperation/licence agreements signed with start-ups, universities, clients and other partners.
- Saipem's reputation assessment conducted with 22 key people from global clients.
- Saipem's reputation assessment carried out in Italy, among the general public informed through 2,000 surveys.
- Participation in the World Economic Forum initiatives (Davos Agenda, Governors Meeting, Community of Chairpersons, Sustainable Development Impact Summit, Resource and Logistics Sharing Hubs, Accelerating Clean Hydrogen Initiative, Energy roundtable, Dialogue Series - Value Model for Carbon).

2022 OBJECTIVES
- Continue engagement with stakeholders for materiality assessment.
- Maintain the number of active partnerships and collaborations in place for innovation.
- Continuous monitoring of Saipem's reputation.
- Continue engagement in current and future World Economic Forum initiatives.

SAIPEM MATERIAL TOPIC
CYBERSECURITY

COMMITMENT
- Building and developing an integrated security model fully embedded in business processes and aligned with the Company's values and applicable legislation in order to:
  - provide a safe and secure workplace and protect all employees, subcontracted workers and third parties;
  - protect all company information and know-how;
  - protect the integrity and reputation of management and stakeholders.
- Maintain an IT security model based on a preventive and defensive security strategy that minimises physical and IT security risks.

2021 RESULTS
- Saipem SpA has obtained certification of its Information Security Management System in accordance with ISO/IEC 27001.

2022 OBJECTIVES
- Keep on integrating systems like the Identity Governance solution and the PIM solution into the security platform.
- Implementation of 1 breach simulation solution.
- Selection and implementation of a Network Behaviour Analysis solution on at least 1 vessel to better protect the OT environment.
- Integration of 1 Hardware Security Module to protect keys and certificates used for the encryption of data.
- Reinforce the IT security requirements on our supply chain and verify the compliance of suppliers through dedicated audits (target: 2 audits).
- Simulation of phishing campaigns (target: 3 simulations of phishing campaigns).
- Maintain the detection and response process in accordance with ISO/IEC 27001 with renewal in the year 2022.

SAIPEM MATERIAL TOPIC
DIGITAL TRANSFORMATION

COMMITMENT
- Ensure the development and adoption of digital solutions, with particular reference to digital transformation solutions that relate in an integrated manner to engineering, procurement and construction

(EPC Integration) processes, of our assets and transversal business processes, in order to optimise the effectiveness and efficiency of the organisation and work processes.

2021 RESULTS VS. 2021 OBJECTIVES

■ Implementing 6 new digital solutions in the EPCI area and 5 in the asset management area: 6 solutions (of which 3 already in the industrialisation phase) were implemented for EPCI and 7 solutions for asset management.

■ Scaling up 4 industrialised digital solutions on EPCI projects: 7 industrialised digital solutions are being adopted by business projects.

■ Extend the field of application of new working methodologies (e.g. agile methodology, design thinking, data science): new working methodologies extended over several initiatives on different business areas and staff.

2022 OBJECTIVES

> Continue to develop, industrialise and adopt digital solutions in business and staff areas.

In order to provide comprehensive information and ensure continuity of its disclosure to corporate stakeholders, in addition to results and targets related to the material issues of the 2021 analysis, the section also presents results and targets for the issues of water resources management, recycling and waste reduction, and spill prevention and recovery and support and development of local communities, which are key components of the environmental management of operations and their impact on territories. Furthermore, in view of the strategic importance of the issue, results and objectives are also reported on the subject of advanced technologies and innovation.

TOPIC ADDRESSED IN THE 2021 NFS

MANAGEMENT OF WATER RESOURCES

COMMITMENT

> Fair and knowledgeable management of water resources focused on maximising the reuse of water where possible and reducing to a minimum water consumption in all operating sites and projects, especially when these are located in areas characterised by a particular scarcity of water.

2021 RESULTS VS. 2021 OBJECTIVES

■ Each Division will conduct in a pilot site an analysis of the use and consumption of water in order to identify criticalities and propose actions to reduce consumption of water and increase the share of reused water.
Offshore E&C: YEWEMP will continue in 2021 to develop and implement the plan on the remaining offshore yards/fabrication yards.

■ Onshore E&C: in the Marjan pack 10 and Berri projects (both of which are in Saudi Arabia) implement the reduction measures envisaged by the feasibility studies.

■ All the Divisions have implemented specific analyses and/or activities on water consumption, such as technical improvements in water treatment in the rigs in Saudi Arabia, studies and initiatives carried out to reduce water consumption in some projects (Bonny, Berri and Marjan), and the implementation of yard energy and water efficiency management plans (YEWEMP) and the definition of reduction KPIs on offshore projects; for example, FDS 2 has introduced a system to reuse water from air conditioning as technical water.

■ New Headquarters in Italy (Milan): significant reduction in drinking water consumption thanks to the efficiency of the equipment selected, the reuse of rainwater, the use of high-efficiency irrigation systems combined with the plant species chosen that require less water. The new premises in Milan were designed with high-efficiency equipment, rainwater reuse system, high-efficiency irrigation systems combined with chosen plant species that require less water.

2022 OBJECTIVES

> Setting site-specific targets for water reuse.
> Assessing existing best practices to be implemented at site/project level.
> Reducing water consumption at the company's Milan site thanks to the efficiency of selected equipment, the reuse of rainwater, the use of high-efficiency irrigation systems combined with selected plant species requiring less water (50% reduction in water consumption expected at the site).

TOPIC ADDRESSED IN THE 2021 NFS

RECYCLING AND REDUCTION OF WASTE FROM OPERATIONS

COMMITMENT

> Managing waste responsibly through a hierarchy of interventions that aim to give the utmost priority to the reduction and reuse of waste to the greatest extent possible.

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2021 RESULTS VS. 2021 OBJECTIVES

Definition of a programme to reduce the use of single-use plastics: many offices have restricted single-use plastics. Some offices (Mexico City, Abu Dhabi) have water dispensers instead of plastic bottles. The reusable bottles were distributed on the NLNG Train 7 Project, Bonny Island. A study was conducted in India to reduce single-use plastic in offices as part of a Plastic Management Plan. Offshore vessels have contracts with caterers requiring them not to use single-use plastics; some sites and projects have developed initiatives and proposals to reduce single-use plastics (e.g. Castorone and FDS vessels).

Implementation of specific communication activities on waste reduction during European Waste Week: European Waste Reduction Week campaigns were celebrated at several sites such as the Al-Zour Refinery project in Kuwait, the Arctic Project in Russia, Berri Project in Saudi Arabia, PTTLNG Nong Fab Project in Thailand.

Each Division will identify a pilot site for the development of a roadmap for the reduction of waste, with a focus on the elimination of single-use plastic.
Study launched in new projects: Bonny, Berry and Marjan: on the basis of these studies, specific project actions were identified to reduce waste quantities (e.g. installation of a composting plant to reduce waste production by the Marjan project).
Analysis at onshore drilling sites (e.g. Rig 5946, Rig 5913 in Kuwait, PTX12 in Peru) to understand the different sources of plastic waste and the type of plastic used. The results of the analysis will identify possible actions to be implemented in order to reduce plastic waste.
All offshore vessels have catering contracts that prohibit the use of single-use plastics. Some sites and projects have developed specific reduction initiatives and proposals (e.g. Castorone and FDS).

2022 OBJECTIVES

- Establishing site-specific targets for the re-use of waste.
- Assessing existing best practices to be implemented at site/project level.
- Extending the ban on single-use plastics for catering activities on project sites.
- No single-use plastic in the distribution of bottles and glasses in the new company headquarters.

TOPIC ADDRESSED IN THE 2021 NFS

SPILL PREVENTION AND RECOVERY

COMMITMENT

- Reducing and mitigating the environmental risk associated to oil and chemical spills, guaranteeing the adoption of appropriate prevention and recovery measures.

2021 RESULTS VS. 2021 OBJECTIVES

100% coverage of sites/projects with specific accidental pollution emergency plans: 100% of sites/projects have an accidental pollution plan.

Increasing the number of spill response drills, including scenarios of spills in water bodies: number of drills carried out 338 (96% achievement of target).

O&CM target: 100% coverage of offshore vessels operational in 2021 and operational yards in 2021, 100% coverage of onshore logistics bases and yards and at least one onshore project 40% of offshore drilling vessels and at least one onshore drilling platform. Results achieved:

- 100% of offshore vessels (operational in 2021) and sites;
- 100% coverage of onshore sites and logistic bases;
- mappings carried out: 6 out of 11 offshore drilling vessels (54%);
- a PTX12 onshore drilling rig in Peru.

Spill Risk Assessment: 100% of offshore vessels operational in 2021; at least 1 operational offshore site; at least 1 onshore site. At least one offshore and one onshore drilling platform.
Results achieved: 100% of offshore vessels and sites; 1 onshore platform PTX12 in Peru. A Perro Negro 7 offshore drilling rig.

2022 OBJECTIVES

- To continue spill mapping and risk assessment tasks. In particular: at least 2 mappings and risk assessments for drilling activities; 1 mapping and risk assessment for an energy carrier project.
- Assessment on at least 2 offshore vessels to evaluate the possibility of replacing mineral oil with biodegradable oils.
- Risk assessment of spills and presence of hazardous substances for the new headquarters.

TOPIC ADDRESSED IN THE 2021 NFS

ADVANCED TECHNOLOGIES AND INNOVATION

COMMITMENT

- Aligning Saipem's business offering with new business needs and with the market scenario through innovation.

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2021 RESULTS VS. 2021 OBJECTIVES

■ Identify and develop decarbonisation technologies enabling a selective access to commercial development projects; launch of innovative approaches to explore new areas of opportunity for the Company:
- advances in CO_2 management technologies (launch of the Access EU project using proprietary CO_2 Solutions technology);
- consolidating its position in the sector of offshore floating wind (including through the acquisition of Naval Energies) and floating solar energy production;
- on-going development of projects in the hydrogen sector;
- 18 cooperation/licencing agreements signed, of which 15 were specific to energy decarbonisation projects and 2 to diversification.

■ Further developments and application of methodology for mapping sustainable innovations value creation. A methodology for assessing value creation throughout the life cycle of innovation projects has been completed.

2022 OBJECTIVES
- Consolidate our technological position in the offshore floating wind and solar sector.
- Consolidate the technology developed in recent years to bring them to the business development stage.
- Continue technology scouting in emerging decarbonisation sectors (e.g. circular economy, etc.) and maintain the number of active partnerships.

TOPIC ADDRESSED IN THE 2021 NFS

SUPPORT AND DEVELOPMENT OF LOCAL COMMUNITIES

COMMITMENT
- Working responsibly and cooperating with stakeholders to create shared value, while constantly minimising the potential negative impacts the operations and presence of the Company could produce.

2021 RESULTS VS. 2021 OBJECTIVES

■ Continue to contribute to socio-economic development, including through the use of local staff, training and transfer of know-how and by cooperating with local vendors and subcontractors.

■ Continue to contribute to the fight against the COVID-19 pandemic to support local communities in some of the countries affected.

■ Continue to plan initiatives to contribute to the SDGs:
- 28 initiatives for the territory carried out;
- 15 countries involved;
- more than 33,000 beneficiaries;
- €398,000 spent on local initiatives;
- 8 SDGs covered;
- in particular, local initiatives were carried out on issues related to the COVID-19 pandemic in Peru, Bolivia and Oman.

Local initiatives to support socio-economic development have been implemented in Indonesia, Kazakhstan, Nigeria, Brazil, Angola, India, etc.

2022 OBJECTIVES
- Continue planning initiatives to contribute to local value generation and the SDGs, with a particular focus on some strategic areas, including Italy.
- Aim for community energy security and support ecosystem restoration programmes.
- Continue to promote corporate volunteering initiatives.

THE CONTRIBUTION TO MITIGATING CLIMATE CHANGE

Since 2020, Saipem has been an official supporter of the recommendations of the Task Force on Climate-Related Financial Disclosure.

As described in the Corporate Governance chapter, the Board of Directors is always involved in the internal strategic discussion on issues related to climate change and its implications on corporate strategy and programmes.

The sustainability/ESG targets for 2021, corresponding to 30% of the Short-Term Variable Incentive Plan, included a number of climate change objectives, including:
- reduction of greenhouse gas emissions;
- definition of the Saipem Group's strategy and Action Plan for achieving carbon neutrality.

All objectives were achieved with a saving of approximately 36,976 t of CO_2 eq thanks to the implementation of energy efficiency and energy saving initiatives, and the implementation of a Group Net-Zero Action Plan, validated by an independent third party.

Analysis of the climate-related scenario

Saipem is aware that climate change can have a significant direct and indirect impact on its business activities. Due to the nature of these impacts, the effect can be analysed in the short, medium (strategic plan range) and long term, also depending on the socio-economic, energy and climate scenarios that can be considered. For Saipem Group, the assessment of the long-term drivers (2050) of the external context is based on the analysis of various scenarios: each of these represents a possible path towards a different market structure.
Saipem considers a range of scenarios including a 2 °C reference scenario. The scenario analysis, presented on October 27, 2021 to the Board of Directors, is confirmed as a fundamental element for the definition of the four-year Strategic Plan.
This analysis considers the macroeconomic, social and demand trends of the various energy sources which are deemed may have a visible impact on the main drivers of the business for the entire Saipem Group.
Both long-term and medium-and short-term scenarios are analysed in the context of the planning process and are considered amongst the elements for defining the Strategic Plan; these are updated every year and discussed with the Top Management and are covered by dedicated meetings of the Board of Directors and make use of different external sources (forecasts from analysts, companies from the sector, intergovernmental organisations and other stakeholders and consultants).

As detailed in the chapter on the development of the market scenario and strategy, although hydrocarbons will continue to play an important role in the medium term, their contribution to the global energy mix is destined to decline gradually in the long-term (with a timing that is likely to be faster for oil than for natural gas in the various scenarios). In this context, large-scale investments in hydrocarbons, particularly in gas infrastructures will remain necessary in the medium and long term, and it is expected that traditional clients will continue to invest in long-term strategic projects, particularly in some key regions like the Middle East. Cutting-edge technological solutions with lower environmental impact will increasingly be in demand, and this is a huge opportunity for Saipem. In what is likely to be a long phase of energy transition, different scenarios have highlighted the role of certain technologies, like the capture and storage of carbon dioxide (CCUS), that will allow the use of hydrocarbons to be more compatible with climate requirements. As well has "hybrid" solutions involving the integrated use of fossil fuels and renewable sources in situations where this is possible. Through CCUS technology it is possible, on the one hand, to significantly reduce direct emissions of CO_2 into the environment from various industrial processes and, on the other, enable the production of "Blue Hydrogen", to promote mobility with a lower environmental impact. In the medium- and long-term, the objective naturally remains that of replacing Blue Hydrogen with "Green Hydrogen" produced from renewable sources through increasingly efficient economies of scale and technologies.
The commitment towards technological development, the constant adaptation of the mix of expertise and innovation initiatives and its support to clients in defining the best technical and operating solutions from the perspective of the entire life-cycle of plants, are the most effective instruments Saipem is using to deal with the challenges linked to climate change which the industry is facing. Diversification in less carbon-intensive business segments and, where possible, adjacent sectors in which Saipem can exploit its expertise (such as the largest and most complex infrastructure projects), will remain a strategic pillar in coming years.
An analysis of scenarios, risks and opportunities focused on climate change (based on pre-COVID scenarios) is available in the Saipem document "Shaping a Net-Zero future", which was drafted in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board.

The climate change reduction strategy

SASB
EM-SV-110A.2

Saipem expects to gradually reduce its dependence on the fossil fuel sector, reducing its CO_2 emissions and continuously extending its range of services in sectors with less impact on climate, working as a provider of innovative solutions to support clients in identifying the best technological choices with reduced carbon emissions. The Company has published the third edition of the document "Shaping a Net-Zero future" prepared in accordance with the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD), where, among others, issues related to the governance of the topics relating to the impacts of climate change, the identified climate-related risks and opportunities, in the short, medium and long term.
The Company strategy is based on the following three pillars:

- extending its range of services to its clients in sectors with less impact on the climate, investing in renewable technologies, developing solutions for a more sustainable use of fossil fuels and diversifying its activities. This implies strengthening its presence in existing markets with reduced carbon emissions (e.g. offshore windfarms, biofuels, concentrated solar power, etc.) and creating access to new markets (e.g. wave and tidal energy, ocean thermal energy conversion, energy storage, hydrogen and hybrid solutions). Furthermore, Saipem aims to diversify on the market, focusing on opportunities not linked to energy, such as infrastructures for sustainable mobility, water resource management and environmental services for the circular economy. Finally, particular attention is paid to less carbon-intensive energy sources, particularly the use of natural gas as an energy source in the transition period (for example LNG);
- becoming a key partner for its clients in the decarbonisation process. Major energy companies, as well as other high-carbon intensive industries, including steel and cement, are decarbonising their activities and working towards large-scale digital transformation throughout the value chain, involving key EPC vendors who invest in decarbonisation and digitalisation technologies. Saipem aims to become the "preferred partner" of clients working towards energy transition;
- improving the efficiency of its business activities and operations to reduce greenhouse gas emissions.

Climate-related risks and opportunities

Climate-related risks are identified and assessed through integration into the company's enterprise risk management model. The company's activities are inherently exposed to both physical and transitional risks resulting from climate change.

Below is a presentation of the main risks identified for which it was possible to make a quantitative assessment of the magnitude (in financial terms) resulting from an internal assessment focused exclusively on the climate-related component of the risks.

CLIMATE-RELATED RISKS

Type of risk	Risk description	Evaluation	Financial impact	Mitigation measures
Physical risk: > acute	Significant incidents occurring to strategic assets due to weather events.	Time horizon: > medium term Likelihood: > unlikely	This risk may lead to impacts in terms of increased operating costs, delays in operational activities and project margins.	The main risk mitigation actions are: > insurance coverage; > inclusion of contract clauses related to weather events; > HSE and vessel management system; > specialised training for employees on technical and HSE topics.
Transition risk: > technology	Inability to develop a sufficiently adequate technological innovation position for the business associated with energy transition.	Time horizon: > medium term Likelihood: > likely	Impacts in terms of increased cost of capital related to technology development initiatives.	Analysis and identification of market and technological trends. Innovation Factory with its diversified activities. Benchmarking and alignment of Saipem with the open innovation efforts of clients and competitors.
Transition risk: > regulatory	Increased operating costs due to changes in legislation concerning greenhouse gas emissions.	Time horizon: > medium term Likelihood: > likely	Erosion of project margins due to increased operating costs related to CO_2 emission fees.	Monitoring of GHG emissions regulation, launch of programme Net-Zero, implementation of initiatives to increase energy efficiency, regular maintenance and upgrades of Saipem's assets to continuously improve environmental performance.
Transition risk: > reputation	Negative assessment of sustainable business strategy and sustainability/ESG performance by financial stakeholders.	Time horizon: > short and medium term Likelihood: > likely	Impacts on the cost of capital.	The main risk mitigation actions are: > engagement activities with financial stakeholders; > materiality analysis to identify priority sustainability issues; > drafting of sustainability report; > control process to ensure reliable information to external stakeholders.

Climate-related opportunities

Opportunities associated with products and services are primarily assessed and managed in terms of business development, taking into consideration Saipem's competitive positioning, the identification of the main future challenges in the reference sector and the possibilities of diversifying the business portfolio as analysed in the Company's Strategic Plan.
The main opportunities listed concern "products and services" and efficient use of resources.

CLIMATE-RELATED OPPORTUNITIES

Type of opportunity	Description	Evaluation	Financial impact	Method for managing opportunities
Products and services	Increased revenues in decarbonisation and circular economy projects.	Time horizon: > medium term Likelihood: > very likely	Impact associated with the existing backlog and potential new acquisitions related to decarbonisation and circular economy projects in the strategic plan horizon.	Commercial focus tailored to decarbonisation and circular economy projects. Cooperation with relevant clients and institutions. Innovation and R&D activities also through collaborations and partnerships.
Products and services	Increased revenues in the offshore renewables business segment aimed at reducing climate-related impacts (e.g. offshore wind).	Time horizon: > medium term Likelihood: > very likely	Impact associated with the existing backlog and potential new acquisitions related to offshore wind projects in the strategic plan horizon.	Commercial focus tailored to renewable energy projects, particularly offshore wind. Cooperation with relevant clients and institutions. Innovation and R&D activities also through collaborations and partnerships.
Products and services	Increased revenues in low-carbon business segments such as rail and other infrastructure.	Time horizon: > medium term Likelihood: > very likely Magnitude of financial impact: > average	Impact associated with the existing backlog and potential new acquisitions related to infrastructure projects in the strategic plan horizon.	Creation of a new business line focused on infrastructure projects. Commercial focus tailored to rail infrastructure. Collaboration with partners and suppliers to develop innovative solutions in terms of digitisation and sustainable infrastructure. Collaboration with key clients/institutions to develop new sustainable infrastructure solutions.
Efficient use of resources	Offering more efficient and cost-optimised solutions through the use of energy-efficient solutions on ships, at sites and on drilling rigs.	Time horizon: > medium term Likelihood: > very likely	Reduction of fuel and electricity consumption costs through the implementation of energy efficiency solutions already identified in the four-year Strategic Plan to reduce greenhouse gas emissions.	Carrying out energy assessments to identify appropriate solutions and maximise savings; designing and implementing measures and actions to reduce energy consumption and greenhouse gas emissions.

The strategy of mitigating risks and maximising opportunities focuses on two main lines of business:
- expanding the range of climate-friendly solutions and supporting clients' decarbonisation process;
- improve the efficiency of assets and activities of the Company to reduce its greenhouse gas emissions.

Technological innovation and digitalisation

Across all its technological innovation activities, Saipem registered 16 new patent applications in 2021, including 3 for new decarbonisation technologies, in addition to 32 parent patents, corresponding to about 70 patent titles, were achieved through the acquisition of Naval Energies. In total, Saipem has a portfolio of 2,827 patents and new patent applications. The research and development activities involved 183 FTE (full-time equivalent) resources.

The new energy panorama emerging in coming years will be a mosaic of many competing forces, which is difficult to forecast today. What is clear however is that the speed of innovation and the adoption of new

technologies will be fundamental for making conventional developments more sustainable in the energy transition process.
Saipem has identified many opportunities for providing cutting-edge and increasingly sustainable solutions to help clients meet the demands for a future with reduced carbon emissions. In 2021, the Company spent €22 million on research and development and the application of decarbonisation technologies, out of a total of €60 million spent on technological innovation.
Detailed information on technological research and development activities, artificial intelligence and digitalisation, as well as partnerships and collaborations in these areas, is available in the section "Research and development" of "Directors' Report".

Energy efficiency

GRI 302-1
GRI 302-3
GRI 302-4
SASB
EM-SV-110A.1

Direct energy consumption in 2021 decreased by approximately 6% compared to 2020 for the Group perimeter, remaining mostly constant when compared to hours worked (-3%), in line with the contraction of activities due to the continuing COVID-19 pandemic. In particular, the sites with most consumption were the Tangguh LNG Expansion Project (30 ktoe) and Arctic LNG 2 (21 ktoe) and the Saipem 7000 vessels (20 ktoe), Scarabeo 8 (14 ktoe) and Constellation (14 ktoe).
In this context, direct fuel consumption was constant compared to 2020, confirming the limited operation of various assets during the year.
We report that from 2020, vessels in the fleet will no longer use Heavy Fuel Oil and Intermediate Fuel Oil, so the consumption for these two fuels will no longer be reported. Indeed, on January 1, 2020, a new limit was introduced for the content of sulphur in fuels used on board ships, known as "IMO 2020". This regulation sets the sulphur limit outside designated areas for emission control to 0.5%, which represents a significant reduction compared to the previous limit of 3.5%. Within specific areas designated for emission control the limits were already more stringent (0.1%). This new limit became obligatory following an amendment to Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL).
The increase in electricity consumption is mainly attributable to an increase in activities related to the Arctic LNG 2 project, which is mainly supplied by the power grid.
Despite this, in the Net-Zero Programme, Saipem continues to implement numerous initiatives aiming to reduce its own energy consumption and, consequently, its CO_2 emissions. The initiatives implemented are divided into four areas:

- **energy monitoring**, with the objective of keeping under control flows of energy to identify improvement actions and assess the benefits;
- **energy saving**, aiming to reduce energy consumption by eliminating useless wastes of energy and improving process management and efficiency;
- **energy efficiency**, aiming to reduce energy consumption by installing more efficient equipment;
- **renewable energy**, producing the same amount of energy from a source with lower emissions.

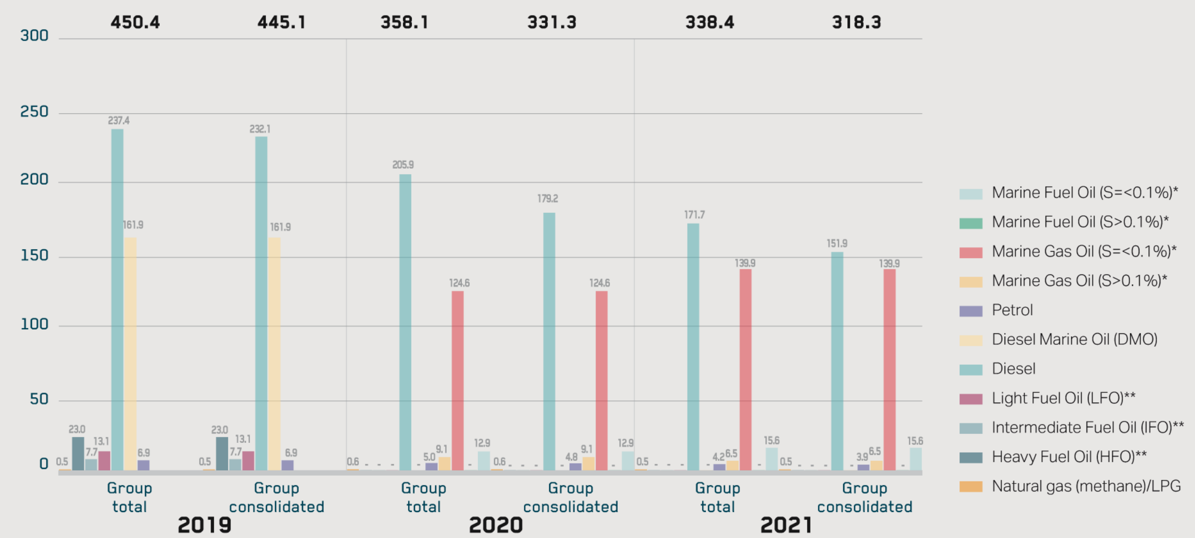
In 2021, these initiatives led to a reduction in energy consumption of 580,376 GJ at Group level.
Examples of initiatives implemented during the year include: the continual improvement in the luminous efficiency in numerous onshore and offshore sites, improvement in the efficiency of Saipem vessels (initiatives for the optimisation of routes and the Saipem eco Operation campaign), the installation of photovoltaic installations for the production of electricity at offshore sites, a better management of energy in offshore rigs (Saipem 12000 and Scarabeo 8), the purchase of renewable and certified electric power, etc.
More information can be found in the chapter "Transitioning toward Net-Zero" in the 2021 Sustainability Report.

		2019		2020		2021	
		Group Total	Full consolidated	Group Total	Full consolidated	Group Total	Full consolidated
Total indirect consumption of energy	(MWh)	**80,539**	**78,545**	**55,097**	**44,687**	**71,868**	**37,975**
Electricity consumed	(MWh)	80,171	78,177	54,797	44,387	71,569	37,676
Electricity produced from renewable sources	(MWh)	368.3	368.3	299.6	299.6	298.9	298.9

		2019		2020		2021	
		Group Total	Full consolidated	Group Total	Full consolidated	Group Total	Full consolidated
Total direct consumption of energy	(TJ)	**18,857**	**18,635**	**14,992**	**13,870**	**14,171**	**13,325**
Total indirect consumption of energy	(TJ)	**290**	**283**	**531**	**430**	**692**	**366**
Total consumption of energy	(TJ)	**19,147**	**18,918**	**15,523**	**14,300**	**14,863**	**13,691**
Energy intensity	(TJ/mln €)	2.1	-	2.1	-	2.1	-

The calculation of energy consumption in Joule is made by applying the following conversion factor: ktoe = 41,867 GJ. The value of the energy intensity is calculated through the ratio between the total consumption of direct energy and the total revenues, expressed in millions of euro.

DIRECT CONSUMPTION OF ENERGY (ktoe)



(*) Categories introduced in 2020.
(**) IFO, LFO and HFO categories no longer contemplated from 2020.

GHG emissions

GRI 405-1
GRI 405-2
GRI 405-3
GRI 405-4
GRI 405-5

Among the Company's environmental priorities is the reduction of greenhouse gas emissions, including through energy efficiency initiatives. In particular, including in relation to that which is set forth in the Paris Agreement (COP21 in 2015) on the fight against climate change, Saipem has set itself the target of accelerating the pursuit of medium and long-term strategies and implementation plans to reach Net-Zero emissions of greenhouse gases.
Saipem's strategy can be broken down into 2 main pillars:
- improve the efficiency of its assets and operations to reduce its greenhouse gas emissions;
- support clients in their decarbonisation journey, acting as a facilitator of low greenhouse gas impact strategies and technologies while playing a key role in the energy transition, as described in the "Climate change reduction strategy" sections of this document and in the "Transitioning toward Net-Zero" e "Fulfilling our vision of decarbonisation" in the annual Sustainability Report.

In relation to the first pillar, Saipem has defined a GHG emission reduction plan in the context of the Net-Zero Programme, with respect to Scope 1, Scope 2 and Scope 3 emissions.

GHG reduction strategies related to Saipem's assets and operations

Net-Zero Programme

Given that climate change has long been considered to be a material issue by stakeholders involved in the materiality analysis, year after year Saipem has increased its commitment to improving its performances in terms of GHG emissions.
Saipem's commitment to preventing climate change is reflected in its governance, principles and policies. The Board of Directors has become increasingly proactive on climate issues and these have been integrated into the company's business strategy. Climate-related objectives have been included in the company MBO since 2018.
In February 2021, Saipem publicly disclosed its long-term decarbonisation objectives, linked to its Net-Zero Programme at the end of a long and structured process that had begun in recent years.
In particular, between the end of 2020 and the start of 2021, the following long-term targets were identified:

- 50% reduction in Scope 1 and 2 emissions by 2035 (based on 2018 GHG emissions);
- Carbon Neutrality in indirect emissions from purchased energy (Scope 2) by 2025.

In this process Saipem has adopted a "holistic" approach to decarbonisation which involves many company functions at both the Group and Division level: to reach its stated objectives cross-divisional and cross-functional working groups were created by bringing together broad competences and knowledge.
The Net-Zero Programme is supported by three documents, that were produced with the contribution of all the people involved:

- the Manifesto and Strategic Lines – for general guidelines and management;
- the Saipem Quadrennial Strategic Plan for GHG Reduction – for the short term, in force since 2018 and integrated within the scope of the Programme as the operational instrument for the next 4 years (2022-2025);
- the Saipem Net-Zero Implementation Plan – for the long term.

The combination of these two plans represents Saipem's roadmap towards Net-Zero: while the Quadrennial Strategic Plan focuses on the next 4 years and is linked to the global strategy and the Industrial Plan, the Net-Zero Implementation Plan sets out the process for the coming decades in terms of decarbonisation.
The Programme and its contents were validated by an independent third-party (Bureau Veritas) at the end of 2021.
The Programme and the related objectives will be updated as the situation evolves: new regulatory and external market pressure, stakeholder expectations, including requests from clients, analysis of benchmarks, technological developments, availability of energy scenarios and other similar inputs.
It is essential that Saipem's approach to Net-Zero should be irreversible and systematic, while targeting continuous improvement. Saipem aims to create "agents of change", in order to ramp up the change both within and beyond its organisation through its clients, suppliers and all the actors in its value chain. The environment is generally considered a sort of "E-factor", that is present in all processes, in the DNA of each Saipem function and person.
Reduction activities set forth in the Net-Zero Programme refer to Scope 1, Scope 2 and Scope 3 emissions, in accordance with the procedures described below.

Planned actions for the reduction of Scope 1 and 2 emissions

The reduction of Saipem's direct emissions will hinge on the three "R"s: Retrofit, Renewal and Renewables. The main goal of these phases is to reduce the carbon footprint of all of Saipem's assets, such as vessels, rigs and TCFs (Temporary Construction Facility).

1. Retrofit: the first phase will involve an increase in the efficiency of Saipem activities through an extensive use of the available technologies. The application of these technologies on current assets will enable a more efficient use of energy which will lead to a reduction in emissions.
2. Renewal: this phase consists in asset substitution. Today constructors are developing a new generation of assets: in the future these assets will replace older ones. This new generation of assets is expected to be more energy efficient and emit less GHGs, maybe thanks to digitalisation and increased deployment of unmanned operations.
3. Renewables: the last phase is characterised by a massive implementation of renewable energy and technologies in Saipem's assets and activities. The technologies set forth in this phase will not only be traditional ones that we know of today, but they will be advanced renewable energy technologies, some of which are currently under study, such as floating wind and floating solar. These renewables could be applied to Saipem's activities (e.g. to power vessels or sites) and could also be an integral part of the final product, by powering client operations.

Two main lines of action will run alongside these phases:

- electrification: a switch where possible (e.g. in ports) from electricity generation with fuel-powered generators to grid power;
- alternative fuels: use of new and existing low carbon emission fuels in place of fossil fuels to carry out the same operations.

In terms of indirect emissions connected to the purchase of energy the following lines of action shall apply:
- for each asset connected to the electricity grid the priority will be to purchase energy that is certified as 100% renewable;
- self-generation of energy from renewable sources will be assessed and applied;
- offsetting will be considered as a last chance only for residual emissions, to be applied only after considering all the measures above.

Since the reduction of emissions is the central component of Saipem's environmental strategy, the Company intends to focus primarily on improving the efficiency of its assets and operations. However, it is expected that certain residual "hard to abate" emissions will be impossible to eliminate which means it will be necessary to consider actions and investments to support climate offsetting, in particular by focusing on those that will generate additional benefits for people and the environment.

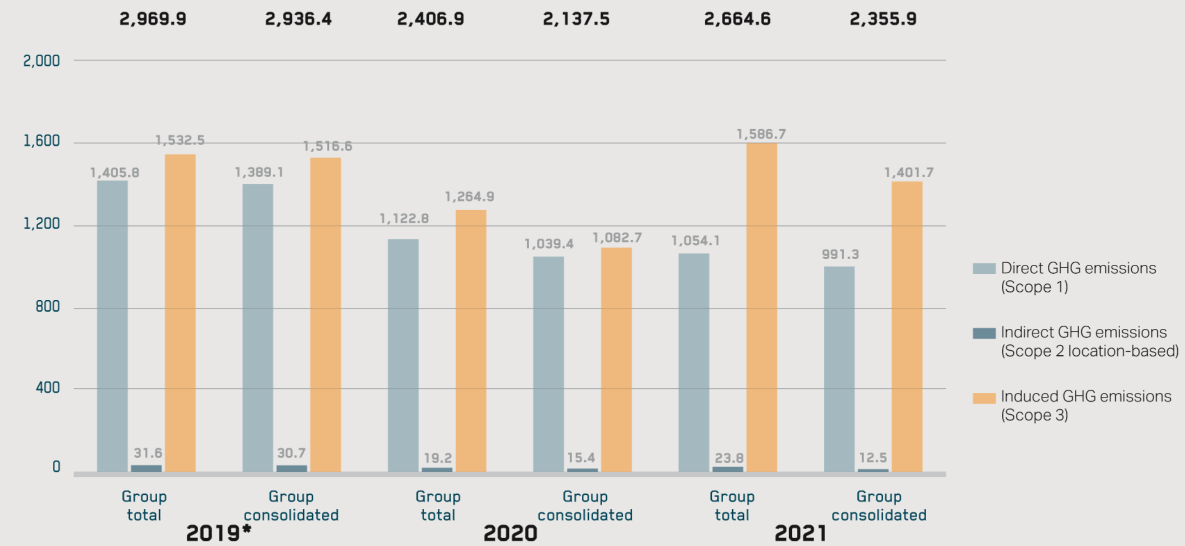
Planned actions for the reduction of Scope 3 emissions

In terms of Scope 3 emissions Saipem wants to have a leading role in supporting and encouraging clients, suppliers and the various actors in the value chain to reach the same GHG emissions objectives. This is just the first step to improve monitoring of this area (please refer to the section "GHG emissions") and for exploring action areas, with the objective of establishing reduction targets as soon as possible within the scope of the Net-Zero Programme within Scope 3 areas, like mobility and the Supply Chain (more information can be found in the chapter "Added value at our core" of the 2021 Sustainability Report).

Through the energy saving initiatives, that are described in detail in the 2021 Sustainability Report in the chapter "Transitioning toward Net-Zero", in 2021 CO_2 eq savings of 36,976 tonnes were achieved at a Group level. In 2021, Saipem recorded a GHG intensity of 156.8 t of CO_2 eq/€ mln (at Group level, the value is calculated considering the location-based Scope 1 and Scope 2 emissions in relation to revenue in millions of euro). It is estimated that, thanks to the initiatives that have been and will be implemented, Saipem will not emit at least 153,120 t of CO_2 equivalent into the atmosphere over the 2022-2024 timeframe.
As described later in the section, the Scope 3 categories that are monitored are unchanged since 2019. In 2021, there was a general increase in emissions (29% for the full consolidated perimeter, 25% for the Group perimeter), due mainly to:
- the increase in the procurement of materials connected to project activities, +55% emissions for the full consolidated perimeter and +39% in the Group perimeter (75% of the Group total);
- the growing number of goods delivered, +42% emissions for the full consolidated perimeter and +93% in the Group perimeter (3% of total).

The significant percentage of Scope 3 emissions attributable to the procurement of materials confirms, as described below, the need to continuously improve the forecasts for emissions connected to the Supply Chain, in order to pursue reduction objectives.

EMISSIONS (kt CO_2 eq)



Scope 1 emissions were calculated by adopting the emission factors in the document "IPCC Guidelines for National Greenhouse Gas Inventories 2006". The Scope 2 location-based emissions were calculated using emission factors from the following sources: Confronti internazionali (Terna) and Greenhouse Gas Protocol.
(*) This figure was corrected compared to that which was previously published in the 2019 Consolidated Non-Financial Statement.

	2019		2020		2021	
(kt CO_2 eq)	Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Market-based Scope 2 emissions	33.8	32.9	21.5	20.0	21.6	10.9

Market-based Scope 2 emissions have been calculated in accordance with the estimation hierarchy set forth by the GHG Protocol.

The Company maintains a methodology for estimating emissions that is certified by an independent third party in accordance with the principles of regulation UNI EN ISO 14064-3. The method had already been revised for the first time in 2018, and again in 2019, with an extension of the field of application of the method, and in particular by extending the emission categories of Scope 3 emissions.
The following GHG emissions are considered in the document:
- direct emissions deriving from the use of fuels (Scope 1);
- indirect emissions deriving from the purchase of electrical energy and location and market-based emissions (Scope 2);
- indirect Scope 3 emissions deriving from:
  - extraction and transportation of the fuels used, directly and indirectly;
  - network losses in the transmission of purchased electrical energy;
  - water supply and disposal;
  - procurement of materials and waste disposal;
  - shipment of materials;
  - use of employees' cars in Italy;
  - hotel accommodation during business travel managed from Italy;
  - flights for business travel managed from Italy.

Within the scope of the Net-Zero Programme a review of the methodology is currently ongoing and will be completed in 2022. This will include:
- updated emission factors for each company reported category for Scope 1, Scope 2 and Scope 3;
- recording of the use of biofuels in Scope 1 and for air travel;
- update of the calculation methodologies for market-based Scope 2 according to the latest guidelines provided by the GHG Protocol;
- completion of the Scope 2 recording with the reporting of emissions deriving from the purchase of heat;
- extension of Scope 3 with the inclusion of new indirect emission categories deriving from:
  - network losses in the transmission of purchased heat;
  - over land journeys for business trips;
  - commuting in permanent sites;
- greater precision for Scope 3 calculations for the procurement of materials and the extension of the estimation of indirect emissions to the whole Group (more information is available in the chapter "Added value at our core" of the 2021 Sustainability Report);
- recording of GHG emission offsetting.

The Company has developed a specific methodology to forecast GHG emissions for plants designed by Saipem during their expected period of operation.
The following GHG emissions are considered in the document:
- emissions deriving from the combustion of fuels;
- fugitive emissions (leaks, venting and flaring);
- indirect emissions produced by electrical energy that is purchased;
- indirect emissions produced by heating that is purchased, including dispersions;
- indirect emissions produced by cooling that is purchased.

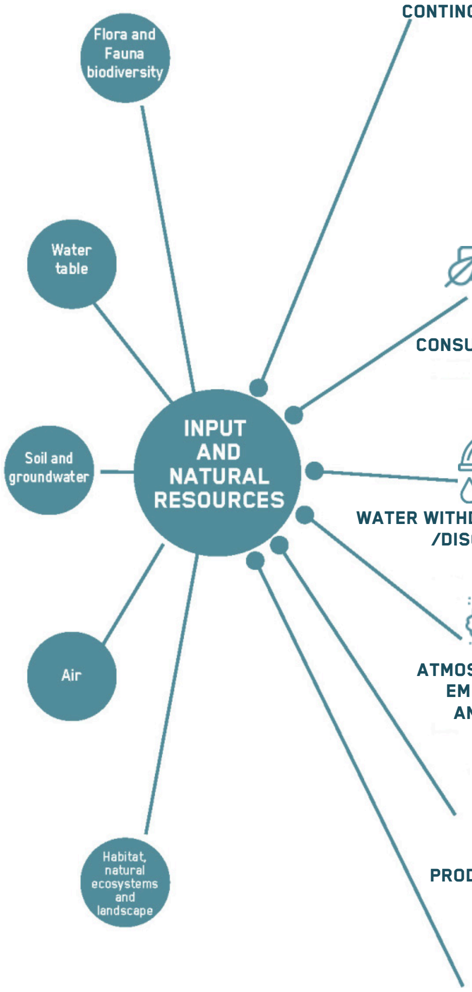
The methodology for estimating emissions is applied to the data provided by the Department of Engineering during the conceptual phase of a project.
The methodology has also been certified and validated by an independent third party in accordance with the principles of regulation UNI EN ISO 14064-3.

Saipem intends to complete the above methodology with the development and validation in 2022 of a new methodology with the aim of minimising the emissions of its projects. The methodology defines the minimisation solutions ("clusters") of the carbon footprint for projects, such as: energy efficiency, carbon capture, renewables, hydrogen, alternative fuels, offsetting.
For each of the above listed emissions minimisation solutions the document will have the following contents:
- description and analysis of the best practices, i.e. the specific technologies for the same cluster;
- definition of the project applicability criteria for a cluster;
- definition of the selection criteria of a specific technology within a cluster;
- definition of the calculation criteria for the tool for minimising the carbon footprint.

PROTECTING THE ENVIRONMENT AND MINIMISING ENVIRONMENTAL IMPACTS

Environmental management policies and system

Saipem is aware that all its activities, from the planning and design stages to construction and operation, may potentially have an impact on the environment, both directly and along its business value chain.
In identifying, assessing and managing environmental and social impacts tied to business management, both potential and real, Saipem is guided by international regulations, principles, shared approaches and internationally recognised recommendations adopted in the industry including UN Global Compact principles (especially, principles 7, 8 and 9 that refer to the environment), the principles expressed in the International Finance Corporation (IFC - World Bank) Performance Standards on Environmental and Social Sustainability, Organisation for Economic Co-operation and Development (OECD) guidelines for multinationals.
As described in the HSE Policy of Saipem SpA, the Company is committed to preventing the potential environmental impacts caused by its activities and using energy and other natural resources efficiently.
Saipem takes all necessary measures to ensure environmental protection when carrying out its works, both for activities managed directly by its own personnel and using its own means and operations managed by third parties for its operational projects (clients, subcontractors, etc.) in order to minimise and correctly manage the significant environmental aspects and impacts that may arise from them. Moreover, Saipem pays the utmost attention to the constant improvement of its environmental performance. To guarantee these results, Saipem has adopted a certified Environmental Management System. All the most significant entities in the Saipem Group are ISO 14001:2015 certified to support and guarantee the environmental management system adopted by the Company. Saipem is aware of the real impacts of its activities and defines specific actions and tools required to manage these impacts for each operating context.
In its purchasing processes, Saipem is committed to selecting materials and services which are considerate of environmental criteria and encourages the use of low impact technologies through the research and adoption of solutions with the lowest possible impact on the environment during their entire life-cycle, in terms of the disposal/release/emission of pollutants, the use of hazardous substances and the production of waste.
Furthermore, the Company invests in research and development programmes to create technologies that minimise the environmental impact of its operations and of the delivery of its service to the reference sector, and organises specific initiatives designed to promote environmental awareness and the dissemination of best practices, also involving external entities as addressees. Further details can be found in the "Research and development" section of the "Directors' Report" and in the 2021 Sustainability Report.



SAIPEM OPERATIONS ENVIRONMENTAL ASPECTS	MAIN OUTPUTS AND POTENTIAL IMPACTS ON THE ENVIRONMENT	MANAGEMENT AND MITIGATION MEASURES
SPILL CONTINGENCIES	• Soil, groundwater and water pollution • Degradation and loss of natural habitats and ecosystems • Wildlife and flora disturbance • Biodiversity depletion • Impacts on public safety	• Spill management hierarchy: prevention; preparedness; response • Suitable storage areas for oils and chemicals • Hazardous substances inventory • Spill mapping and risk assessment • Spill kit availability • Use of environmentally friendly substances • Emergency training and drills • Analysis of accidents and implementation of corrective actions, extended, where applicable, to the entire Group
ENERGY CONSUMPTION	• GHG emissions and global warming • Air pollution • Damage to wildlife and flora • Loss of natural habitats	• Energy saving and efficiency practices • Use of energy from renewable sources • Energy assessments on critical assets • Maintenance and replacement of equipment and machines • Use of less pollutant fuels
WATER WITHDRAWAL /DISCHARGE	• Groundwater pollution • Use of groundwater • Degradation and loss of aquatic habitats and ecosystems • Wildlife and flora disturbance • Biodiversity depletion	• Water reuse and saving practices • Treatment plants • Periodical maintenance of plants
ATMOSPHERIC EMISSIONS AND DUST	• Air pollution • Degradation and loss of habitats and ecosystems • Wildlife and flora disturbance • Biodiversity depletion	• Maintenance and replacement of equipment and machines • Dust control programmes • Pollutant abatement systems • Use of less pollutant fuels • Energy saving and efficiency practices
WASTE PRODUCTION	• Soil overuse • Modification of landscape • Impacts on public safety • Direct and indirect impacts connected with improper management	• Waste management hierarchy: reuse; reduce; recycle • Waste valorisation practices • Recycling programmes • Suitable waste storage areas • Efficient waste management equipment • Training on waste management to personnel
NOISE AND VIBRATIONS	• Human/wildlife and flora disturbance • Degradation and reduction of natural habitats and ecosystems • Biodiversity depletion	• Periodic maintenance and replacement of equipment and machines • Enclosing noise sources • Noise barriers/screens • Proper planning of noisy activities • Use or quieter working methods/technologies

RISKS COVERED BY ITALIAN LEGISLATIVE DECREE NO. 254/2016; ENVIRONMENTAL ASPECTS

Topic addressed in the 2021 NFS	Risks identified by the Company	Summary of adopted risk mitigation measures
Spil prevention and response	Environmental pollution	To prevent and mitigate this risk, Saipem has adopted an ISO 14001 certified environmental management system that applies for the Group from the operational standpoint. Furthermore, the Company employs environmental risk assessment techniques and tools and conducts audits and training and awareness courses for its personnel and main contractors. Finally, Saipem has developed response plans to prevent and manage environmental emergencies (for example in the event of spills).
Technology, innovation and operational research	Unsuitable development of a technological and innovative positioning for the energy transition market	Saipem is constantly involved in the development and diversification of its technologies and patent portfolio through both significant investments in research and development focused on the ongoing energy transition (e.g. renewable energies, solutions for capturing CO_2, floating wind power and underwater robotics) and through external purchase transactions (e.g. M&A or strategic partnerships with consolidated or emerging players). The monitoring of technological developments in the reference sectors is conducted through benchmark analyses and the scouting of innovative start-ups to finalise potential future agreements with suppliers of technology and penetrating new markets that are not linked to the Oil&Gas sector. A key element of the risk mitigation and prevention strategy on this issue is the initiative concerning its incubator of ideas and prototyping laboratory, "Innovation Factory", designed to test solutions that respond to the challenges of the industry in which Saipem operates through new technologies (digital first and foremost) and new methods. Finally, Saipem aims to emphasise its commitment on innovation and energy transition issues by strengthening external (and international) communication on the main media (example with press releases or social media posts).
Energy efficiency Prevention of climate change and greenhouse gas emissions	Loss of competitiveness of assets because of changes to laws on greenhouse gas emissions.	Saipem is committed to constantly monitor the evolution of laws and regulations in the field of greenhouse gas emissions at the international level in order to mitigate and prevent such risk. For more information please refer to the sections "Energy efficiency" and " GHG emissions" in this document.
Management of water resources	Environmental impact on the management of water resources during operations	The risk, although considered as manageable in ordinary operations, is subject to mitigation by Saipem through various prevention initiatives, including the mapping of consumption in areas subject to water stress, the introduction into HSE reporting system for a new category of accidents related to water discharges uncontrolled, as well as water efficiency initiatives.

Spill prevention and response

Pollutant spills are one of the most significant environmental issues for the sector in which Saipem operates. In the case of spills, the prevention of accidental events and response actions are absolute priority elements for their management. Saipem's spill management strategy is in fact focused on minimising the risk of spills and implementing emergency mitigation and management actions, for which it adopts advanced equipment and procedures. The Saipem management system is based on the following hierarchy of actions:

- *Prevention*: actions have been implemented to identify specific areas of risk and improve processes and operational control of those sites and vessels which are most at risk of spills.
- *Instruction and training*: specific training events on spill prevention are periodically organised, along with drills aiming to improve the skills of operating staff in emergency management. The drills are carried out both on land and at sea, involving, if necessary, clients or third parties designated for emergency response activities. During the course of 2021, 338 spill response exercises were carried out.
- *Emergency response*: all Saipem sites have the necessary equipment for tackling any emergency which may arise, and specific Spill Response Teams have been set up and trained. Each operating site implements a spill management plan which identifies the accident scenarios and adequate response modes and can also include the intervention of designated third parties.
- *Reporting*: the data concerning spills and "near misses" (events that, under slightly different conditions, could have caused environmental damage) are monitored by a specific software and subsequently analysed to assess the causes, prevent recurrence and share the "lessons learned" within the Company.

		2019		2020		2021	
		Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Number of spills							
Total	(No.)	54	54	106	38	38	37
Spills of chemical substances	(No.)	16	16	7	4	-	-
Spills of oily substances	(No.)	38	38	79	23	27	26
Spills of biodegradable substances(*)	(No.)	-	-	7	7	8	8
Spills of drilling muds(*)	(No.)	-	-	3	3	2	2
Spills of wastewater(*)	(No.)	-	-	10	1	1	1
Volume of spills							
Total	(m^3)	10.40	10.40	13.04	6.22	3.10	3.10
Spills of chemical substances	(m^3)	7.60	7.60	3.09	3.08	0.00	0.00
Spills of oily substances	(m^3)	2.90	2.90	0.43	0.15	0.33	0.32
Spills of biodegradable substances(*)	(m^3)	-	-	2.42	2.42	2.20	2.20
Spills of drilling muds(*)	(m^3)	-	-	0.52	0.52	0.54	0.54
Spills of wastewater(*)	(m^3)	-	-	6.58	0.05	0.05	0.05

(*) Category introduced in 2020.

The internal reporting rule for spills requires a minimum volume of 1 litre, beyond which it must be reported as an accident. Out of 38 total spills in 2021, 25 were less than 10 litres. The sites with the highest number of spills greater than or equal to 10 litres are the onshore project BP Tangguh Expansion (Indonesia, 4), the Talara logistics base (Peru, 2) and the vessel Saipem 7000 (4). The total number of spills fell thanks to the preventive measures that were implemented and considering that, in 2020, within the Group's perimeter, there had been 67 spills on the Mozambique LNG project, which is currently suspended.
In any case, the volume of spills in 2021 that is attributable to the Group perimeter therefore fell compared to 2020.
The most significant events of 2021 include:
- two spills of 1.5 m^3 and 0.5 m^3 due to leakage of biodegradable oil from a hydraulic circuit during drilling operations on the vessel Saipem 7000;
- spill of 0.5 m^3 during a preliminary seal test prior to drilling mud cementation operations on the PTX-5929 rig in Argentina.

Each spill is assessed in terms of criticality, according to the actual and potential impacts generated by the event. No events occurring in the year had severe consequences. Each event is analysed in terms of its cause and the opportunity is exploited to adopt suitable measures are adopted to prevent and minimise the risk of it happening again in future.

GRI 303-1
GRI 303-2
GRI 303-4
GRI 303-5
SASB
EM-SV-140A.1
EM-SV-140A.2

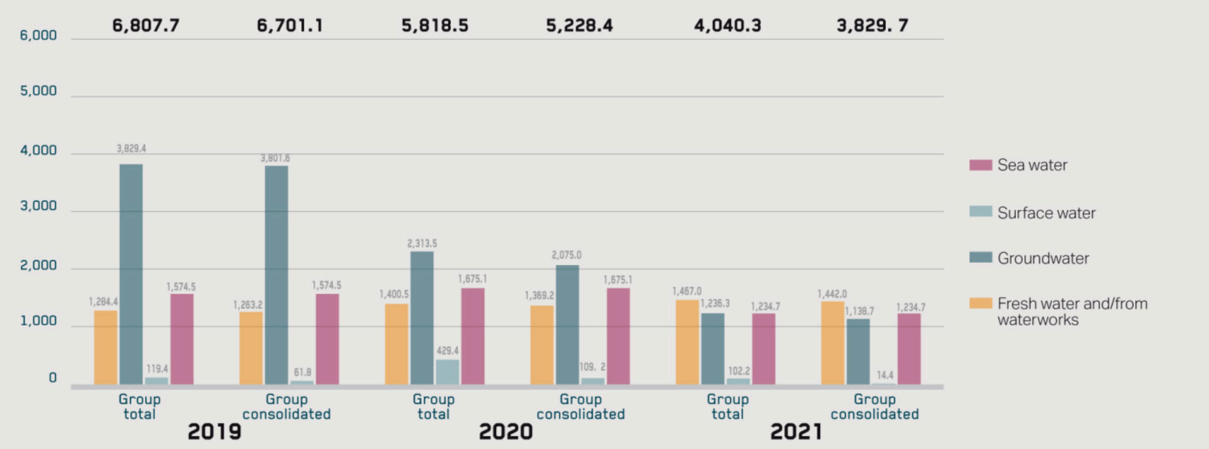
Water resource management

Considering the geographical location of the Company's important operating activities, water is a significant aspect to be monitored and managed. In fact, important operating activities are carried out in areas considered "under water stress", where the implementation of a strategy to reduce withdrawal and use the resource efficiently is considered a priority. The re-use of water, after suitable treatment, is a key activity to minimise water withdrawal.
The commitment to a responsible management of water resources is transmitted to all Company levels through the issuing of annual Group HSE plans, which are then implemented by the Business Lines and operating companies.
The awareness of growing pressure on water resources, despite significant territorial variations, is driving Saipem to focus more on the development of new water technologies and in general on the improvement of its water management.
The water resource management strategy is an integral part of the environmental strategy and is defined in the environmental management system documentation; it is also an objective of the Group HSE plan.
The hierarchical approach to water management aims to maximise reuse, where possible, and reduction of consumption in all operational sites and projects, particularly those in water-stressed areas.
Saipem is aware of the need for greater resilience in the planning and management of water resources, also to react to the effects of climate change. In some regions, there could be an increase in water availability, while in others a reduction in availability, leading to water stress and competition for resources, throughout the project life cycle.
Each year Saipem maps its sites located in water-stressed areas, in order to raise awareness in the sites and projects. The analysis of water flows and areas with high levels of water stress constitutes the basis for the subsequent definition of initiatives to reduce consumption and mitigate the associated impacts.
Water management plans focus on the identification of critical aspects and propose actions to reduce water consumption and increase the percentage of reuse, including an analysis of water usage and consumption,

identifying the most significant consumption points, as well as identifying and prioritising initiatives to reduce water consumption and increase water reuse.
Normally the waste water treated can be reused for dust abatement, irrigation, hydrotesting (in accordance with specific regulatory limits). Furthermore, potable and non-potable water systems are separated in the design of logistics bases, sites and fields.

Within the scope of its greenhouse gas emission reduction strategy, Saipem is aware of the importance of the correlation between the use of energy and water. This aspect is applicable in particular in onshore fabrication yards, since, unlike the situation on board a vessel, the use of water and energy is not concentrated and is spread over vast areas. This poses significant challenges in terms of monitoring, especially when recording exactly how much fuel and how much water was used for a specific activity (or series/type of activities, such as fabrication work or accommodation services). Moreover, some yards are located in or in water stress areas or in regions with the highest level of water withdrawals.
For this reason, starting from 2019, Saipem has chosen to go beyond legal requirements and implement within its fabrication yards Yard Energy and Water Efficiency Management Plans (YEWEMP), based on the same concept introduced by the IMO for ships (MARPOL annex VI) of the Ship Energy Efficiency Management Plan (SEEMP).
Starting from the assumption that energy and water are precious resources, the objective of the above-mentioned plans is to increase attention on the procedures for the use of these resources, through systematic analyses with flow diagrams via the mapping of paths taken by energy and water, starting with the source of generation (e.g. public network or site generation plant) through to each individual use within a structure. Every plan provides a tool for implementing efficiency initiatives, by assigning priorities based on the expected impact or benefit, and a series of indicators to enable careful monitoring on a monthly basis. Since these indicators are specific for activities, they also make it possible to quantify more precisely the footprint of fabrication activities in terms of greenhouse gas emissions: this estimate is increasingly utilised in the offer phase to confirm to clients the Company's commitment to contributing to their own decarbonisation targets.
For this purpose, in 2021, the energy indicators of the YEWEMP were integrated within the Saipem Offshore Carbon Estimation (SOCE) tool, which is used during tenders to provide clients with an estimate of the CO_2 footprint throughout the entire life-cycle of their project (including fabrication) and for assessing the different impact, in terms of emissions, of alternatives in the design and execution phase of a project.
Between 2019 and 2020, Saipem's main sites developed their own Yard Energy and Water. Efficiency Management Plans (YEWEMP), i.e. Ambriz (Angola), Arbatax (Italy), Karimun (Indonesia) and SCNL (Nigeria). In 2021, the above sites updated their plans with new targets based on the performances that had been reached and continued implementing initiatives such as the installation of meters on the water network in order to measure consumption in a differentiated manner. Moreover, the development of the plan was also undertaken by the site in Dammam (Saudi Arabia). Thanks to the behavioural practices put in place by staff which were inspired by seeing the interdependence between energy and water (based on the consideration that the production of fresh water requires the consumption of energy and the supply of energy requires water), Saipem therefore intends to pursue the objectives of achieving greater efficiency in the use of energy and water in these sites.
In 2020, in the Onshore E&C Division, TCF (Temporary Construction Facilities) feasibility studies were prepared for energy efficiency for the Marjan pack 10 and Berri (Saudi Arabia) projects, with both studies containing measures that will deliver water savings estimated, on the basis of on peak attendance at the respective base camps, at approximately 18,000 litres per day for the Berri Project (peak of 600 people) and approximately 14,000 litres per day for the Marjan Project (peak of 450 people).
On the topic of water conservation, it is also noted that the new headquarters under construction in Italy will see the transfer to Milan of the historic San Donato Milanese headquarters: the new complex, inspired by the most modern architectural solutions, from the perspective of technological innovation, has a strong focus on sustainability and respect for the environment and will enable a significant reduction in the consumption of drinking water thanks to the efficiency of the plant and equipment that has been selected and the reuse of rainwater.
To improve traceability and reporting on water consumption, since 2019 the methodology for the calculation of water consumption has been amended to envisage that wastewater that is disposed legally be classified and reported as waste (non-hazardous or hazardous according to local law) and not as discharged water.
Every year Saipem celebrates World Water Day (March 22) as a further opportunity for raising awareness and launching initiatives on this topic.
Furthermore, the initiatives carried out in the local communities are yet another opportunity for raising awareness and introducing best practices for the management of water resources, particularly in areas where the analysis of the local context highlights water stress, scarce potable water and poor hygiene conditions.

WATER WITHDRAWALS (10^3 m^3)



		2019		2020		2021	
		Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Recycled and re-used water							
Re-used water	(10^3 m^3)	1,657.1	1,657.1	802.5	802.5	447.8	447.8
	(%)	24	24	14	15	11	12

Wastewater discharged

	2019		2020		2021	
(10^3 m^3)	Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Total water discharged, of which:	**3,468.9**	**3,424.7**	**2,780.8**	**2,628.6**	**2,238**	**2,138**
- water discharged into the sewer systems	185.5	180.1	240.4	175.7	176	171
- water discharged into bodies of surface water	1,592.3	1,592.3	1,040.3	1,040.3	919	897
- water discharged into the sea	1,115.2	1,076.4	1,500.0	1,412.6	1,143	1,071
- water discharged to other destinations (*)	575.8	575.8	-	-	-	-

(*) Category no longer considered as of 2020.

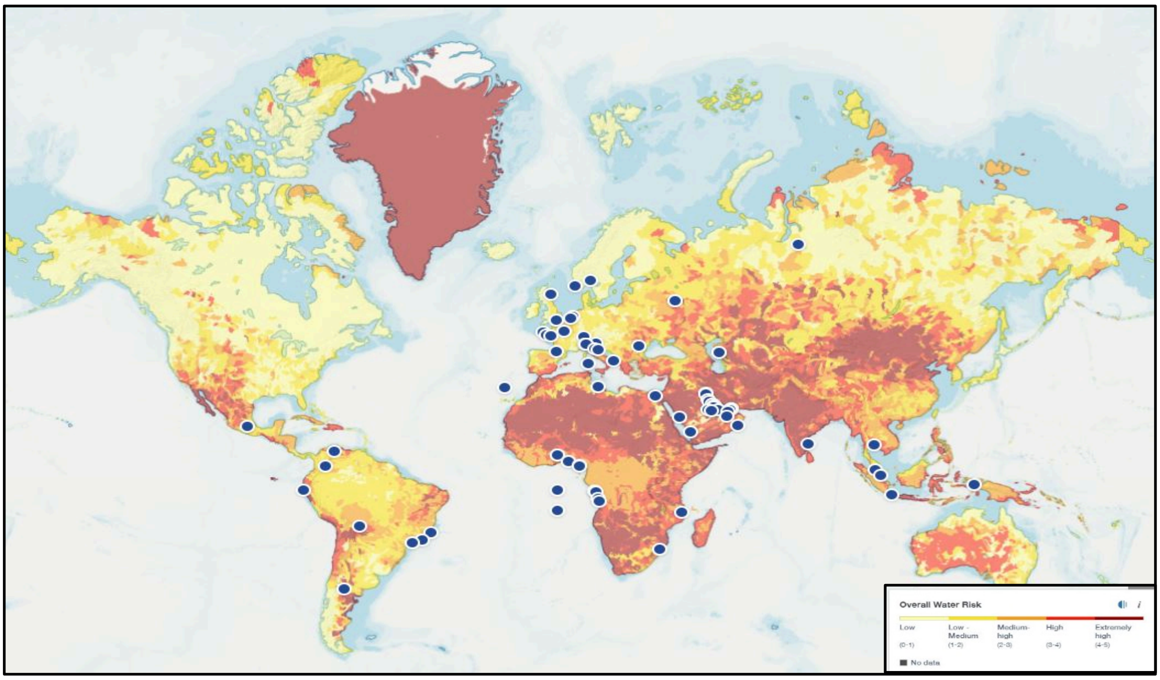
Compared to total water withdrawals for the year, it is reported that, excluding groundwater, the withdrawal of fresh water represents 39% of total withdrawals for the Group perimeter and 38% for the full consolidated perimeter, while salt water accounts for 31% within the Group perimeter and 32% for the full consolidated perimeter.

Water consumption fell by 31% compared to 2020 for the Group perimeter (it was 27% for the full consolidated perimeter), mainly as a result of a sharp reduction in the withdrawal of groundwater. In particular the following were recorded:

- an increase in withdrawal from fresh water/mains water systems, mainly due to the onshore projects Duqm (Oman), SGCP (South Gas Compression Plant - Saudi Arabia) and Arctic LNG 2 (Russia), and the activities in the Karimun yard (Indonesia);
- a reduction in water withdrawn from groundwater, due to a reduction in its use in the onshore projects Khurais and Jazan Package 1&2 (Saudi Arabia);
- a reduction in withdrawals of seawater, due mainly to a reduction in its use in the onshore Duqm Project (Oman).

Water discharges recorded in the Group perimeter fell for all reported categories, in line with that which was reported for water consumption.

Location of main Saipem sites on map of water-stressed areas produced through the Aqueduct WRI system.



WATER WITHDRAWALS FROM WATER-STRESSED AREAS 2021 ($10^3 m^3$)

GRI 305-7

Preserving the air quality

The Company policy of reducing GHG emissions has a strong impact on the reduction of air pollutants, as these are also caused by energy consumption. Moreover, thanks to the initiatives will be implemented within the scope of the Net-Zero Programme like progressive electrification, will allow for a net reduction in air pollutants in the medium-long term.
Saipem's methodology for estimating emissions includes the following pollutants: NO_X, SO_2, CO, PM_{10} and NMVOC. The emission factors were updated during the last reviews of the calculation methodology. In particular, during the 2018 methodology update, the NO and CO emission factors were significantly reduced, the NMVOC and PM_{10} factors slightly increased and SO_2 factors remained constant, influencing the emissions trends between 2017 and 2018. The updating of the methodology in 2019 reflected the new regulations on the use of marine fuels, which consequently changed the emission factors: phase-out of Heavy Fuel Oil and Intermediate Fuel Oil starting from 2020 and introduction of new categories of fuels (Marine Gas Oil and Marine Fuel Oil, which are in turn categorised based on a sulphur content that is greater or less than 0.1%).

For pollutants, the emission levels follow the trends for energy consumption and are down slightly.
Polluting emissions are calculated using the following sources: EMEP/EEA Air Pollutant Emission Inventory Guidebook 2016 and IPCC Guidelines for National Greenhouse Gas Inventories 2006.

Air pollutant emissions

	2019		2020		2021	
(t)	Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
NO_X	16,536	16,338	13,338	12,326	12,415	11,762
SO_2	6,514	6,483	571	545	542	523
CO	7,935	7,889	5,989	5,618	5,231	4,798
NMVOC	1,146	1,131	922	837	840	782
PM_{10}	636	628	516	465	477	442

The energy efficiency interventions and processes described in section "Energy efficiency" also led to reductions in the emissions of other air pollutants, particularly NO_X and CO.

Reduction in pollutant emissions

	2019		2020		2021	
(t)	Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
NO_X	257.8	257.2	319.9	316.7	426.9	426.9
SO_2	111.3	111.2	15.4	15.4	16.9	16.9
CO	33.0	32.9	50.3	49.8	121.2	121.2
NMVOC	7.8	7.8	17.1	17.0	24.2	24.2
PM_{10}	8.4	8.4	10.2	10.1	13.6	13.6

GRI 306-1
GRI 306-2
GRI 306-3
GRI 306-4
GRI 306-5

Waste management

The Company adopts a responsible and specific waste management system based on the type of operating activity, which it also shares with the third party companies it operates with.
Waste management is tackled by applying a hierarchy of operations mainly aimed at minimising waste production through the use of appropriate procedures or technologies, re-using waste as material and recycling it after the most appropriate treatment.
Priority is given to hazardous waste in the context of action aimed at minimising waste generation. The Company promotes and implements measures, also through the research and development of new materials, which allow hazardous materials to be replaced with non-harmful alternatives.
In order to comply with its management standards, Saipem controls the traceability of waste within its sites and ensures that subcontractors do the same (e.g. through specific contractual requirements, inspections, audits, etc.).
A 23% decrease is reported for the Group perimeter (21% for the full consolidated perimeter) compared to 2020, mainly as a result of the significant reduction in waste generated in certain onshore projects, including Mozambique LNG (Mozambique), which is currently suspended, in particular wastewater disposed of as non-hazardous waste. Compared to 2020 there was also a reduction in the quantity of recycled waste, mainly due to the onshore project Moscow Refinery (Russia), following a reduction in the production of waste deriving from construction activities, that were subsequently recycled.

(kt)	2019 Group total	2019 Full consolidated	2020 Group total	2020 Full consolidated	2021 Group total	2021 Full consolidated
Total weight of waste produced, of which:	**953.0**	**933.3**	**1,057.9**	**943.1**	**811.9**	**743.5**
- hazardous waste disposed of in landfill sites	238.5	238.5	10.3	10.3	10.9	10.4
- hazardous waste incinerated in external plants	3.1	3.1	1.3	0.5	2.0	2.0
- hazardous waste incinerated in Saipem plants(*)	-	-	0.5	0.5	0.8	0.8
- recycled hazardous waste	11.1	11.0	13.9	13.8	15.2	15.1
- hazardous waste disposed of in other structures	-	-	215.6	182.4	108.9	108.8
- non-hazardous waste disposed of in landfill sites	638.2	623.6	321.0	279.4	261.8	252.6
- non-hazardous waste incinerated in external plants	2.2	2.2	0.6	0.3	0.2	0.1
- non-hazardous waste incinerated in Saipem plants(*)	-	-	1.4	1.4	1.7	1.7
- recycled non-hazardous waste	59.9	54.9	152.9	146.3	90.6	86.1
- non-hazardous waste disposed of in other structures(**)	-	-	340.4	308.1	319.9	265.8

All waste, with the exception of the incinerated category, is processed in plants that are external to the Company's sites.
(*) It is reported that, at present, no Saipem incineration site allows energy to be recovered.
(**) Category introduced in 2020.

SOCIAL ASPECTS

Social policies and management

The Group operates in 73 culturally and geographically different and distant countries often in contexts characterised by difficult situations and border issues and it takes into account the specific issues of each country when assessing social aspects linked to its activities.
For the social impacts linked to the operational projects it works on, Saipem bases its assessments on socio-economic impact studies and assessments normally produced by its clients or, where necessary and established contractually, developed internally. The operations in which Saipem has direct responsibility for the impacts generated at local level and the possibility to manage them concern the fabrication yards or proprietary logistic bases. In these cases, the Group identifies and assesses the potential effects of its activities on the social context in order to minimise their adverse impact and to define and implement specific activities and projects aimed at developing the local socio-economic context working with the identified local stakeholders.
In the countries where the Saipem's presence is medium-long term, Saipem has established a lasting relationship of mutual collaboration with the local stakeholders. Some significant examples are the collaborations with the university and school bodies, the representatives of local institutions, the non-governmental organisations active in the areas and the local bodies for the implementation of development programmes and the promotion of health.
Saipem has always strived to minimise any adverse impacts on the territory and contribute to maximising positive impacts through the implementation of strategies aimed at promoting sustainable local development. The overall risk profile (including the social one) for every project is identified, analysed and monitored from the commercial phase. An important tool is listening to the demands of the local stakeholders, also by means of consolidated engagement processes. In particular, for the management of the negative impacts, the Company has drawn up a principle (Guidance on Grievance Management) for structuring a system to collect and manage the demands of the local communities in the operating situations where it is considered necessary or requested by the client. This process allows potential negative social impacts to be identified and managed or mitigated.
Different geographical realities and some of the operational realities (e.g. Nigeria, Oman, Indonesia and Mozambique) of greatest significance in terms of both hours worked and relations with the local community have implemented these systems to guarantee effective communication with the communities.

SOCIAL ASPECTS	CULTURE AND LIFE STYLES	DEMOGRAPHICS	WELL-BEING AND INFRASTRUCTURES	ECONOMIC IMPACT
MAIN SOCIAL IMPACTS	> Erosion of traditional values and local customs > Increase in the social problems of some vulnerable population groups > Discrimination and marginalisation of indigenous people > Risk of conflict and local unrest	> Immigration due to the greater attractiveness of the geographical area of the site > Emigration/relocation due to the traditional use of natural resources competing or conflicting with project activities	> Effect on local facilities and public health > Effect on traffic and road safety > Access to social infrastructures	> Increase in direct and indirect employment and in wage levels > Increase in prices of goods and inflation rate > Purchasing of local supplies and general boost in the local economy > Changes in local economic structure > Increase in dependency of the local economic system on a specific industrial sector
POTENTIAL MITIGATION MEASURES	> Cultural heritage protection plans > Proper selection of security service providers > Drug and alcohol testing of the workforce > Cultural awareness sessions and human rights training programmes for employees	> Transparent recruitment strategies > Management of local expectations	> Health promotion initiatives > Safe driving awareness sessions	> Transparent recruitment and sourcing strategy
TOOLS ADOPTED	**Stakeholder consultation, community grievance mechanism and community relations plans**			

Context analysis	Identification and evaluation of potential impacts	Planning and implementation of mitigation measures
Analysis of the socio-political, cultural and economic conditions of the area interested by the project.	Identification and subsequent evaluation of impacts which may occur during the entire life of the project. The impacts can be classified as: > direct impacts: that are a direct result of project activities; > indirect impacts: that result from other developments or activities that would only occur as a result of the project.	The purpose of adopting mitigation measures is to remove, minimise and/or compensate residual adverse effects to a reasonably feasible extent. Mitigation measures could consist of integrating proposed actions into the design of the project, changing or adding technical or managerial aspects. Mitigation actions could include activities to be implemented both within the project site and in neighbouring areas.
STAKEHOLDER ENGAGEMENT PROCESS		

RISKS COVERED BY ITALIAN LEGISLATIVE DECREE NO. 254/2016: SOCIAL ASPECTS

Topics addressed in the 2021 NFS		Risks identified by the Company	Summary of adopted risk mitigation measures
	Management of an ethical supply chain	Fraud, corruption, lack of transparency, loss of confidential information and data, non-compliance with procedures and regulations.	Saipem has put in place a solid and effective whistleblowing system for discouraging, detecting, investigating and reporting any illegal behaviour in the Company. Moreover, Saipem updates its Organisation, management and control model pursuant to Italian Legislative Decree No. 231/2001 (hereinafter, "Model 231"), which is aimed at preventing the commission of the crimes sanctioned by this decree; "Model 231" includes the Saipem Code of Ethics, which contains the set of rights, duties and responsibilities addressed to Model recipients. Moreover, Saipem is involved in training activities (which include the campaign "Leading by Ethics") relating to ethical issues, including anti-corruption and updates to "Model 231", with a particular focus on staff changing roles. The Company has developed an anti-corruption management system that obtained certification of compliance with the international standard ISO 37001 in 2018. Lastly, the Group has a monitoring and control system in place for vendors involved in specific projects who may engage in fraudulent activities, possibly evaluating their suspension.

Relations with the local context

Saipem is committed to establishing relations with its local stakeholders based on correctness and transparency in order to pursue concrete shared objectives for sustainable development. This is achieved by strengthening mutual trust, seeking dialogue and promoting the right conditions in order to establish lasting cooperation in the countries where the Company operates.
Wherever it works, Saipem contributes to the social and economic life of the territory, also and not only in terms of local employment and creation of value. Saipem's relations with local stakeholders therefore depend on the type of operating presence in each particular area. This presence is divided between: long-term presence where the Company owns fabrication yards or other operating structures that allow complex relations and partnerships with various local stakeholders or their representatives to be established; and short/mid-term presence where Saipem is involved in a specific project within set contract deadlines and, as a result, participates in more targeted and short-term sustainable development initiatives.
Saipem's involvement and dialogue with local stakeholders therefore depends on the type of presence in each particular area, contract requirements set by clients on projects and the partners with which the Company operates, as well as the characteristics and social composition of the relevant context.
Where Saipem intends to create new, long-term work sites, it carries out specific assessments designed to analyse the potential effects of its activities on the local socio-economic context. To do so, it uses instruments including the ESIA (Environmental Social Impact Assessment), after which the Company defines action plans to manage the impacts generated for local communities and the engagement of stakeholders. To support this process, Saipem has implemented specific tools for analysing the local context and for the identification and analysis of the main stakeholders for the purpose of defining intervention plans.
In operating projects, Saipem supports the client's activities, in line with contract requests and the requirements the latter received and/or agreed with local authorities through specific studies such as EIA (Environmental Impact Assessment) or, as mentioned above, ESIA.

Local presence

For Saipem, local presence means purchasing goods and services from local vendors, creating employment at a local level and developing the know-how of the local personnel and vendors, strengthening their technological and managerial skill. In this way Saipem contributes to creating development opportunities for

the people and companies in those communities where it operates. Saipem's presence is also characterised by a commitment to developing and maintaining a continuous relationship with local communities, clients and vendors making it possible to obtain benefits also in terms of reductions in overall project costs and the overall risk profile associated with operational activities.
In addition, Saipem has internally developed a model (SELCE, "Saipem Externalities Local Content Evaluation") to quantify the value of its presence in the local territory in economic, employment and growth of human capital terms.

GRI 202-2

Local employment

(%)	2019 Group total	2019 Full consolidated	2020 Group total	2020 Full consolidated	2021 Group total	2021 Full consolidated
Local employees	74	71	79	76	79	75
Local managers	44	43	49	48	50	50

An employee is considered local if he/she works in the country where he/she was hired. Local managers include both middle and senior managers. Given the large number of employees in the two headquarters in Italy and France, the percentage of local managers is calculated excluding the data for these two countries, in order to provide an effective representation of the Company's commitments in the countries where it operates.

GRI 308-1
GRI 412-2

A sustainable supply chain

Saipem's business is characterised by a highly complex global supply chain, covering different geographical areas and different industrial sectors. Today the Group has almost 23,500 qualified vendors, more than 7,000 of whom were qualified in 2021. During the year, purchases were mainly made by vendor is situated in the Middle East, Central Asia and Europe.
In over 60 years of business in numerous countries in the world, Saipem has created a consistent and profitable network of partners and vendors; more than 6,000 vendors have worked with Saipem for at least 10 years.
The vendor management system was structured to guarantee that they have proven technical and operational skills, but also that they share Saipem's values and policies. For this purpose, some sustainability elements to analyse and monitor in the various phases of the vendor management system have been identified; these elements include ethical behaviour, respect for human and labour rights, including the protection of the health and safety of workers, and environmental protection.
First of all Saipem's vendors are bound to comply with the principles that are an integral part of the Code of Ethics, and respect human rights in conformity with the Saipem sustainability policy, as required in the contractual clauses laid down in all contracts. Vendors are responsible for managing risks in their operations, and the company demands that, in turn, they require the same principles and standards from their own vendors. In this way, we aim to guarantee safe and fair working conditions and the responsible management of environmental and social aspects throughout the procurement chain.

During the qualification process, the analysis of vendor information is the first step for knowing and understanding their capacities. This phase involves the gathering of data and information, as well as the vendor's documentation, to evaluate:
> their technical and managerial skills, including their alignment with quality standards;
> their financial, reputational and ethical reliability;
> their ability to manage sustainability issues.

The level of risk linked to sustainability issues is determined by the country of origin of each vendor and the industrial sector and/or criticality of the supply. The vendors identified with a high sustainability risk level are subject to more in-depth investigations.
In particular, depending on the type of goods or services offered, vendors are subjected to a Counterparty Risk Assessment ("VERC"), aiming also to verify their ethical conduct in terms of anti-corruption, unlawful conduct and human rights, as well as any other aspect which could directly damage the reputation of the vendor, and indirectly the reputation of Saipem. The VERC is performed by analysing the key characteristics of the counterparty, with particular attention to economic-financial, ethical/reputational aspects and ownership.
The counterparty risk assessment on vendors or potential vendors is usually done by checks that do not involve contacts with the counterparty, gathering available information from specialised third-party sources. The VERC may be performed not only at the start of the qualification activity, but also during the contract award phase or during the performance of periodic inspections, where foreseen. In 2021, the number of "VERC" drafted during the course of the qualification processes that were managed during the course of the year amount to 6,381.
Furthermore, depending on the level of risk of exposure to problems linked to human rights and/or health and safety and environmental management aspects, vendors are assessed by analysing the documents provided during qualification, to check compliance with the Saipem principles and the vendor's ability to

manage these issues. In 2021, 595 suppliers were assessed on HSE issues and 598 were assessed on labour law issues.

Depending on the level of sustainability risk, the vendors subjected to qualification audits may also be assessed on specific sustainability aspects, including labour rights, health and safety and environmental protection. However, during the course of 2021, including as a result of the pandemic, it was not possible to conduct specific audits on vendors.

During the bid and contract execution phases, the process foresees further controls, including a counterparty risk assessment based on the total value of the supply. For goods and services deemed to be of high risk of health, safety and environment issues (HSE), specific assessments are carried out to check the vendor's ability to perform the contract in accordance with the relative international and Saipem standards and on the capacity to manage HSE aspects.

Furthermore, the contractual conditions applied to all vendors and all types of purchasing include specific requirements that oblige the vendor to strictly comply with the Saipem Code of Ethics and to respect human rights.

In order to share the ethical principles, inform and train vendors on the Saipem standards and requirements and how they should align to these, Saipem organises specific events, meetings or forums for vendors, both prior to qualification and during the execution of the contracts.

Periodic training sessions with vendors are also organised to discuss HSE issues. More information is available on the latter in the chapter "Added value at our core" of the 2021 Sustainability Report.

Vendor performance and compliance with contractual provisions are constantly monitored: all the Saipem functions involved in the various phases of the procurement chain management system are bound to provide feedback on the conduct of vendors, including on sustainability aspects, such as any incidents occurring during the execution of the work, conformity with local HSE or labour legislation, or evidence collected during site inspections and audits.

The feedback received guarantees the assessment of the vendor's overall reliability and, in the case of serious situations recorded, the possibility to terminate the contract or suspend the vendor's qualification.

In June 2021, a new software came into operation for the management of feedback called VPE (Vendor Performance Evaluation). Various improvements have been introduced compared to the previous tool, including the immediate availability of the outcome of valuations as a result of these being broken down into a number of independent phases. This means the overall score for the vendor can be updated without having to wait for the entire process to be completed.

In the transition from one system to another we imported the existing feedback, that was available up to five years ago.

Throughout 2021, 2,167 feedback surveys on vendor performances were compiled and published, of which 86% with a positive outcome and 8% with a neutral outcome.

DIAGRAM OF KEY PROCESSES AND INSTRUMENTS TO MANAGE SUSTAINABILITY ISSUES IN THE SUPPLY CHAIN

		2019	2020	2021
Active vendors	(number)	23,871	23,696	23,585
Qualified vendors	(number)	7,721	6,859	7,226
Vendors qualified in the year working in countries with a high risk of human and labour rights breaches	(%)	35	37	43
New vendors assessed on labour law in countries at high risk in terms of breaches of human rights and worker rights (*)	(number)	182	504	598
Vendors qualifying in the year for activities considered at HSE risk	(%)	7	9	9
Vendors assessed on HSE issues	(number)	574	585	595

It must be stated that the numbers in the table are representative both for the total perimeter of the Group and the full consolidation perimeters, because a qualified vendor at corporate level can potentially work with all the businesses in the Group.

(*) 2019 data only include vendors with qualification processes for strategic product categories.

SAFEGUARDING THE HEALTH AND SAFETY OF PEOPLE

GRI 403-1
GRI 403-7

The safety of all Saipem personnel is a priority and strategic objective for the Company. This commitment is an essential pillar of the HSE Policy and the policy "Integrity in our operations".
The safety of people is constantly monitored and guaranteed through an integrated health, safety and environment management system, which meets the international standards and current legislation. In 2021, following the periodic audit by the third-party certification body, the ISO 45001 certification was confirmed for Saipem SpA and all the most significant Group companies, with a coverage of 99% for the full consolidated perimeter (82% for the Group perimeter), of company employees and agency workers, excluding subcontractors, as a guarantees of the homogeneous and systematic approach to the management of processes.

People safety

GRI 403-2
GRI 403-4
GRI 403-5
GRI 403-9
SASB
EM-SV-320A.1
EM-SV-320A.2

Every year Saipem defines a corporate, division and operational company safety objectives plan, approved respectively by the CEO, the Division Managers and the Managing Directors of the operational companies. The incentive plans for the senior managers for the areas under their responsibility are linked to the achievement of these objectives. Further details can be found in the "Report on the Remuneration Policy and Paid Compensation 2020".
For the year 2021, these goals include:
- ensure in a continual manner the identification of the hazards and the assessment of the risks associated with the safety of personnel, vendors and other people involved in the Company's activities, as well as the risks for the Company assets;
- guarantee the adequate assessment of the risks caused by the interference between the activities contracted to the vendors operating on Saipem structures or sites;
- guarantee a continual process of HSE training for staff. This process can be broken down into several phases: updating the HSE training protocol (which identifies the training needs based on professional roles), definition and standardisation of the courses on a dedicated platform, provision of the courses, monitoring and reporting on the training activities;
- the consistent application of preventive and protective measures that are suitable for guaranteeing the health and safety of people and the integrity and efficiency of assets;
- follow-up and control activities on the effectiveness of prevention and the measures implemented;
- reporting, registration, analysis and investigation activities for accidents and near misses;
- consolidation and analysis of safety performance.

The Company carries out internal audits regarding HSE on: HSE management system, compliance with the HSE legislative provisions. These audits, 190 in 2021, involved operating companies, operational sites (including the fleet) and subcontractors.

Promoting the safety culture of workers is facilitated in the Company's sector by both the reference regulatory framework, characterised by laws and agreements at national and Company level, and by an internal environment characterised by specific policies on health and safety.
These internal policies set particularly stringent criteria compared to several local contexts, which today still have regulatory systems in the process of development. With regard to national agreements, not all countries in which Saipem operates have trade unions at both national and local level.
Where specific agreements are in place between trade unions and Saipem, they can include the following on safety:
- 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, the national collective agreement provides for the appointment of corporate representatives of the workers for their protection in the areas of health, safety and environment (RLSA). The appointment is by election, based on the provisions of law and the bargaining contract. There are a total of 19 RLSAs at the Saipem Italian offices. A specific trade union agreement signed by Saipem and the Trade Union Organisations defines the duties of RLSAs and their full authority to carry out their activities also for workers assigned temporarily to activities at yards and sites other than those of origin.
It should also be noted the presence of institutes in foreign countries, where participation is shared between management and the workforce for the management of initiatives and programmes regarding health and safety in accordance with the reference regulations in different countries. Among these are the Saipem Group entities operating in Algeria, Angola, Bolivia, Brazil, Canada, Colombia, Congo, Croatia, Ecuador, France, Indonesia, Malaysia, Mexico, Norway, Peru, Romania, United Kingdom and Venezuela.

The Company has launched several awareness campaigns over the years with the purpose of spreading a deeper and more entrenched safety culture.
To significantly reduce the alarming phenomenon of road accidents occurring on sites and in work areas or on the journey to and from work, in 2019 Saipem launched a new road safety campaign – *Belt Up or Get Out* – also continued in 2021 to guarantee that vehicle drivers and passengers have a safe journey every time.

Leadership in safety and HSE culture

Physical and mental health and well-being have become essential requirements for working well and safely and for facing the major challenges in the industry the company works in.

In 2021, Saipem developed and launched the new edition of Choose Life, a training programme that aims to strengthen leadership and increase Saipem people's awareness on health and well-being issues, with the objective of encouraging them to choose a healthier lifestyle.
The programme's objective is to attack the main risks for health within the Group: cardiovascular diseases, malaria and sexually transmissible diseases, which still cause serious chronic illnesses and can result in repatriations and even death in certain cases.
Another issue addressed by this programme is mental illness which, according to the World Health Organization is constantly on the rise, including as a result of the COVID-19 pandemic and which has had a significant emotional and psychological impact on people in recent years.
The HSE Culture, Communication and Training department, which developed the programme internally in collaboration with the Health department, created a training package and process for facilitators conducting the training in classrooms.
For the official launch of the programme a special presentation event was organised that was attended by Saipem's CEO, Francesco Caio and the Senior Management.
The programme is due to be rolled out through the Group in 2022.
Mental health was also the focus of Sharing Love for Health & Safety, the annual contest to celebrate the April 28, the World Day for Safety and Health at Work.
The social media challenge that was proposed this year involved sharing on Instagram videos, stories and photos to illustrate people's routines for a healthy life and developing solid mental resilience, in order to encourage us all to take care of our health and physical and mental wellbeing.
The "Leadership in Health & Safety" (LiHS) programme continues to be implemented and appreciated in all Saipem premises and amongst clients, partners and contractors.
Starting in 2020, the LiHS Workshop was transformed into an online experience. Because of current restrictions the online version continued to be the most commonly used version in 2021.
In 2021, LiHS sessions were conduced for various projects, including: Mozambique LNG, Payara Project, SGCP Project, SRU2 Moscow Refinery, Baltic Pipeline Project, Karimun Yard.
After being updated in 2020, the Life-Saving Rules campaign continues to be implemented successfully throughout the Group. The campaign tools include multimedia content, posters, presentations and a guide for implementation.
To support monitoring of the level to which rules are adopted the "Management Walkabout" tool remains available along with the e-learning platform, which is offered as part of the implementation strategy to support the dissemination of the campaign throughout the Group.

Raising awareness and information on the pandemic

In collaboration with the Italian Health authorities, in the first weeks of the pandemic in 2020, Saipem promptly developed an awareness-raising campaign for employees on the risks linked to the spread of the CoronaVirus and the promotion of good practices to limit its spread. At the start of the period when staff returned to the workplaces after working remotely, a specific awareness-raising campaign was produced on measures and suitable conduct to be adopted in working environments, and support was provided to help staff deal with stress and increase their mental resilience. The course, which is developed in three informational modules, was delivered as an e-learning course. The 3 modules (each with a duration of 15 minutes) represent interactive learning programmes and each one covers a specific area: Basic Information on COVID-19, with a particular focus on individual knowledge and the acquisition of correct information; the return to the office and how to follow the Saipem procedures on safety; supporting and increasing mental resilience to adapt to the new working and living conditions.

HSE training

The training on health, safety and the environment is an important part of the implementation of the HSE system in Saipem's central headquarters and operating sites. All the HSE training activities are critical preventive actions for reducing risks.

To involve and ensure consistency amongst the global community of HSE trainers the training programme HSE Train The Trainer continues to be implemented to support the improvement of soft skills so that trainers are effective and incisive in classrooms.
The online course consists in a 5 day workshop that is organised in daily 2-hour sessions which are followed – in the subsequent 12-month period – by a continuing professional development programme where HSE trainers practice the design of content and delivery activities in classrooms and are given feedback from the course mentor.
In 2021, 4 sessions were organised involving 48 trainers.
To support Divisions in improving HSE training, in 2021 a mapping was commenced of the Training Centres. The purpose of this is to assess the effectiveness of the HSE training they provide.
The analysis is based on an assessment grid which examines six factors: documentation and organisation, structure, equipment and technology, expertise and resilience of the trainers, training material, registration processes and reporting on the training.
The Training Centre inputs are analysed and collected in a report that highlights best practices and areas of improvement that are shared with the parties in question during a dedicated workshop. The final objective is that of commencing a continuous improvement process to bring Training Centres to a unified global standard.
During the year, Saipem continued to invest significant resources in training its staff on HSE issues through campaigns and ad hoc programmes, in order to increase workers' awareness of the risks associated with work activities.
The TRIFR of 0.37 reported in 2021 is in line with the previous year (0.36). It should be noted that for the first time since a systematic reporting process began for injury indicators (at the start of the 2000s) there were no fatal accidents during the course of the year. This improvement is attributable to the constant and continual commitment of all individuals involved, both within and outside the HSE professional sector.
In 2021, HCWR[6] (High Consequences Work Related) injuries caused two permanent partial disabilities and two temporary disabilities with more than 180 lost days. Three accidents out of four resulted in disabilities to the hand following operational activities. The fourth accident resulted in a fracture to a leg because of a fall from a ladder. The investigations into these accidents identified common causes: on the one hand improvable specific training on the activities conducted by the staff in question; on the other, a failure to comply with specific procedures and/or a failure to perceive risks.
From an analysis of these investigations, it can be seen that the preventive and protective actions identified with the objective of intervening in these common areas mainly involved ensuring accurate technical/operational training for the execution of specific activities and reinforcing the importance of complying with operational procedures and the Life Saving Rules (LSR), i.e. the rules that each Saipem resource is required to follow to protect themselves and their colleagues.

(6) HCWR: term that defines a sub-category of an LTI with a resulting fatality or an LTI with at least 180 lost working days. All injuries resulting in permanent disability must be registered in the reporting system used by the HSE function and consolidated as High Consequences Work Related (HCWR).

SAFETY INDICATORS, DEFINITIONS AND CALCULATION METHODS

LTI (Lost Time Injury): means any accident at work that renders the injured person temporarily unable to perform any regular activity or limited work during any day/shift after the day on which the accident occurred LTI include fatal accidents, permanent total disability, permanent partial disability and temporary total disability.
WRC (Work Restricted Case): any injury at work, with the exception of deaths or lost work days, which makes the person unfit for performing all his/her activities fully in the days after the injury at work. In this case, the injured person is temporarily assigned to other duties or exempted from some parts of his/her normal duties. The maximum limitation time can be 30 days. If the limitation exceeds 30 days, the injury must be classified as LTI.
TRI (Total Recordable Incidents): means the sum of LTI, cases of limited work and cases of medical treatment: TRI = LTI+WRC+MTC.
TRIFR (Total Recordable Incident Frequency Rate): it is calculated as (TRI number on hours worked) x 1,000,000.
FTLFR - (Fatal Accident Frequency Rate): calculated as (No. of fatal accidents per hours worked) X 1,000,000,000.
LTIFR - (LTI Frequency Rate): it is calculated as (No. LTI on hours worked) x 1,000,000.
Lost days of work: 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 for the lost days starts from the day after an accident until the day when the person is capable of returning to work. The calculation does not include fatal accidents.
SR (Severity Rate): calculated as (No. of lost days of work per hours worked) X 1,000.
High-consequence work-related injury: injury with more than 180 lost days of work.
High-consequence work-related injuries Frequency Rate: calculated as (No. of high-consequence work-related injuries per hours worked) x 1,000,000.
Absenteeism rate of employees: it is calculated as the ratio between the number of total hours of absence and the number of total annual theoretical working hours. The annual theoretical working hours are calculated proportionately to the number of staff at December 31.

		2019		2020		2021	
		Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Man-hours worked							
Total, of which:	(millions of hours)	235.0	228.2	206.3	186.6	199.7	173.9
Man-hours employees	(millions of hours)	87.6	82.3	83.5	72.5	90.8	76.4
Man-hours subcontractors	(millions of hours)	147.4	145.9	122.9	114.1	108.9	97.4
Lost Time Injury (LTI)							
Total, of which:	(No.)	51	47	26	23	37	37
Employees	(No.)	42	38	16	14	27	27
Subcontractors	(number)	9	9	10	9	10	10
Of which fatal accidents:							
Total, of which:	(No.)	3	3	2	2	-	-
Employees	(No.)	3	3	-	-	-	-
Subcontractors	(number)	-	-	2	2	-	-
High-consequences work-related injury [a]							
Total, of which:	(No.)	11	11	3	2	4	4
Employees	(No.)	9	9	1	1	3	3
Subcontractors	(number)	2	2	2	1	1	1
Of which with disabilities:							
Total, of which:	(No.)	11	11	3	2	4	4
Employees	(No.)	9	9	1	1	3	3
Subcontractors	(number)	2	2	2	1	1	1
Days lost [a]							
Total, of which:	(No.)	8,490	8,200	1,164	1,106	2,635	2,635
Employees	(No.)	7,622	7,332	824	785	2,001	2,001
Subcontractors	(number)	868	868	340	321	634	634
Severity Rate [a]							
Total, of which:	(ratio)	0.036	0.036	0.006	0.006	0.013	0.015
Employees	(ratio)	0.087	0.089	0.010	0.011	0.022	0.026
Subcontractors	(ratio)	0.006	0.006	0.003	0.003	0.006	0.007
Total recordable Incidents (TRI)							
Total, of which:	(No.)	127	123	75	68	74	73
Employees	(No.)	83	79	38	35	46	46
Subcontractors	(number)	44	44	37	33	28	27
Absenteeism rate of employees	(%)	3.10	3.27	3.98	4.03	5.6	5.7
Fatal Accident Frequency Rate (FTLFR)							
Total, of which:	(ratio)	1.28	1.31	0.97	1.07	-	-
Employees	(ratio)	3.43	3.65	-	-	-	-
Subcontractors	(ratio)	-	-	1.63	1.75	-	-
LTI Frequency Rate (LTIFR)							
Total, of which:	(ratio)	0.22	0.21	0.13	0.12	0.19	0.21
Employees	(ratio)	0.48	0.46	0.19	0.19	0.30	0.35
Subcontractors	(ratio)	0.06	0.06	0.08	0.08	0.09	0.10
High-consequence work-related injuries Frequency Rate (HCWRFR)							
Total, of which:	(ratio)	0.047	0.048	0.015	0.011	0.020	0.023
Employees	(ratio)	0.103	0.109	0.012	0.014	0.033	0.039
Subcontractors	(ratio)	0.014	0.014	0.016	0.009	0.009	0.010
Total Recordable Incident Frequency Rate (TRIFR)							
Total, of which:	(ratio)	0.54	0.54	0.36	0.36	0.37	0.42
Employees	(ratio)	0.95	0.96	0.46	0.48	0.51	0.60
Subcontractors	(ratio)	0.30	0.30	0.30	0.29	0.26	0.28

(a) Updated 2019 and 2020 data based on the number of days lost during 2018 and 2019 respectively for accidents that occurred in 2018 and 2019.

Asset integrity

Saipem strongly pursues the effective implementation of its asset integrity management system as an outcome of good design, construction and operating practices adopting the integrated management of barriers to reduce the risks associated with Major Accident Events (MAE).
Asset integrity refers to the prevention and control of the events with very low frequency and high/severe consequences on people, the environment, assets or project performance.
A dedicated team has been set up to develop an asset integrity management system model in line with the best industrial practices.

The asset integrity model follows a typical Deming cycle: planning, operations, performance monitoring and continuous improvement.
Saipem undertakes to prevent risks to improve the integrity of its operations. For this purpose, it adopts a proactive approach in the mitigation of risks as an integral part of its management and business activities.

Employee health

GRI 403-3
GRI 403-6
GRI 403-10

As described in the Policy "Integrity in our operations", Saipem considers the safeguard of health and the promotion of the physical and mental well-being of its people as a fundamental requirement.
This is essential in the modus operandi of Saipem which is committed to being leader in the safeguard of health, as well as safety and the environment (further details can be found in the HSE Policy of Saipem SpA).
The Company pursues this commitment in compliance with the provisions on the protection of privacy and the national and international laws on the safeguard of health and the prevention of diseases. Its implementation implies that the health promotion programme for each work site focuses mainly on preventive measures, and considers all the operations which may represent a risk for employee health when performed.
Activities implemented include, for example, an assessment of the health risks, check-ups for the issue of fitness certificates, vaccinations and chemoprophylaxis, health information, monitoring of the hygiene/sanitary conditions, programmes for the prevention of diseases and activities to promote health and physical activity.
The Company's operating activities require the movement of a considerable number of people, even to remote locations. For this reason the Company ensures workers the best possible medical assistance wherever they work, organises regular specific medical examinations and prepares medical fitness certificates, as well as delivers training programmes to assigned personnel before undertaking any travel or being assigned abroad. This is to prevent risks of contracting diseases due to the effect of the climate or environmental and other factors linked to the place of destination.
The Company is equipped with structured processes and a chain of well-defined responsibilities to promptly manage any medical emergency whatsoever.
Saipem has developed a continually evolving health management system, which is adapted to the work environments, integrates the most recent epidemiological studies and is designed to ensure the best health monitoring and medical services.
This system observes the principles recognised at international level and by local laws: the WHO (World Health Organization) Beijing Declaration, "Global Strategy on Occupational Health for All" (1994), European legislation and Directive 2000/54/EC on the protection of workers from risks related to exposure to biological agents at work, its application in Italy through Legislative Decree No. 81/2008 and its amendments (the so-called "Consolidated Act on Occupational Health and Safety"). This approach ensures effectiveness, flexibility and adequate bases for the development of a long-term health culture in all the countries where the Company operates.
For each site/project/asset, the management system requires that the risks linked to the health of personnel are identified and assessed (taking into consideration the frequency and potential impact), after which suitable preventive and mitigation measures are identified and implemented. These measures must be periodically monitored.
The general principles for the safeguard of health are based on the analysis of the activities carried out in the work environment and take into consideration the risks that those activities pose for both the people involved in the operations in different capacities and the local community.
The analyses carried out are specific to each task and destination and involve the identification of the activities and operating conditions in relation to the normal, abnormal and emergency working conditions; the analysis of the potential routes of contact of risk agents and their combined action and an accurate association of the hazards to the task, in relation to the specific nature of the activities identified. The results of the analyses allow the personnel to be suitably equipped and appropriately monitored.
In terms of the trend for occupational illnesses reported, it can be seen that the significantly higher number for 2020 compared to 2019 is attributable to certain cases of COVID-19 infections, which is considered to be an occupational illness in certain countries.
This is confirmed by the fact that in 2021, in virtue of the lack of cases of occupational illnesses connected to the pandemic, the number reported is back to below 10 units.

		2019		2020		2021	
		Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Occupational illnesses reported	(number)	6	6	15	10	9	9

Occupational Health and Medicine

During the course of 2021, numerous activities were conducted to handle the health emergency generated by the spread of the SARS-CoV-2 virus. These were also defined based on the heterogeneous situations in the different geographical areas in which the Group operates and reflected the severity of the pandemic at a local level and resulted in different responses based on the health policy adopted by specific countries.
In the fight against the COVID-19 pandemic, 2021 also saw the introduction of vaccinations which had significant effects on Company operations. The Task Force that was set up to manage the emergency situation continued throughout 2021 to monitor the operating sites with more appropriate tools, for example the introduction of targeted Health Risk Assessments, that were specific to the highest-risk areas. The Task Force Reports directly to the Medical Director who is a member of the company Crisis Unit and provides operational instructions through the publication of internal memos and regular bulletins on the development and status of the pandemic and the vaccination take-up which are sent to the Division Health Managers and HR Managers. A medical Working Group is also in operation for the management of "complex suitability" for "fragile" and "vulnerable" workers. During the course of the year, the Company has constantly been in touch with national health ministries, the WHO, CDC, Italian Foreign Office and regional health boards, Assolombarda (with an inter-company Working Group) for all provisions concerning employees in Italy and abroad.
We also continued the management and monitoring activities for the global health situation through the activities that had been commenced at the time of the outbreak of the pandemic:

- Travel medicine: detailed information and awareness-raising activity that provides all workers who travel with advance recommendations in terms of vaccinations and essential behaviour for their destination countries, including specific information on COVID-19;
- monitoring of the spread of the pandemic amongst Saipem staff both through lateral flow tests, thanks to the acquisition of scientifically advanced tools being adopted and distributed in Saipem operating sites and as a Welfare service through the use of state-of-the-art serological tests;
- in cooperation with Humanitas Research Hospital, ramping up of health information and promotion activities through the publication of weekly newsletters in three different languages on health-related issues and connected to every aspect of the COVID-19 pandemic (psychological, clinical, behavioural, etc.) that are sent to employees;
- "Healthy workplaces: a model for action" programme: creation and dissemination of video clips supporting physical activity for colleagues operating remotely such as the Posturology Project and the promotion of well-being in the company;
- creation of a "Mental Health" programme targeting all Saipem staff in Italy and abroad with different methodological approaches, that will be applied over the course of the next two years.

The decade of experience in the use of telemedicine tools has facilitated the use of remote electronic and telecommunication instruments to manage health related issues, thereby making it possible to maintain a constant guidance, control and monitoring, as well as healthcare support in all the Group's operational premises, by ensuring control measures against the risk of infection that are always appropriate in terms of the evolution of the pandemic, specific working conditions and the characteristics of the workforce during critical periods in terms of infection numbers. At the same time, the monitoring system guaranteed that the health and safety measures adopted in the workplace to limit the risk of infection did not generate new risks to the health and safety of workers at both a physical and psychological level.
We continued all the supervision and control activities for active health surveillance in Italy and abroad in compliance with Italian law and the guidelines for the sector.
As an integral part of the Workplace Health Promotion (WHP) programme, collaboration continues between Saipem, the Milan Health Authority and the Lombardy region in order for the company to maintain its status as a "Workplace that promotes health". The year 2021 so the involvement of Saipem employees in the webinar training initiative on "Behavioural Addiction" throughout the whole of Italy.

HUMAN CAPITAL

Human resource policies and management

GRI 404-1
GRI 404-3

People's professional knowledge is fundamental for sustainable growth and an asset to be safeguarded, valorised and developed. The development of a culture oriented to sharing know-how is the main instrument for consolidating the wealth of knowledge and experience. The Company is firmly convinced that people are the essential and indispensable element for the very existence of the business and that our objectives can only be reached through their dedication and professionalism.

Competences and knowledge

In 2021, Saipem was involved in significant organisational interventions to make change possible, positive and sustainable, by actively facing three challenges: guiding energy transition, developing the leaders of the future and generating shared value. In this regard, and in response to the main social, environmental and governance objectives, it became necessary to define a People Strategy to promote and oversee the critical skills and competences for the company’s business, while also ensuring the development of the new competences required to shape Saipem's future and being a facilitator of innovative solutions.
In order to guarantee the qualitative and quantitative capacity of the distinctive skills of Saipem's people, in accordance with the Strategic Workforce Planning process, in 2021 we began an assessment and analysis of the professional skills of approximately 5,600 resources. The adoption of this skills planning model, which begins with an analysis of the qualitative and quantitative aspects associated with people with regards to the specific requests of the business. It will allow a more effective capacity for planning and controlling the development of human capital and distinctive professional skills, thereby allowing targeted actions to be planned in terms of resources to be found in the market and the development and training of internal resources. This will therefore strengthen the connection between the Workforce Planning model and the talent attraction and development strategies and a more strategic role will be played by training and cooperation between academic institutions and businesses, which is seen as an instrument of innovation and development for the country. Saipem is conscious of the importance of nurturing the talent of people who will work on the innovation challenges of the future and committed to maintaining people at the centre of what the Company does by promoting the diversity of their talent and supporting the spread of the abilities for the future within organisations. The development of specific skills and an innovative mindset represents the Company's response to future challenges and are an essential lever in creating value.
The exchange of knowledge between universities and companies and the implementation of shared projects are essential for the competitiveness of companies, the attractiveness of universities and the economic and social development of territories. In this regard, by exploiting all the potential of new digital tools, Saipem has also continued its commitment towards the professional orientation of younger people with the Sinergia programme where Saipem leads the way as the partner of numerous schools in Italy to support the education of students in interdisciplinary skills and orientation programmes (PCTO). Thanks to an innovative platform provided by four Italian technical institutions, Saipem’s “faculty” provided remote training courses by integrating "blended" teaching methods and extending the training offer for students, by creating ad-hoc modules on sustainability, renewable energy and knowledge of the English language, all of which are key and important subjects for Saipem and for the professional future of these young students.

The desire to create, in the new generations, a culture that is increasingly close to the competences and aptitudes necessary for approaching the new challenges of the future, was perfectly exemplified in the activation, in partnership with the University of Trieste, of annual scholarships in memory of Egidio Palliotto, a top manager of the company who died prematurely. Through these scholarships, Saipem wants to consolidate its connection with the city of Trieste, with the objective of attracting new generations to scientific subjects, while also honouring the memory of a great professional who contributed to Saipem's success.

Moreover, during 2021, the partnerships were strengthened with the main centres of educational excellence in Italy: for example at the Politecnico and Bocconi University in Milan, Saipem participated in the university education and professional orientation by attending various training sessions on essential technical and interdisciplinary abilities for the labour market and Virtual Career Days, by also contributing to the lecturing activities in a co-supervised capacity for courses on sustainability and renewable energies.
Saipem’s commitment to the development of new skills not only enhances the new generations but constantly fosters growth of expert resources. In this regard the drive towards new non-traditional organisational models requires new project solutions and a consistent development of a corporate culture which aims at greater autonomy and responsibility for people and their competences. The changed competitive landscape, as well as the organisational changes that were introduced on the basis of the new company strategies, have made it necessary to renew Saipem's Behavioural Model.
In accordance with the reference operational and organisational model, in the first quarter of 2022 we will identify the behaviour at a Group level that will allow people to operate effectively and in a manner that is consistent with the reference operational and organisational model.

The leitmotiv of the Model will be the fostering of courage and "entrepreneurial spirit", in the context of a relationship of trust with the aim of achieving shared, concrete and measurable objectives.
With the objective of defining a Model that is to the greatest extent possible shared and understandable to all Saipem people, the development and definition phase of the model is following a bottom up criteria with the active involvement of almost 6,000 employees from all over the world, in different levels of seniority and who represent all company functions. The dissemination of the new Model of competences will be supported by dedicated training courses, with the objective of promoting greater day by day internalisation, understanding and application of the Model. Similarly, training initiatives will be designed and offered with the aim of developing the necessary competences to face the energy transition challenges and reach ESG (Environmental, Social and Governance) objectives.
In order to further support Saipem people in the evolution towards an increasingly smart culture, during the course of 2021 and e-learning training course was also designed to promote the acquisition of digital competences for the use of new support tools and the acquisition of soft skills on the new management methodologies and the empowerment of employees.
During the course of 2021, Saipem concentrated on creating an Academy dedicated entirely to hard and soft digital skills, which will be accessible at a Group level. This began with a major assessment campaign that was conducted in 2020 involving approximately 14,000 employees at the Group level on ICT/Digital competences. The Digital Academy has been designed to become a continuous refresher experience and regular assessments of competency levels will make it possible to monitor Digital Transformation and the creation of a community characterised by a digital mindset. Moreover, in light of Saipem's digital strategy, the skill set of ICT/digital competencies was reworked in terms of the series of technical and specialist competences associated with the main professional roles at Saipem.

The focus on the development of new skill sets for Saipem people must not lead to a failure to consolidate and maintain the competences that have always been seen as critical for the Company's business. In this regard, in 2021, Saipem decided to develop and promote a structured Project Management training course. This course, called "Saipem Academy in Project Management", that was created in cooperation with the Politecnico School of Management in Milan and the Industrial Plant National Association (ANIMP), has been structured into three different means of fruition. During the course of 2021, the course was taken by 47 people at Saipem SpA, and the aim is to open it up at a Group level during the course of 2022. In order to ensure excellence in the management of projects the courses Business Leadership Skills and "Intercultural Project Management" were offered for the Onshore Division and XSIGHT Division respectively, with the aim of supplementing technical competences with the necessary relationship skills to achieve the highest level of effectiveness in the management execution of projects. The year 2021 also saw the completion of the initiative XSIGHT Gamification, that had begun in 2018, for promoting learning on one of the more significant working processes for the Division in an innovative and interactive manner. Through a digital platform more than 400 gamers were involved and challenged one another in Project Acquisition, Project Execution, Procurement, Engineering and Human Resources activities.

A strong impetus was provided to the overseeing and development of technical competences, including as a result of the training activities managed in the Training Centres, particularly those in Schiedam (Netherlands), Ploiesti (Romania) and Dammam (Saudi Arabia), through the programming and supply of technical and specialist courses. At the same time obligatory training activities also continued. In general the Company invested significantly in training programmes in 2021 and there was an increase of 198% for the Group (170% for the full consolidated perimeter) in expenditure on training compared to 2020. In terms of HSE training hours provided to employees, there was an increase compared to the previous year of 30% for the full consolidated perimeter (20% for the Group perimeter) and a distribution of the hours in this area compared to the total training hours provided to employees of 79% for both perimeters. This positive trend demonstrates that HSE issues remain a priority for the development of Saipem employees: for example, the investment on the HSE course, HSE Digital Learning Program, which has the objective of accompanying people in their knowledge of Health, Safety and Environment issues, aside from training initiatives for developing a greater awareness on Cybersecurity issues in order to reduce the risk of IT incidents. In the HSE training area the Company also provided more than 900,000 hours to subcontractors (912,699 hours for the Group perimeter; 790,412 for the full consolidated perimeter). An additional element that characterises Saipem's culture is the focus on "Knowledge sharing": indeed, in 2021, the investment was confirmed in the Internal Saipem Academy, by facilitating the training of internal lecturers with workshops dedicated to knowledge of the aspects for efficiently managing the design and supply of remote training courses. The Internal Saipem Academy has confirmed as its key objective the enhancement and dissemination of know-how through Supply Chain, AFC, Digital, HR, Security, Insurance and Intellectual Property courses, as well as numerous Deep In seminars to strengthen the vision and knowledge of the business at the Group level. The Deep In seminars, which in the current year reached more than 2,500 people in all the geographical areas in which the Group operates, examined in depth issues such as innovative projects, the adoption of cutting-edge technologies and strategies for success. The knowledge of far away and varied working environments encouraged a continual exchange, the emergence of new solutions and made it possible to develop a network of internal relations that are increasingly solid and efficient.

Saipem's extensive efforts in supporting, including through training initiatives, the strengthening of internal competences along with the gradual improvement of the pandemic compared to the previous year, contributed to a general increase in the performance indicators for training. Indeed, for the full consolidated perimeter, there was an increase of 25% (18% for the Group perimeter) of the total training hours supplied to employees compared to 2020 and 6.8% in terms of the training hours per capita; on average, in 2021, each employee participated in 22.8 hours of training for the full consolidated perimeter (20 four the Group perimeter) and, specifically, on average, each male employee participated in 23.9 hours for the full consolidated perimeter (20.7 for the Group perimeter), while every female employee dissipated in 14.4 hours of training for the full consolidated perimeter (13.7 hours for the Group perimeter).

This result is due, in particular, to the reactivation of training initiatives in operational sites, on the one hand, and on the other, to the consolidation in the use of remote or e-learning training methods. A general increase in the average use of training hours for all the professional categories of employees is reported. Specifically, for the Middle Manager category, there was an increase at the Group level of 35% (34% for the full consolidated perimeter), for the Blue Collar category it was 49% for the full consolidated perimeter (31% for the Group perimeter), while for the White Collar and Senior Manager categories the increase was 3% and 16%, respectively.

Regarding performance documents indicators, in 2021, 16,132 documents were prepared for the Group perimeter (corresponding to a coverage of 42%) and 16,111 for the full consolidated perimeter (corresponding to 50% of the company population), compared to 17,915 documents prepared in 2020 (corresponding to a coverage of 60.7%). The reduction in the KPI is mainly due to a decrease in the number of performance documents prepared for resources situated in Saudi Arabia, Italy, France and the United Kingdom.
Out of 32,041 employees for the consolidated perimeter (38,806 for the Group perimeter), 16,111 for the consolidated perimeter (16,132 for the Group perimeter) were subject to performance assessment, and specifically 64% of women for the consolidated perimeter (58% for the Group perimeter) and 49% of men for the consolidated perimeter (40% for the Group perimeter).
2021 saw a confirmation of Saipem's commitment in nurturing its most talented resources, and a focus in applying meritocratic criteria in the management policies, with the objective of identifying resources with high levels of potential and personal characteristics aligned with the provisions of the new behavioural model. In this regard the assessment campaign continued, involving 119 young resources being developed and 43 managers in senior positions.
This assessment campaign was carried out in order to identify the people who are most capable of successfully contributing to the implementation of the new operational and organisational model. Saipem has also promoted specific coaching processes to support people in their growth and development, with particular regard to areas of improvement identified during assessments.

		2019		2020		2021	
		Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Training [(a)]							
Total hours of training, of which:	(hours)	2,407,786	2,395,487	1,454,873	1,333,510	1,688,917	1,526,040
- HSE (employees and subcontractors), of which:	(hours)	2,199,115	2,192,036	1,307,265	1,190.562	1,524,528	1,368,562
- employees	(hours)	607,197	592,061	508,312	444,569	611,829	576,822
. managerial potential and skills	(hours)	49,698	49,052	8,993	8,941	13,706	13,694
. professional technical skills	(hours)	158,973	154,399	138,605	134,008	150,683	143,784
Total direct training costs	(mln €)	-	-	2.64	2.64	7.88	7.12
Performance assessment							
Employees subject to performance assessment	(No.)	19,111	18,518	17,915	17,915	16,132	16,111
Senior Managers	(No.)	372	371	379	379	404	404
Managers	(No.)	3,006	3,093	3,261	3,261	2,960	2,960
White Collars	(No.)	10,403	9,849	9,812	9,812	9,290	9,273
Blue Collars	(No.)	5,330	5,205	4,463	4,463	3,478	3,474
Percentage of employees subject to performance assessment out of the total	(%)	52	57	51	61	42	50

(a) Please note that the figures relate to companies with which the employees are formally part of the workforce, not the companies they are providing services for.

Pursuing the same objective of nurturing people and their development the In & Out, programmes, dedicated to young developing talents, also continued: through cross-functional experience in the Internal Audit function these individuals develop cross-sectional knowledge of the business and greater knowledge of the company processes and the Competence Assessment and Assurance programme of the Onshore Drilling Division – that was implemented in 2021 in Saudi Arabia – which makes it possible to identify people to be developed for key roles, resources with the strategic competences for the business and the competences that will have to be acquired from the market.

The central role of Saipem's people and the focus on the creation of shared value for all internal and external stakeholders, as well as attention to social and environmental factors, represent a priority and a fundamental requirement for ensuring sustainable long-term growth for the Company.
With the objective of hearing the opinion of all Saipem's people, a People Survey was recently conducted involving the entire company population and which collected more than 13,500 contributions, i.e. 35% of the Group's employees. The purpose of the survey was to measure the numerous variables concerning company life, such as the level of active engagement, perception regarding Diversity & Inclusion issues, the relationship between managers and co-workers, the level of trust in the senior management and in strategic directives, climate within working groups and more generally satisfaction in terms of working experience. The evidence that emerges from the analysis at both a macro and country level will be fundamental in defining the HR plan of action for 2022.

GRI 102-8
GRI 405-1

Workforce trend

The total turnover is calculated as the ratio between all the annual exits and the average resources in the year. The voluntary turnover is calculated as the ratio between all the annual exits and the average resources in the year.
The overall turnover rate fell by 4% compared to 2020 for the Group perimeter and by 10% for the full consolidated perimeter, to reach a level of 28% (22% for the full consolidated perimeter) in 2021. Looking at the breakdown by gender of the overall turnover, for the male company population there was a reduction of 3% compared to the figure for the previous year for the Group perimeter (30% in 2021) and 10% for the full consolidated perimeter (19% in 2021). With regard to the female population, the figure was broadly in line with that for the previous year, with a slight increase for the Group perimeter (17% in 2021 compared to 16% in 2020) and a slight decrease for the full consolidated perimeter (14% in 2021 compared to 15% in 2020).

On the other hand, voluntary turnover, increased by 5.4% for the total Group perimeter and 1.2% for the full consolidated perimeter, compared to the previous year, and was 10% for the Group perimeter and 5% for the full consolidated perimeter.
With regard to the use of agency personnel, in 2021 there was a 49% increase compared to 2020.

Risks associated with human resource management

RISKS COVERED BY ITALIAN LEGISLATIVE DECREE NO. 254/2016: PEOPLE MANAGEMENT

Saipem material topic		Risks identified by the Company	Summary of adopted risk mitigation measures
	People safety	Accidents during operational activities which may cause injuries or fatal injuries to Saipem employees or vendor and subcontractor staff.	Saipem is committed to both preventing and mitigating these risks through specialised training programmes dedicated to employees, as well as to its vendors and subcontractors, on technical topics and on work safety with the aim of ensuring high quality standards in training. Improving awareness of these risks is pursued internally also through the connection of manager MBO with certain specific results. Furthermore, the Company is involved in numerous initiatives, such as the "Leadership in Health & Safety" programme (LiHS), the campaign dedicated to "We Want Zero" and "Life Saving Rules". Finally, the most significant Group entities from the point of view of operations are certified by international standard ISO 45001: 2018.
	Safe operations, asset integrity and process safety	Critical issues related to political, social and economic instability and terrorist threats to staff, operations, business and assets.	The Group is involved in the constant monitoring of various critical issues (in particular political, social and economic) and terrorist threats in verifying the adequacy of the mitigation measures in place, making use of a local intelligence network and actively cooperating with the police forces and security service providers in the countries where it operates. In particular, Saipem has developed a "security responsibilities model" that is compliant with Legislative Decree No. 81/2008, and a crisis management system that complies with the provisions of international standard ISO 31000. Finally, the Group pursues a commercial strategy with strong project selectivity, also taking into consideration the risks associated with the country of operations.
		Significant accidents to Saipem's strategic assets or client infrastructures.	To mitigate and prevent this risk, Saipem incurs significant expenses for maintenance programmed for its proprietary assets and yards and has developed various prevention initiatives, including the application of the Asset Integrity Management System and the development of Safety Cases, as well as the specific training (e.g. the campaign "Dropped Objects Prevention") for technical personnel. Finally, for all vessels in the Group's fleet, Saipem periodically renews certifications issued by the appropriate classification bodies and by flag state authorities following inspections which the classification bodies perform for assets.
	Well-being and health	Difficulty in managing biological risks of an exogenous (e.g. epidemics and pandemics) and endogenous nature (e.g. legionella, malaria, rabies).	The Group has set up a programme for defining, implementing and monitoring health facilities and physicians responsible for managing personnel health, with the aim of avoiding and mitigating these risks. Moreover, Saipem conducts training and awareness raising initiatives (e.g. the "Welfare Campaigns"), on health issues and the correct use of personal protection equipment, and constantly monitors the development of the health situation and has developed telemedicine programmes in the countries in which it operates. In the event of serious consequences for the health of personnel, Saipem has a system for managing medical emergencies and repatriation in the case of patients in critical conditions. In the event of health crises (e.g. COVID-19), Saipem puts in place a crisis management system, which involves the establishment of a specific Task Force made up of doctors in order to monitor developments and provide support and information to staff in the country in which it operates (e.g. through the issuing of Health Bulletins to monitor the status of the COVID-19 pandemic). Finally, the Group uses collaborations and communication flows with local and international authorities.
	Attract and retain talent	Loss or lack of key skills.	Saipem periodically conducts strategic planning of human resource needs based on business objectives and the leadership model, taking into account available and necessary skills with a particular focus on key skills and ensuring an effective distribution of personnel within the Group (also on the basis of job rotation programmes). Furthermore, the Group organises various training programmes on critical business skills and has developed a structured methodology for career paths (e.g. through the use of coaching and tutoring initiatives with senior resources) and compensation systems (e.g. long-term incentives). Finally, Saipem has developed initiatives to increase the company's attractiveness in the main universities.

Workforce trend[1]

		2019		2020		2021	
		Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Total employees at period end	(No.)	36,986	32,528	35,023	29,522	38,806	32,041
Employee categories							
Senior Managers	(No.)	400	384	400	388	409	394
Managers	(No.)	4,446	4,285	4,574	4,344	4,812	4,632
White Collars	(No.)	19,546	16,625	17,559	15,849	18,258	16,113
Blue Collars	(No.)	12,594	11,234	12,490	8,941	15,327	10,902
Type of contract							
Employees with full-time contracts	(No.)	36,814	32,357	34,871	29,370	38,642	31,877
Employees recruited through an agency	(No.)	5,564	4,873	3,672	3,421	7,137	5,967
Employees on permanent contracts	(No.)	-	-	16,088	14,840	15,779	14,779
Employees on fixed term contracts	(No.)	-	-	18,935	14,682	23,027	17,262
Turnover							
Total turnover[(2)]	(%)	26	26	32	32	28	22
Voluntary turnover[(3)]	(%)	6.4	6.7	4.6	4	10	5

(1) Please note the figures relate to companies the employees are providing service for not the companies whose workforces they are formally part of.
To integrate the data relating to the year 2021 for the Group perimeter please find below the percentage of employees with a permanent contract for the following geographical areas: Americas 50%, CIS 4%, Europe 81%, Middle East 17%, North Africa 26%, Sub-Saharan Africa 52%, Far East 42%.
(2) The total turnover is calculated as the ratio between all the annual exits and the average resources in the year.
(3) The voluntary turnover is calculated as the ratio between all the annual exits and the average resources in the year.

Industrial relations

Of more than 27,000 employees (more than 30,000, if we consider the Group total) 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), 12,553 (13,944 at Group level) are covered by collective bargaining agreements. The growing trend on the Group total can be explained by the fact that there was an increase of staff in areas where these types of agreements are very common (Indonesia, Angola, Colombia and Peru) and a reduction in other countries (Nigeria, France and Kazakhstan). In 2021, collective strikes were recorded for a total of 248 hours in Italy.

During the course of 2021, the year that was still significantly characterised by the pandemic, relations with trade union organisations involved constant discussions in both Italy and abroad for the management of the same.
In particular, in Italy, the application of emergency plans for the management of the pandemic involved continual meetings and discussions with trade union organisations through a process of ongoing information and updates. Indeed, the bilateral Committees established at individual premises level were jointly involved with the Company in monitoring the health and safety measures implemented in the offices in order to verify on an ongoing basis the correct and effective implementation of all the actions identified for ensuring working activities to be carried out in complete safety.
The repercussions of the pandemic, which have resulted in a worsening of the reference economic situation, had a particular impact in the first part of the year in the drilling sector with a temporary reduction in activities, which made it necessary to use wage support schemes in Italy.
More specifically, until mid-March, use of the COVID-19 ordinary redundancy fund (CIG) continued, after commencing in December 2022, for approximately 70 workers from the Onshore and Offshore Drilling Divisions hired in Ravenna, through the signing of a specific trade union agreement with the local trade union organisations.
In Peru, the company Petrex SA reinstated the operational drilling staff that had previously been suspended until October 2021.
In line with the actions adopted in Italy, the dialogue with the employees' representatives in France related to defining plans in the first half of the year for the return of the workforce to offices based on the provisions of the local authorities.
Outside Italy, in 2021, renewal processes for bargaining agreements were initiated and in part completed in various countries, including Argentina, Brazil, Indonesia, Nigeria, Peru and Singapore. In Norway, the trade union agreement was renewed with the SEA trade union which will come into force in 2022 and the negotiation of a new local agreement is ongoing with the trade union organisation SAFE.
With regard to the dialogue that has been ongoing at a transnational level through the European Works Council (EWC), with a view to consolidate relations and the company's commitment to improving the dialogue with worker representatives in the European Economic Area, in the month of November the annual meeting took place during the course of which an ample dialogue and analysis was dedicated to the illustration of the new strategic plan and the respective company operational and organisational model.

Further points of discussion were the HSE and environmental performances, with particular regard to the development and adoption of Net-Zero policies and analyses relating to the management of the COVID-19 pandemic. The meeting also saw the renewal for a three-year period, by-election, of the role of coordinator and the members of the EWC Select Committee, as set forth by the agreement establishing the Saipem EWC. The annual meeting took place after the follow-up meeting in May and an extraordinary meeting in August, during the course of which the main information were shared on the commencement of the Saipem Project programme which aims to develop initiatives for the recovery of efficiency and competitiveness for the Company in light of the above-mentioned worsening in the reference situation and the resulting economic and financial repercussions at the company level.
Moreover, in Italy and in other countries, some significant collective bargaining agreements were also signed. For Italy an agreement was signed for the Performance Bonus scheme for 2021. As well as more traditional indicators of company productivity and profitability, the parameters identified for determining the sums to be paid to employees also included the introduction of environmental indicators, consistently with Saipem's strong focus on environmental sustainability initiatives and the process of ecological transition that is underway in the energy sector. In this perspective, an environmental parameter was identified which measures savings obtained in GHG emissions through company energy efficiency initiatives. In order to ensure an increasingly balanced monetary and non-monetary component of the Bonus, the existing mechanism which allows for part of this to be converted into welfare services was retained; this was also confirmed because of its popularity with employees, as demonstrated by the high percentage of people adopting this in previous years.
During the course of 2021, the dialogue also continued with trade union organisations for the definition of a Saipem Industrial Relations Protocol, with the aim of defining a series of shared objectives and principles between the Company and the trade unions, with a view to achieving an increasing level of cooperation and collaboration between the parties which corresponds to the participatory industrial relations model Saipem adheres to.
In France, a new agreement was signed with local trade union organisations for the Performance Bonus for the period 2021-2023 relating to the granting of bonuses on the basis of the company's operating income, absenteeism and safety performances (TRI). A significant agreement was also negotiated that will be valid until 2024 for the promotion of professional equality, the prevention of discrimination and the integration of staff with disabilities. In April 2021, the French company Sofresid also negotiated an agreement with the reference trade union organisations for the introduction of ordinary teleworking and similar negotiations are ongoing in the company Saipem SA. In October 2021, disagreement minutes were signed in the company Sofresid with regard to the measures adopted within the scope of the annual salary review in accordance with Group policy in terms of maximising efficiency and limiting structural costs. From the same perspective actions continued for limiting of business travel and optimising spaces and offices.

		2019		2020		2021	
		Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Employees covered by collective bargaining agreements	(%)	42	42	39	44	46	46
Strikes	(No.)	15,561	15,561	168	168	248	248

Equal treatment and enhancement of differences

GRI 401-2
GRI 401-3
GRI 405-1
GRI 405-2

Saipem is committed to supporting values of diversity, equality and inclusion through the adoption of corporate, organisational and management mechanisms characterised by respect for the rights and freedom of people.
The Diversity & Inclusion function was established during the course of 2021 to pursue the important objective of developing a clear approach in terms of mission, strategies and active practices in order to stimulate a working environment that is collaborative, supportive and open to the contribution of all male and female employees, to increase the trust of people, clients and, in general, civil society, and promote diversity in all aspects to fully seize the opportunities deriving from this and generate value within working environments while also obtaining a competitive advantage for the business.
To give shape to the principles of inclusion the function constantly translates objectives and strategies into targeted initiatives, the impact of which is assessed through the careful monitoring of a set of strategic indicators for diversity management and people care activities.
Saipem is committed to attracting and hiring people from different backgrounds and abilities with the objective of forming a heterogeneous human capital and promoting the dissemination of a culture that is sensitive to equal opportunities and fairness. In partnership with the main Italian universities, in 2021, Saipem took part in working tables and events with the aim of positioning Saipem as an equal opportunity employer through the testimonials of company Role Models in order to also facilitate the selection of young STEM women for roles with a high level of technical and scientific specialisation.

The particular attention and relevance for the Company of equal opportunities and inclusivity is also demonstrated by Saipem's choice to introduce in 2020 amongst company performance assessment indicators, a specific target relating to gender with the aim of promoting the development of women at all company levels.
Saipem's commitment to promoting a culture that is sensitive to Diversity issues was also pursued through the dissemination of initiatives in cooperation with the Association Valore D, the promoter of the Manifesto for Female Employment, of which Saipem is a signatory. During the course of 2021, the Company promoted four training events with the objective of providing people with the tools and competences to achieve inclusion, three sharing labs, inter-company working tables for sharing best practices for the HR population, training modules dedicated to specific targets defined on the basis of company seniority, and for the development of an inclusive approach and inter-company mentoring processes for promoting networking.
Aside from the above-mentioned initiatives, in partnership with the Academy of Valore D, webinars were promoted, which were accessible on a voluntary basis, to develop an inclusive language, promote diversity and empathy and reflect on issues such as leadership and the nurturing of people, the evolution of communication strategies and subconscious biases with which people interpret the world and upon which they base their daily choices, which saw the participation of approximately 670 people in Saipem SpA.
In 2021, as further confirmation of the commitment of Saipem and its top management to gender equality and the overcoming of subconscious prejudices, in partnership with Valore D, the Company shared its experiences on the Italian TV programme "l'inventrice e l'ostetrico", discussing the Company's best practices for the promotion of female talent.
The cooperation with Valore D also gives us the possibility to access the Inclusion Impact Index, a digital tool which supports companies in tangibly achieving their programme commitments under the Manifesto for female employment and therefore represents a further step towards gender equality and an inclusive culture in organisations.
Saipem is also a signatory of the Women Empowerment Principles promoted by the UN Global Compact and during the course of 2021 took part in the works of the Diversity & Inclusion Observatory. The Observatory involves a cluster of leading companies on the issue of diversity and inclusion to promote an inclusive culture in the labour market which also supports the new challenges and creates shared values through the development of an analysis document on the issue of D&I containing Italian policies and good practices.
Saipem has also promoted an internal mentoring process called SEED - Win with Diversity. The objective of the programme is to support, through a Knowledge Sharing mechanism amongst resources with different seniority levels, the dissemination of an entrepreneurial culture where women are protagonists and which promotes their environment. People in the company focus their support on nurturing women in all moments of their personal and professional lives. The Company implements specific welfare policies dedicated to support services for families in both a parental and caregiving capacity, as well as tools for ensuring a correct "work-life balance".
A mainstay in Saipem's human resources policy is the principle of equal pay for equal work, for which we monitor on an annual basis the evolution of the Gender Pay Gap indicator in Italy and in all the local entities.
On the basis of the principles described above, Saipem intends to ensure a continuity in its commitment to inclusivity through further specific actions to promote equality and by committing to implementing working relationships characterised by fairness, equality, non-discrimination, attention and respect for individual dignity.

As regards gender, women represent 11% of the work force (10% at Group perimeter). In terms of age distribution, 11% of employees are less than 30 years old (14% for the Group perimeter), 72% are between 30 and 50 (71% for the Group perimeter) and 17% are over 50 (15% for the Group perimeter).
In terms of the distribution by professional categories, women represent 1% of Blue Collar, 16% of White Collar workers and Managers and 8% of Senior Managers.

The percentage of women in a managerial position compared to the total number of women is 22% (20% compared to the Group perimeter), a figure which is 1% higher than the previous year for the Group perimeter and 2% for the full consolidated perimeter compared to the previous year. With regard to the senior management, 2 of the 11 first reports to the CEO are women, as specified below:

Date	Executive Men (a)	Executives No. Men	% of Executives Men	Executives Women	Executives No. Women	% of Executives Women
Dec. 31, 2021	L. Siri A. Paccioretti O. Iacono M. Satta: M. Colombo M. Branchi M. Toninelli S. Porcari M. Coratella	9	82	S. Abrate L. Cortis	2	18

(a) Please note that as of March 24, 2022 S. Porcari and M. Coratella have left the Company.

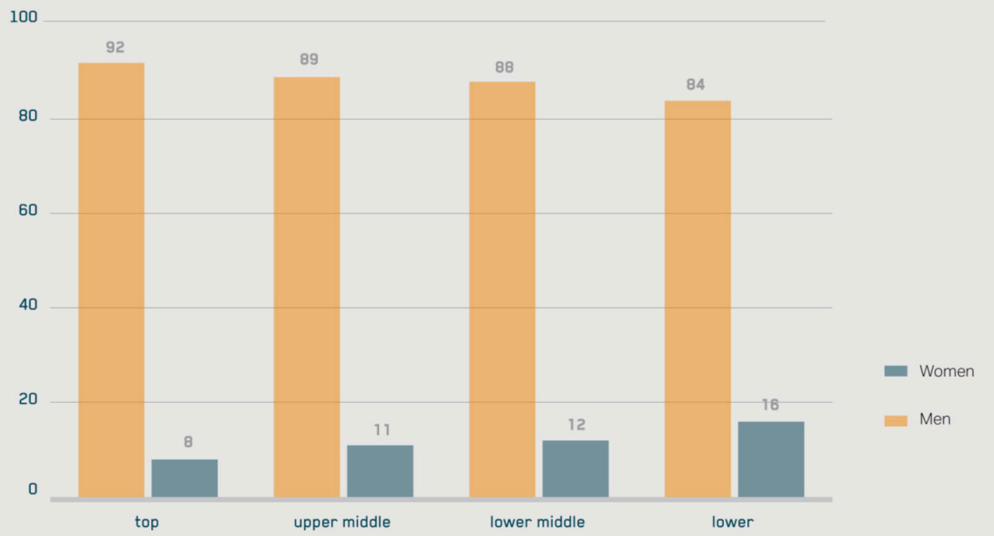
Saipem provides its employees with benefits of different types, assigned in different ways depending on local specifications, including complementary pension plans; additional health insurance coverage; services and policies supporting mobility; welfare and family support initiatives; catering services; and training courses aimed at ensuring more effective integration in the socio-cultural context. These benefits, where available on the basis of the country/company/local legislation in effect, are now provided to the entire company population, no matter what type of contract they work under (permanent or temporary employment), with the exception of programmes of a duration incompatible with the term of the contract of employment.

The Company defines on an annual basis the guidelines of the Remuneration Policy, and in particular prepares precise guidelines to govern remuneration policies and reduce remuneration disparities between men and women, in all the countries in which it operates.
In particular, Saipem's constant effort clearly affirms the principle "equal pay for equal work" and reduces the remuneration disparity between men and women in all operating environments.
The salary gender pay gap indicator for the category of Senior Managers in 2021 reached 87% (for both the full consolidated and Group perimeter), with an improvement of 4% compared to 2020; with regard to Middle Managers the indicator stands at 89% (for both the full consolidated and Group perimeter) with a slight reduction compared to 2020; with regard to White Collar workers the value was 90% for the full consolidated perimeter and 92% for the Group perimeter, with the latter representing a 2% increase compared to the previous year.
The remuneration gender pay gap indicator – which includes both the fixed and variable part of the remuneration – for Senior Managers is 88% (for both the full consolidated and Group perimeter), which represents an improvement of 6% compared to 2020; with regard to Middle Managers the indicator stands at 89% for the Group perimeter and 85% for the full consolidated perimeter, with a reduction of 5% compared to 2020 for the Group perimeter; with regard to White Collar workers the value is 90% for the full consolidated perimeter, which is in line with the previous year, while it is 92% for the Group perimeter, an increase of 2% compared to the previous year.
The figure for the average gender pay gap is -7%, in line with the level for the previous year. The figure is calculated by measuring the total remuneration for men and women, without adjustments (e.g. role, level, education, location, etc.). The remuneration includes the basic salary, bonus, shares and any monetary advantages: the average remuneration of female employees is subtracted from that of male employees, with the results then divided by the average for the higher gender remuneration, and subsequently multiplied by 100.

On the whole, the gender pay gap reveals an overall improvement compared to the data for the previous year, highlighting Saipem's commitment to reducing remuneration disparity between men and women.

By breaking down into quartiles for each company within the Group perimeter the remuneration of employees (top, upper middle, lower middle, lower), the distribution by gender shows that women employees are divided as follows: 16% in the lower quartile and 11% and 12%, respectively, in the upper middle and lower middle quartiles.

DISTRIBUTION OF GENDER REMUNERATION IN QUARTILES (%)



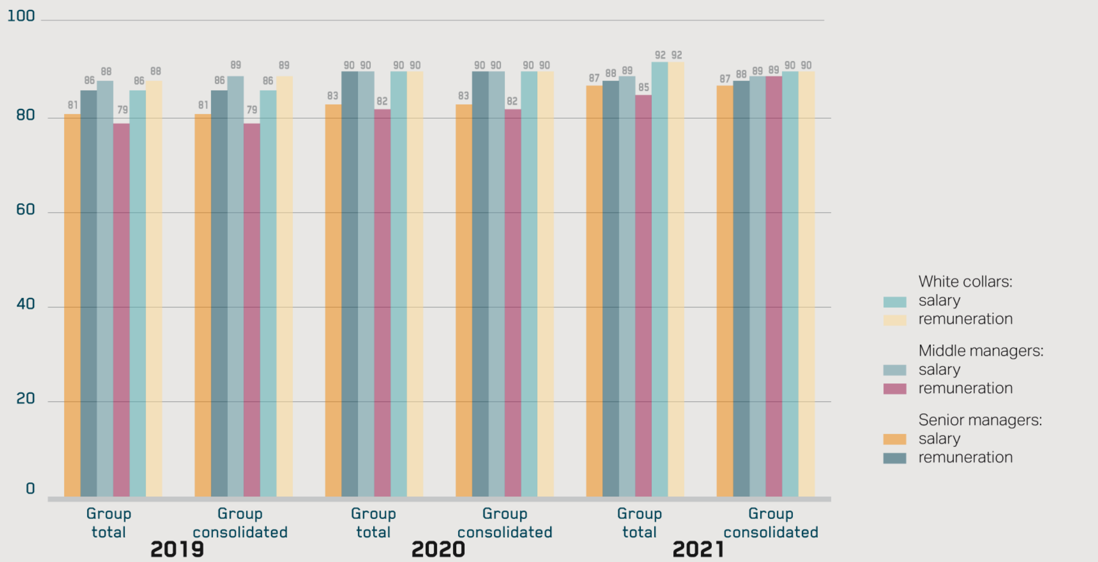
These figures refer to the sum of men and women in the above remuneration quartiles of each of the companies in the perimeter.
We also report that, the ratio between the overall remuneration of the CEO and the overall average remuneration of employees (full-time employees) of Saipem SpA: in 2021 this figure was 15, while in 2020 it was 25 and in 2019 it was 32.
The annual variation between the overall remuneration of the CEO and the overall remuneration of the population (full-time employees) of Saipem SpA was as follows: down 69%.

Further details can be found in the “Report on the Remuneration Policy and Paid Compensation 2022”.

(No.)	2019 Group total	2019 Full consolidated	2020 Group total	2020 Full consolidated	2021 Group total	2021 Full consolidated
Female presence						
Female employment, by geographical area:	3,874	3,674	3,964	3,572	3,937	3,524
Americas	357	357	363	363	348	348
CIS	375	363	398	227	456	220
Europe	2,085	2,026	2,162	2,057	2,019	1,972
Middle East	227	224	213	210	248	245
North Africa	33	33	31	31	25	25 HP
Sub-Saharan Africa	346	210	293	181	307	181
Far East	451	451	504	503	534	533
Female leadership						
Female Senior Managers	26	25	26	26	33	33
Female Managers	689	670	727	698	774	753
Age ranges						
Employees under 30 years	4,757	4,430	4,793	3,421	5,346	3,574
of which women	657	624	582	507	548	462
Employees aged between 30 and 50	26,762	22,981	24,962	21,275	27,558	23,077
of which women	2,710	2,565	2,828	2,542	2,801	2,501
Employees over 50 years of age	5,467	5,117	5,268	4,826	5,902	5,390
of which women	507	485	554	523	588	561
Employees with disabilities	-	-	160	160	195	193
Multiculturalism						
Number of nationalities represented in the employee population	127	124	129	127	130	128

To supplement the data relating to the year 2021 in the Group perimeter, please note that 100% of women have a full-time contract with the exception of Europe (94%) and Sub-Saharan Africa (99%) and, with regard to the type of contract, women with a permanent contract are distributed in the geographical areas as follows: Americas 82%, CIS 4%, Europe 97%, Middle East 58%, North Africa 40%, Sub-Saharan Africa 78%, Far East 65%.

GENDER PAY GAP (%)



Note: The salary gender pay gap indicator was calculated as the ratio between the average salary of a woman compared to the average salary of a man, for each category.
The remuneration gender pay gap indicator was calculated as the ratio between the average remuneration of a woman compared to the average remuneration of a man, for each category. The remuneration includes the salary and the variable component.

Furthermore, Saipem supports the work/family balance of its personnel through Company regulations and/or local policies which guarantee parental leave. The differences among countries for this leave lie only in the time and method of abstaining from work. There was an increase in the average number of days of parental leave used. In 2021, Saipem had 793 employees (829 if we refer to the Group total perimeter), 508 men (522 considering the Group total perimeter) and 285 women (307 considering the Group total perimeter), who made use of parental leave for a total of 30,660 days (35,295 referring to the Group total perimeter); at the same time, one should note the return to work from parental leave of 689 employees (712 at Group level) in the same period, 490 men (505 at Group total level) and 199 women (207 at Group total level), with a return rate from parental leave of 87% for the whole consolidated perimeter (86% also at Group total level), showing a decrease against the previous year.

Innovation in people management

In 2021, the preparatory works continued for the transfer to the new Saipem Headquarters in Milan Santa Giulia. In the new buildings the digital component will represent a key factor and the use of technology will facilitate different working processes and the "liveability" of the spaces.
The new Headquarters comprise two buildings, Spark1 and Spark2, which have obtained the following LEED certifications thanks to their innovative design: Platinum level and WELL: Gold level. In the final months of the year, the interior design project for the environments was defined, designed to ensure flexible spaces that are suitable for the different working needs, with particular regard to cooperation between colleagues. To analyse the real requirements of the people impacted by the transfer to the new headquarters, in April 2021, a survey was conducted on the Time Saving, Mobility, Health and well-being services. With a response rate of 80.5% (2,545 people) and 1,150 comments and feedback, the information received through the survey represented the starting point for developing a new model of workplace well-being services for the new headquarters, that will represent a benchmark for the different operating structures of the Saipem Group.
The technological equipment of Saipem's people was overhauled to achieve superior performance and ease of use. The app for hoteling services is also in its final development phases and will allow employees to independently manage the booking of all the assets they require to make the best possible use of these spaces and carry out their working activity in an optimal manner.

E-MARKET SDIR CERTIFIED

GRI 407-1
GRI 408-1
GRI 409-1
SASB
EM-SV-510A.1
EM-SV-510A.2
EM-SV-530A.1

BUSINESS ETHICS

Respect for human rights

Saipem is committed to protecting and promoting human and labour rights when conducting its business, taking into consideration both the work standards recognised at international level and the local legislation in the countries where Group companies operate. This commitment is part of Saipem's modus operandi and is also made clear in its Code of Ethics.
With reference to the management of relations with personnel worldwide, Saipem adheres to the principles of the UN Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises. Moreover, the CEO of Saipem has confirmed Saipem's membership of the United Nations Global Compact, by formally committing to comply with the promotion of ten principles, six of which refer specifically to the promotion and protection of human rights and work.
During the course of 2021, as a further step to confirm Saipem's commitment towards this issue, Saipem has decided to adhere to the Building Responsibly (hereinafter BR) initiative, a coalition of leading engineering and construction companies working together to raise the bar in the promotion of the rights and well-being of workers throughout the whole sector. As a new member, Saipem participated in the BR meetings, collaborating and sharing experiences and discussing the main efforts and obstacles met. Moreover, the BR working groups aim to develop strategies and tools to promote welfare principles for workers and establish a shared baseline in terms of safety, protection and well-being for all people working in the sector of engineering and construction.

During the course of 2021, a tool was introduced to analyse potential risks associated with project activities that could have an impact on the human rights of internal and external stakeholders, including direct and indirect workers, local communities and vulnerable groups (indigenous populations, children, women, etc.). The analysis considers the different types of risk, associated for example with child labour and forced labour, discrimination, remuneration, freedom of association and collective bargaining, considering both the direct activities carried out by Saipem and the risks associated with its supply chain.
After a preliminary testing phase in 2020, this tool was implemented, in 2021, in 23 countries where the Group has operating activities, for a total of 250 potential risks that were identified and assessed. These risks can be broken down into the following areas: Security (31%), Labour rights and employment (26%), Supply Chain (18%), Country/systemic risks (17%), Impacts on local communities (8%). For each risk identified a series of mitigation actions were defined and implemented which may include, inter alia, the training of staff, including subcontractors, on ethics and human rights, the improvement of internal monitoring activities or the verification of the supply chain. The analysis of risks in the operational areas is updated periodically, on an at least annual basis.

In protecting and promoting the rights of workers, Saipem operates in accordance with the conventions of the International Labour Organisation (ILO) which concern the protection against forced labour and child labour, the fight against discrimination in employment and the workplace, freedom of association and collective bargaining.
Especially with reference to the latter, Saipem has a sound record of relations with trade union organisations in a variety of countries and covering several segments of its business. Further details can be found in the "Industrial relations" section hereto.

Saipem has defined the protection and promotion of human rights as founding principles in its Code of Ethics and all Saipem people must comply with these principles, including by reporting any non–compliant conduct, in accordance with the Whistleblowing procedure (please refer to the section "Reporting suspected violations").
In order to strengthen information on the principles of protection of human rights and labour and the existing whistleblowing system for all workers, including subcontractors, an awareness-raising activity was devised within the site induction process which targets anyone accessing one of Saipem's operating sites. This will allow Saipem to reach all workers, including those of our subcontractors, to make them aware of the basic principles on human and labour rights adopted by the Company and the system for reporting any possible violations. In addition, the information is also disseminated through posters put up in project sites, in positions that have been selected to be accessible for workers. In 2021, this activity was implemented in some Onshore E&C projects involving 11 countries.

Saipem's attention to labour rights extends also to offshore personnel with full abidance to the principles and the rights recognised to seafarers promoted under the ILO Maritime Labour Convention of 2006 (MLC 2006). To ensure each of them is aware of their rights, all people working on offshore vessels receive a copy of the related procedure and all the forms necessary to file a complaint, together with a copy of their employment agreement The captain and/or the Company examines any complaint, and any instance of harassment is managed in compliance with the Company's disciplinary procedures.

RISKS COVERED BY ITALIAN LEGISLATIVE DECREE NO. 254/2016: HUMAN RIGHTS

Saipem material topic	Risks identified by the Company	Summary of adopted risk mitigation measures
Human and labour rights	Human rights violations committed by security service providers in critical geographical areas or in developing countries.	Saipem periodically carries out checks on the reliability of security services, especially during the qualification and selection phase of the relevant providers. Contracts include clauses concerning the protection of human rights. Furthermore, Saipem organises specific training courses for personnel (both internal and external) engaged in security services.

GRI 410-1
GRI 412-3

Security practices

The Saipem Security model is based on a correct analysis of what is referred to as the "Operational Environment", to allow the identification of potential threats and the necessary mitigation measures for protecting the health and safety of people, the integrity of assets and the protection of company information.

The organisational/management model detailed by Legislative Decree No. 231/2001 has become a reference to follow for developing a tool that is able to govern all risks, inform employees, make responsible choices in the knowledge that people and their integrity are the real value of a Company.
Standard ISO 31000 on "Risk management - Principles and guidelines" is used as a best practice for setting up the "risk management process" where the risk is understood to be the effect of internal and external factors and influences on the ability of the company organisation to reach its goals.

While, on the one hand it is essential to make workplaces and the circulation of people safe from a physical point of view, on the other it is important to instil within the Company a "culture of security". By adopting a responsible attitude towards safety and being aware of risks, workers reduce the possibility of being involved in situations that are potentially dangerous for their health. The "Corporate Responsibility" that is attributed to the employer requires employees to comply with company rules and conduct themselves on the basis of the suggestions and precautions which, following an assessment of risks, the Company shares during training and information meetings on security.

Over the years, given the high level of geographical mobility by employees, which often sees them operate in countries that are politically and socially unstable and with a high risk of terrorism and crime, the company's security function has defined the Security Model, which includes:
- a body of documents with standard procedures and guidelines to govern security aspects, including roles and responsibilities relating to activities conducted in countries considered to be particularly exposed to risks for security;
- a corporate methodology for the assessment and mitigation of physical and cyber risks based on Threat, Vulnerability, Impact and Probability. The assessment of the Company's vulnerability is determined through the application of statistically reliable qualitative and quantitative methodologies and includes risk factors that are applicable to the individual threats in question. The relevant function provides an assessment and monitoring of the security risk in all relevant countries;
- the monitoring of physical and cyber security events that have an impact on Saipem;
- a process that is integrated with the other company functions for the management of emergencies and crises;
- specialist support to commercial activities from the bidding phase onwards;
- a travel management process (TMS) which enables the tracking of expatriate staff and correct training/information on specific risks linked to the working environment and the respective situation for the countries in which Saipem operates (pre-travelling induction).

To support initiatives on issues relating to security ad hoc activities are also offered on Cybersecurity issues. In particular, in 2021, three training campaigns were launched that were dedicated to this issue, during the course of which three editions were carried out, which were open all throughout the year, for as many e-learning modules, each of which was designed in consideration of the different level of risk (standard-high risk, critical risk for the role of the employees and recipient; during the year a total of 4,947 hours of training were provided for a total of 1,994 participants.

The COVID-19 pandemic has had a significant impact on the activities of the companies in the Saipem Group and against this backdrop the safety managers of all the Divisions have played a key role and have provided support to managers for the implementation of rules on health security and the environment (HSSE RCM) in the management of local crisis units (LCU) at a branch level.

The function maintains close contact with the local authorities/embassies in the countries in which it operates and, at a central level with the Crisis Unit of the Ministry of Foreign Affairs.

In the management of security, Saipem gives utmost importance to respecting human rights. Saipem is committed to adopting preventive measures aimed at minimising the need for response by public/private security forces in the case of any threats to the safety of its people and the integrity of its assets.
The Company manages relations with local security forces in order to ensure a shared commitment to human rights, as well as the adoption of rules of engagement that limit the use of force.
Before signing a contract, providers of security goods and services are subjected to a due diligence to verify that there are no counter-indications connected with the violation of human rights.
Saipem has introduced clauses regarding the respect for human rights in its contracts with these vendors since 2010, and failure to observe them leads to the withdrawal of the Company from the contract[7].
For 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 it decides to go ahead with issuing a call for bids, Saipem prepares the Project Security Execution Plan in which the security risk connected with the operating activities and the context is analysed, including human rights violation issues. On the basis of the risks identified, the actions needed both to manage and reduce these to a minimum are decided upon.
Potential breaches of human rights are in fact assessed in all the Company's operations using country risk sheets, in which the risk is assessed using specific quantitative and qualitative indicators.
In particular, the security risk factors of the operating environment are the subject of specific assessment by the Employer (Responsible for compliance on health and safety) in Saipem SpA and in the subsidiaries, pursuant to Legislative Decree No. 81/2008. The level of exposure to these risks depends on hygienic-environmental, socio-political and cultural factors, as well as on factors connected to the phenomena of criminality and terrorism, in a variable percentage depending on the country in which one operates. The document for the Security Risks Assessment (VRS) is the document that identifies the security risks pertaining to each organisational structure/permanent site of an operating company or subsidiary and which defines the main mitigation actions to be undertaken.
The census of all operating sites both onshore and offshore and the tracking of Saipem employees and subcontractors (On Board Personnel) present on the various operating sites/management offices, both onshore and offshore. As security risk prevention measures, the Company adopts specific measures such as:
- implementation of reception procedures in the country of destination (Meet & Greet);
- selection of accommodation;
- provision of local "security induction" on arrival at the destination of the expatriate personnel, with indications of local threats, conduct to be followed and precautions to be taken daily in the specific work site/country;
- assignment of a security escort, with use of armoured vehicles, where necessary, according to local security conditions;
- journey management plan;
- use of GPS geopositioning systems;
- safety plans;
- management plans for emergencies and crises - evacuation (where deemed necessary).

The implementation of security plans and the provision of evacuation plans are tools used at all Company operational sites/offices. The synergy of different company functions also allows them to implement Local Crisis Units for the management of emergencies and crises.
The corporate functions also work in operational coordination with Embassies, Consulates, the Ministry of Foreign Affairs (MAE) - Crisis Unit, Client and Third Party Security (JV).
Consistently with and in compliance with Italian Legislative Decree No. 81/2008 "Consolidated Act on Occupational Safety" the Group Health and Security functions have also implemented the IT Time Management System (TMS) for managing business trips/travel right from the moment of booking/authorisation, and for tracking personnel on short-term trips or those working abroad. The system is an integral part of the authorisation process for staff business travel managed by HR and is made available to resources travelling on mission, secondment or work shift rotations between Italy and a foreign country aims to provide Pre-travelling induction accompanied by a series of information on the Security and Health aspects specific to the destination country, as well as to guarantee tracking of workers travelling abroad.
In the month of March 2021, the Company handled a crisis situation in Mozambique following subversive incidents in the town of Palma, located in the northern province of Cabo Delgado, location of an important natural gas liquefaction site. Saipem staff and those of the Joint Venture CCS (Saipem, McDermott International and Chiyoda Corp), were working for the customer Total on the LNG project on the site. JV staff were not exposed to any risk, as they were already working in the protected area in which the project is underway and, as soon as the crisis began, actively participated in the team set up by the customer for immediate response to the emergency. More than 1,450 local and expatriate staff, including employees of

(7) Human rights clauses are in the "General terms and conditions" of all contracts.

the JV, the customer and subcontractors, were evacuated from Palma by sea in two separate evacuations. Both of them concluded successfully and lasted less than 24 hours.

With regard to training, since 2020 an e-learning programme has been launched focusing on ethics, human rights and compliance issues, dedicated specifically to people operating in security: Since the start of the programme 110 people were trained, of which 51 during 2021, while the remainder of the identified population will be identified next year.

Fighting corruption

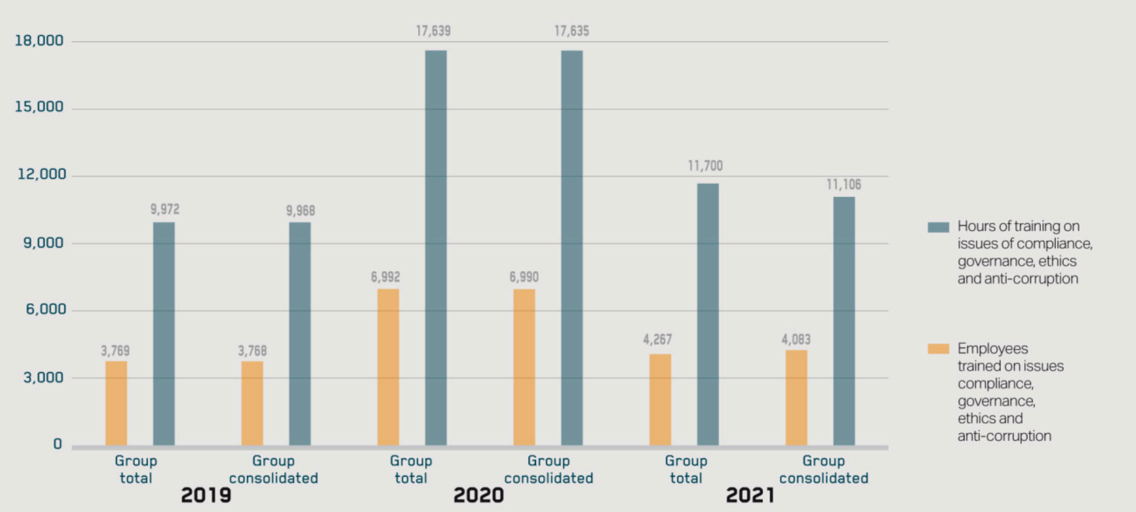
GRI 205-2
GRI 205-3
GRI 415-1

Saipem has always conducted its business with openness, fairness, transparency, integrity and in full observance of laws and regulations. In this context, corruption is an intolerable impediment to the efficiency of business and to fair competition.
Among the various initiatives, Saipem has designed an "Anti-corruption Compliance Programme", a detailed system of regulations and controls for the purpose of preventing corruption, in line with international best practices and with the principle of "zero tolerance" expressed in the Code of Ethics.
In particular, Saipem's Code of Ethics (included in Model 231) establishes that *"Corruption practices, illegitimate favours, collusion, solicitation, direct and/or through third parties of personal and career advantages for oneself or others, are without exception prohibited"*.
In particular, Saipem's "Anti-Corruption Compliance Programme" is dynamic and is constantly focused on the evolution of the national and international framework of regulations and best practices.
Over the course of the years, in a perspective of continuous improvement, the "Anti-Corruption Compliance Programme" has been constantly updated in line with the reference provisions (including among others the United Nations Convention against Corruption, the Organisation for Economic Co-operation and Development Convention on Combating the Bribery of Foreign Public Officials in International Business Transactions, Italian Legislative Decree No. 231 of June 8, 2001, the US Foreign Corrupt Practices Act, the UK Bribery Act and the French Sapin 2 law).
More specifically, the Board of Directors of Saipem SpA approved the "Anti-Corruption Management System Guideline" (Anti-Corruption MSG) on April 23, 2012. This repealed and replaced the previous Anti-Corruption Compliance Guidelines in order to optimise the compliance system in force. All the detailed anti-corruption procedures for specific risk areas were then updated (inter alia, the procedures for joint venture agreements, sponsorship, gifts, non-profit initiatives, vendors and consultants, relations with public administration and merger & acquisition operations).
In 2019, Saipem SpA issued the latest revision of the "Anti-Corruption" MSG which represents an improvement of the regulatory context of the "Anti-Corruption Compliance Programme" and of Saipem's Corporate Governance systems on Anti-Corruption issues.
The adoption and implementation of the aforementioned MSG are obligatory for Saipem SpA and all its subsidiaries.
All Saipem personnel are responsible for complying with the anti-corruption laws: for this reason all documents relating to this topic are easily accessible on the Company's website and intranet portal. In this context, a particularly important role is played by the managers, who are called upon to enforce observance of the anti-corruption procedures, also by their collaborators.
Furthermore, Saipem was among the first Italian companies to achieve the international certificate ISO 37001:2016 "Anti-bribery management systems". This certification, awarded by an independent accredited body, identifies a management standard that helps organisations in the fight against corruption, establishing a culture of integrity, transparency and compliance. The certification process, which included an audit phase that began in January 2018 and ended in April 2018, took into consideration such factors as the organisational structure, local presence, processes and services.
Subsequently, the audit activities necessary for the recertification were carried out and on April 28, 2021, the new ISO 37001:2016 certificate was issued with a three-year validity and expiring on April 27, 2024.
Aware that the primary element for developing an effective strategy to combat the phenomenon of corruption lies in fostering thorough knowledge of the tools for its prevention, Saipem considers training activities and awareness-raising activities of paramount importance and confirms the strategic importance of these also to promote and disseminate knowledge on Compliance, Ethics and anti-corruption.
In 2021, 13% of employees for the full consolidated perimeter and 11% for the Group perimeter was trained on these issues, down respectively by 11% and 9% compared to the previous year, considering the hours of training supplied in these areas was 11,700 for the Group perimeter (11,106 for the full consolidated perimeter) down for both parameters compared to the total number of hours of training provided the previous year.
Moreover, the Internal Audit function of Saipem shall independently review and assess the internal control system in order to verify compliance with the requirements of the Anti-corruption MSG, on the basis of its own annual audit programme approved by the Board of Directors of Saipem SpA.
Any violation, alleged or confirmed, of the anti-corruption laws or procedures must be reported immediately via one of the channels indicated in the procedure "Whistleblowing reports received by Saipem and its subsidiaries", available on the Company website and intranet portal. Disciplinary measures are provided for

people in Saipem who violate the anti-corruption regulations and omit to report violations that they are aware of.
In 2021, no confirmed cases of corruption were reported.
More information on legal proceedings in which the Group is involved is available in Note 29 to the Notes to the consolidated financial statements, "Guarantees, commitments and risks – Legal proceedings".

Saipem demands compliance by its Business Partners with the applicable laws, including the anti-corruption laws pertinent to the business activities carried out with Saipem, and the commitment to follow the reference principles contained in the Anti-Corruption MSG.
It should also be noted that Saipem does not make direct or indirect contributions, in whatever form, to political parties, movements, committees, political organisations, or to their representatives and candidates. Direct or indirect contributions may be made to trade unions and their representatives, to the extent this is provided for by mandatory legislative requirements or applicable collective labour contracts.

COMPLIANCE TRAINING (number)



(No.)	2020 Group total	2020 Full consolidated	2021 Group total	2021 Full consolidated
Employees who have received training on compliance [1]				
For category of employees				
Blue Collars	18	18	33	22
White Collars	4,702	4,700	2,578	2,447
Managers	2,081	2,081	1,486	1,444
Senior Managers	191	191	170	170
For geographical area				
Americas	450	450	189	189
CIS	188	188	2	1
Europe	4,017	4,017	2,823	2,810
Middle East	1,120	1,118	678	634
North Africa	87	87	35	35
Sub-Saharan Africa	683	683	400	273
Far East	447	447	141	141

(1) Please note that the figures relate to companies with which the employees are formally part of the workforce, not the companies they are providing services for.

GRI 406-1

Reporting suspected violations

A fundamental part of Saipem's structured system for managing stakeholder complaints is the reporting management process ("whistleblowing") governed by a special Corporate Standard made available to all employees (through various means, among which the intranet and company notice boards) and external stakeholders (published on the Company's website).
The term "report" refers to any information, new, fact or conduct which in any way is brought to the attention of Saipem staff 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, theft, 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, yellow boxes, e-mail, and communication tools on the intranet/internet sites of Saipem SpA and its subsidiaries. The Internal Audit function ensures that all appropriate controls are in place for any facts that have been reported, guaranteeing: (i) that these are carried out in the shortest time possible and respecting the completeness and accuracy of the investigation; (ii) the utmost confidentiality with methods suitable for protecting the person reporting. The investigations are composed of the following phases: (a) preliminary control; (b) verification; (c) audit; (d) monitoring of corrective actions. The Internal Audit prepares a quarterly report on reports received that, following examination by the Saipem Board of Statutory Auditors, is transmitted to the relevant people for suitable assessment.

The following cases were opened in 2021: 2 cases concerning reports of discrimination, both closed; 22 cases reporting workers' rights issues, 2 of which are pending, while the remaining 20 have been closed; 35 cases reporting mobbing/harassment, 12 of which are pending, while the remaining 23 have been closed; no cases have been opened concerning local communities. All 59 files have been submitted to the competent bodies in the Company (Saipem SpA Board of Auditors, Saipem SpA Supervisory Body and the Compliance Committee of the companies concerned).

With regard to the discrimination issues, with reference to the 2 closed cases, in all cases the competent company bodies decided to dismiss them on the basis of the investigation carried out, deeming that there was no violation of the Code of Ethics with reference to the facts reported, whilst violation was confirmed in 1 case, though without violation, corrective action was taken, aimed at improving relations between employees. It should also be noted that 1 case reported in 2019 was closed in 2021 and 5 discrimination cases of 2020 were still open at the time of the last reporting. Of the 6 cases that were closed, 2 were unfounded, while in 1 case the violation was confirmed and in 3 cases, despite the absence of violations, corrective actions were identified. The following corrective actions were taken: assessment of various types of disciplinary measures and awareness-raising activities for the correct application of the provisions of the Code of Ethics.

(No.)	2019	2020	2021
Number of cases reported			
Total, of which:	146	158	158
- founded or partially founded	42	43	40
- unfounded	103	115	93
- open	1	-	25

(No.)	2019	2020	2021
Files on cases of discrimination			
Total, of which:	9	9	2
- founded or partially founded	1	1	-
- unfounded	8	8	2
- open	-	-	-
Files in relation to workers' rights			
Total, of which:	20	28	22
- founded or partially founded	4	2	2
- unfounded	16	26	18
- open	-	-	2
Files regarding violations of the rights of local communities			
Total, of which:	1	1	-
- founded or partially founded	-	-	-
- unfounded	1	1	-
- open	-	-	-
Files regarding mobbing and harassment (*)			
Total, of which:	36	21	35
- founded or partially founded	11	6	11
- unfounded	24	15	12
- open	1	-	12

The data is updated as of December 31, 2021.
(*) Note: starting from the year 2021 the Company has included a new reporting category in order to provide even more detailed information to its stakeholders. The category "Mobbing and harassment" includes mobbing, assaults, abuse, offensive conduct, verbal harassment, threats.

With regard to the issues concerning workers' rights, with reference to the 20 closed cases, in 17 cases the competent company bodies decided to dismiss them on the basis of the investigation carried out, deeming that the events reported did not represent a violation of the Code of Ethics, while in 2 cases a violation was confirmed, and in 1 case corrective action was identified even though there had been no violation. The corrective actions involved consideration of disciplinary proceedings of various kinds and correction of anomalous situations in terms of remuneration.
Moreover, 5 cases pertaining to workers' rights reported in the year 2020 that remained open as of the last reporting date were closed in the year 2021; all 5 of these cases were dismissed as unfounded, and no corrective actions were identified.

In the area of mobbing/harassment, the competent company bodies dismissed 9 of the 23 cases closed in the year on the basis of the investigation carried out, deeming that the events reported did not represent a violation of the Code of Ethics, while a violation was confirmed in 11 cases and corrective actions were implemented even in the absence of violations in 3 cases. The corrective actions involved consideration of disciplinary proceedings of various kinds, training in the areas of communications and occupational health and safety, analysis of the work environment, and promotion of awareness of the importance of maintaining a suitable work environment.
One case reported in the year 2019 and 7 cases reported in 2020 regarding mobbing/harassment issues that were still pending as of the last reporting date were closed in 2021. Of the 8 cases closed, 2 were found to be unfounded, while in 3 cases a violation was confirmed and in 3 more cases corrective actions were identified despite the fact that no violation was found to have taken place. The corrective actions involved consideration of disciplinary proceedings of various kinds, promotion of awareness of the importance of maintaining a suitable work environment and analysis of the work environment.

No cases concerning relations with local communities were opened in the year 2021.

GRI CONTENT INDEX

In accordance with GRI Standards - Core option

Legend of the documents
NFS21: Consolidated Non-Financial Statement 2021
AR21: Annual Report 2021
CG21: Corporate Governance and Shareholding Structure Report 2021

GRI 102: GENERAL DISCLOSURES 2016

Disclosure	Section name and page number or link
Organisation profile	
102-1	Cover (RF21).
102-2	"Directors' Report", pages 17-29 (AR21).
102-3	Fourth cover (RF21).
102-4	Second cover (RF21).
102-5	Table "Information on shareholding structure" (CG21).
102-6	"Directors' Report", pages 13-15 (AR21).
102-7	"Company profile and key operations", page 94 (NFS21); "Workforce trend", pages 155-157 (NFS21); "Letter to the Shareholders", pages 2-4 (AR21); "Financial and economic results", pages 32-46 (AR21).
102-8	"Workforce trends", pages 155-157 (NFS21).
102-9	"Social aspects", pages 142-145 (NFS21).
102-10	"Social aspects", pages 142-145 (NFS21).
102-11	"Company management and organisation model", page 101 (NFS21).
102-12	"Business ethics", pages 163-169 (NFS21).
102-13	"Relations with stakeholders", pages 107-112 (NFS21); "Relations with institutions and trade associations", page 112 (NFS21).
Strategy	
102-14	"Letter to the shareholders" pages 2-4 (RF21).
Ethics and Integrity	
102-16	"Company management and organisation model", page 101 (NFS21); second cover (AR21).
Corporate Governance	
102-18	"Governance of business sustainability", pages 113-115 (NFS21).
Stakeholder engagement	
102-40 102-41 102-42 102-43 102-44	"Methodology principles and reporting criteria", pages 87-93 (NFS21); "Company management and organisation model", page 101 (NFS21); "Relations with stakeholders", pages 107-112 (NFS21); "A sustainable supply chain", pages 144-145 (NFS21); "Industrial relations", pages 157-158 (NFS21).
Reporting practice	
102-45	"Consolidation scope as of December 31, 2021", pages 212-216 (RF21).
102-46 102-47 102-48 102-49 102-50	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Consolidation scope as of December 31, 2021", pages 212-216 (AR21); "Changes in the scope of consolidation", page 217 (AR21).
102-51	"Consolidated non-financial statements" (NFS20), approved March 12, 2021.
102-52	"Methodology principles and reporting criteria", pages 87-93 (NFS21);
102-53	Inside back cover (RF21).
102-54	"Methodology principles and reporting criteria", pages 87-93 (NFS21);
102-55	"GRI content index", pages 170-174 (NFS21).
102-56	"Independent Auditors' Report", pages 175-178 (NFS21).

MATERIAL TOPICS

Specific Standard	Section name and page number	Notes/Omissions
GRI 201: Economic Performance 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Saipem's business", pages 94-106 (NFS21); "The contribution to mitigating climate change", pages 124-132 (NFS21).	
201-1: Direct economic value generated and distributed	"Economic value generated and distributed", pages 103-104 (NFS21).	

MATERIAL TOPICS

Specific Standard	Section name and page number	Notes/Omissions
GRI 201: Economic Performance 2016		
201-2: Financial implications and other risks and opportunities due to climate change	"Analysis of the climate-related scenario", page 124 (NFS21); "Climate-related risks and opportunities", pages 125-127 (NFS21).	
201-4: Financial assistance received from government	Note 42 "Obligations regarding transparency and disclosure. Italian Law August 4, 2017, No. 124 (Article 1, sections 125-129), page 294 (AR21).	
GRI 202: Market Presence 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Local presence", pages 143-144 (NFS21).	
202-2: Proportion of senior management hired from the local community	"Local presence", pages 143-144 (NFS21).	
GRI 203: Indirect Economic Impacts 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Saipem's business", pages 94-106 (NFS21).	
203-2: Significant indirect economic impacts	"Relations with stakeholders", pages 107-112 (NFS21).	
GRI 204: Procurement Practices 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Supply chain management", pages 102-103 (NFS21).	
204-1: Proportion of spending on local suppliers	"Supply chain management", pages 102-103 (NFS21).	
GRI 205: Anti-corruption 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Business ethics", pages 163-169 (NFS21).	
205-2: Communication and training about anti-corruption policies and procedures	"Fighting corruption", pages 166-167 (NFS21).	For more information on the training received by the Board of Directors please refer to the section "Training of the Board of Directors" of the "Corporate Governance and Shareholding Structure Report".
205-3: Confirmed incidents of corruption and actions taken	"Fighting corruption", pages 166-167 (NFS21).	
GRI 207: Tax 2019		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Saipem's business", pages 94-106 (NFS21).	
207-1, 207-2, 207-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Tax transparency", pages 104-106 (NFS21).	
207-4: Country-by-country reporting	"Tax transparency", pages 104-106 (NFS21).	
GRI 302: Energy 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Sustainable development partnerships", pages 100-101 (NFS21); "The contribution to mitigating climate change", pages 124-132 (NFS21).	
302-1: Energy consumption within the organisation	"Energy efficiency", pages 128-129 (NFS21).	The percentage of electrical energy produced from renewable sources and consumed by the Group depends on the individual national electricity mix.
302-3: Energy intensity	"Energy efficiency", pages 128-129 (NFS21).	
302-4: Reduction of energy consumption	"Energy efficiency", pages 128-129 (NFS21).	
GRI 303: Water and Effluents 2018		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Protecting the environment and minimising environmental impacts", pages 133-141 (NFS21).	
303-1, 303-2	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Water resource management", pages 136-139 (NFS21).	
303-3: Water withdrawal	"Water resource management", pages 136-139 (NFS21).	

MATERIAL TOPICS

Specific Standard	Section name and page number	Notes/Omissions
GRI 305: Emissions 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Sustainable development partnerships", pages 100-101 (NFS21); "The contribution to mitigating climate change", pages 124-132 (NFS21); "Protecting the environment and minimising environmental impacts", pages 133-141 (NFS21).	
305-1: Direct (Scope 1) GHG emissions	"GHG emissions", pages 129-132 (NFS21).	
305-2: Energy indirect (Scope 2) GHG emissions	"GHG emissions", pages 129-132 (NFS21).	
305-3: Other indirect (Scope 3) GHG emissions	"GHG emissions", pages 129-132 (NFS21).	
305-4: GHG emissions intensity	"GHG emissions", pages 129-132 (NFS21).	
305-5: Reduction of GHG emissions	"GHG emissions", pages 129-132 (NFS21).	
305-7: Nitrogen oxides (NO_X), sulfur oxides (SO_X), and other significant air emissions	"Preserving the air quality", pages 139-140 (NFS21).	
Reduction of air pollutant	"Preserving the air quality", pages 139-140 (NFS21).	
GRI 306: Waste 2020		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Sustainable development partnerships", pages 100-101 (NFS21); "Protecting the environment and minimising environmental impacts", pages 133-141 (NFS21).	
306-1, 306-2	"Methodology, principles and reporting criteria" pages 87-93 (NFS21); "Waste management", pages 140-141 (NFS21).	
306-3: Waste generated	"Waste management", pages 140-141 (NFS21).	
306-4: Waste diverted form disposal	"Waste management", pages 140-141 (NFS21).	
306-5: Waste directed to disposal	"Waste management", pages 140-141 (NFS21).	
GRI 308: Supplier Environmental Assessment 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Social aspects", pages 142-145 (NFS21).	
308-1: New suppliers that were screened using environmental criteria	"A sustainable supply chain", pages 144-145 (NFS21).	
GRI 401: Employment 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Human capital", pages 152-162 (NFS21).	
401-2: Benefits provided to full-time employees	"Equal treatment and enhancement of differences", pages 158-162 (NFS21).	
GRI 403: Occupational Health and Safety 2018		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Safeguerding of the health and safety of people", pages 146-151 (NFS21).	
403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Safeguerding of the health and safety of people", pages 146-151 (NFS21).	
403-9: Work- related injuries	"People safety", pages 146-149 (NFS21).	
403-10: Work-related ill health	"Employee health", pages 150-151 (NFS21).	
GRI 404: Training and education 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Human capital", pages 152-162 (NFS21).	
404-1: Average hours of training per year per employee	"Competences and knowledge", pages 152-155 (NFS21).	
404-3: Employees receiving regular performance and career development reviews	"Competences and knowledge", pages 152-155 (NFS21).	
GRI 405: Diversity and equal opportunity 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Human capital", pages 152-162 (NFS21).	
405-1: Diversity of governance bodies and employees	"Governance of business sustainability", pages 113-115 (NFS21); "Equal treatment and enhancement of differences", pages 158-162 (NFS21).	
405-2: Ratio of basic salary and remuneration of women to men	"Equal treatment and enhancement of differences", pages 158-162 (NFS21).	

MATERIAL TOPICS

Specific Standard	Section name and page number	Notes/Omissions
GRI 406: Non Discrimination 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Business ethics", pages 163-169 (NFS21).	
406-1: Incidents of discrimination and corrective actions taken	"Reporting suspected violations", pages 167-169 (NFS21).	
GRI 407: Freedom of association and collective bargaining 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Social aspects", pages 142-145 (NFS21); "Business ethics", pages 163-169 (NFS21).	
407-1: Operations and suppliers in which the freedom of association and collective bargaining may be at risk	"Respect of human rights" pages 163-164 (NFS21).	
GRI 408: Child Labour 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Social aspects", pages 142-145 (NFS21); "Business ethics", pages 163-169 (NFS21).	
408-1: Operations and suppliers at significant risk for incidents of child labour	"Respect of human rights" pages 163-164 (NFS21).	
GRI 409: Forced and Compulsory Labour 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Social aspects", pages 142-145 (NFS21); "Business ethics", pages 163-169 (NFS21).	
409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labour	"Respect of human rights" pages 163-164 (NFS21).	
GRI 410: Security Practices 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Business ethics", pages 163-169 (NFS21).	
410-1: Security personnel trained in human rights policies or procedures	"Security practices", pages 164-166 (NFS21).	
GRI 412: Human Rights Assessment 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Social aspects", pages 142-145 (NFS21); "Business ethics", pages 163-169 (NFS21).	
412-2: Employee training on human rights policies or procedures	"Respect for human rights", pages 163-164 (NFS21); "A sustainable supply chain", pages 144-145 (NFS21).	The indicator is addressed in the chapter on "Respect for human rights". The number of hours of training is not specified, but it is reported that all Saipem staff are informed of the principles of protection of human rights.
412-3: Investment agreements and contracts that include human rights clauses	"A sustainable supply chain", pages 144-145 (NFS21); "Security practices", pages 164-166 (NFS21).	
GRI 413: Local Communities 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Social aspects", pages 142-145 (NFS21).	
413-2: Operations with significant actual and potential negative impacts on local communities	"Social aspects", pages 142-145 (NFS21).	
GRI 414: Vendor Social Assessment 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Social aspects", pages 142-145 (NFS21).	
414-1: New suppliers that were screened using social criteria	"A sustainable supply chain", pages 144-145 (NFS21).	
GRI 415: Public Policy 2016		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Business ethics", pages 163-169 (NFS21).	
415-1: Political contributions	"Fighting corruption", pages 166-167 (NFS21).	

MATERIAL TOPICS

Specific Standard	Section name and page number	Notes/Omissions
Digital transformation		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "The contribution to mitigating climate change", pages 124-132 (NFS21).	
Amount spent on decarbonisation R&D and technology application	"Technological innovation and digitalisation", pages 127-128 (NFS21).	
Number of signed cooperation/license agreements for energy decarbonisation projects	"Technological innovation and digitalisation", pages 127-128 (NFS21).	
Environmental product innovation	"Technological innovation and digitalisation", pages 127-128 (NFS21).	
Cyber Security		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 87-93 (NFS21); "Security practices", pages 164-166 (NFS21).	

INDEPENDENT AUDITORS' REPORT

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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

To the board of directors of
Saipem S.p.A.

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2021 consolidated non-financial statement of the Saipem Group (the "group") prepared in accordance with article 4 of the decree, presented in the specific section of the directors' report and approved by the board of directors on 24 March 2022 (the "NFS").

Our procedures did not cover the information set out in the "EU taxonomy sustainable activities" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Saipem S.p.A. (the "parent") for the NFS

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

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Saipem Group
Independent auditors' report
31 December 2021

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.

2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
   - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
   - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
   - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

   Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).
5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

   Specifically, we held interviews and discussions with the parent's management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

   Furthermore, with respect to significant information, considering the group's business and characteristics:
   - at group level,
     a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
     b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
   - through remote communication tools, we held discussions with personnel of the CastorONE (Cyprus port), Tangguh (Indonesia) and Hawiyah (Kingdom of Saudi Arabia), which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2021 consolidated non-financial statement of the Saipem Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Our conclusion does not extend to the information set out in the "EU taxonomy sustainable activities" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Milan, 22 April 2022

KPMG S.p.A.

(signed on the original)

Cristina Quarleri
Director of Audit

SAIPEM
CONSOLIDATED FINANCIAL STATEMENTS 2021

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Statement of financial position

(€ million)	Note [1]	Dec. 31, 2020 Total	Dec. 31, 2020 of which with related parties [2]	Dec. 31, 2021 Total	Dec. 31, 2021 of which with related parties [2]
ASSETS					
Current assets					
Cash and cash equivalents	(No. 7)	1,687		1,632	
Financial assets measured at fair value through OCI	(No. 8)	68		59	
Other financial assets	(No. 9)	344	334	567	554
Lease assets	(No. 16)	16		30	
Trade receivables and other assets	(No. 10)	1,991	578	2,251	606
Inventories	(No. 11)	280		258	
Contract assets	(No. 11)	1,295		1,320	
Tax assets	(No. 12)	243		275	
Other tax assets	(No. 12)	189		196	
Other assets	(No. 13 and 25)	298	14	231	25
Total current assets		**6,411**		**6,819**	
Non-current assets					
Property, plant and equipment	(No. 14)	3,284		3,113	
Intangible assets	(No. 15)	701		699	
Right-of-Use assets	(No. 16)	288		261	
Equity-accounted investments	(No. 17)	166		157	
Other equity investments	(No. 17)	-		-	
Other financial assets	(No. 9)	66		61	
Lease assets	(No. 16)	51		46	
Deferred tax assets	(No. 18)	240		329	
Tax assets	(No. 12)	20		20	
Other assets	(No. 13 and 25)	35	1	37	-
Total non-current assets		**4,851**		**4,723**	
Assets held for sale	(No. 26)	-		-	
TOTAL ASSETS		**11,262**		**11,542**	
LIABILITIES AND EQUITY					
Current liabilities					
Current financial liabilities	(No. 21)	257	1	412	18
Current portion of non-current financial liabilities	(No. 21)	201		697	
Current portion of non-current lease liabilities	(No. 16)	151		147	
Trade payables and other liabilities	(No. 19)	2,463	191	2,651	190
Contract liabilities	(No. 19)	1,616	638	2,517	1,049
Tax liabilities	(No. 12)	44		42	
Other tax liabilities	(No. 12)	136		192	
Other liabilities	(No. 20 and 25)	35		186	
Total current liabilities		**4,903**		**6,844**	
Non-current liabilities					
Non-current financial liabilities	(No. 21)	2,577		2,432	
Non-current lease liabilities	(No. 16)	270	2	247	1
Provisions for risks and charges	(No. 23)	295		1,353	
Employee benefits	(No. 24)	237		238	
Deferred tax liabilities	(No. 18)	6		5	
Tax liabilities	(No. 12)	24		42	
Other liabilities	(No. 20 and 25)	2		30	
Total non-current liabilities		**3,411**		**4,347**	
TOTAL LIABILITIES		**8,314**		**11,191**	
EQUITY					
Non-controlling interests	(No. 27)	25		25	
Equity attributable to the owners of the parent:	(No. 27)	2,923		326	
- share capital	(No. 27)	2,191		2,191	
- share premium	(No. 27)	553		553	
- other reserves	(No. 27)	14		(97)	
- retained earnings		1,387		230	
- profit (loss) for the year		(1,136)		(2,467)	
- negative reserve for treasury shares in portfolio	(No. 27)	(86)		(84)	
Total equity		**2,948**		**351**	
TOTAL LIABILITIES AND EQUITY		**11,262**		**11,542**	

(1) The notes are an integral part of the consolidated financial statements.
(2) For an analysis of figures shown as "of which with related parties", see Note 38 "Related party transactions".

E-MARKET SDIR CERTIFIED

Income statement

(€ million)	Note (1)	2020 Total	2020 of which with related parties (2)	2021 Total	2021 of which with related parties (2)
REVENUE					
Core business revenue	(No. 30)	7,342	1,921	6,875	1,934
Other revenue and income	(No. 30)	66	–	5	–
Total revenue		**7,408**		**6,880**	
Operating expenses					
Purchases, services and other costs	(No. 31)	(5,347)	(812)	(6,839)	(955)
Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(No. 31)	(7)		(42)	
Personnel expenses	(No. 31)	(1,625)		(1,651)	
Depreciation, amortisation and impairment losses	(No. 31)	(1,273)		(616)	
Other operating income (expense)	(No. 31)	(1)		2	
OPERATING PROFIT (LOSS)		**(845)**		**(2,266)**	
Financial income (expense)					
Financial income		465	2	305	1
Finance expense		(691)		(333)	
Derivative financial instruments		60		(112)	
Net financial income (expense)	(No. 32)	**(166)**		**(140)**	
Gains (losses) on equity investments					
Share of profit (loss) of equity-accounted investees		37		9	
Other gains (losses) from equity investments		–		–	
Net gains (losses) on equity investments	(No. 33)	**37**		**9**	
PRE-TAX PROFIT (LOSS)		**(974)**		**(2,397)**	
Income taxes	(No. 34)	(143)		(70)	
PROFIT (LOSS) FOR THE YEAR		**(1,117)**		**(2,467)**	
Attributable to:					
- owners of the parent		(1,136)		(2,467)	
- non-controlling interests	(No. 35)	19		–	
Earnings (loss) per share for the year profit (loss) attributable to owners of the parent (€ per share)					
Basic earnings (loss) per share	(No. 36)	(1.15)		(2.49)	
Diluted earnings (loss) per share	(No. 36)	(1.15)		(2.49)	

Statement of comprehensive income

(€ million)	Note (1)	2020	2021
Profit (loss) for the year		**(1,117)**	**(2,467)**
Other items of comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plans for employees	(No. 27)	(2)	(16)
Change in fair value of equity investments measured at fair value through OCI	(No. 27)	–	–
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans	(No. 27)	1	–
Income tax relating to items that will not be reclassified	(No. 27)	1	3
Items that will not be reclassified subsequently to profit or loss		**–**	**(13)**
Items that may be reclassified subsequently to profit or loss			
Change in the fair value of cash flow hedges	(No. 27)	155	(196)
Change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	(No. 27)	–	–
Exchange differences arising from the translation into euro of financial statements in currencies other than euro	(No. 27)	(78)	47
Share of other comprehensive income of equity-accounted investees	(No. 27)	–	–
Income tax relating to items that will be reclassified	(No. 34)	(34)	45
Total items that may be reclassified subsequently to profit or loss		**43**	**(104)**
Total other comprehensive income (expense) net of taxation		**43**	**(117)**
Comprehensive income (expense) for the year		**(1,074)**	**(2,584)**
Attributable to:			
- owners of the parent		(1,090)	(2,584)
- non-controlling interests		16	–

(1) The notes are an integral part of the consolidated financial statements.
(2) For an analysis of figures shown as "of which with related parties", see Note 38 "Related party transactions".

E-MARKET SDIR CERTIFIED

Statement of changes in equity

(€ million)	Saipem shareholders' equity														Non-controlling interests	Total equity
	Share capital	Share premium reserve	Other reserves	Legal reserve	Reserve for treasury shares	Fair value reserve (equity instruments)	Hedging reserve, net of tax	Fair value reserve (AFS financial assets (net of tax))	Translation reserve	Actuarial reserve, net of tax	Retained earnings (losses) carried forward	Profit (loss) for the year	Negative reserve for treasury shares in portfolio	Total		
Balance as of December 31, 2018	**2,191**	**553**	**(39)**	**88**	**-**	**-**	**(40)**	**(3)**	**(107)**	**(21)**	**1,907**	**(472)**	**(95)**	**3,962**	**74**	**4,036**
Profit (loss) for 2019	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12**	**-**	**12**	**86**	**98**
Other items of comprehensive income																
Items that will not be reclassified subsequently to profit or loss																
Remeasurements of defined benefit plans for employees net of the tax effect	-	-	-	-	-	-	-	-	-	(13)	-	-	-	(13)	-	(13)
Change in fair value of equity investments measured at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans for employees, net of tax effect	-	-	-	-	-	-	-	-	-	(1)	-	-	-	(1)	-	(1)
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(14)**	**-**	**-**	**-**	**(14)**	**-**	**(14)**
Items that may be reclassified subsequently to profit or loss																
Change in the fair value of cash flow hedging derivatives net of the tax effect	-	-	-	-	-	-	30	-	-	-	-	-	-	30	-	30
Change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences of financial statements in currencies other than euro	-	-	-	-	-	-	-	-	86	-	(38)	-	-	48	2	50
Share of other comprehensive income of equity-accounted investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**30**	**-**	**86**	**-**	**(38)**	**-**	**-**	**78**	**2**	**80**
Total comprehensive income (loss) for 2019	**-**	**-**	**-**	**-**	**-**	**-**	**30**	**-**	**86**	**(14)**	**(38)**	**12**	**-**	**76**	**88**	**164**
Owner transactions																
Dividend distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(62)	(62)
Retained earnings (losses)	-	-	-	-	-	-	-	-	-	-	(472)	472	-	-	-	-
Increase (reduction) of share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalisation of costs of share capital increase net of taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares repurchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of non-controlling interests	-	-	(7)	-	-	-	-	-	(1)	-	-	-	-	(8)	(7)	(15)
Total	**-**	**-**	**(7)**	**-**	**-**	**-**	**-**	**-**	**(1)**	**-**	**(472)**	**472**	**-**	**(8)**	**(69)**	**(77)**
Other changes in equity																
Recognition of fair value of incentive plans	-	-	-	-	-	-	-	-	-	-	2	-	-	2	-	2
Other changes	-	-	-	-	-	-	-	4	1	(1)	(4)	-	-	-	-	-
Transactions with companies under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4**	**1**	**(1)**	**(2)**	**-**	**-**	**2**	**-**	**2**
Balance as of December 31, 2019	**2,191**	**553**	**(46)**	**88**	**-**	**-**	**(10)**	**1**	**(21)**	**(36)**	**1,395**	**12**	**(95)**	**4,032**	**93**	**4,125**
Profit (loss) for 2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,136)**	**-**	**(1,136)**	**19**	**(1,117)**
Other items of comprehensive income																
Items that will not be reclassified subsequently to profit or loss																
Remeasurements of defined benefit plans for employees net of the tax effect	-	-	-	-	-	-	-	-	-	(1)	-	-	-	(1)	-	(1)
Change in fair value of equity investments measured at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans for employees, net of tax effect	-	-	-	-	-	-	-	-	-	1	-	-	-	1	-	1
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

cont'd Statement of changes in equity

(€ million)	Share capital	Share premium reserve	Other reserves	Legal reserve	Reserve for treasury shares	Fair value reserve (equity instruments)	Hedging reserve, net of tax	Fair value reserve (AFS financial assets (net of tax))	Translation reserve	Actuarial reserve, net of tax	Retained earnings (losses) carried forward	Profit (loss) for the year	Negative reserve for treasury shares in portfolio	Total	Non-controlling interests	Total equity
	Saipem shareholders' equity															
Items that may be reclassified subsequently to profit or loss																
Change in the fair value of cash flow hedging derivatives net of the tax effect	–	–	–	–	–	–	121	–	–	–	–	–	–	121	–	121
Change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Exchange differences of financial statements in currencies other than euro	–	–	–	–	–	–	(4)	–	(76)	–	5	–	–	(75)	(3)	(78)
Share of other comprehensive income of equity-accounted investees	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**117**	**–**	**(76)**	**–**	**5**	**–**	**–**	**46**	**(3)**	**43**
Total comprehensive income (loss) for 2020	**–**	**–**	**–**	**–**	**–**	**–**	**117**	**–**	**(76)**	**–**	**5**	**(1,136)**	**–**	**(1,090)**	**16**	**(1,074)**
Owner transactions																
Dividend distribution	–	–	–	–	–	–	–	–	–	–	–	(10)	–	(10)	(84)	(94)
Retained earnings (losses)	–	–	–	–	–	–	–	–	–	–	2	(2)	–	–	–	–
Increase (reduction) of share capital	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capitalisation of costs of share capital increase net of taxes	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Treasury shares repurchased	–	–	–	–	–	–	–	–	–	–	–	–	(16)	(16)	–	(16)
Purchase of non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**(12)**	**(16)**	**(26)**	**(84)**	**(110)**
Other changes in equity																
Recognition of fair value of incentive plans	–	–	–	–	–	–	–	–	–	–	(15)	–	25	10	–	10
Other changes	–	–	–	–	–	–	–	–	(4)	1	–	–	–	(3)	–	(3)
Transactions with companies under common control	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4)**	**1**	**(15)**	**–**	**25**	**7**	**–**	**7**
Balance as of December 31, 2020	**2,191**	**553**	**(46)**	**88**	**–**	**–**	**107**	**1**	**(101)**	**(35)**	**1,387**	**(1,136)**	**(86)**	**2,923**	**25**	**2,948**
Profit (loss) for 2021	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,467)**	**–**	**(2,467)**	**–**	**(2,467)**
Other items of comprehensive income																
Items that will not be reclassified subsequently to profit or loss																
Remeasurements of defined benefit plans for employees net of the tax effect	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(13)**	**–**	**–**	**–**	**(13)**	**–**	**(13)**
Change in fair value of equity investments measured at fair value through OCI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans for employees, net of tax effect	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(13)**	**–**	**–**	**–**	**(13)**	**–**	**(13)**
Items that may be reclassified subsequently to profit or loss																
Change in the fair value of cash flow hedging derivatives net of the tax effect	–	–	–	–	–	–	(151)	–	–	–	–	–	–	(151)	–	(151)
Change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Exchange differences of financial statements in currencies other than euro	–	–	–	–	–	–	2	–	50	(1)	(4)	–	–	47	–	47
Share of other comprehensive income of equity-accounted investees	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**(149)**	**–**	**50**	**(1)**	**(4)**	**–**	**–**	**(104)**	**–**	**(104)**
Total comprehensive income (loss) for 2021	**–**	**–**	**–**	**–**	**–**	**–**	**(149)**	**–**	**50**	**(14)**	**(4)**	**(2,467)**	**–**	**(2,584)**	**–**	**(2,584)**
Owner transactions																
Dividend distribution	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Retained earnings (losses)	–	–	–	–	–	–	–	–	–	–	(1,136)	1,136	–	–	–	–
Increase (reduction) of share capital	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capitalisation of costs of share capital increase net of taxes	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Treasury shares repurchased	–	–	–	–	–	–	–	–	–	–	–	–	(15)	(15)	–	(15)
Purchase of non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,136)**	**1,136**	**(15)**	**(15)**	**–**	**(15)**
Other changes in equity																
Recognition of fair value of incentive plans	–	–	–	–	–	–	–	–	–	–	(15)	–	18	3	–	3
Other changes	–	–	–	–	–	–	–	–	(2)	4	(2)	–	(1)	(1)	–	(1)
Transactions with companies under common control	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2)**	**4**	**(17)**	**–**	**17**	**2**	**–**	**2**
Balance as of December 31, 2021	**2,191**	**553**	**(46)**	**88**	**–**	**–**	**(42)**	**1**	**(53)**	**(45)**	**230**	**(2,467)**	**(84)**	**326**	**25**	**351**

For details, see Note 27 "Equity".

Statement of cash flows

(€ million)	Note [1]	2020	2021
Profit (loss) for the year		(1,136)	(2,467)
Non-controlling interests		19	-
Adjustments to reconcile the year profit (loss) to cash flows from operating activities:			
- depreciation and amortisation	(No. 31)	591	521
- net impairment losses (reversals of impairment losses) on property, plant and equipment, intangible assets and Right-of-Use assets	(No. 31)	682	95
- share of profit (loss) of equity-accounted investees	(No. 33)	(37)	(9)
- net (gains) losses on disposal of assets		(8)	-
- interest income		(5)	(6)
- interest expense		134	120
- income taxes	(No. 34)	143	70
- other changes		87	(110)
Changes in working capital:			
- inventories		15	30
- trade receivables		412	(36)
- trade payables		39	117
- provisions for risks and charges		55	1,043
- contract assets and contract liabilities		(518)	874
- other assets and liabilities		(75)	53
Cash flow from working capital		*(72)*	*2,081*
Change in the provision for employee benefits		(7)	(20)
Dividends received		3	27
Interest received		4	3
Interest paid		(112)	(108)
Income taxes paid net of refunds of tax credits		(163)	(107)
Net cash flows from operating activities		**123**	**90**
of which with related parties [2]	(No. 38)	**1,429**	**1,362**
Investments:			
- property, plant and equipment	(No. 14)	(305)	(283)
- intangible assets	(No. 15)	(17)	(15)
- equity investments	(No. 17)	(4)	-
- securities for operating purposes		-	-
- loan assets for operating purposes		(1)	-
Cash flows from investments		*(327)*	*(298)*
Disposals:			
- property, plant and equipment		16	13
- out-of-scope entities and business units		-	-
- equity investments		-	1
- securities for operating purposes		-	-
- loan assets for operating purposes		1	1
Cash flows from disposals		*17*	*15*
Net variation of securities and loan assets not related to operations		*(153)*	*(207)*

(1) The notes are an integral part of the consolidated financial statements.
(2) For an analysis of figures shown as "of which with related parties", see Note 38 "Related party transactions".

cont'd Statement of cash flows

(€ million)	Note [1]	2020		2021	
Net cash flows from investing activities		**(463)**		**(490)**	
of which with related parties [2]	(No. 38)		**(186)**		**(220)**
Increase in non-current loans and borrowings		146		606	
Decrease in non-current loans and borrowings		(281)		(255)	
Decrease in lease liabilities		(126)		(126)	
Increase (decrease) in current loans and borrowings		108		147	
		(153)		**372**	
Net capital contributions by non-controlling interests		–		–	
Sale (purchase) of additional interests in consolidated subsidiaries		–		–	
Dividend distribution		(69)		(26)	
Sale (purchase) of treasury shares		(16)		(15)	
Net cash flows from financing activities		**(238)**		**331**	
of which with related parties [2]	(No. 38)		**–**		**17**
Effect of changes in consolidation scope		–		–	
Effect of exchange differences and other changes on cash and cash equivalents		(7)		14	
Net variation in cash and cash equivalents		**(585)**		**(55)**	
Cash and cash equivalents - opening balance	(No. 7)	**2,272**		**1,687**	
Cash and cash equivalents - closing balance	(No. 7)	**1,687**		**1,632**	

(1) The notes are an integral part of the consolidated financial statements.
(2) For an analysis of figures shown as "of which with related parties", see Note 38 "Related party transactions".

For reporting required by IAS 7, please refer to Note 21 "Financial liabilities".

Index of Notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of presentation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS)[8] issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to Article 6 of EC Regulation No. 1606/2002 of the European Parliament and Council of July 19, 2002 and in accordance with Article 9 of Legislative Decree No. 38/2005. The consolidated financial statements have been prepared on a going concern basis, by applying the cost method, with adjustments where appropriate, except for items that under IFRS must be measured at fair value, as described in the accounting policies section.
The management and containment measures adopted by the Company to address the current uncertainty and crisis including the changes in market conditions and the continuation of the COVID-19 pandemic, allow the Directors to confirm that, over a period of at least twelve months from the date of approval of the Annual Report as of December 31, 2021, the going concern assumption on which the preparation of the annual consolidated financial statements as of December 31, 2021 is based.
For details, please refer to Note 4 below "Accounting estimates and significant judgements".
The consolidated financial statements as of December 31, 2021, approved by Saipem SpA Board of Directors on March 24, 2022 which approved its publication, audited by the independent auditors KPMG SpA, main auditor, fully responsible for auditing the Group's consolidated financial statements.
Amounts stated in financial statements and the notes thereto, taking into account their significance, are in millions of euros.

2 Basis of consolidation and equity investments

Consolidated companies, non-consolidated subsidiaries and jointly controlled companies (interests in joint ventures and joint operations) and associated companies are listed in the section "Consolidation scope". After this section, there follows a list detailing the changes that occurred in the consolidation scope from the previous year.
Financial statements of consolidated companies are audited by independent auditors, who also examine and certify the information required for the preparation of the consolidated financial statements.
The classification of a company as a subsidiary, jointly controlled or associated depends, irrespective of the percentage of ownership, on the actual ability of the shareholder to make decisions concerning the relevant activities of the company. Such decisions may be made independently, rather than by the unanimous consent of all the parties sharing control; in other cases, the shareholder may exercise significant influence over the company, but not control or even joint control. The ability to make decisions is reflected in the terms of contractual and shareholders' agreements.

Subsidiaries

The consolidated financial statements include the financial statements of Saipem SpA and its Italian and foreign direct and indirect subsidiaries.
An investor controls an investee when it is exposed, or has rights, to variable returns of the investee and has the ability to affect those returns through its decision-making power over the investee. An investor has decision-making power when it has rights that give it the effective ability to direct the relevant the significant activities of the investee, i.e. the activities most likely to affect the investee's returns.
Subsidiaries' economic and asset values are included in the consolidated financial statements from the date on which control is transferred to the Group and up to the date on which control ceases to exist, based on uniform accounting principles.
Subsidiaries are consolidated on a line-by-line basis; accordingly, assets and liabilities, expenses and revenues are fully recognised in the consolidated financial statements; the carrying amount of investments is eliminated against the corresponding portion of the investee companies' equity.
Equity and profit attributable to non-controlling interests are shown separately in the statement of financial position and income statement, respectively.
In the event that additional ownership interests in subsidiaries are purchased after the transfer of control (purchase of non-controlling interests), any difference between the acquisition price and the portion of acquired equity is recognised in equity attributable to the owners of the parent. The effects of disposals of ownership interests in a subsidiary that do not result in a loss of control are also recognised in equity.
Conversely, a disposal of shares that implies loss of control, triggers recognition in the income statement: (i) of any gain or loss calculated as the difference between the consideration received and the corresponding portion of consolidated equity transferred; (ii) of the effect of the fair value adjustment of any residual investment retained; (iii) of any amounts recognised in other comprehensive income relating to the former subsidiary that are required to be recycled through

(8) The IFRS also include the International Accounting Standards (IAS), which are still in force, as well as the interpretations issued by the IFRS Interpretations Committee (formerly known as the International Financial Reporting Interpretations Committee, or IFRIC, and before that, the Standing Interpretations Committee, or SIC).

profit or loss[9]. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost; it represents the new carrying amount of the investment and thus the reference value of the investment to be recognised subsequently, in accordance with the applicable measurement criteria.
If losses attributable to non-controlling interests in a consolidated subsidiary exceed the non-controlling interests in the subsidiary's equity, the excess and any further losses attributable to the non-controlling investors are borne by the controlling investors, except to the extent that the non-controlling investors have a binding obligation and are able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the controlling investors until the non-controlling investors' share of losses previously absorbed by the controlling investors have been recovered.
A number of subsidiaries performing only limited operating activities (considered on both an individual and an aggregate basis) have not been consolidated line-by-line. Their non-consolidation does not have a material impact[10] on the correct representation of the Group's financial position and results of operations and cash flows for the year. These investments are valued in accordance with the criteria indicated in the following point "Equity method" or with the cost method adjusted for impairment losses.

Joint arrangements

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of all the parties sharing control.
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method, as indicated in the section "Equity method of accounting".
A joint operation is an agreement in which the parties with joint control of the arrangement have rights to the assets and have obligations for the liabilities (so-called enforceable rights and obligations) relating to the agreement; the verification of the existence of enforceable rights and obligations requires the exercise of a complex judgement by the Top Management and is made taking into consideration the characteristics of the corporate structure, the agreements between the parties, as well as any other facts and circumstances that are relevant for the purposes of verification. Saipem's share of the assets, liabilities, revenues and expenses of joint operations is recognised in the consolidated financial statements on the basis of the actual rights and obligations arising from the contractual arrangements. After initial recognition, the assets, liabilities, revenues and expenses relating to a joint operation are accounted for in accordance with the applicable accounting standards. Joint operations, that are separate non-material legal entities, are accounted for using the equity method or, if this does not have a significant impact on total assets, liabilities, net financial position and results for the year, measured at cost, adjusted for impairment losses.

Investments in associates

An associate is a company over which Saipem has significant influence, which is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over it. Investments in associates are accounted for using the equity method as described under "Equity method", i.e., when there is no significant impact on the balance sheet, financial position and results of operations, at cost adjusted for impairment losses.

Equity method of accounting

Investments in subsidiaries not included in line-by-line consolidation, joint ventures and associates are accounted for using the equity method[11].
In application of the equity method, investments are initially recognised at purchase cost including transaction costs, allocating, as in the case of business combinations, any difference between the cost incurred and the interest in the fair value of the net identifiable assets of the investee; the allocation, provisionally made at the date of initial recognition, may be adjusted retrospectively within the following twelve months to take into account new information on facts and circumstances existing at the date of initial recognition. Subsequently, the carrying amount is adjusted to reflect: (i) the investor's share of the investee's profit or loss realised after the acquisition date; (ii) the investor's share of the investee's other comprehensive income. Changes in equity of an investee, other than those relating to profit or loss and other comprehensive income, are recognised in the income statement when they substantially represent the effects of a sale of an interest in the investee. Dividends received from an investee reduce the carrying amount of the investment. In accordance with the equity method, the adjustments required for the consolidation process are applied. When there is objective evidence of impairment (e.g. significant breaches of contracts, serious financial difficulties, the risk of insolvency of the counterparty, etc.), the recoverability is tested by comparing the carrying amount and the related recoverable amount determined adopting the criteria indicated in the item "Property, plant and equipment". The losses deriving from the application of the equity method exceeding the carrying amount of the investment, recorded in the income statement as item "Gains (losses) on equity investments", are allocated to any financial receivables granted to the investee whose repayment is not planned or it is not probable in the foreseeable future (the so-called long-term interest) and which basically represent a further investment in the company.
If it does not have a significant impact on the equity and financial position of the Group and its economic results, unconsolidated subsidiaries, joint ventures and associates are accounted for at cost, adjusted for impairment losses. When the impairment

(9) Conversely, any amounts recognised in other comprehensive income in relation to the former subsidiary that may not be reclassified to profit or loss are transferred to retained earnings (losses).
(10) According to the IASB Conceptual Framework: "information is material if its omission, misstatement or concealment could influence the economic decisions of users taken on the basis of the financial statements".
(11) In the case of a step acquisition of an associate (joint control), the investment is accounted for at the amount resulting from the application of the equity method as if it had been applied from inception; the effect of the "revaluation" of the carrying amount of the investment held prior to the acquisition of the associate (joint control) is recognised in equity.

losses no longer exist, they are reversed and the reversal of the impairment losses is recognised in the income statement within "Other gains (losses) on equity investments".
The disposal of equity investments which results in the loss of the joint control or a relevant influence on the investee entails recognition in the income statement of: (i) any gains or losses calculated as the difference between the consideration received and the respective share of carrying amount disposed of; (ii) any gains or losses attributable to the adjustment of any investment retained at its fair value[12]; (iii) any amounts recognised in other comprehensive income in relation to the investee that may be reclassified subsequently to income statement[13]. Any investment retained in the investee is recognised at its fair value at the date when joint control or significant influence are lost; it represents the new carrying amount of the investment and thus the reference value of the investment to be recognised subsequently, in accordance with the applicable measurement criteria.
The investor's share of any losses of the investee exceeding the carrying amount of the investment and any long-term interest is recognised in a specific provision to the extent that investor is required to fulfil legal or implicit obligations towards the investee or to cover its losses.

Business combination

There is an acquisition of business if the contract provides for the acquisition of one (or more than one) input and of a substantial process that, together, contribute significantly to the ability to create an output. On the contrary, lacking the set of conditions described above, the case is one of acquisition of a group of assets, which determines the capitalisation of the cost of their acquisition and their depreciation based on the provisions of IAS 16.
Business combination transactions are recognised using the acquisition method. The amount transferred in a business combination is determined at the date the controlling interest is acquired and is equivalent to the fair value of the assets transferred, of liabilities incurred or assumed, and of any equity instruments issued by the acquirer. Costs directly attributable to the transaction are recognised in the income statement when they are incurred.
The equity of investees is determined by attributing to each of the items of the financial position its fair value at the date on which control is acquired[14], except where IFRS provisions require otherwise. Any positive residual difference is recognised as goodwill. Negative residual differences are taken to the income statement.
In the case of partial control being obtained, the share of equity net of non-controlling interests is determined on the basis of the relevant share of current value attributed to assets and liabilities on the date on which control of the company was obtained, excluding any goodwill that can be attributed to the value (the so-called partial goodwill method). Alternatively, the entire amount of goodwill is recognised that was generated by the acquisition, thus considering also the share attributable to the non-controlling interests (the so-called full goodwill method); in the latter case the non-controlling interests are stated at their overall fair value, thus also including the goodwill of the non-controlling interests[15]. The choice of either the partial goodwill or the full goodwill method is made for each individual business combination.
Where control of a company is achieved in stages, the purchase cost is determined by adding the fair value of the previously held ownership interest and the consideration paid for the additional ownership interest. Any difference between the fair value of the previous ownership interest and its carrying amount is recognised in the income statement. In addition, when control of a company is obtained, any amounts previously recognised in other comprehensive income in relation to the company are taken to profit or loss. Amounts that may not be reclassified to profit or loss are recognised in other equity items.
Where provisional amounts have been recorded for the assets and liabilities of an acquiree during the reporting period in which a business combination occurs, these amounts are retrospectively adjusted within twelve months of the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date.
The acquisition of interests in a joint operation that represents a business is recognised, for applicable aspects, in the same way as provided for business combinations.

Intra group transactions

Unrealised intercompany profit arising from transactions between consolidated companies is eliminated, as are intercompany receivables, payables, revenues and expenses, guarantees (including independent contract performance bonds), commitments and risks between consolidated companies. Unrealised profits resulting from transactions with equity-accounted investees are eliminated in proportion to the Group's interest. In both cases, intra group losses are not eliminated since they are considered an impairment indicator of the assets transferred.

Translation criteria

The financial statements of companies having a functional currency other than euro, which is the functional currency of the parent company, as well as the currency used in the consolidated financial statements of the Group, are converted into euro applying: (i) closing spot rates for assets and liabilities; (ii) historical exchange rates to equity; (iii) the average rates for the period to the income statement and the cash flow statement (source: Banca d'Italia).
Exchange differences resulting from the translation of the financial statements of investees having a functional currency other than euro, deriving from the application of different exchange rates for assets and liabilities, equity and the income statement, are recognised in equity under the item "Translation reserve" (included in "Other reserves") for the portion attributable to the owners of the parent[16].

(12) If the investment retained continues to be measured using the equity method, it is not remeasured at fair value.
(13) Conversely, any amount recognised in other comprehensive income relating to the former joint venture or associate that may not be reclassified to income statement are transferred to retained earnings (losses).
(14) The criteria used for determining fair value are described in the section "Fair value measurement" below.
(15) The decision to apply the partial or full goodwill method is also made for business combinations where negative goodwill is taken to the income statement (i.e. a gain on bargain purchase).
(16) The share of non-controlling interests in the cumulate exchange rate differences resulting from the translation of subsidiaries' financial statements having a functional currency other than the euro is recognised under "Non-controlling interest" in equity.

Cumulative exchange differences are charged to the income statement when an investment is fully disposed of, i.e. when control, joint control or significant influence on the investee is lost. In such circumstances, the differences are taken to the income statement under the item "Other gains (losses) on equity investments". In the event of a partial disposal that does not result in the loss of control, the portion of exchange differences relating to the interest sold is recognised under non-controlling interests in equity. In the event of a partial disposal that does not result in the loss of joint control or significant influence, the portion of exchange differences relating to the interest disposed of is taken to the income statement. The repayment of the capital, carried out by a subsidiary having a functional currency other than euro, that does not result in a change in the equity investment held, entails charging the corresponding portion of the exchange rate differences to the income statement.
The financial statements translated into euros are those denominated in the functional currency, i.e. the local currency or the currency in which most financial transactions and assets and liabilities are denominated.
The exchange rates that have been applied for the translation of financial statements in foreign currencies are as follows:

Currency	Exchange rate as of Dec. 31, 2020	Exchange rate as of Dec. 31, 2021	Average exchange rate 2021
US Dollar	1.2271	1.1326	1.1827
British Pound Sterling	0.8990	0.84028	0.8596
Algerian Dinar	162.1071	157.4077	159.6527
Angolan Kwanza	800.345	635.082	743.847
Saudi Arabian Riyal	4.6016	4.2473	4.4353
Argentine Peso	103.2494	116.3622	112.4215
Australian Dollar	1.5896	1.5615	1.5749
Brazilian Real	6.3735	6.3101	6.3779
Canadian Dollar	1.5633	1.4393	1.4826
Croatian Kuna	7.5519	7.5156	7.5284
Egyptian Pound	19.3168	17.8012	18.5678
Ghanaian New Cedi	7.2047	7.0086	7.0035
Indian Rupee	89.6605	84.2292	87.4392
Indonesian Rupee	17,240.76	16,100.42	16,920.72
Kazakhstan Tenghè	517.04	492.75	504.43
Malaysian Ringgit	4.934	4.7184	4.9015
Nigerian Naira	465.6845	466.8577	470.922
Norwegian Kroner	10.4703	9.9888	10.1633
Peru Nuevo Sol	4.4426	4.5193	4.5914
Qatar Riyal	4.4666	4.1227	4.3052
Romanian New Leu	4.8683	4.949	4.9215
Russian Rouble	91.4671	85.3004	87.1527
Singapore Dollar	1.6218	1.5279	1.5891
Swiss Franc	1.0802	1.0331	1.0811

3 Accounting policies

The main accounting policies used for the preparation of the consolidated financial statements are shown below.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and financial assets with original maturities of 90 days or less that are readily convertible to cash amounts and which are subject to an insignificant risk of changes in value.

Inventories

The inventories, excluding consumables intended for sale and project implementation – which do not go through inventory but are recorded in the income statement under direct contract costs – are measured considering the lower between purchase or production cost and net realisable value, which is the amount the Company expects to obtain from their sale in the ordinary course of business. The cost of inventories is determined by applying the weighted average cost method, while market value – given that the inventories are mainly spare parts – is taken as the lower of replacement cost or net realisable value.
Spare parts might be impaired (partially or entirely) in line with the rationalisation of the asset they refer to due to the total of reduced possibility of using them as indicated in the strategic plan. Audits are made periodically on items in storage that were last purchased (ageing date) more than five years ago for the purpose of justifying maintenance in inventory or impairing them to the income statement. Moreover, for materials not considered obsolete, last purchased more than five years ago, a provision for slow moving material has been allocated, with amounts which increase in percentage with ageing.

Contract assets and contract liabilities

Contract assets and liabilities from work in progress assessment are recognised on the basis of agreed contractual amounts determined with reasonable certainty with the customers, recognised in proportion to the progress of contract activity.
Given the nature of the contracts (fixed price) and the type of work, progress is determined through the use of an input method based on the percentage of costs incurred with respect to the total contractually estimated costs (cost-to-cost method).
To correctly apply the economic effects of using this method on core business revenue, differences between amounts earned based on the stage of completion of projects and recognised revenue are included under contract assets from work in progress assessment if positive, or under contract liabilities from work in progress assessment if negative.
With regard to the particular type of reimbursable service contracts, given their nature, revenue is recognised by adopting an output-based method by invoicing the customer for costs incurred plus a contractually agreed margin.
The valuation of contract assets arising from work in progress assessment takes into account all costs directly attributable to the contract, as well as contractual risks, revision clauses when they have a high probability of being recognised, any expected incentives (when the achievement of pre-established performance levels is highly probable and they can be reliably determined) and any fees arising from legal disputes.
Requests for additional considerations deriving from a change in contractually agreed work (change orders) are included in the total amount of revenue when there is a high probability that the customer will approve the scope and/or the price of the change. At the same time, other claims deriving, for example, from additional costs incurred for reasons attributable to the customer are included in the total amount of revenue only when the counterparty has essentially approved their scope and/or price.
Contractual advances paid in foreign currency by the customer are recognised at the exchange rate on the date of payment.
Contractual advances received by Saipem are part of normal operating practice; if advances recognised contemplate a greater percentage than that used in practice in the sector, any time value of money that leads to the presumption of a significant financial benefit granted by the customer is determined.

Property, plant and equipment (tangible assets)

Property, plant and equipment are recognised using the cost method and stated at their purchase or production cost including any ancillary costs directly attributable to bringing the asset into operation. In addition, when a substantial amount of time is required to make the asset ready for use, the purchase price or production cost includes borrowing costs that theoretically would have been avoided for that amount of time had the investment not been made.
Revaluation of property, plant and equipment is not allowed, not even in application of specific laws. The exception is for property, plant and equipment which were impaired in previous years, as better explained below.
Expenditures on renewals, improvements and transformations that extend the useful lives of the related asset are capitalised when it is likely that they will increase the future economic benefits expected from the asset. Also items purchased for safety or environmental reasons are capitalised, even if they do not directly increase the future economic benefits of the existing assets, as they are necessary for carrying out company business.
The costs of cyclical maintenance incurred for the purpose of obtaining periodical class certification of naval vessels are capitalised, as they have a useful life of several years (generally five years). The useful life of parts subject to cyclical maintenance (and possible replacement), and the relative depreciation schedule are coherent with the planned frequency of periodical inspections.
Depreciation of property, plant and equipment begins when the asset is ready for use, in other words when it is in the place and in the conditions necessary for it to be able to operate according to the planned modalities.
Property, plant and equipment are depreciated systematically using a straight-line method over their useful life, which is an estimate of the period over which the assets will be used by the entity. When the tangible asset comprises more than one significant part with different useful lives, each component is depreciated separately. The depreciable amount of an asset is its carrying amount less the estimated net disposal value at the end of its useful life, if this value is significant and can be reasonably determined. Land is not depreciated, even where purchased with a building. Property, plant and equipment held for sale are not depreciated either (see "Assets held for sale and discontinued operations"). Changes to depreciation methods related to a review of the expected useful life of an asset, the net residual value or the expected pattern of consumption of the future economic benefits flowing from an asset are recognised in the income statement in the year they occur.
All parts of the vessels are depreciated over the same useful life as determined on the basis of independent reporting by technical experts. The decision to consider the same useful life for all parts of the vessels is based on the fact that the main parts are subject to periodical activities of cyclical maintenance.
Cyclical maintenance carried out near the end of the useful life of a vessel extends its life (and thus require reprogramming of depreciation on the residual value) for as long as the useful life of the last cyclical maintenance.
Replacement costs of identifiable components in complex assets are capitalised and depreciated over their useful life. The residual carrying amount of the component that has been replaced is charged to the income statement.
Improvements to leased assets are depreciated over the useful life of the improvements or, if shorter, over the residual duration of the lease, taking into account the possible period of renewal if the renewal depends only on the lessor and is theoretically certain.
Ordinary maintenance and repair expenses, not including the replacement of identifiable components and that restore but do not increase the performance of the assets, are charged to the income statement for the year in which the expenses are incurred.
When events occur that indicate an impairment of value of property, plant and equipment, their recoverability is assessed by comparing their carrying amount with the relative recoverable amount represented by the higher of the fair value less disposal costs and the value in use. The assessment is carried out for each cash-generating unit (CGU) corresponding to a single asset or to the smallest identifiable group of assets that generates independent cash inflows from their continuous use.
Value in use is determined by discounting to present value the expected cash flows from the use of the CGU and, if significant and reasonably determinable, from disposal at the end of its useful life, net of costs to sell. Expected cash flows are determined, taking also into account actual results, on the basis of reasonable and documented assumptions that represent the best

estimate of the future economic conditions during the remaining useful life of the CGU, giving more importance to independent assumptions while taking into account the specificities of Saipem's business. Discounting is carried out at a rate that reflects current market assessments of the time value of money and the risks specific to the asset that are not reflected in the estimate of future cash flows. Please note that where appropriate, the specific incremental component of so-called 'country risk' is included in the estimate of expected cash flows. Specifically, the discount rate used is the Weighted Average Cost of Capital (WACC) defined on the basis of the Capital Asset Pricing Model (CAPM) methodology.
Value in use is determined using post-tax cash flows, discounted at a post-tax discount rate as this method produces outcomes which are equivalent to those resulting from discounting pre-tax cash flows at a pre-tax discount rate deriving, through an iteration process, from a post-tax valuation.
If there are no indicators of impairment and at the same time there are indicators that the reasons for the previous impairment no longer exist, the value of the assets is restored and the adjustment is recognised in the income statement as a revaluation (reversal of impairment losses). The reversal is carried out at the lower of the recoverable amount and the original carrying amount before previous impairment losses, less the depreciation rates that would have been charged had no impairment loss been recognised.
Property, plant and equipment are eliminated from the accounts when they are disposed of through alienation or write-off; the relative profit or loss is reported in the income statement.
Property, plant and equipment destined for specific operating projects, for which no further future use is envisaged due to the characteristics of the asset itself or the high usage sustained during the execution of the project, are depreciated over the duration of the project.

Leasing

When a contract configured as a lease agreement is initially recognised, an assessment is made of whether it meets the requirements to be truly considered as a lease or whether it nevertheless contains a lease agreement. The contract is, or contains, a lease agreement if, in exchange for consideration, it grants the lessee the right to control the use of an identified asset for a period of time.
It is defined a single model of recognition of lease contracts based on the recognition by the lessee of a "right-of-use" asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments provided by the contract ("Lease Liability").
The "right-of-use" asset at the commencement date, the date on which the asset is made available for use, is initially measured at cost and derives from the sum of the following components:
- the initial amount of the "Lease Liability";
- any lease payments made at or before the commencement date, less any lease incentives received;
- initial direct costs incurred by the lessee;
- the estimate of the costs that the lessee expects to incur for the dismantling and removal of the underlying asset and for the restoration of the site in which it is located or for the restoration of the underlying asset in the conditions established by the terms and conditions of the lease.

After initial recognition, the "right-of-use" asset is reduced by accumulated depreciation, any impairment losses and the effects associated with any remeasurement of the "Lease Liability".
Depreciation rates are constant and are applied over the lease term, taking into account renewal/termination which are highly probable for the year. Only if the lease provides for the exercise of a reasonably certain purchase option is the "right-of-use" asset depreciated systematically over the useful life of the underlying asset.
With sublease contracts, the lessee as an intermediate lessor must classify the sublease as an operating lease if the head lease is short-term, recognising the relative revenue in the income statement. Otherwise, it is classified with reference to the right-of-use asset deriving from the head lease, rather than making reference to the underlying asset, or with reference to the duration of the sublease contract: if it covers most or all of the duration of the head lease, the sublease is considered to be a finance lease, accounting for a receivable to replace, totally or partially, the "right-of-use" asset arising from the head lease.
The "Lease Liability" is initially measured at the present value of the lease payments not yet made at the commencement date, which include:
- fixed payments that will be paid with reasonable certainty, less any lease incentives receivable;
- variable payments due that depend on an index or a rate (variable payments such as fees based on the use of the leased asset, are not included in the lease, but are recognised in the income statement as operating costs over the lease term);
- any amounts that are expected to be paid under residual guarantees;
- the exercise price of the purchase option, if the lessee is reasonably certain to exercise this option;
- payments of penalties for termination of the lease, if the lessee is reasonably certain to exercise this option.

The present value of the aforementioned lease payments is calculated by adopting a discount rate equal to the interest rate implicit in the lease or, if this is not readily determined, using the incremental borrowing rate of the lessee. The incremental borrowing rate of the lessee is defined by taking into account the intervals and duration of the payments provided for in the lease contract, the currency in which they are denominated and the characteristics of the lessee's economic environment.
After initial recognition, the 'Lease Liability' is measured at amortised cost (i.e. increasing its carrying amount to take into account the interest on the liability and decreasing it to take into account the payments made) using the effective interest rate and is restated, against the registration value of the related "right-of-use" asset, to take into account any changes to the lease following contractual renegotiations, changes in indices or rates, changes relating to the exercise of contractually envisaged options for renewal, early withdrawal or purchase of the leased asset.
Leases are classified as operating leases with limited exceptions (recognition of the lease payments as an expense on a straight-line basis for leases that qualify as "short term" or "low value").
For the lessor's financial statements, the distinction between operating and financial leases is maintained.

The accounting of lease contracts requires the lessee to recognise:
- in the statements of financial position: (i) the right-of-use assets, recognised by Saipem in the specific item "Right-of-use of leased assets" distinct from property, plant and equipment, and intangible assets, and divided by class of asset in the Notes to the financial statements, and financial receivables relating to finance subleases recorded by Saipem in the specific item "Lease assets"; (ii) the financial liabilities relating to the obligation to make the payments envisaged by the contract ("Lease liabilities"), recorded by Saipem in the specific item "Lease liabilities", dividing the amount between the non-current and current portions;
- in the income statement: (i) the depreciation and amortisation of the right-of-use assets (within the operating expenses) subdivided by class of assets in the Notes to the financial statements and of the interest expense accrued on the Lease Liability (in the financial section). The income statement also includes the lease payments that meet short-term and low-value requirements and variable payments linked to the use of assets, not included in determining the Right-of-Use assets/Lease Liability;
- the following effects arise in the statement of cash flows: (a) a modification of the net cash flows from operating activities that includes disbursements for interest paid on the "Lease Liability"; (b) a modification of the net cash flows from financing activities that includes disbursement connected with repayment of the principal amount of the "Lease Liability".

The main contracts relating to leased assets linked to specific categories of assets that concern most of the companies in the Group are as follows:
- vessels for the performance of projects by the Offshore Engineering & Drilling Division;
- lease contracts for real estate;
- industrial areas and construction yards in support of the projects of the Onshore Engineering & Construction Division;
- equipment in support of the projects of the Onshore Engineering & Construction Division;
- vehicles and office machines.

Regarding contracts for services signed by Group companies, an in-depth analysis is made to identify any possible "embedded leases".

The Right-of-Use assets relating to leased assets are included in the impairment test to assess any reductions in value pursuant to IAS 36, similarly to the other company-owned assets. In order to verify the recoverability of the Right of Use, consideration is given to: (i) the allocation of the Right of Use assets of the leased assets to the CGUs to which they belong; (ii) the duration of the underlying leasing contract with respect to the time horizon considered in determining the cash flows of the CGU; (iii) the value in use of a CGU containing a Right-of-Use.

Intangible assets

Intangible assets are identifiable assets without physical substance, controlled by the entity and capable of producing future economic benefits, and goodwill. Identifiability is defined by reference to the possibility of distinguishing the acquired intangible asset from goodwill; this requirement is normally satisfied when: (i) the intangible asset arises from legal or contractual rights, or (ii) the asset is separable, i.e. it can be sold, transferred, leased or exchanged independently or as an integral part of other assets. An entity controls an intangible asset if it has the power to obtain the future economic benefits deriving from the asset and to restrict the access of others to those benefits. Intangible assets are stated at purchase or production cost as determined with the criteria used for property, plant and equipment.

Revaluation of intangible assets is not allowed, not even in application of specific laws.

Intangible assets with a finite useful life are amortised systematically over their useful life, which is an estimate of the period over which the assets will be used by the entity. The amount to be amortised and the recoverability of their carrying amount are determined in accordance with the criteria described in the section "Property, plant and equipment".

Goodwill and other intangible assets with an indefinite useful life are not amortised. The recoverability of their carrying amount is tested at least annually and whenever events occur indicating a reduction in their value.

Goodwill is tested for impairment at the level of the CGU to which goodwill relates. The CGU is the smallest group of assets (including goodwill itself) that generates cash inflows that are largely independent of the cash flows from other assets or groups of assets and on the basis of which the Top Management assesses the profitability of the business. If the carrying amount of the CGU, including goodwill allocated thereto, determined by taking into account any impairment of current and non-current assets that are part of the CGU, exceeds the CGU's recoverable amount[17], the excess is recognised as impairment. The impairment loss is first allocated to reduce the carrying amount of goodwill. Any remaining excess is allocated on a pro-rata basis to the carrying amount of the other assets with a finite useful life that form the CGU. Impairment losses against goodwill may not be reversed[18].

Intangible assets are eliminated at the moment of their disposal through disposal or write-off; the relative profit or loss is reported in the income statement.

Costs of technological development activities

Costs of technological development activities are capitalised when the entity can demonstrate:
(a) that it has the technical capacity to complete the intangible asset and use it or sell it;
(b) that it has the intention to complete the intangible asset and make it available for use or sale;
(c) that it has the capacity to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits;
(e) that the technical, financial and other resources are available to complete development of the intangible asset and use it or sell it;
(f) that it can reliably measure the cost attributable to the intangible asset during development.

(17) For the definition of recoverable amount see "Property, plant and equipment".
(18) Impairment losses reported for an interim period are not reversed even if no loss, or a smaller loss, would have been recognised had the impairment been assessed based on the conditions of a subsequent interim period.

Grants

Capital grants are recognised when there is a reasonable certainty that the conditions for their award will be met and are recognised systematically in the income statement as a reduction in the purchase price or production cost of the assets to which they relate, over their useful lives.
Grants related to income are recognised in the income statement over the periods necessary to match them with the related costs which they are intended to compensate.

Financial assets

Based on the characteristics of the instrument and the business model adopted in their management, financial assets are classified as follows: (i) financial assets measured at amortised cost; (ii) financial assets measured at fair value with the effects recognised in other comprehensive income (hereinafter also OCI); (iii) financial assets measured at fair value through profit or loss. Subsequent to initial recognition, their classification is maintained, unless the Group changes its business model for their management.
Initial recognition is made at fair value, net of the costs directly attributable to the acquisition or issue of the financial asset. For trade receivables lacking a significant financial component, the initial valuation is represented by the transaction price.
Subsequent to the initial recognition, the financial assets that generate contractual cash flows exclusively representative of payments of capital and interest are measured at the amortised cost if such assets are held for the purpose of collecting the contractual cash flows (so-called "hold to collect" business model).
The application of the amortised cost method requires the recognition in the income statement of the interest income, determined on the basis of the effective interest rate, of the exchange rate differences and of any possible impairment losses[19] (see section "Impairment losses on financial assets").
On the other hand, financial assets representing debt instruments whose business model envisages the possibility of both collecting the contractual cash flows and realising the value from sale ("hold to collect and sell" business model) are measured at fair value with the effects recognised in OCI (hereinafter also FVTOCI). In this case, the following are recognised: (i) interest income, calculated using the effective interest rate, exchange rate differences and impairments (see point "Impairment losses on financial assets") are recognised in the income statement; (ii) changes in the fair value of the instrument are recognised in equity, under the item OCI. The total amount of variations in fair value, recognised in the equity reserve that comprises the other components of the statement of comprehensive income, is reversed to the income statement upon derecognition of the instrument.
A financial asset representative of a debt instrument which has not been evaluated at the amortised cost or at FVTOCI is evaluated at fair value with attribution of the effects to profit or loss (hereafter FVTPL); financial assets held for trading pertain to this category. Accrued interest income on financial assets held for trading is included in the total fair value measurement of the instrument and is recognised as "Financial income (expense)".

Impairment losses on financial assets

The assessment of the recoverability of financial assets representative of debt instruments not measured at fair value with effects to the income statement is made on the basis of the so-called "expected credit loss model".
In particular, expected losses are generally determined on the basis of the product of: (i) the exposure to the counterparty net of related mitigations (so-called Exposure at Default or EAD); (ii) the probability that the counterparty will default on its payment obligation (so-called Probability of default or PD); (iii) the estimate, in percentage terms, of the amount of credit that will not be recovered in the event of default (so-called loss given default or LGD).
The management model adopted by the Group envisages the simplified approach for trade receivables as they do not contain a significant financial component. This approach requires the valuation of the provision to cover losses for an amount equal to the expected losses over the entire life of the receivable. This approach uses the probability of customer default for the quantification of expected credit losses, based on observable market data and on assessments collected by info-providers. Alongside the allocations made to the loss allowance after reviewing each past due receivable, which effectively already discounts a prospective view of the projects, an assessment is made of the creditworthiness of the customer. This assessment is performed at corporate level on the portfolio of performing exposure and on exposures that are past due by no more than twelve months and is communicated to the companies to enable them to quantify and recognise the effects in their interim reporting.
Specifically, the Saipem model operates as follows:

- the Exposure at Default (EAD) of Saipem is applied to trade receivables (including allocations) and contract assets from work in progress and considers the effects of mitigation capable of reducing the exposure (debit items that can be used to compensate, advance payments, etc.), excluding in particular disputed receivables from the calculation as subject to specific technical-legal valuations. Receivables of a financial nature (securities and bonds held by the Group and valued at the amortised cost), as well as cash on hand, are also included in the assessment;
- with regard to identification of the time of Default, the methodology determines it conventionally as the shorter between the date in which the customer's insolvency is declared and the term of 365 days from the receivable due date. This term is coherent with the dynamics of the active business cycle of contract works in which Saipem operates;
- the Probability of Default (PD) is calculated on the observable market data (credit spread on bond issues, Credit Default Swaps, etc.) gathered by qualified info-providers. It is considered equal to 100% at the time of Default;
- to quantify the Loss Given Default (LGD), the approach applied is based on the market standards which consider the Recovery Ratio (RR) 40% of the exposure; it follows that the LGD is calibrated at (100%-RR) that is (100%-40%) → 60%.

(19) Receivables and other financial assets valued at the amortised cost are reported net of the write-down allowance.

Trade receivables and other receivables are presented in the statement of financial position net of the relative loss allowance. Impairment losses of these receivables are recognised in the income statement, net of any reversal of value, under "Net reversals of impairment losses (impairment losses) on trade receivables and other assets".

Non-controlling interests

Financial assets representing non-controlling interests, as they are not held for purposes of trading, are measured at fair value with assignment of the effects to the equity reserve relating to components of other comprehensive income, without providing for their reassignment to the income statement in case of sale; on the other hand, any dividends deriving from those investments are recognised to the income statement under "Gains (losses) on equity investments". Measurement at cost of a non-controlling interests is permitted in the limited cases in which the cost is an adequate estimate of the fair value.

Derivative financial instruments and hedge accounting

A derivative is a financial instrument which has the following characteristics: (i) its value changes in response to the changes in a specified interest rate, price of a security or asset, exchange rate, a price or rate index, a credit rating or other variable; (ii) it requires no or little initial net investment; (iii) it is settled at a future date.
Derivative financial instruments, including embedded derivatives that are separated from the host contract, are assets and liabilities recognised at their fair value.
Consistently with the economic reason underlying the hedging, Saipem classifies derivatives as hedging instruments whenever possible. The fair value of derivative financial instruments incorporates the adjustments that reflect the non--performance risk of the counterparties of the transaction (see next section "Fair value measurement"). The designation of fair value as hedging instruments in derivatives excludes such adjustments and is only limited to the spot component of the contracts.
In particular, the companies of the Group enter into the intercompany derivatives with Saipem Finance International BV (SAFI) with the objective of hedging the currency risk arising from future and highly probable revenue and costs in foreign currency. SAFI, in turn, in an operational optimisation perspective, performs a role of consolidation and netting of the required derivatives and proceeds with their negotiation on the market.
The intragroup derivatives negotiated by the companies with SAFI are considered cash flow hedges for highly probable forecast transactions whenever the conditions are met for the application of hedge accounting. The hedged item is identified in the revenue and costs in the contract's currency.
As part of the strategy and goals defined for risk management, the qualification of transactions as hedges requires: (i) the existence of an economic relationship between the hedged item and the hedging instrument; (ii) that credit risk effect does not dominate value changes resulting from the economic relationship; (iii) the definition of a hedge ratio coherent with the objectives of risk management, in the frame of the defined risk management strategy, providing where necessary for the appropriate rebalancing actions.
The amendment of risk management objectives or the elimination of the conditions outlined above for hedge accounting qualification, will result in the prospective termination, either total or partial, of the hedge.
When the derivatives are aimed at hedging the risk of changes in cash flows of the hedged item (cash flow hedge; for example hedging the variability in cash flows of assets/liabilities due to exchange rate fluctuations), the changes in the fair value of the derivatives considered effective, limited to the spot component of the contracts, are initially recognised in the equity reserve pertaining to the other items of comprehensive income and are subsequently recognised in the income statement consistent with the economic effects of the hedged item.
Derivative financial instruments are also adopted by the Saipem Group to hedge the risk arising from the expected purchase of commodities as part of project activities and the interest rate risk arising from loans at variable rate or to stabilise the impact of the cost of currency hedges put in place by the Group.
Even in these cases, when possible, Saipem designates these derivative financial instruments (cash flow hedges) the fair value of which is initially recorded in the equity reserve relating to other comprehensive income and subsequently reclassified to the income statement as the economic effects of the hedged item occur.
Changes in the fair value of derivatives which do not satisfy the conditions for being qualified as hedges, including any ineffective components of hedging derivatives, are recognised in the income statement. Specifically, changes in the fair value of non-hedging interest rate and foreign currency derivatives are recognised in the income statement under "Financial income (expense)"; conversely, changes in the fair value of non-hedging commodity derivatives are recognised in the income statement under "Other operating income (expense)".

Assets held for sale and discontinued operations

Non-current assets and current and non-current assets included within disposal groups, whose carrying amount will be recovered principally through a sale transaction rather than through their continuing use, are classified as held for sale. This condition is considered met when the sale is highly probable and the asset or disposal group is available for immediate sale in its current condition. When the sale of a subsidiary is planned and this will lead to loss of control, all of its assets and liabilities are classified as held for sale. This applies whether or not an interest is retained in the former subsidiary after the sale.
Non-current assets held for sale, current and non-current assets included within disposal groups and liabilities directly associated with them are recognised in the statement of financial position separately from the entity's other assets and liabilities.
Immediately prior to classification as being held for sale, the assets and liabilities included within a disposal group are measured according to the accounting standards applicable to them. Subsequently, non-current assets held for sale are not depreciated and are measured at the lower of the fair value less costs to sell and their carrying amount.
The classification of an equity-accounted investment, or of a portion thereof, as held for sale requires the suspension of the application of this method of accounting in relation to the entire investment or to the portion thereof. In such cases,

measurement is the lower value of the carrying amount which derives from the application of the equity method at the date of reclassification and fair value. Any retained portion of the investment that has not been classified as held for sale continues to be accounted for using the equity method until the conclusion of the sale plan. After the disposal takes place, the retained interest is accounted for using the applicable measurement criteria indicated under "Non-controlling interests", unless it, in relation to its classification, continues to be accounted for using the equity method.
Any difference between the carrying amount of non-current assets and the fair value less costs to sell is taken to the income statement as an impairment loss; any subsequent reversal is recognised up to the previous impairment losses, including those recognised prior to qualification of the asset as held for sale.
Non-current assets classified as held for sale and disposal groups constitute a discontinued operation if, either: (i) they represent a significant stand-alone line of business or a significant geographic area of operations; (ii) they are part of a plan to dispose of a significant stand-alone line of business or a significant geographic area of operations; or (iii) they are a subsidiary acquired exclusively for the purpose of selling it. Profit or loss of discontinued operations, as well as any gains or losses on their disposal are reported separately in the income statement, net of any tax effects. The results of discontinued operations are also reported in the comparative figures for prior years.
When events occur that make it impossible to classify non-current assets or disposal groups as held for sale, they are reclassified to the respective items of the statement of financial position and recognised at the lower between: (i) the carrying amount at the date of classification as held for sale, adjusted for depreciation, impairment losses and reversals of impairment loss that would have been recognised had the assets or disposal group not been classified as held for sale; and (ii) the recoverable amount at the date of reclassification. Likewise, in case of interruption of the plan of sale, recalculation of the values from the time of classification as held for sale/discontinued operation also involves the equity investments, or their shares, previously classified as held for sale/discontinued operation.

Financial liabilities

Financial liabilities, other than derivative instruments, are initially recognised at the fair value of the amount received, net of direct transaction costs, and are subsequently measured using the amortised cost method (see previous section "Financial assets").

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset in the statement of financial position when they can be legally offset in the current year and it is intended to offset on a net basis (i.e. to realise the asset and remove the liability simultaneously).

Derecognition of financial assets and liabilities

Financial assets that have been transferred are derecognised from the statement of financial position when the contractual rights to the cash flows from the asset are extinguished or expire or are transferred outright to third parties. Financial liabilities are derecognised when they have been settled, or when the contractual condition has been fulfilled or cancelled or when it has expired.

Provisions for risks and charges

Provisions for risks and charges relate to risks and charges of a definite nature and whose existence is certain or probable but for which at year-end the timing or amount of future expenditure is uncertain. Provisions are recognised when: (i) there is a present obligation, either legal or constructive, as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; (iii) a reliable estimate can be made of the amount of the obligation. The amount recognised for provisions represent the best estimate of the expenditure reasonably required to settle the obligation or to transfer it to third parties at the year-end date. The amount recognised for onerous contracts is the lower of the cost necessary to fulfil the contract obligations, net of the economic benefits expected to be received under it, and the costs incurred for contract termination. The revised estimates of the provisions are assigned to the same item of the income statement previously used for the provision.
The losses expected to complete a contract are recognised in their entirety in the year in which they are considered probable and are provided for in the provisions for risks and charges.
The costs that the entity expects to bear to carry out restructuring plans are recognised in the year in which the entity formally defines the plan and the interested parties have developed a valid expectation that the restructuring will occur.
The notes to the consolidated financial statements describe, where required, the contingent liabilities represented by: (i) possible, but not probable obligations arising from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; (ii) present obligations arising from past events whose amount cannot be reliably measured or whose settlement will probably not require an outflow of resources embodying economic benefits.

Employee benefits

Employee benefits are the remuneration paid by the entity for the service provided by the employee or by virtue of the termination of employment.
Post-employment benefits are classified on the basis of plans, whether formal or not, as either "defined contribution plans" or "defined benefit plans", depending on their characteristics. In the first case, the entity's obligation, which only consists of making payments to the State or to a trust or fund, is determined on the basis of the contributions due.
The liabilities arising from defined benefit plans, net of any plan assets, are determined on the basis of actuarial assumptions and recognised on an accruals basis during the employment period required to obtain the benefits.
The net interest includes the expected return on plan assets and the interest cost which are recognised in profit or loss. Net interest is determined by applying the discount rate for liabilities to liabilities net of any plan assets. The net interest on defined benefit plans is posted to "Financial income (expense)".

Remeasurements of the net defined benefit liability, which comprise actuarial gains (losses) arising from changes in the actuarial assumptions used or from past experience and the return on plan assets excluding amounts included in net interest, are recognised in the statement of comprehensive income. Remeasurements of net liabilities for defined benefits, recognised in the equity reserve pertaining to the other components of the statement of comprehensive income, are not subsequently reclassified to the income statement.
Long-term benefits obligations are determined by adopting actuarial assumptions. The effects of remeasurement are taken to profit or loss in their entirety.

Share-based payments

Coherently with the substantial nature of retribution that it has, personnel expenses include the costs with share-based incentive plans. The cost of the incentive is calculated with reference to the fair value of the instruments attributed and to the forecast of the number of shares that will effectively be assigned; the portion applicable to the year is determined pro-rata temporis over the period to which the incentive refers (i.e. vesting period and possible co-investment period[20]), that is the period between the grant date and the vesting date.
The plans provide as conditions for the distribution of the shares the attainment of the business and/or market goals; when the assignment of the benefit is also connected to conditions other than those of the market, the estimate relative to these conditions is reflected by adjusting, along the vesting period, the number of shares expected to be effectively granted.
The fair value of the shares underlying the incentive plan is determined according to the provisions of the IFRS, particularly by IFRS 2, using models provided by info-providers and is not subject to adjustment in subsequent years. At the end of the vesting period, if the plan has not assigned shares to the participants due to failure to achieve the performance conditions, the portion of the cost pertaining to market conditions is not reversed to profit or loss.

Treasury shares

Treasury shares include those held to service share-based incentive plans and are recognised at cost and recognised as a reduction in equity. Gains or losses from any subsequent sale of treasury shares are recognised as an increase (or decrease) in equity.

Revenue from contracts with customers

The recognition of revenue from contracts with customers is based on the following five step model: (i) identification of the contract with the customer; (ii) identification of the performance obligations, represented by the contractual promises to transfer goods and/or services to a customer; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations identified on the basis of the "stand alone" selling price of each distinct good or service; (v) recognition of the revenue when the relative performance obligation has been satisfied, at the time of transfer to the customer of the promised goods or services; the obligation is considered to have been satisfied when the customer obtains control of the goods or services, which may be satisfied over time as in the case of contract assets from work in progress, or at a point in time.
Given the nature of the contracts and the type of work, work progress is determined through the use of an input method based on the percentage of costs incurred with respect to the total contractually estimated costs (cost-to-cost method); the resulting income is recognised as overtime. This method is applied in particular to the contracts of the Onshore and Offshore Engineering & Construction Divisions.
With regard to the particular type of reimbursable service contracts, given their nature, revenue is recognised by adopting an output-based method by invoicing the customer for costs incurred plus a contractually agreed margin.
Contract revenue comprises the initial amount of revenue agreed in the contract, requests for additional payments arising from changes to contractually agreed work (change orders) and requested price revisions arising from requests for additional payments due to higher costs incurred for reasons attributable to the customer (claims). Change orders and claims (pending revenue) are included in the amount of revenue when the changes to the agreed works and/or price has a high probability of recognition, even if their definition has not yet been agreed on and in any case for a total amount not exceeding €30 million. Any pending revenue reported for a period longer than one year, with no changes in the negotiations with the customer, is impaired, despite the confidence in recovery of the business. Amounts higher than €30 million are reported only if supported by outside technical-legal expert opinions.
With regard to drilling services, the different rates provided for in the contract are competed in relation to: (i) the different operating phases covered by the performance obligation (so-called mobilisation/operation/demobilisation phases) if contemplated contractually, regardless of the number of days of effective use of the equipment; (ii) any contract extensions, where an amendment of the price does not require stipulation of a new contract but continuation of the original one.
In the presence of contracts for the concession of licences and patents, the revenue must be recognised depending on whether it concerns the transfer of a "right of use" or of a "right of access".
In the former case, there is a performance obligation toward the customer which is satisfied upon issue, which requires recognition of the revenue ("at a point in time"), while in the latter case the right to access by the customer during the period of operation of the licence creates a performance obligation that is satisfied over a period of time, and the revenue is thus likewise recognised ("over time").
When hedged by derivative contracts qualifying for "hedge accounting", contract revenue denominated in foreign currencies are translated at the contracted rates. Otherwise, they are translated at the exchange rate prevailing at year-end. The same method is used for any costs in a foreign currency. The allocation of revenues relative to services partially rendered are recognised for the portion matured, if it is possible to reliably determine stage of completion and there is no significant uncertainty about the

(20) The vesting period is the period between the date of option grant and the date on which the shares are assigned. The co-investment period is the two-year period, beginning the first day after the end of the vesting period, applicable only to the beneficiaries who have been identified as strategic resources for having met performance conditions.

amount and existence of the income; otherwise, they are recognised within the limits of the recoverable costs incurred. Provisions for invoices to be issued, the amounts of which are contracted in a foreign currency, are entered in euro at the rate of exchange reported as of the date of ascertaining the stage of the work in progress jointly with the customer (WIP acceptance); this value is adjusted to take account of the exchange rate gain or loss accrued on the hedge that qualify as "hedge accounting". Payments received or to be received on behalf of third parties are not considered revenues.

Expenses

Costs are recognised when relative to goods received and services rendered.
Personnel expenses comprise remuneration paid, provisions made to pension funds, accrued holidays, national insurance and social security contributions in compliance with national contracts of employment and current legislation.
The costs for the acquisition of new knowledge or discoveries, the study of products or alternative processes, new techniques or models, the planning and construction of prototypes or any other costs incurred for other scientific research or technological development activities, are generally considered current costs and expensed as incurred. These costs are capitalised (see "Intangible assets") only when they meet the requirements listed under "Costs of technological development activities" above.
Costs directly linked to the purchase of specific equipment and to the use of an asset on a specific project are capitalised and amortised over the duration of the project and are included in contract assets' progress.
The costs of preparation of drilling assets are recognised in the year in which the relative revenue is obtained and deferred over the duration of the project for which they are used.
Bidding costs are fully expensed in the year in which they are incurred.

Exchange differences

Revenue and costs associated with transactions in currencies other than the functional currency are translated into the functional currency by applying the exchange rate at the date of the transaction.
Monetary assets and liabilities in currencies other than the functional currency are converted by applying the year-end exchange rate. The effect is recognised in the income statement under "Financial income (expense)". Non-monetary assets and liabilities denominated in currencies other than the functional currency valued at cost are translated at the exchange rate as at the date of initial recognition. Non-monetary assets that are measured at fair value (i.e. at their recoverable amount or realisable value) are translated at the exchange rate applicable on the date of measurement.

Dividends

Dividends are recognised at the date of the general Shareholders' Meeting in which they are approved, except when the sale of shares before the ex-dividend date is certain.

Income taxes

Current income taxes are determined on the basis of estimated taxable profit. The estimated liability is recognised in "Current tax liabilities". Income tax assets and liabilities are measured at the amount expected to be paid to/recovered from the tax authorities, using tax laws that have been enacted or substantively enacted at year end and the relative tax rates.
Deferred tax assets or liabilities are recognised for temporary differences between the carrying amounts and tax bases of assets and liabilities, based on tax rates and tax laws applicable for the years in which the temporary difference is cancelled, that have been approved or substantively approved at the closing date of the year to which the financial statements refer. Deferred tax assets are recognised when their recovery is considered probable. The recoverability of deferred taxes is considered probable when it is expected that sufficient taxable profit will be available in the year in which the temporary differences reverse against which deductible temporary differences can be utilised. Similarly, unused tax assets and deferred tax assets on tax losses are recognised to the extent that they can be recovered. The recoverability of deferred tax assets is assessed periodically, i.e. at least once a year.
Tax assets related to uncertain tax positions are recognised when it is considered probable that they will be recovered.
For temporary differences associated with investments in subsidiaries, associates and joint arrangements, deferred tax liabilities are not recognised if the investor is able to control the timing of the reversal of the temporary difference and it is probable that the reversal will not occur in the foreseeable future.
Deferred tax assets and liabilities are recorded under non-current assets and liabilities and are offset at single entity level if related to offsettable taxes. The balance of the offset, if positive, is recognised under "Deferred tax assets" and, if negative, under "Deferred tax liabilities".
The effects of uncertain tax treatment with a risk probability are recognised as income tax assets or liabilities.
When the results of transactions are recognised directly in equity, relative current taxes, deferred tax assets and liabilities are also charged to equity.

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction that is not a forced sale, liquidation sale or a distressed sale between independent, knowledgeable and willing market participants at the measurement date.
Fair value is determined based on market conditions at the measurement date and the assumptions that market participants would use (i.e. it is a "market-based" measurement).
Fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market or, in the absence of a principal market, in the most advantageous market to which the entity has access, regardless of the entity's intent to sell the asset or transfer the liability.

When the market price is not directly observable and a price for an identical asset or liability is not observable, the fair value is calculated by applying another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Since fair value is a market-based measurement, it is determined by adopting the assumptions that market participants would use to determine the price of the asset or liability, including assumptions about risks. As a result the intention to hold an asset or settle a liability (or to fulfil otherwise) is not relevant for the purposes of fair value measurement.
Fair value measurements of non-financial assets take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use is determined from the perspective of market participants, even if the entity intends a different use. An entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.
In the absence of quoted market prices, the fair value of a financial or non-financial liability or an entity's own equity instruments is taken as the fair value of the corresponding asset held by another market participant at the measurement date.
The fair value of financial instruments is determined considering the credit risk of the counterparty of a financial asset (so-called "Credit Valuation Adjustment" or CVA) and the risk of default of a financial liability by the entity (so-called "Debit Valuation Adjustment" or DVA).
In the absence of available quoted market prices, valuation techniques appropriate in the circumstances are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Statement of financial position[21]

Items of the statement of financial position are classified as current and non-current. Items of the income statement are presented by nature[22].
The comprehensive income statement shows the net result together with income and expenses that are recognised directly in equity in accordance with specific provisions of IFRS.
The statement of changes in equity includes comprehensive profit (loss) for the year, transactions with shareholders and other changes in equity.
The statement of cash flow is prepared using the "indirect method", whereby the profit for the year is adjusted for the effects of other non-monetary items.

Changes to accounting standards

The changes to the accounting standards effective as of January 1, 2021 have not had a significant impact on Saipem's financial statements. A summary of the main changes of potential interest to the Group is provided below.

With Regulation No. 2020/2097, issued by the European Commission on December 16, 2020, the changes to IFRS 4 "Insurance Contracts" were endorsed. The reason for the amendments is to address the temporary accounting consequences caused by the time lag between the effective date of IFRS 9 "Financial Instruments" and the effective date of the future IFRS 17 "Insurance Contracts". In particular, the amendments to IFRS 4 extend the expiry of the temporary exemption from applying IFRS 9 until 2023 in order to align the effective date of IFRS 9 with the new IFRS 17. The provisions shall be effective from January 1, 2021.

With Regulation No. 2021/25, issued by the European Commission on January 13, 2021, was endorseed the document "Interest Rate Benchmark Reform - Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the amendments)", with which the IASB implemented the second phase of the relevant rate change reform. These changes relate to the accounting to be applied if the basis for determining the contractual cash flows of financial assets or liabilities is changed and to the impact of such changes on hedging relationships affected by the IBOR reform (hedging instrument and/or hedged item). These changes shall be effective from January 1, 2021.

With Regulation No. 2021/1421, issued by the European Commission on August 30, 2021, was endorsed the document "Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021", extending of one year the amendment from June 30, 2021 to June 30, 2022, on the practical expedient by which lessees are permitted to account for rent concessions deriving from the COVID-19 pandemic as negative variable lease payments without having to remeasure the assets and liabilities for the lease. The practical expedient is granted if the following requirements are met: (i) the concessions refer to the reduction of only the payments due by June 30, 2022; (ii) the total contract payments, after the rent concessions, are equal to or less than the payments originally laid down in the contracts; and (iii) no substantial amendments have been agreed with the lessor. These provisions are effective as of April 1, 2021.

Financial risk management

The main financial risks that Saipem is facing and, as detailed below, monitoring and actively managing are the following:
(i) the market risk from exposures to fluctuations in interest rates and exchange rates and from exposures to commodity price volatility;
(ii) the credit risk deriving from the possible default of a counterparty;
(iii) the liquidity risk deriving from the lack of adequate financial resources to face short-term commitments;
(iv) the downgrading risk deriving from the possibility of a deterioration in the credit rating assigned by the main rating agencies.
The information shown below is based on the report prepared internally for the Executive Board.

(21) The statement of financial position has the same structure as that used in the 2020 Annual Report.
(22) Information regarding financial instruments, applying the classification required by IFRS, is provided under Note 29 "Guarantees, commitments and risks - Additional information on financial instruments".

The management, control and reporting of the financial risks are based on a Financial Risk Policy, issued and periodically updated centrally with the aim of standardising and coordinating the Saipem Group's financial risk policies. Specifically, financial risks are controlled through the periodic calculation of several Key Risk Indicators (KRI) which are subject to specific attention thresholds periodically updated according to the evolution of the Saipem Group's business. The control activities established by the Financial Risk Policy also include escalation procedures to be followed if the risk thresholds set by the KRIs are exceeded.
For further details on industrial risks, see the "Risk management" section in the Directors' Report.

(i) Market risk

Market risk is the possibility that changes in exchange rates, interest rates or commodity prices will adversely affect the value of the Group's financial assets, liabilities or expected future cash flows. Saipem actively manages market risk in accordance with the above-mentioned Financial Risk Policy and by procedures that provide a centralised model for performing financial activities.

Market risk - Exchange rates

Currency risk derives from the fact that Saipem's operations are conducted in currencies other than the euro and that revenue and/or costs from a significant portion of projects executed are potentially denominated and settled in non-euro currencies. This impacts on:
- the profit or loss for the year due to the different counter value of costs and revenues denominated in foreign currency at the time of their recognition compared to the time when the price conditions were defined and as a result of the conversion and subsequent revaluation of trade receivables/payables or financial assets/liabilities denominated in foreign currencies;
- the Group's reported results and equity, as a result of the consolidation of income and assets and liabilities of subsidiaries denominated in currencies other than the euro and translated from their functional currency into euro.

The risk management objective of the Saipem Group is the minimisation of the impact deriving from fluctuations in exchange rates on profit or loss for the year.
Under monitoring is the impact on the Group's reported result from exchange rate fluctuations resulting from the consolidation of the operating results of companies that prepare their financial statement in a currency different from the Group's functional currency. The exchange rate risk arising from the conversion of assets and liabilities of companies that prepare their financial statements in a currency different form the Group's functional one is managed, at consolidated level, only with the designation of long-term operating monetary items in net investment hedges.
Saipem adopts a strategy to reduce currency risk exposure by using derivative contracts. Hedging transactions may also be entered into in relation to future underlying contractual commitments, provided that are highly probable (so-called highly probable forecast transactions). To this end, different types of derivatives (outright and swaps in particular) are used. Such derivatives are measured at their fair value on the basis of standard market evaluation algorithms and market prices/contributions provided by primary info-providers. Planning, coordination and management of this activity at Group level is the responsibility of the Saipem Finance Department, which closely monitors the correlation between derivatives and their underlying flows, as well as ensuring their correct accounting representation in compliance with the IFRS accounting principles.
The measurement and control activities of the exchange rate risk are performed by calculating a series of periodically-monitored KRIs. Specifically KRIs on exchange rate risk are defined as the minimum thresholds to hedge future contractual currency flows and the maximum thresholds of related potential losses measured with Value at Risk (VaR) models.
An exchange rate sensitivity analysis was performed for those currencies other than euro which may potentially impact exchange risk exposure in 2021 in order to calculate the effect on the income statement and equity of hypothetical positive and negative variations of 10% in the exchange rates of the above-mentioned foreign currencies against the euro.
The sensitivity analysis was carried out in relation to the following financial assets and liabilities denominated in currencies other than the euro:
- exchange rate derivatives;
- trade receivables and other assets;
- loan assets;
- trade payables and other liabilities;
- cash and cash equivalents;
- current and non-current financial liabilities;
- lease liabilities.

For derivative instruments on exchange rates, the sensitivity analysis on the relative fair value is carried out by comparing the term counter-value fixed in the contracts with the counter-value determined at spot exchange rates, allowing for a 10% positive or negative variation, and adjusted using interest rate curves consistent with the expiration dates of contracts on the basis of market prices at year-end.
The analysis did not examine the effect of exchange rate fluctuations on the measurement of contract assets from work in progress assessment because they do not constitute a financial asset under IAS 32.
In light of the above, although Saipem adopts a strategy targeted at minimising exchange risk exposure through the use of several types of derivatives (outrights and swaps), it cannot be excluded that exchange rate fluctuations may significantly influence the Group's results and the comparability of results of individual years.
A depreciation of the euro compared to other currencies would have produced an overall effect on pre-tax profit of -€59 million (-€85 million as of December 31, 2020) and an overall effect on shareholders' equity, before related tax effect, of -€262 million (-€205 million as of December 31, 2020).
An appreciation of the euro compared to other currencies would have produced an overall effect on pre-tax profit of €62 million (€86 million as of December 31, 2020) and an overall effect on equity, before tax effect, of €264 million (€206 million as of December 31, 2020).

The increase/decrease with respect to the previous year is essentially due to variations in the exposed financial assets and liabilities.
The table below shows the effects of the above sensitivity analysis on the items of the statement of financial position and income statement.

	2020				2021			
	Δ+10%		Δ-10%		Δ+10%		Δ-10%	
(€ million)	Income statement	Equity	Income statement	Equity	Income statement	Equity	Income statement	Equity
Derivative financial instruments	(117)	(237)	118	238	(105)	(308)	108	310
Trade receivables and other assets	69	69	(69)	(69)	89	89	(89)	(89)
Financial receivables	33	33	(33)	(33)	42	42	(42)	(42)
Trade payables and other liabilities	(93)	(93)	93	93	(105)	(105)	105	105
Cash and cash equivalents	45	45	(45)	(45)	43	43	(43)	(43)
Current financial liabilities	(6)	(6)	6	6	(10)	(10)	10	10
Non-current financial liabilities	-	-	-	-	-	-	-	-
Lease liabilities	(16)	(16)	16	16	(13)	(13)	13	13
Total	**(85)**	**(205)**	**86**	**206**	**(59)**	**(262)**	**62**	**264**

The sensitivity analysis on receivables and payables for the principal currencies was as follows.

		Dec. 31, 2020			Dec. 31, 2021		
(€ million)	Currency	Total	Δ -10%	Δ +10%	Total	Δ -10%	Δ +10%
Receivables							
	USD	558	(56)	56	791	(79)	79
	KWD	84	(8)	8	50	(5)	5
	PLN	14	(2)	2	15	(2)	2
	GBP	10	(1)	1	3	-	-
	NOK	8	(1)	1	9	(1)	1
	Other currencies	13	(1)	1	17	(2)	2
Total		**687**	**(69)**	**69**	**885**	**(89)**	**89**
Payables							
	USD	710	71	(71)	696	70	(70)
	GBP	65	6	(6)	188	19	(19)
	AED	14	1	(1)	26	3	(3)
	AUD	6	1	(1)	2	-	-
	NOK	10	1	(1)	13	1	(1)
	JPY	19	2	(2)	25	2	(2)
	AOA	6	1	(1)	5	1	(1)
	KWD	90	9	(9)	72	7	(7)
	Other currencies	15	1	(1)	25	2	(2)
Total		**935**	**93**	**(93)**	**1,052**	**105**	**(105)**

Market risk - Interest rate

Interest rate fluctuations influence the market value of the group's financial assets and liabilities and the level of net financial expenses. The objective of risk management is to minimise the interest rate risk when pursuing financial structure objectives defined in the Financial Risk Policy.
In compliance with the established risk management objectives, the Finance Department of Saipem assesses, when stipulating variable rate financing, to enter into Interest Rate Swap (IRS) transactions in order to manage fluctuations in interest rates. In addition, the Finance function of the Saipem Group, if applicable and based on adequate internal assessments, negotiates derivative contracts to fix the interest rate differential and stabilise the impact of the cost of the currency hedging put in place by the Group.
Planning, coordination and management of this activity at Group level is the responsibility of the Saipem Finance Department, which closely monitors the correlation between derivatives and their underlying flows, as well as ensuring their correct accounting representation in compliance with the IFRS. Although Saipem adopts a strategy targeted at minimising its exposure to interest rate risk through the pursuit of defined financial structure objectives, it is not to be excluded that interest rate fluctuations could significantly influence the Group's results and the comparability of the results of individual years.
Interest rate derivatives are measured by the Finance Department of Saipem at fair value on the basis of market standard evaluation algorythms and market prices/contributions provided by primary public info providers.
The Saipem Group measures and controls the interest rate risk by calculating and monitoring a KRI that measures the impact of a fixed-rate debt, including any related derivate financial instrument, on total debt.
To measure the impact of interest rate risk a sensitivity analysis was performed. The analysis calculated the effect on the income statement and equity which would result from a positive and negative 100 basis point movement on interest rate levels.
The analysis was performed relating to all relevant financial assets and liabilities exposed to interest rate fluctuations and regarded in particular the following items:

- interest rate derivatives;
- cash and cash equivalents;
- current and non-current financial liabilities.

For derivative financial instruments on interest rates, the sensitivity analysis on fair value was conducted by discounting the contractually expected cash flows with the interest rate curves recorded on the basis of year-end market rates, with variations in excess of and less than 100 basis points. With reference to cash and cash equivalents and to variable rate financial liabilities, reference was made respectively to the stock at the closing of the year and to changes in exposure expected in the following 12 months. On this basis, a movement of interest rates has been applied in excess of and less than 100 basis points on interest rates.
A positive variation in interest rates would have produced an overall effect on pre-tax profit of €3 million (€6 million as of December 31, 2020) and an overall effect on equity, before tax effect, of €4 million (€8 million as of December 31, 2020). A negative variation in interest rates would have produced an overall effect on pre-tax profit of -€3 million (-€7 million as of December 31, 2020) and an overall effect on equity, before tax effect, of -€4 million (-€8 million as of December 31, 2020).
The increase/decrease with respect to the previous year is essentially due to variations in the financial assets and liabilities exposed to interest rate fluctuations.
The table below shows the effects of the above sensitivity analysis on the items of the statement of financial position and income statement.

	2020				2021			
	+100 basis points		-100 basis points		+100 basis points		-100 basis points	
(€ million)	Income statement	Equity	Income statement	Equity	Income statement	Equity	Income statement	Equity
Cash and cash equivalents	8	8	(8)	(8)	4	4	(4)	(4)
Derivative financial instruments	-	2	-	(1)	-	1	-	(1)
Current financial liabilities	-	-	-	-	-	-	-	-
Non-current financial liabilities	(2)	(2)	1	1	(1)	(1)	1	1
Total	**6**	**8**	**(7)**	**(8)**	**3**	**4**	**(3)**	**(4)**

Market risk - Commodity
Saipem's results are affected by changes in the prices of oil products (fuel oil, lubricants, bunker oil, etc.) and raw materials (copper, steel, etc.), since they represent associated costs in the running of vessels, bases and yards and the implementation of projects and investments.
In order to reduce its commodity risk, in addition to adopting solutions at a commercial level, Saipem also trades derivatives (swaps and bullet swaps) in particular on the organised ICE, NYMEX and LME markets where the relevant physical commodity market is closely correlated to the financial market and the price is efficient.
As regards to commodity price risk management, derivative instruments on commodities were negotiated by Saipem to hedge underlying contractual commitments. Hedging transactions may also be entered into in relation to future underlying contractual commitments, provided these are highly probable (so-called highly probable forecast transactions). Despite the hedging instruments adopted to control and manage commodity risks, Saipem cannot guarantee that they will be either efficient or adequate or that in future it will still be able to use such instruments.
Commodity derivatives are measured at their fair value by the Finance Department of Saipem on the basis of market standard evaluation algorithms and market prices/contributions provided by primary info providers.
The Saipem Group measures and controls the interest rate risk by calculating and monitoring a KRI that quantifies the maximum potential loss measured with VaR models.
With regard to commodity risk hedging instruments, a 10% positive variation in the underlying rates would have produced no effect on pre-tax profit, while it would have produced an effect on equity, before related tax effects, of €3 million. A 10% negative variation in the underlying rates would have produced no effect on pre-tax profit, while it would have produced an effect on equity, before related tax effects, of -€3 million.

(ii) Credit risk
Credit risk represents Saipem's exposure to potential losses deriving from the default of counterparties. On regard to counterparty risk in commercial contracts, credit management is the responsibility of the Divisions and of specific corporate Finance and Administration departments on the basis of standard s partner evaluation and credit worthiness procedures. For counterparty financial risk deriving from the investment of surplus liquidity, from positions in derivative contracts and from commodities contracts with financial counterparties, Group companies adopt the provisions defined in the Financial Risk Policy.
In spite of the measures implemented by the parent in order to avoid concentrations of risk and/or assets and for identifying the parameters and conditions within which hedging instruments can operate, it is not possible to exclude the possibility that one of the Group's customers may delay payments, or fail to make payments, within the defined terms and conditions. Any delay or default in payment by the main customers may imply difficulties in the execution and/or completion of projects, or the need to recover costs and expenses through legal action.
Assessment of the recoverability of financial assets with counterparties of a trade and financial nature was made on the basis of the so-called "expected credit loss model" illustrated in the paragraph entitled "Impairment losses on financial assets".
The Saipem Group measures and controls the credit risk of commercial counterparties by periodically calculating KRIs to measure the Probability of Default ("PD") of trade credit exposures, backlogs and guarantees granted. The effect of these activities is shown in Notes 10 "Trade and other assets" and 11 "Inventories and contract assets" below. Credit risk towards

financial counterparties is instead monitored and controlled through the periodic calculation of KRIs aimed at measuring exposure, maximum lending duration and the breakdown of financial assets by rating class.

(iii) Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Group may not be available (funding liquidity risk), or that the Group is unable to sell its assets on the market (asset liquidity risk), making it unable to meet its short-term financial requirements and settlement obligations. Such a situation would negatively impact the Group's results as it would cause the Group to incur in higher borrowing expenses in order to meet its obligations or, under the worst of conditions, the inability of the Group to continue as a going concern. The objective of the Group's risk management is to implement a financial structure which, consistent with the business objectives and the limits defined in the Financial Risk Policy, guarantees an adequate level of liquidity of and committed credit lines for the entire Group.

The risk management objective is to guarantee sufficient financial resources to cover short-term commitments and maturing obligations, including through refinancing or pre-funding operations, as well as to ensure the availability of an adequate level of financial flexibility for Saipem's development programmes, keeping a balance in terms of debt duration and composition and an adequate structure of bank credit lines.

Saipem measures and controls the liquidity risk by continuously monitoring estimated cash flows, the maturity profile of financial liabilities and the parameters characterising the main bank financing contracts (so-called Financial Covenants), and by periodically calculating KRIs. These indicators measure the level of available cash expected in the short term, the level of maturity concentration of financial liabilities and derivatives, and the ratios between financial sources and uses expected in the short and medium term.

For the control and efficient use of its liquidity, the Saipem Group avails itself, among other things, of a central cash pooling system and automatic reporting tools.

As a result of the significant deterioration in the full-life margins of certain projects in the Onshore E&C and Offshore Wind segments following the backlog review, as well as the possible emergence, in relation to certain loan agreements, of the right of the related bank counterparties to accelerate their maturity due to the occurrence of the conditions set out in Article 2446 of the Civil Code, the Company planned to implement financial measures aimed at strengthening its equity and financial structure.

In particular, the measures provides for a capital increase of up to €2 billion to be carried out by December 31, 2022 and the subscription of a new Revolving Credit Facility (RCF) of €1 billion, which will be available starting from the capital increase completion date.

In addition, in order to cover short-term financial requirements and preserve an adequate level of available cash, the measures provide for the subscription of a so-called "Bridge financing to right issue" of €1.5 billion. For further details, please refer to the following paragraph "Going concern" in Note 4 "Accounting estimates and significant judgements".

In this regard, in relation to the financing agreements that require compliance with a Financial Covenant calculated as the ratio between net financial debt and EBITDA, assessed annually on the basis of data as of December 31, not exceeding 3.5 times, the Company agreed with the respective lenders, in the period between October and December 2021, to waive the obligation to comply with such Financial Covenant for the financial year ending on December 31, 2021. As a result, the Financial Covenant will not be calculated in relation to the date of December 31, 2021.

As of December 31, 2021, the Group has structured its financing sources mainly on medium/long-term maturities with an average duration of 2.6 years; the portion of medium/long-term debt maturing in 2022 amounts to €693 million, of which €563 million during the first half of the year and the rest during the second half.

The maturity dates for the five bonds of €500 million each outstanding as of December 31, 2021 are 2022, 2023, 2025, 2026 and 2028.

In view of the financial package described above, the maturity plan of medium/long-term debt and the amount of available cash as of December 31, amounting to €702 million, Saipem believes that it has access to more than adequate sources of funding to meet its foreseeable financial needs.

(iv) Downgrading risk

S&P Global Ratings assigns Saipem a "long term corporate credit rating" equal to "BB-", with "credit watch negative"; Moody's Investor Services assigned Saipem a "corporate family rating" equal to "B1", with "rating on review for further downgrade".

Credit ratings influence the ability of the Group to obtain new loans, as well as the cost thereof.

Saipem believes that, through the implementation of the financial measures aimed at strengthening its capital and financial structure, it will be able to maintain an adequate rating to allow refinancing on the market of bonds maturing starting from 2023.

In the event that one or more ratings agencies would lower the Company's rating, this could determine a worsening in the conditions for accessing financial markets.

Future payments for financial liabilities, trade payables and other liabilities

The following table shows the amounts of payments due to financial debts and lease liabilities, with separate disclosure of principal and interest, and liabilities for derivative financial instruments.

(€ million)	2022 current portion	Non-current portion					
		2023	2024	2025	2026	After	Total
Non-current financial liabilities	703	708	95	566	560	515	3,147
Current financial liabilities	412	-	-	-	-	-	412
Lease liabilities	148	118	56	29	21	80	452
Fair value of derivative instruments	175	28	-	-	-	-	203
Total	**1,438**	**854**	**151**	**595**	**581**	**595**	**4,214**
Interest on loans and borrowings	85	70	49	47	33	31	315
Interests on lease liabilities	14	10	7	5	5	20	61

The following table shows the due dates of trade payables and other liabilities.

(€ million)	Maturity			
	2022	2023-2026	After	Total
Trade payables	2,378	-	-	2,378
Other liabilities	273	-	2	275

Future payments for outstanding contractual obligations

Investment commitments for projects for which procurement contracts have already been placed, expiring in 2022, amount to €81 million.

4 Accounting estimates and significant judgements

The preparation of financial statements and interim reports in accordance with generally accepted accounting standards requires Management to make accounting estimates based on complex and/or subjective judgements, past experience and assumptions deemed reasonable and realistic based on the information available at the time of the estimate. The use of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions upon which the estimates are based.
The accounting estimates and significant judgments made by management for the preparation of the consolidated financial statements as of December 31, 2021 are influenced not only by the impacts of the persisting COVID-19 pandemic, but also by the effects of the initiatives underway to mitigate the consequences of climate change and the potential impacts arising from the energy transition (matters discussed in detail in the chapter "Effects of climate change"), which in the medium and long term may significantly affect the Group's business models, cash flows, financial position and financial and economic performance.
Critical accounting estimates in the process of preparing financial statements and interim accounting reports involve a high degree of reliance on subjective judgements, assumptions and estimates regarding matters that are inherently uncertain and complex are shown below. Changes in the conditions underlying the judgments and assumptions made may have a significant effect on future results.
References to the notes to the financial statements containing the accounting information at the end of the reporting period are provided below in relation to the financial statement items subject to estimation and judgement.

Going concern

In compliance with the provisions of the Italian Civil Code and the IAS/IFRS international accounting standards (referred to by Consob in Document No. 2 issued on February 6, 2009 and by IASB in the document “Going concern - a focus on disclosure” issued in January 2021), in the preparation stage of the financial statements it is necessary to measure the Company’s and Group’s ability to continue as a going concern.
In particular, paragraph 25 of IAS 1 states that “financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties.
When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern”.
Furthermore, paragraph 26 of IAS 1 requires that “in assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period”. And also “... Management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate”.

As already commented in the section "Operating Review", following a backlog review started by Saipem's management, the Company has disclosed to the market on January 31, 2022 a significant deterioration in the full-life economic margins of certain projects relative to the Onshore E&C and Offshore E&C wind, due to the ongoing COVID-19 pandemic, to the increase, current and prospective, of raw material costs and transport, and to the unexpected interruption of ongoing negotiations that included, inter alia, higher revenues, with relevant effects on Saipem's consolidated financial results as of December 31, 2021.
As a result of the above, the 2021 statutory financial statements show losses in excess of one-third of the share capital, supplementing the conditions required by Article 2446 of the Italian Civil Code. Those conditions can determine, after the course of contractual terms (where applicable) and unless a waiver is obtained from the bank counterparties, their right to accelerate the expiry of certain financial liabilities in favour of Saipem Group.
Below are indicated the uncertainties, as well as the initiatives that Saipem has undertaken or plans to undertake to address the effects of such uncertainties on the going concern, and reasons are given for them. Below are also clarified the reasons for the decision to prepare the financial statements on a going concern basis, despite the significant uncertainties that persist, considering the documentation available as of today regarding the mitigating factors.
The events and conditions that can raise significant doubts on the entity's ability to continue to operate as a going concern for a period of at least twelve months after the date of the present financial statements are as follows:
- strategic and operating uncertainties, connected to the current and prospective performance of Saipem operations. Those uncertainties determined the need to review the Group's strategic plan compared to the approved version of October 2021;
- capital and financial uncertainties, mainly attributable to the relevant losses of the fourth quarter 2021, which determined the need to implement a Financial Package to strengthen the capital and financial structure of the Company.

Strategic and operating uncertainties and mitigating actions

The main negative variances noted with respect to the previous outlooks of October 2021 that have resulted in significant uncertainties regarding Saipem's ability to meet strategic objectives under the previous Strategic Plan approved in October 2021 relate to the contraction in consolidated adjusted EBITDA for the second half of 2021 by approximately €1 billion, due to both the findings of the backlog review of Onshore E&C projects showing an increase in material and logistics costs that are only partially recoverable and the recent further difficulties of the Offshore E&C wind projects.
As a result, the 2021 statutory financial statements show losses in excess of one-third of the share capital, supplementing the conditions required by Article 2446 of the Italian Civil Code.
The mitigations actions undertaken or planned for the resolution of the strategic and operating uncertainties are detailed below:
- revision of the 2022-2025 Strategic Plan (including redefinition of strategic and operating business lines), based on the following guidelines aimed at the pursuit of a more balanced return risk profile and at a deleveraging path:
  - reduction of structural costs, with an increase in the target for 2022 to over €150 million;
  - increase of focus on the acquisition of offshore operations, both E&C and Drilling, marked by a higher profitability thanks to Saipem's consolidated competitive position;
  - increased selectivity in the acquisition of Onshore E&C business, giving priority to higher-tech contracts in the LNG and gas valorization segments, where Saipem can leverage proprietary technologies;
  - repositioning on low-risk activities in Offshore wind for the biennium 2022-2023 and adoption of a renewed commercial and executive strategy to benefit in the subsequent periods of the Plan from the growth potential of the market;
  - reaffirmed Saipem's industrial focus on energy transition and circular economy, also through the development of modular and industrialised solutions, in particular on CCUS supply chain, plastic recycling technologies and subsea robotics;
  - active management of the asset portfolio, to support cash flow generation for the duration of the 2022-2025 Plan.

  It should also be noted that the revision of the 2022-2025 Plan has been subject to an "Independent Business Review" assigned to primary independent consultants who did not identify significant issues concerning the assumptions used in the preparation of the Plan;
- changes in the Group's organisational structure to create a new directorate general with wide operational and managerial powers, as well as a unit that will reinforce the planning activity and the financial control of orders and other management activities, and the concentration of legal and negotiating activities in a corporate function within the new directorate general.

For further details on the revision of the 2022-2025 Plan, please refer to the section "Business outlook".

Capital and financial uncertainties and mitigation actions

The main elements of capital and financial uncertainty (before intervention) are as follows:
- Saipem's treasury is not adequate to support the Company's financial commitments for 2022 (i.e. the twelve months after the reporting period) and for the following years;
- the share capital of Saipem SpA as of December 31, 2021 has been reduced by more than a third (configuring a situation pursuant to Article 2446 of the Italian Civil Code) and, in a future perspective, it is reasonable to assume that, without adequate strategic and operational interventions, it could decrease even further in the future;
- the lines of credit, the availability of which is necessary in order for the Group to carry on its business, may no longer be made immediately available by the banking system in view of the financial difficulties experienced by the Company and the Group;
- as a result of the criticalities encountered, Saipem has been downgraded by the world's main rating agencies and, also taking into account the possible negative evolution of these ratings in the future, Saipem could find it difficult to refinance itself on the capital markets, especially given the maturities of its outstanding bonds.

In view of these uncertainties, it has become necessary, even in the short term, to involve the Group's joint controlling shareholders and the entire reference banking system, with a view to implementing extraordinary financial and capital measures.
In view of the above, Saipem, in addition to drafting the New Plan, had undertaken the implementation of a Financial Package to strengthen the capital and financial structure of the Company to overcome the uncertainties emerged following the losses in the fourth quarter 2021.

The goals of the Financial Package are:
- re-establishing the levels of share capital and shareholders' equity in accordance with the company's size;
- re-establishing adequate levels of cash over the 2022-2025 Business Plan;
- availability access to availability of credit lines in order to support company operations;
- stabilising Saipem's credit rating with a view to ensuring access to debt capital markets to refinance outstanding bonds.

The planned mitigating actions are detailed below:
- on March 24, 2022, the Board of Directors resolved to submit to the Extraordinary Shareholders' Meeting of May 17, 2022 a capital increase of €2 billion to be carried out by March 31, 2023 in connection with which it obtained (i) a commitment to pro-rata subscription by the shareholders exercising joint control over the company Eni SpA and CDP Industria SpA; (ii) a commitment by the financial institutions involved in the capital and financial strengthening package, formalised through the signing of a pre-underwriting agreement, to guarantee the subscription of any newly issued shares that are not taken up by the market;
- willingness of a pool of banks to organise and manage the syndication of a new RCF in the amount of €1 billion in the wider context of the capital increase;
- obtaining specific waiver on existing financial lines, were necessary.

In the short term, to meet the Company's financial needs until the capital increase planned by December 31, 2022, the Financial Package includes:
- obtaining a so-called bridge financing to right issue for a total amount of €1.5 billion, to be disbursed: (i) €458 million in the form of a "capital contribution" to shareholders' equity with a special "targata" reserve by the shareholder Eni SpA, which exercises joint control over the company; (ii) €188 million in the form of a "payment for future capital increase" by the shareholder CDP Industria SpA, which exercises joint control over the company; and (iii) €855 million from a pool of banks backed by a specific guarantee issued by Eni. Once the authorisation process has been completed, this credit line guaranteed by Eni will be refinanced through a further liquidity line of €852 million, again provided by the same pool of banks and guaranteed for 70% by SACE under the "Garanzia Italia" instrument and for a further 18% by Eni. In particular, a Mandate Letter has been signed providing for a liquidity facility in favour of the Company for an amount of €855 million, 100% covered by a parent company guarantee issued by the shareholder Eni ("Liquidity Facility"); this facility, together with the related guarantee, will remain in place until the disbursement of the loan supported by the "Garanzia Italia" as specified above;
- availability of signature credits (performance bonds, bid bonds and AP bonds) from banking institutions to support commercial activities;
- obtaining specific waiver on existing financial lines, were necessary.

The Financial Package also includes:
- the repayment of financial debts maturing in 2022, in accordance with their respective repayment schedules, with the exception of uncommitted financial lines amounting to approximately €168 million;
- obtaining the necessary waivers on existing financial lines (lack of further repayments beyond the contractual deadlines);
- a minimum cash level of €700 million, also with a view to enabling normal working capital management;
- the refinancing on the capital market of bonds maturing in subsequent years.

In light of the mitigating actions carried out and/or planned, the Board of Directors of Saipem SpA considers that all the conditions exist to prepare the Annual Report as of December 31, 2021 on a going concern basis, maintaining the valuation criteria of a going concern, as described in Note 3 to the Consolidated Financial Statements.

It should also be noted that, taking into account the final documentation available at the date and the additional documents supporting the forecasts for the implementation of these mitigating actions, it is believed that, even considering the latter, certain material uncertainties remain with regard to Saipem's going concern assumption. In fact, although from the documentation available it is reasonable to expect, in substance, that the Financial Package will be concluded in accordance with the scheduled deadlines, from a formal point of view there is a lack of certain final documents and the existence of commitments subject to events that have not yet been defined, so that, as of today, it does not appear possible to consider all material uncertainty factors connected with the Financial Package to have been eliminated.

In particular, as of March 24, 2022, the date of approval of the draft financial statements by the Board of Directors, there are uncertainties in relation to: (i) the execution of the share capital increase, which is expected to be completed by the end of 2022; (ii) the completion of the payments for the future share capital increase by the shareholders exercising joint control that are expected to be completed by March 31, 2022 (a condition, among others, for the execution of the share capital increase). It should be noted that as of today's date, the main conditions for the related payments have been met; (iii) the signing of the Underwriting Agreement by the banks (in turn, a condition for the execution of the capital increase); (iv) the signing of the agreement relating to the Liquidity Facility (in turn, a condition for the execution of the capital increase). However, as of today, the related Term Sheet has been signed which provides for the subscription of the Liquidity Facility by March 31, 2022; (v) the availability of new bonding lines for an amount sufficient to cover the requirements of 2022. The availability, on a best effort basis, of a bonding line amounting to at least €1.345 billion is a condition for the disbursement of the liquidity facility. As of today, advanced bilateral discussions are underway with the banks in order to achieve the aforementioned objective; (vi) the formalisation of the request for financing through the "Garanzia Italia" scheme by the Company as a condition for the disbursement of the Liquidity Facility. It should be noted that this activity will be carried out in the short term; (vii) the cancellation planned by March 31, 2022 of the €1 billion RCF dated December 10, 2015 and obtaining a new RCF for a total amount of €1 billion, which will be organised by the time the capital increase is launched. It should be noted that, as of today, a pool of banks participating in the Financial Package has confirmed that they have preliminarily approved the participation for approximately €450 million; (viii) the achievement of a rating deemed sufficient for the future refinancing of the bonds maturing from 2023 onwards; (ix) future compliance with the contractual clauses, including the covenants, also those of a financial nature, that will be provided for by the above-mentioned Liquidity Facility.

From this it follows that, in the context of the scenarios defined in the document "Going concern - a focus on disclosure" issued in January 2021 by the IASB with reference to the verification of the existence of the assumption of going concern, the Company considers reasonable to conclude that the same is in the Scenario 3. As regards the scenarios defined by Consob in Document No. 2 issued on February 6, 2009, the Company considers reasonable to conclude that the same is placed in the case referred to in Scenario 2 relating to the case in which significant uncertainties are identified that may raise significant doubts on the ability of the Company to continue its operations for a foreseeable future, but the directors consider that it is in any case appropriate to use the going concern assumption to prepare the financial statements.
It should be noted that the evaluation by the Board of Directors on the existence of a going concern assumption involves a judgment, at a given time, on the future outcome of events or conditions that are uncertain by nature; therefore, while formulated on the basis of a careful weighting of all the available information, such judgement is liable to be contradicted by the evolution of the facts if the reasonably expected events do not happen, or if incompatible facts and conditions should arise that are unknown or not measurable today.
The Board of Directors will carry out a constant monitoring on the evolution of the factors taken into account, so as to be ready to take the appropriate corrective measures where necessary.

EFFECTS OF COVID-19

The spread, evolution and persistence of the COVID-19 pandemic had a significant impact on the global economy and, as a result, on the Saipem Group, as the energy sector was among the most affected worldwide. However, the macroeconomic scenario recorded a significant turnaround in 2021, thanks to the success of the vaccination campaign, China's economic performance and the agreements between the producing countries of the OPEC alliance, which enabled a gradual recovery in economies and manufacturing activities. However, the economy and consumption have not yet returned to pre-pandemic normality and there are still risks of possible slowdowns linked to new variants of the virus that could interfere with the growth trajectory of economies and the recovery of energy demand. During the first few months of the 2022 financial year, the upward trend of oil commodity prices, especially Brent and natural gas, was confirmed, also in relation to the evolution of international geopolitical tensions with the Ukrainian-Russian crisis.
At an overall level, the positive signs visible to date are estimated to translate into a recovery of investments in the Oil&Gas sector, with the main operators at the same time diversifying their portfolios towards segments linked to the energy transition.
In 2021, the Saipem Group continued to carry out an in-depth and constant analysis of the continuation of the pandemic, in terms of: (i) the evolution of the regulatory framework in the countries where the Group operates, through the monitoring of the containment measures adopted by them; (ii) the management of relations with clients and partners; (iii) the management of contracts, both active and passive, through the introduction and/or activation, where possible, of specific contractual clauses to mitigate the potential negative effects of the pandemic; (iv) impacts on project execution activities, and in particular on the operations of shipyards and vessels, due to the changed availability of internal and external resources and/or other circumstances directly or indirectly resulting from the pandemic; (v) performance levels and continuity of service by suppliers, subcontractors and partners.
Saipem Group has implemented specific mitigation measures to contain the impact of the pandemic from the outset, activating a crisis response protocol by setting up a specific task force in charge of constantly monitoring the spread of the virus and finding solutions to inform and protect internal and external staff (employees, customers and suppliers) in the offices and work sites in Italy and in the countries where the Group operates, in accordance with the instructions of the Ministry of Health at the same time, ensure the substantial continuity of its operations worldwide. The Saipem Crisis Unit in Milan is always open and is constantly in contact, providing coordination with Local Crisis Units worldwide; it periodically reviews the situation and adjusts the status of the action plan with the Corporate Crisis Committee chaired by the Chief Executive Officer. Saipem continues to monitor the situation by maintaining adequate surveillance levels and measures to prevent and combat the spread of the pandemic, aiming to ensure people’s health, which remains the top priority.
In order to offset the increase in costs related to the COVID-19 event described above, management promptly initiated an appropriate cost containment programme also related to the pandemic.
Financial aspects: the Company continues to pay particular attention to reviewing the expected losses of financial assets with particular regard to: (i) trade receivables; (ii) hedging derivatives; and (iii) financial assets measured at fair value.
The procedures centrally implemented by Saipem’s Finance Department are structured to manage the risks associated with the transactions put in place by constantly monitoring the effects caused by uncertainty surrounding future variables and the risk of the market counterparties with whom contracts are entered into.
With regard to trade receivables related to the risk of customer insolvency, Saipem constantly monitors and assesses risk indicators and the probability of default of customers from third party info providers, in addition to evaluating the recoverability of receivables.
Recoverability of non-financial assets: the cash flows used for impairment testing are those of the 2022-2025 Strategic Plan, approved by the Board of Directors on March 24, 2022. It should be noted that the cash flows were normalised, where necessary, in accordance with IAS 36 and that, in particular, the long-term lease rates of the Offshore Drilling CGUs were defined using the latest reports available at the date and prepared by external sources, normally used as benchmarks. The impairment test of December 31, 2021 did not show impairment losses.
Estimate process: with regard to revenue from contracts with customers as a result of COVID-19 crisis and changing market conditions, the circumstances relating to the possible (i) collection of payments that may no longer be highly probable and (ii) agreements between the parties that could modify certain aspects of the contract related to the subject matter or price of the transactions.
The enforceability of contractual rights and obligations and the likelihood of collecting the relevant payment are prerequisites for identifying a contract with customers for accounting purposes. In fact, according to IFRS 15, if these conditions are not met, the contract should not exist from an accounting point of view and revenue could not be recognised. Given the ongoing uncertainty,

it continues therefore to be necessary checking whether such conditions are met when entering into a contract, and whenever substantial changes in the relevant facts and circumstances.
In addition, the estimate of the variable component of the fees continues to be reviewed which, given the current situation of uncertainty, is complex and requires a high degree of judgement, due to the limitation ("constraint") envisaged by the standard that allows the recognition of revenues limited to the portions that are highly probable that they cannot be reversed in the future (so-called "reversal"). Likewise, the effects of the operational implications deriving from the pandemic have been assessed and where necessary, considered in the cost estimate for the duration of projects.
Within the scope of the analysis of the possible effects of the COVID-19 pandemic undertaken early in 2020 and still in progress due to the continuous evolution of the phenomenon, Saipem has identified, assessed and constantly monitored these effects at the level of every project currently under way.
Identifying the COVID-19 economic impact: with reference to contract assets from work in progress assessment, for which revenue are recorded “over time” according to input methods such as “cost to cost”, the estimate of the final charges and the timing for fulfilling the performance obligations made it necessary to consider whether the costs linked to COVID-19 should be excluded from project progress.
For this purpose, Saipem, also for 2021, has maintained the identification of three “clusters” into which the costs associated with COVID-19 have been allocated:
1. Costs directly related to COVID-19 (special items): these are costs directly related to COVID-19 as incurred, or to be incurred, to manage the emergency at Group companies and at project sites; these costs are borne by Saipem as they are contractually non-reimbursable by the client. These costs are recognised on specific contracts separate from operating contracts and are recognised as costs in the income statement without generating contract progress (and therefore without recognising any contract assets) and without recognising any margin. During 2021, the costs directly attributable to COVID-19 amount to about €78 million (e.g. including: costs for stand-by resources in accordance with quarantine regulations and in the event that the activities of operational sites and vessels were stopped by authorities; costs of purchasing personal protective equipment in addition to standard practices; costs of sanitising work areas; costs of organising charter flights to bring the personnel home).
2. Costs indirectly related to COVID-19: these are costs incurred, or that will be incurred, for which it is impossible to establish with reasonable certainty whether they are due to the pandemic or to other causes such as, for instance, changing market conditions linked to fluctuations in crude oil prices. These are, by way of example, costs due to delays in project or site activities, which have continued notwithstanding the challenges due, for example, to personnel reductions, postponements in materials deliveries or delays by customers. These costs are included in the full-life estimates of job orders.
3. Costs “to be evaluated case by case”: these are direct project costs for which the company declares that “force majeure causes” were incurred, or which were incurred for staff kept on stand-by due to lockdown, and whose allocation must be assessed on a case-by-case basis because of the peculiarity of the situation, of the customer, of the contract, etc. No specific and quantifiable cases of this type have been identified.
Relevant market: regarding the possible outlook on the markets trend, the uncertainty of the global economic recovery continues globally despite the recovery signs in our sector, specifically related to the commodity price recovery.
It should be noted that Saipem designs and constructs systems commissioned by clients on the basis of long-term investment assessments, whose realisation from the initial concept phase of the initiative, through development and construction, takes on average between four and seven years, depending on the complexity of the project.
Due to the nature of the business and its diversification in various segments, there is no direct correlation between the trend in oil prices and Saipem’s financial results: as of December 2021, more than 76% of its E&C backlog was made up of non-oil projects, including LNG and renewables (energy efficiency).
Given the continuation of the COVID-19 pandemic, the going concern assumption used for the preparation of the Annual Report as of December 31, 2021 is not impacted. For details on the going concern, please refer to the previous section above “Going concern”.

EFFECTS OF CLIMATE CHANGE

Climate change and the transition to a low-carbon economy are having an increasing impact on the global economy and the energy sector. Saipem, as a global solution provider in this sector, is aware that these changes may have a significant direct and indirect impact on the activities of its business and consequently on its consolidated financial statements, in terms of the results and value of its assets and liabilities.
On the other hand, these scenarios of change offer companies operating in the energy sector, and therefore Saipem, the opportunity to play an active role in proposing technologically advanced eco-sustainable solutions to their clients, which meet the demand for low carbon solutions and products that is expected to grow in the near future.
Risks related to climate change, to which Saipem's activities are intrinsically exposed, can be classified into physical risks and transition risks. Physical risks are risks arising from physically observable climatic phenomena (e.g. flooding of plants, production sites and construction sites, as well as worsening weather and sea conditions in the offshore operating areas). Transition risks are risks arising from the transition phase that aims to reduce emissions and thus mitigate the effects of climate change. These risks are classified as market risks, in terms of strategic positioning to take advantage of the opportunities provided by the energy transition in a timely manner; technological risks, in terms of insufficient effectiveness in implementing the most efficient technologies applicable; regulatory risks, related to the issuance of laws and regulations to which one must promptly adapt and which may lead to an increase in operating costs; image risks, in terms of a negative assessment by financial stakeholders of the corporate strategy implemented.
For each identifiable risk, whether physical or transitional, Saipem undertakes an action plan that includes its identification and description, assessment in terms of: (i) timeframe; (ii) probability; (iii) magnitude of the final impact, identification of the economic and financial impact and the actions to be put in place for its management.

In this evolutionary and transformational context, Saipem, which has always been oriented towards technological innovation, is today committed alongside its clients on the frontier of energy transition with means, technologies and processes that are increasingly digital and oriented from their conception towards environmental sustainability. In this direction, it plans to progressively expand its offer in sectors with a lower impact on the climate and to propose itself as a supplier of innovative solutions to support customers in identifying the best technological choices with reduced carbon emissions.
The evolution of energy demand may affect the recoverable amount of property, plant and equipment and the Group's goodwill. Management will continue to review demand assumptions as the energy transition process progresses, which may lead to additional impairment losses on non-financial assets in the future compared to those made to date. The exposure to risks and impacts arising from climate change is considered in the estimation of future cash flows for the purpose of impairment testing.
The energy transition may reduce the expected useful life of assets used in the oil&gas industry, thus accelerating the depreciation costs of assets used in this sector. However, Saipem is gradually positioning itself in non-oil sectors, enhancing the use of its traditional assets where possible; at the same time, it is expected that part of the assets currently owned will be fully depreciated in the medium-long term, during which period demand for services in the oil sector is expected to remain significant.
New laws or regulations introduced in response to climate change may create new requirements that did not previously exist. Consequently, the Company's management monitors the evolution of the relevant regulations in order to assess whether such obligations, even implicit ones, require the recognition of specific provisions or the reporting of related contingent liabilities.
For further details on the topic of the effects of climate change, please refer to the NFS (Consolidated Non-Financial Statement).

REVENUE, CONTRACT ASSETS AND CONTRACT LIABILITIES (Note 11 "Inventories and contract assets", Note 19 "Trade payables, other liabilities and contract liabilities", Note 30 "Revenue")

The processes and methods for recognising revenue and measuring contract assets and liabilities from work in progress are based on the estimate of total lifetime revenue and costs of long-term projects, the appreciation of which is influenced by significant valuations which by their nature imply recourse to the judgement of the Directors, specifically with reference to the forecast of costs to complete each project including the estimate of the risks and contractual penalties, where applicable, to the evaluation of contractual changes envisaged or being negotiated and any changes in estimates compared to the previous year.
In particular, in evaluating contract assets from work in progress, account is taken of the requests of additional costs with respect to those contractually agreed, if substantially approved by the customer in their scope and/or price.

IMPAIRMENT OF FINANCIAL ASSETS (Note 9 "Other financial assets")

Checking, classification and measurement of the counterparty credit risk for the purpose of calculating the impairment of financial assets is a detailed, complex process that requires the Top Management to provide a professional opinion.
In a manner similar to impairment processes involving other items of the financial statements, the estimates made, although based on the best information available and on the adoption of adequate methods and techniques of evaluation, are intrinsically characterised by elements of uncertainty and by the exercise of a professional opinion, and could generate forecasts of recoverable amounts different from those that will be effectively realised.

IMPAIRMENT OF NON-FINANCIAL ASSETS (Note 14 "Property, plant and equipment", Note 15 "Intangible assets")

Impairment losses of non-financial assets are recognised if events or changes in circumstances indicate that their carrying amount may not be recoverable.
Impairment can be recognised in the event of significant prolonged changes in the outlook for the market segment in which the non-financial asset is used. The decision as to whether to proceed with an impairment loss and its quantification depend on assessments made by Management based on complex and highly uncertain factors, such as the future performance of the reference market, the impact of inflation and of technological advances on operating expenses, the conditions of supply and demand on a global or regional scale, the evolution of the operations and business activities of the divisions, the business insight deriving from discussions and interactions of a strategic or commercial nature by the divisions with customers, partners, suppliers and competitors.
The amount of an impairment loss of a non-financial asset is determined by comparing the carrying amount of the asset with its recoverable amount (the higher of fair value less disposal costs and value in use calculated as the present value of the future cash flows expected to be derived from the use of the asset net of disposal costs). This assessment is carried out at the level of the smallest group of assets (cash generating unit or CGU) that generates cash inflows that are largely independent of the cash flows generated by other assets or groups of assets and on the basis of which Management assesses the profitability of the business.
The impairment test procedure of the Group's CGUs provides for the determination of WACCs differentiated by business segment, in order to reflect the specific risks of the individual business segments to which the CGUs under test belong.
The cash flows expected for each CGU are quantified on the basis of the last Strategic Plan, also with reference to the actual results, prepared by the management and approved by the BoD. The Strategic Plan contains the forecasts, developed by the management in light of the information available at the time of the estimate, with regard to the volumes of business, operating expenses, margins, investments coherent with strategic guidelines, as well as the industrial, commercial and strategic positioning of the specific divisions and also taking account of the market situation (including the performance of the main monetary variables such as exchange rates and inflation). Thus the Strategic Plan forecasts (as well as the long-term forecasts after the plan period), while based on complex assumptions that by their nature imply recourse to the opinion of the directors, are grounded in reasonably objective foundations (which, in other words, take account of the market context and specific characteristics of Saipem) and are not conditioned on the occurrence of a specific event (such as the success of new technology) in order to express, at the same time, the best estimate of the management and expected average flows.
Finally, in accordance with IAS 36, the cash flows used for impairment test do not take into account any cash inflows and/or outflows arising from: (i) a future restructuring that has not yet been approved or to which the entity is not yet committed; or

(ii) the improvement or optimisation of business performance based on initiatives still to be undertaken or approved, or for which there is still no commitment towards third parties for the increase of production capacity with respect to current capacity.
The cash flows thus determined are discounted using the rates approved by the Board of Directors.
For assets other than independent CGUs (i.e. Offshore E&C vessels, Offshore E&C and Onshore E&C construction yards and the drilling rigs of Onshore Drilling) and that show impairment indicators, the sustainability of the residual technical-economic life of the asset is verified to determine whether there is any need to report a write-down pursuant to IAS 16, before performing the impairment test at the level of the CGU to which it pertains.
Goodwill and other intangible assets with an indefinite useful life are not amortised. The recoverability of their carrying amount is tested at least annually and whenever events occur indicating a reduction in their value. Goodwill is also tested for impairment at the level of the CGU to which goodwill relates. If the carrying amount of the CGU, including goodwill allocated thereto, exceeds its recoverable amount, the excess is recognised as impairment. The impairment loss is first allocated to reduce the carrying amount of goodwill. Any remaining excess is allocated on a pro-rata basis to the carrying amount of the other assets with a finite useful life that form the CGU.

LEASES (Note 16 "Right-of-Use assets, lease assets and lease liabilities")

The complexity of the types of contracts, as well as their multi-year duration, requires the exercise of an articulated series of judgements by management to define the assumptions to be adopted for the purpose of identifying and evaluating particular aspects that have an impact on accounting recognition and financial statement presentation, such as:

- determining the likelihood that a lease will be extended and/or terminated, which affects the assessment of periods covered by extension (or early termination) options for the purpose of determining the lease term. In this connection, the reasonable certainty of being able to exercise these options is ascertained as of the commencement date, in consideration of all the facts and circumstances that generate an economic incentive to exercise them, as well as when significant events or changes in the circumstances under the control of the lessee occur, that affect the assessment previously made;
- the identification of variable payments and their characteristics for the purposes of estimating their inclusion, or not, in the determination of the Lease Liability and the Right-of-Use asset (variable payments linked to the use of the asset or turnover are charged to the income statement and therefore they do not participate in their determination);
- the discount rate used to determine the Lease Liability, represented by the lessee's incremental borrowing rate. This rate is defined taking into account the duration of the leases, the currency in which they are denominated and the characteristics of the economic environment in which the lessee operates. The present value of payments owed on a lease is determined by using a discount rate that reflects the incremental borrowing rate of Saipem and is defined on the basis of the euro benchmark zero coupon yield curve adjusted for Saipem risk. The rate is determined also taking account of the risk related to the currency of denomination and duration of the underlying contract.

As regards the impairment test for the lessee, the Right-of-Use assets are to be included in the impairment test to assess any reductions in value pursuant to IAS 36, similarly to the other company-owned assets. In order to verify the recoverability of the Right of Use, consideration is given to: (i) the allocation of the Right of Use assets of the leased assets to the CGUs to which they belong; (ii) the duration of the underlying leasing contract with respect to the time horizon considered in determining the cash flows of the CGU; (iii) the value in use of a CGU containing a Right of Use.
In carrying out the impairment test, Saipem: (i) uses discount rates that reflect the financial leverage of the lease contracts; (ii) considers the Right of Use in the net invested capital tested; (iii) determines the Value in Use excluding the related lease payments.

BUSINESS COMBINATIONS (Note 1 "Basis of presentation - Business combination")

Accounting for business combinations requires the difference between the purchase price and the net carrying amount of an acquired business to be allocated to the various assets and liabilities of the acquired business. For most assets and liabilities, the difference is allocated by measuring said assets and liabilities at fair value. Any positive residual difference is recognised as goodwill. Negative residual differences are taken to the income statement. The allocation on a provisional basis of the price paid is subject to revision/update within 12 months following the acquisition, taking into consideration new information on facts and circumstances existing at the date of acquisition. Management uses available information to make these allocations and, for major business combinations, typically engages an independent appraisal firm. The allocation process, which requires, based on the information available, exercising a complex judgement by the Management, is also relevant for the purposes of applying the equity method.

PROVISIONS FOR RISKS AND CHARGES (Note 23 "Provisions for risks and charges")

Saipem and some Group companies are part of judicial and administrative proceedings for which they assess the possibility to accrue for risks primarily related to litigation and tax issues. The process and methods for assessing the risks associated with these proceedings are based on complex elements that by their nature imply recourse to the judgement of the directors, specifically with reference to the assessment of uncertainties related to forecasting the results of the proceedings, their classification to the provisions or liabilities, taking into account the assessment information acquired by the internal legal department and by external legal advisers.
Determining appropriate amounts for provisions in such cases is a complex estimation process that includes subjective judgements by the Top Management.

EMPLOYEE BENEFITS (Note 24 "Employee benefits")

Defined benefit plans are measured with reference to uncertain events and based upon actuarial assumptions including, among others, discount rates, expected rates of salary increases, mortality rates, retirement ages and future trends in covered medical costs.

The main assumptions used to quantify these benefits are determined as follows: (i) the discount and inflation rates, which represent the rates at which the obligation to employees could actually be fulfilled, are based on the rates that accrue on high-quality corporate bonds (or, in the absence of a "deep market" in such bonds, on the yields on government bonds) and on the inflationary expectations of the countries concerned or of the reference currency area; (ii) the future salary levels of individual employees are determined based on inflation rate assumptions, productivity, seniority and promotion; (iii) the future cost of health benefits is determined on the basis of current and past trends in the costs of health benefits, including assumptions about the inflationary growth of those costs, and changes in the health status of beneficiaries; (iv) demographic assumptions reflect the best estimate of trends in variables such as mortality, turnover and disability relative to the population of beneficiaries.
Changes in the net employee benefit liability (asset) related to remeasurements routinely occur and comprise, among other things, changes in actuarial assumptions, the effects of differences between the previous actuarial assumptions and what has actually occurred and differences in the return on plan assets with respect to the amounts included in net interest. Remeasurements are recognised in the statement of comprehensive income for defined benefit plans and in the income statement for long-term plans.

RECEIVABLES (Note 10 "Trade receivables and other assets")
The recoverability of the carrying amount of receivables and the need to recognise an impairment loss on them is determined on the basis of the so-called "expected credit loss model" illustrated in the paragraph entitled "Impairment of financial assets". This process also involves complex and/or subjective judgements by Management. The factors considered in the context of these judgements concern, among other things, the creditworthiness of the counterparty where available, the amount and timing of expected future payments, any credit risk mitigation instruments implemented, as well as any actions set up or planned for debt recovery.

FAIR VALUE (Note 8 "Financial assets measured at fair value through OCI", Note 25 "Derivative financial instruments")
The determination of the fair value of financial and non-financial instruments is a detailed process characterised by the use of complex methods and techniques of assessment and that requires the collection of updated information from the reference markets and/or the use of internal input data.
Like for the other estimates, determination of the fair value, although based on the best information available and on the adoption of adequate measurement methods and techniques, is intrinsically characterised by elements of uncertainty and by the exercise of professional judgement, and could generate forecasts of values different from those that will be effectively realised.

5 Recent standards effective from 2022 and following years

Accounting standards and interpretations issued by the IASB/IFRIC and endorsed by the European Union

With Regulation No. 2021/1080, issued by the European Commission on June 28, 2021, the following were endorsed: (i) the amendments to IAS 37, aimed at providing clarification on how to determine a contract burden; (ii) the amendments to IAS 16, aimed at defining that revenues from the sale of goods produced by an asset before it is ready for its intended use are recognised in the income statement together with the related production costs; (iii) the amendments to IFRS 3, aimed at: completing the update of the references to the Conceptual Framework for Financial Reporting present in the accounting standard; providing clarifications regarding the conditions for the recognition, at the acquisition date, of provisions, contingent liabilities and tax liabilities (so-called "levies") acquired as part of a business combination operation and explaining that possible circumstances cannot be recognised in the context of a business combination; (iv) the document "Annual cycle of improvements to IFRS 2018-2020", containing amendments, essentially of a technical and editorial nature, to the international accounting standards. The Annual Improvements and the amendments to the standards indicated will be effective from January 1, 2022.

With Regulation No. 2021/2036, issued by the European Commission on November 19, 2021, endorsed the amendments to IFRS 17 "Insurance Contracts" which define the accounting treatment of insurance contracts issued and reinsurance contracts held. The provisions of IFRS 17, which exceed those currently laid down in IFRS 4 "Insurance contracts", aim to help businesses to implement the standard and to: (i) reduce costs, simplifying the requirements laid down in the standard; (ii) make it easier to enter the disclosures in the financial statements; (iii) facilitate the transition to the new standard, postponing its entry into force. These changes will be effective on or after January 1, 2023.

With Regulation No. 2022/357, issued by the European Commission on March 2, 2022, the amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies" were endorsed, requiring individual entities to supply more information about their accounting policies, rather than accounting standards. The changes to the Practice Statement provide guidance on how to apply the concept of materiality to financial reporting. The amendments to the standard will be effective on or after January 1, 2023.

With Regulation No. 2022/357, issued by the European Commission on March 2, 2022, the amendments to IAS 8 "Definition of Accounting Estimates" which defines the notion of accounting estimates were endorsed, removing the definition of change in accounting estimates. Under the new definition, accounting estimates are defined as monetary amounts subject to a measure of uncertainty; the amendments clarify how individual entities should distinguish changes in accounting policies from changes in accounting estimates. This distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively. The amendments to the standard will be effective on or after January 1, 2023.

At present Saipem believes that the amendments described above have had no significant impact on the Group.

Accounting standards and interpretations issued by the IASB/IFRIC and not yet endorsed by the European Commission

On July 15, 2020, the IASB issued an Amendment to IAS 1 "Classification of Liabilities as Current or Non-current - Deferral of Effective Date" whereby, due to the COVID-19 pandemic, the effective date of the amendments was postponed from January 1, 2023.

On May 7, 2021, the IASB issued the document "Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction", which clarifies how to account for deferred tax assets and liabilities related to certain transactions, such as leases and decommissioning obligations. It also amends IFRS 1 "First-time Adoption of International Financial Reporting Standards" by introducing a specific paragraph on the date of application of those amendments, and certain paragraphs regarding Appendix B of IFRS 1. The amendments will be effective on or after January 1, 2023.

On December 9, 2021, the IASB issued "Amendments to IFRS 17 - Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information" which requires that if an entity applies IFRS 17 following the application of IFRS 9 (classification overlap), the entity must provide qualitative information that enables users of the financial statements to understand: (i) the extent to which the classification overlap has been applied (for example, whether it has been applied to all financial assets derecognised in the comparative period); and (ii) whether and to what extent the impairment provisions of IFRS 9 have been applied. The IASB also proposes to add a text block element to the IFRS taxonomy to reflect this new disclosure requirement. The amendments will be effective from January 1, 2023.

Saipem is currently assessing the possible impacts of the above-mentioned amendments on the Group.

6 Consolidation scope as of December 31, 2021

Parent company

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or evaluation principle (*)
Saipem SpA	San Donato Milanese	EUR	2,191,384,693	Eni SpA	30.54		
				CDP Industria SpA	12.55		
				Saipem SpA	2.12		
				Third parties	54.79		

Subsidiaries

Italy

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or evaluation principle (*)
Denuke Scarl	San Donato Milanese	EUR	10,000	Saipem SpA	55.00	55.00	F.C.
				Third parties	45.00		
International Energy Services SpA	San Donato Milanese	EUR	50,000	Saipem SpA	100.00	100.00	F.C.
Saipem Offshore Construction SpA	San Donato Milanese	EUR	20,000,000	Saipem SpA	100.00	100.00	F.C.
Servizi Energia Italia SpA	San Donato Milanese	EUR	20,000,000	Saipem SpA	100.00	100.00	F.C.
Smacemex Scarl (**)	San Donato Milanese	EUR	10,000	Saipem SpA	60.00	60.00	Co.
				Third parties	40.00		
SnamprogettiChiyoda sas di Saipem SpA	San Donato Milanese	EUR	10,000	Saipem SpA	99.90	99.90	F.C.
				Third parties	0.10		

Outside Italy

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or evaluation principle (*)
Andromeda Consultoria Tecnica e Representações Ltda	Rio de Janeiro (Brazil)	BRL	20,494,210	Saipem SpA	99.00	100.00	F.C.
				Snamprogetti Netherlands BV	1.00		
Boscongo SA	Pointe-Noire (Congo)	XAF	6,190,600,500	Saipem SA	100.00	100.00	F.C.
ER SAI Caspian Contractor Llc	Almaty (Kazakhstan)	KZT	1,105,930,000	Saipem International BV	50.00	50.00	F.C.
				Third parties	50.00		
ERS - Equipment Rental & Services BV	Amsterdam (Netherlands)	EUR	90,760	Saipem International BV	100.00	100.00	F.C.
European Maritime Construction sas	Montigny le Bretonneux (France)	EUR	42,370	Saipem SA	100.00	100.00	F.C.
Global Petroprojects Services AG	Zurich (Switzerland)	CHF	5,000,000	Saipem International BV	100.00	100.00	F.C.
Moss Maritime AS	Lysaker (Norway)	NOK	40,000,000	Saipem International BV	100.00	100.00	F.C.
North Caspian Service Co	Almaty (Kazakhstan)	KZT	375,350,000	Saipem International BV	100.00	100.00	F.C.
Petrex SA	Lima (Peru)	PEN	469,359,045	Saipem International BV	100.00	100.00	F.C.
PT Saipem Indonesia	Jakarta (Indonesia)	USD	372,778,100	Saipem International BV	99.99	99.99	F.C.
				Third parties	0.01		

(*) F.C. = full consolidation, J.O. = joint operation, E.M. = equity method, Co. = cost method.
(**) In liquidation.

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or evaluation principle (*)
Saimexicana SA de Cv	Delegacion Cuauhtemoc (Mexico)	MXN	6,386,529,300	Saipem SA	100.00	100.00	F.C.
Saipem (Beijing) Technical Services Co Ltd	Beijing (China)	USD	6,700,000	Saipem International BV	100.00	100.00	F.C.
Saipem (Malaysia) Sdn Bhd	Petaling Jaya (Malaysia)	MYR	87,033,500	Saipem International BV Third parties	41.94 58.06 [(a)]	100.00	F.C.
Saipem (Nigeria) Ltd	Lagos (Nigeria)	NGN	259,200,000	Saipem International BV Third parties	89.41 10.59	89.41	F.C.
Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda	Caniçal (Portugal)	EUR	299,300,000	Saipem International BV	100.00	100.00	F.C.
Saipem America Inc	Wilmington (USA)	USD	1,000	Saipem International BV	100.00	100.00	F.C.
Saipem Argentina de Perforaciones, Montajes y Proyectos Sociedad Anónima, Minera, Industrial, Comercial y Financiera [(**) (***)]	Buenos Aires (Argentina)	ARS	1,805,300	Saipem International BV Third parties	99.90 0.10	99.90	Co.
Saipem Asia Sdn Bhd	Petaling Jaya (Malaysia)	MYR	238,116,500	Saipem International BV	100.00	100.00	F.C.
Saipem Australia Pty Ltd	West Perth (Australia)	AUD	566,800,001	Saipem International BV	100.00	100.00	F.C.
Saipem Canada Inc	Montreal (Canada)	CAD	100,100	Saipem International BV	100.00	100.00	F.C.
Saipem Contracting Algérie SpA	Algiers (Algeria)	DZD	4,129,310,000	Sofresid SA	100.00	100.00	F.C.
Saipem Contracting Netherlands BV	Amsterdam (Netherlands)	EUR	20,000	Saipem International BV	100.00	100.00	F.C.
Saipem Contracting Nigeria Ltd	Lagos (Nigeria)	NGN	827,000,000	Saipem International BV Third parties	97.94 2.06	97.94	F.C.
Saipem do Brasil Serviçõs de Petroleo Ltda	Rio de Janeiro (Brazil)	BRL	2,210,796,299	Saipem International BV	100.00	100.00	F.C.
Saipem Drilling Llc [(***)]	Moscow (Russia)	RUB	6,100,000	Saipem International BV	100.00	100.00	F.C.
Saipem Drilling Norway AS	Sola (Norway)	NOK	120,000	Saipem International BV	100.00	100.00	F.C.
Saipem East Africa Ltd	Kampala (Uganda)	UGX	3,791,000,000	Saipem International BV Snamprogetti Netherlands BV	51.00 49.00	100.00	F.C.
Saipem Finance International BV	Amsterdam (Netherlands)	EUR	1,000,000	Saipem International BV Saipem SpA	75.00 25.00	100.00	F.C.
Saipem Guyana Inc	Georgetown (Guyana)	GYD	200,000	Saipem Ltd	100.00	100.00	F.C.
Saipem India Projects Private Ltd	Chennai (India)	INR	526,902,060	Saipem SA	100.00	100.00	F.C.
Saipem Ingenieria Y Construcciones SLU	Madrid (Spain)	EUR	80,000	Saipem International BV	100.00	100.00	F.C.
Saipem International BV	Amsterdam (Netherlands)	EUR	172,444,000	Saipem SpA	100.00	100.00	F.C.
Saipem Ltd	Kingston upon Thames Surrey (United Kingdom)	EUR	607,500,000	Saipem International BV	100.00	100.00	F.C.

(a) Percentage of control. The percentage of ownership including preferential shares is 99.31% held by Saipem International BV and 0.69% by non-controlling investors.
(*) F.C. = full consolidation, J.O. = joint operation, E.M. = equity method, Co. = cost method.
(**) In liquidation.
(***) Inactive throughout the year.

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or evaluation principle (*)
Saipem Luxembourg SA	Luxembourg (Luxembourg)	EUR	31,002	Saipem Maritime Asset Management Luxembourg Sàrl	100.00	100.00	F.C.
Saipem Maritime Asset Management Luxembourg Sàrl	Luxembourg (Luxembourg)	USD	378,000	Saipem SpA	100.00	100.00	F.C.
Saipem Misr for Petroleum Services (S.A.E.)	Port Said (Egypt)	EUR	2,000,000	Saipem International BV ERS - Equipment Rental & Services BV Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda	99.92 0.04 0.04	100.00	F.C.
Saipem Moçambique Lda	Maputo (Mozambique)	MZN	535,075,000	Saipem SA Saipem International BV	99.98 0.02	100.00	F.C.
Saipem Norge AS	Sola (Norway)	NOK	100,000	Saipem International BV	100.00	100.00	F.C.
Saipem Offshore México SA de Cv	Delegacion Cuauhtemoc (Mexico)	MXN	998,259,500	Saimexicana SA de Cv	100.00	100.00	F.C.
Saipem Romania Srl	Aricestii Rahtivani (Romania)	RON	29,004,600	Snamprogetti Netherlands BV Saipem International BV	99.00 1.00	100.00	F.C.
Saipem SA	Montigny le Bretonneux (France)	EUR	25,050,000	Saipem SpA	100.00	100.00	F.C.
Saipem Services México SA de Cv	Delegacion Cuauhtemoc (Mexico)	MXN	50,000	Saimexicana SA de Cv	100.00	100.00	F.C.
Saipem Singapore Pte Ltd	Singapore (Singapore)	SGD	116,090,000	Saipem SA	100.00	100.00	F.C.
Saiwest Ltd	Accra (Ghana)	GHS	937,500	Saipem SA Third parties	49.00 51.00	49.00	F.C.
Sajer Iraq Co for Petroleum Services, Trading, General Contracting & Transport Llc	Baghdad (Iraq)	IQD	300,000,000	Saipem International BV Third parties	60.00 40.00	60.00	F.C.
Saudi Arabian Saipem Ltd	Dhahran (Saudi Arabia)	SAR	130,000,000	Saipem International BV	100.00	100.00	F.C.
Saudi International Energy Services Ltd Co	Dhahran (Saudi Arabia)	SAR	1,000,000	International Energy Services SpA	100.00	100.00	F.C.
Sigurd Rück AG	Zurich (Switzerland)	CHF	25,000,000	Saipem International BV	100.00	100.00	F.C.
Snamprogetti Engineering & Contracting Co Ltd	Dhahran (Saudi Arabia)	SAR	10,000,000	Snamprogetti Netherlands BV	100.00	100.00	F.C.
Snamprogetti Engineering BV	Schiedam (Netherlands)	EUR	18,151	Saipem Maritime Asset Management Luxembourg Sàrl	100.00	100.00	F.C.
Snamprogetti Netherlands BV	Amsterdam (Netherlands)	EUR	203,000	Saipem SpA	100.00	100.00	F.C.
Snamprogetti Saudi Arabia Co Ltd Llc	Dhahran (Saudi Arabia)	SAR	10,000,000	Saipem International BV Snamprogetti Netherlands BV	95.00 5.00	100.00	F.C.
Sofresid Engineering SA	Montigny le Bretonneux (France)	EUR	1,217,783	Sofresid SA Third parties	99.99 0.01	100.00	F.C.
Sofresid SA	Montigny le Bretonneux (France)	EUR	16,699,069	Saipem SA	100.00	100.00	F.C.

(*) F.C. = full consolidation, J.O. = joint operation, E.M. = equity method, Co. = cost method

Associates and jointly controlled companies

Italy

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or evaluation principle (*)
ASG Scarl	San Donato Milanese	EUR	50,864	Saipem SpA	55.41	55.41	E.M.
				Third parties	44.59		
CCS JV Scarl ∆	San Donato Milanese	EUR	150,000	Servizi Energia Italia SpA	75.00	75.00	E.M.
				Third parties	25.00		
CEPAV (Consorzio Eni per l'Alta Velocità) Due	San Donato Milanese	EUR	51,646	Saipem SpA	59.09	59.09	E.M.
				Third parties	40.91		
CEPAV (Consorzio Eni per l'Alta Velocità) Uno	San Donato Milanese	EUR	51,646	Saipem SpA	50.36	50.36	E.M.
				Third parties	49.64		
Consorzio F.S.B. ∆	Venice - Marghera	EUR	15,000	Saipem SpA	29.10	29.10	Co.
				Third parties	70.90		
Consorzio Sapro ∆	San Giovanni Teatino	EUR	10,329	Saipem SpA	51.00	51.00	Co.
				Third parties	49.00		
Rosetti Marino SpA	Ravenna	EUR	4,000,000	Saipem SA	20.00	20.00	E.M.
				Third parties	80.00		
SCD JV Scarl ∆	San Donato Milanese	EUR	100,000	Servizi Energia Italia SpA	60.00	60.00	E.M.
				Third parties	40.00		
Ship Recycling Scarl (**) ∆	Genoa	EUR	10,000	Saipem SpA	51.00	51.00	J.O.
				Third parties	49.00		

Outside Italy

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or evaluation principle (*)
Bally Solar Energy Ltd ∆	Dublin (Ireland)	EUR	100	Servizi Energia Italia SpA	50.00	50.00	E.M.
				Third parties	50.00		
Gydan Lng Snc	Nanterre (France)	EUR	9,000	Sofresid SA	15.00	15.00	E.M.
				Third parties	85.00		
Gydan Yard Management Services (Shanghai) Co Ltd	Shanghai (China)	CNY	1,600,000	Saipem (Beijing) Technical Services Co Ltd	15.15	15.15	E.M.
				Third parties	84.85		
Gygaz Snc	Nanterre (France)	EUR	10,000	Sofresid SA	15.15	15.15	E.M.
				Third parties	84.85		
Hazira Cryogenic Engineering & Construction Management Private Ltd ∆	Mumbai (India)	INR	500,000	Saipem SA	55.00	55.00	E.M.
				Third parties	45.00		
KWANDA Suporte Logistico Lda	Luanda (Angola)	AOA	25,510,204	Saipem SA	40.00	40.00	E.M.
				Third parties	60.00		
Mangrove Gas Netherlands BV ∆	Amsterdam (Netherlands)	EUR	2,000,000	Saipem International BV	50.00	50.00	E.M.
				Third parties	50.00		
Novarctic Snc	Nanterre (France)	EUR	9,000	Sofresid SA	33.33	33.33	E.M.
				Third parties	66.67		
Petromar Lda ∆	Luanda (Angola)	USD	357,143	Saipem SA	70.00	70.00	E.M.
				Third parties	30.00		
PSS Netherlands BV ∆	Leiden (Netherlands)	EUR	30,000	Saipem SpA	36.00	36.00	E.M.
				Third parties	64.00		
Sabella SA	Quimper (France)	EUR	12,889,122	Sofresid Engineering SA	9.00	9.00	E.M.
				Third parties	91.00		
SaiPar Drilling Co BV ∆	Amsterdam (Netherlands)	EUR	20,000	Saipem International BV	50.00	50.00	E.M.
				Third parties	50.00		
Saipem Dangote E&C Ltd (***) ∆	Victoria Island - Lagos (Nigeria)	NGN	100,000,000	Saipem International BV	49.00	49.00	E.M.
				Third parties	51.00		

(*) F.C. = full consolidation, J.O. = joint operation, E.M. = equity method, Co. = cost method.
(**) In liquidation.
(***) Inactive throughout the year.
∆ Jointly-controlled company

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or evaluation principle (*)
Saipem - Hyperion Eastmed Engineering Ltd Δ	Nicosia (Cyprus)	EUR	85,000	Saipem International BV Third parties	45.00 55.00	45.00	E.M.
Saipem Taqa Al Rushaid Fabricators Co Ltd	Dammam (Saudi Arabia)	SAR	40,000,000	Saipem International BV Third parties	40.00 60.00	40.00	E.M.
Saipon Snc Δ	Montigny le Bretonneux (France)	EUR	20,000	Saipem SA Third parties	60.00 40.00	60.00	E.M.
SAME Netherlands BV Δ	Amsterdam (Netherlands)	EUR	50,000	Servizi Energia Italia SpA Third parties	58.00 42.00	58.00	E.M.
Saren BV Δ	Amsterdam (Netherlands)	EUR	20,000	Servizi Energia Italia SpA Third parties	50.00 50.00	50.00	E.M.
Saren Llc Δ	Murmansk (Russia)	RUB	10,000	Saren BV	100.00	50.00	E.M.
Société pour la Réalisation du Port de Tanger Méditerranée (***) Δ	Anjra (Morocco)	EUR	33,000	Saipem SA Third parties	33.33 66.67	33.33	E.M.
Southern Gas Constructors Ltd Δ	Lagos (Nigeria)	NGN	10,000,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.
Sud-Soyo Urban Development Lda (***) Δ	Soyo (Angola)	AOA	20,000,000	Saipem SA Third parties	49.00 51.00	49.00	E.M.
TMBYS SAS (***) Δ	Guyancourt (France)	EUR	30,000	Saipem SA Third parties	33.33 66.67	33.33	E.M.
TSGI Mühendislik İnşaat Ltd Şirketi Δ	Istanbul (Turkey)	TRY	594,657,675	Saipem Ingenieria Y Construcciones, SLU Third parties	33.33 66.67	33.33	E.M.
TSKJ II - Construções Internacionais, Sociedade Unipessoal, Lda	Funchal (Portugal)	EUR	5,000	TSKJ – Serviços de Engenharia Lda	100.00	25.00	E.M.
TSKJ - Nigeria Ltd (**)	Lagos (Nigeria)	NGN	50,000,000	TSKJ II - Construções Internacionais, Sociedade Unipessoal, Lda	100.00	25.00	E.M.
TSKJ - Serviços de Engenharia Lda	Funchal (Portugal)	EUR	5,000	Snamprogetti Netherlands BV Third parties	25.00 75.00	25.00	E.M.
Xodus Subsea Ltd (***) Δ	London (United Kingdom)	GBP	7,000,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.

As of December 31, 2021, the companies of Saipem SpA can be broken down as follows:

	Subsidiaries			Associates and jointly controlled companies		
	Italy	**Outside Italy**	**Total**	**Italy**	**Outside Italy**	**Total**
Subsidiaries/Joint operations and their participating interests	**5**	**53**	**58**	**1**	**-**	**1**
Consolidated companies	5	53	58	-	-	-
Companies consolidated as a joint operation	-	-	-	1	-	1
Participating interests held by consolidated companies (1)	**1**	**1**	**2**	**8**	**28**	**36**
Accounted for using the equity method	-	-	-	6	28	34
Accounted for using the cost method	1	1	2	2	-	2
Total companies	**6**	**54**	**60**	**9**	**28**	**37**

(1) The participating interests held by subsidiaries and joint operations accounted for using the equity method and the cost method relate to immaterial entities and entities whose consolidation would not have a material impact.

(*) F.C. = full consolidation, J.O. = joint operation, E.M. = equity method, Co. = cost method.
(**) In liquidation
(***) Inactive throughout the year
Δ Jointly-controlled company

Changes in the consolidation scope

There were the following changes in the consolidation scope of the Group in 2021 with respect to the consolidated financial statements as of December 31, 2020.

New incorporations, disposals, liquidations, mergers, change in equity investments, and changes to the consolidation method:
- following a capital increase, the ownership of **Sabella SA**, is as follows: 9% held by Sofresid Engineering SA and 91% by third parties;
- **Saipem - Hyperion Eastmed Engineering Ltd**, with registered offices in Cyprus, was incorporated and accounted for using the equity method;
- **CCS Netherlands BV**, previously accounted for using the equity method, was removed from the Register of Companies;
- following a capital increase, the ownership of **Saipem (Malaysia) Sdn Bhd**, is as follows: 99.31% held by Saipem International BV and 0.69% by third parties;
- **Bally Solar Energy Ltd**, with registered offices in Ireland, was incorporated and accounted for using the equity method;
- following a share transfer by a third party, proportionally to the other shareholders, ownership of SCD JV Scarl is as follows: 60% held by Servizi Energia Italia SpA and 40% by third parties;
- **CCS LNG Mozambique Lda**, previously accounted for using the equity method, was placed into liquidation and then removed from the Register of Companies;
- **SAME Netherlands BV**, with registered offices in the Netherlands, was incorporated and accounted for using the equity method;
- **Sonsub International Pty Ltd**, consolidated, was placed into liquidation and then removed from the Register of Companies;
- **TSKJ Nigeria Ltd**, previously accounted for using the equity method, was placed into liquidation;
- **T.C.P.I. Angola Tecnoprojecto Internacional SA**, accounted for using the equity method, has been excluded from the consolidation as it is a jointly controlled company (Petromar Lda) with insignificant values;
- **Saipem SpA** transferred to Saipem International BV 100% shares of Saipem Offshore Norway AS, consolidated, which was consequently merged into Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda;
- **Charville - Consultores e Serviços Lda**, previously accounted for using the equity method, was removed from the Register of Companies;
- **Saipem Argentina de Perforaciones, Montajes y Proyectos Sociedad Anónima, Minera, Industrial, Comercial y Financiera**, previously accounted for using the equity method, has been accounted for using the cost method due to the total absence of operations.

7 Cash and cash equivalents

Cash and cash equivalents amounted to €1,632 million, a decrease of €55 million compared with December 31, 2020 (€1,687 million).
Cash and cash equivalents at the end of the year, denominated in euros for 50%, US dollars for 29% and other currencies for 21%, were found to be remunerated at an average rate of 0.16%. Cash and cash equivalents included cash and cash on hand of €2 million (€3 million as of December 31, 2020).
Cash at the end of the year included for a total of €930 million: (i) cash and cash equivalents of €713 million in current accounts of projects executed in partnership or joint venture; (ii) cash and cash equivalents of €214 million in current accounts denominated in currencies subject to movement and/or convertibility restrictions; (iii) cash and cash equivalents amounting to €3 million in current accounts frozen or subject to restrictions.
The breakdown of cash and cash equivalents of Saipem and other Group companies as of December 31, 2021 by geographical segment (based on the country of domicile of the relevant company) was as follows:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Italy	1,011	738
Rest of Europe	124	107
CIS	66	33
Middle East	63	110
Far East	108	138
North Africa	4	10
Sub-Saharan Africa	47	278
Americas	264	218
Total	**1,687**	**1,632**

Regarding the impact of the Russian-Ukrainian crisis, please refer to the section in Note 41 "Business outlook and events after the reporting period".

8 Financial assets measured at fair value through OCI

Financial assets measured at fair value through OCI amounted to €59 million (€68 million as of December 31, 2020) and were as follows:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Securities for non-operating purposes		
Listed bonds issued by sovereign states/supranational institutions	7	7
Listed bonds issued by industrial companies	61	52
Total	**68**	**59**

Listed bonds issued by sovereign states/supranational institutions as of December 31, 2021 of €7 million were as follows:

(€ million)	Notional amount	Fair value	Nominal rate of return (%)	Maturity	Standard & Poor's rating classification
Fixed rate bonds					
Poland	6	7	3.75-4.50	2022-2023	A
Total	**6**	**7**			

Listed bonds issued by industrial companies as of December 31, 2021 of €52 million were as follows:

(€ million)	Notional amount	Fair value	Nominal rate of return (%)	Maturity	Standard & Poor's rating classification
Fixed rate bonds					
Listed bonds issued by industrial companies	51	52	0.25-5.52	2022-2028	AA/BBB
Total	**51**	**52**			

The fair value of bonds is determined on the basis of market prices. The fair value hierarchy is level 1, that is, based on quotations in active markets. The bonds measured at fair value through OCI are held both to collect contractual cash flows and for future sale.
Listed bonds issued by sovereign states/supranational institutions and by industrial companies held by the Group fall within the scope of analysis for the determination of expected losses.
Given the high creditworthiness of the issuers (investment grade) the impact of expected losses on the bonds in question as of December 31, 2021 is irrelevant.

9 Other financial assets

Other current financial assets

Other current financial assets of €567 million (€344 million as of December 31, 2020) consist of the following:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Financial receivables for operating purposes	2	1
Financial receivables for non-operating purposes	342	566
Total	**344**	**567**

Financial receivables for operating purposes of €1 million (€2 million as of December 31, 2020) were related to receivables held by Saipem SpA from Serfactoring SpA.
Financial receivables for non-operating purposes of €566 million (€342 million as of December 31, 2020) were related mainly to the portion attributable to the subsidiary Servizi Energia Italia SpA of cash and cash equivalents recognized in the financial statements of the companies CCS JV Scarl which is carrying out a project in Mozambique (€344 million) and the company SCD JV Scarl which is carrying out a project in Nigeria (€208 million).
Other current financial assets from related parties are shown in Note 38 “Related party transactions”.

Other non-current financial assets

The other non-current financial assets that are not instrumental to operations equal to €61 million (€66 million as of December 31, 2020), include the amount of two frozen bank accounts belonging to Saipem Contracting Algérie SpA for a total of €61 million (€61 million before discounting), classified as other non-current financial assets due to the protracted criminal proceedings in Algeria.

10 Trade receivables and other assets

Trade receivables and other assets of €2,251 million (€1,991 million as of December 31, 2020) were as follows:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Trade receivables	1,663	1,837
Advances for services	199	263
Other receivables	129	151
Total	**1,991**	**2,251**

Receivables are stated net of a loss allowance of €762 million, whose movement is shown below:

(€ million)	Dec. 31, 2020	Accruals	Utilisations	Exchange differences	Other changes	Dec. 31, 2021
Trade receivables	655	57	(17)	38	(1)	732
Other receivables	30	-	-	-	-	30
Total	**685**	**57**	**(17)**	**38**	**(1)**	**762**

Trade receivables amounted to €1,837 million, representing an increase of €174 million compared to 2020.
The credit exposure to the top five clients is in line with the Group’s operations and represents around 46% of total trade receivables.
The Group is closely monitoring revenue since, as is well known, its major clients are the main Oil Companies in the reference sector, especially affected by the current uncertain scenario characterised by the pandemic. The recoverability of trade receivables is checked using the so-called “expected credit loss model”.
As of December 31, 2021, the effect of expected losses on trade receivables, determined on the basis of the assessment of the creditworthiness of the client, amounted to €125 million (€131 million as of December 31, 2020) on the total loss allowance of €732 million (€655 million as of December 31, 2020).

Below is the credit schedule gross of the creditworthiness assessment.
Trade receivables neither past due and not impaired amount to €1,602 million (€1,257 million as of December 31, 2020), whereas receivables that are past due and are not impaired amount to €360 million (€537 million as of December 31, 2020), of which €140 million are from 1 to 90 days past due (€166 million as of December 31, 2020), €24 million are from 3 to 6 months past due (€191 million as of December 31, 2020), €58 million are from 6 to 12 months past due (€23 million as of December 31, 2020) and €138 million are past due for more than 12 months (€157 million as of December 31, 2020). These receivables mainly concern counterparties with high creditworthiness.
At December 31, 2021, Saipem had non-recourse non-notification factoring agreements relating to trade receivables not past due amounting to €38 million (€162 million as of December 31, 2020). Saipem SpA is responsible for managing the collection of the receivables assigned without notice and for transferring the sums collected to the factors.
Trade receivables included retentions guaranteeing contracts of €144 million (€192 million as of December 31, 2020), of which €78 million were due within twelve months and €66 million due after twelve months.
As of December 31, 2021, there were no trade receivables relating to projects in dispute as of December 31, 2020.
Advances for services not yet rendered amounted to €263 million as of December 31, 2021, relating mainly to advances to suppliers on ongoing operational projects, an increase of €64 million compared to the previous year.
Other receivables of €151 million were as follows:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Receivables from:		
- employees	41	43
- guarantee deposits	13	11
- national insurance/social security contributions	7	5
Other	68	92
Total	**129**	**151**

Other receivables amounting to €151 million are shown net of the impairment allowance of €30 million, in line with the previous year, related mainly to the write-down of a receivable from a subcontractor.
Trade receivables and other assets from related parties are detailed in Note 38 "Related party transactions".
The fair value of trade receivables and other assets did not differ significantly from their carrying amount due to the short period of time elapsed between their date of origination and their due date.
Receivables in currency other than euro amounted to €1,440 million (€1,275 million as of December 31, 2020) divided, percentagewise, among the following main currencies:
- US Dollar 63% (52% as of December 31, 2020);
- Saudi Arabian Riyal 23% (32% as of December 31, 2020);
- Indonesian Rupiah 5% (4% as of December 31, 2020);
- other currencies 9% (12% as of December 31, 2020).

11 Inventories and contract assets

Inventories

Inventories amounted to €258 million (€280 million as of December 31, 2020) and were as follows:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Raw and auxiliary materials and consumables	280	258
Total	**280**	**258**

The item "Raw and auxiliary materials and consumables" includes spare parts for drilling and construction activities, as well as consumables for internal use and not for sale. The item is stated net of a provision for impairment of €160 million.

(€ million)	Dec. 31, 2020	Accruals	Utilisations	Other changes	Dec. 31, 2021
Raw and auxiliary materials and consumables allowance	147	31	(22)	4	160
Total	**147**	**31**	**(22)**	**4**	**160**

Inventories related to vessels and logistics bases that are to be decommissioned over the plan period, were partially impaired by €13 million.
Other changes are the effect of the normal valuation process of inventories aimed at gradually adjusting their economic value according to their ageing (date of last purchase).

Contract assets

Contract assets for €1,320 million (€1,295 million as of December 31, 2020) consisted of the following:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Contract assets (from work in progress)	1,303	1,330
Allowance for impairment on contract assets (from work in progress)	(8)	(10)
Total	**1,295**	**1,320**

Contract assets (from work in progress) equal to €1,330 million, increased by €27 million due to the recognition of revenue based on operational progress of projects to be invoiced in 2022 for €477 million, plus the impact of the exchange rate effect for €44 million, an amount largely offset by €476 million arising from the recognition of milestones by customers, plus the effect of write-downs arising from the continuous legal and commercial monitoring of the claim and change order amounts considered in the full life for the purpose of contract valuation for €18 million.

The effects relative to IFRS 9 applied to contract assets amounted to €10 million.

12 Tax assets and liabilities

Current income tax assets and liabilities

Current income tax assets and liabilities consisted of the following:

	Dec. 31, 2020		Dec. 31, 2021	
(€ million)	Assets	Liabilities	Assets	Liabilities
Italian tax authorities	58	-	54	-
Foreign tax authorities	185	44	221	42
Total current income taxes	**243**	**44**	**275**	**42**

The increase of current income tax assets pertained entirely to relations with foreign financial administrations.

Other current tax assets and liabilities

Other current tax assets and liabilities consisted of the following:

	Dec. 31, 2020		Dec. 31, 2021	
(€ million)	Assets	Liabilities	Assets	Liabilities
Italian tax authorities	2	26	3	35
Foreign tax authorities	187	110	193	157
Total other current taxes	**189**	**136**	**196**	**192**

Other current tax assets from Italian tax authorities amounting to €3 million (€2 million as of December 31, 2020) relate to VAT assets for €1 million (€2 million as of December 31, 2020) and to indirect tax assets for €2 million.
Other current tax assets from foreign tax authorities amounting to €193 million (€187 million as of December 31, 2020) relate to VAT assets for €139 million (€144 million as of December 31, 2020) and to indirect tax assets for €54 million (€43 million as of December 31, 2020).
Other current tax liabilities from Italian tax authorities amounting to €35 million (€26 million as of December 31, 2020) relate to VAT liabilities for €21 million (€14 million as of December 31, 2020) and to indirect tax liabilities for €14 million (€12 million as of December 31, 2020).
Other current tax liabilities from foreign tax authorities amounting to €157 million (€110 million as of December 31, 2020) relate to VAT liabilities for €92 million (€46 million as of December 31, 2020) and to indirect tax liabilities for €65 million (€64 million as of December 31, 2020).

Non-current income tax assets and liabilities

Non-current income tax assets and liabilities consisted of the following:

	Dec. 31, 2020		Dec. 31, 2021	
(€ million)	Assets	Liabilities	Assets	Liabilities
Italian tax authorities	-	-	-	-
Foreign tax authorities	20	24	20	42
Total non-current income taxes	**20**	**24**	**20**	**42**

Non-current income tax assets relate to income tax assets expected to be due in more than twelve months. Non-current income tax liabilities refers to assessments of uncertain tax treatments. The Saipem Group operates in numerous countries with complex tax laws to which it also adheres thanks to the support of local tax consultants, adopting a conduct which ensures the maximum compliance with the fiscal legislation in force and established practice. It is felt, therefore, that no significant additional liabilities will arise with respect to those already recognised.

13 Other assets

Other current assets

Other current assets amounted to €231 million (€298 million as of December 31, 2020) and were as follows:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Fair value of derivative financial instruments	156	87
Other assets	142	144
Total	**298**	**231**

The fair value of derivative financial instruments is commented in Note 25 “Derivative financial instruments”.
Other assets as of December 31, 2021 amounted to €144 million, representing an increase of €2 million compared with December 31, 2020, and consisted mainly of prepayments related mostly to the preparation of vessels to be used on contracts and insurance costs.

Other non-current assets

Other non-current assets of €37 million (€35 million as of December 31, 2020) were as follows:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Fair value of derivative financial instruments	2	5
Other receivables	8	9
Other assets	25	23
Total	**35**	**37**

The fair value of derivative financial instruments is commented in Note 25 “Derivative financial instruments”.
Other receivables amounted to €9 million, in line with December 31, 2020, and related almost exclusively to guarantee deposits of various kinds, mainly guarantee deposits paid for property leases and for the investigation of legal proceedings.
Other assets as of December 31, 2021 amounted to €23 million, a decrease of €2 million compared to December 31, 2020, which mostly include costs not pertaining to the financial year, for the preparation of vessels to be used on contracts.
Other non-current assets from related parties are shown in Note 38 “Related party transactions”.

14 Property, plant and equipment

Property, plant and equipment amounted to €3,113 million (€3,284 million as of December 31, 2020) and consisted of the following:

(€ million)	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Dec. 31, 2020							
Opening carrying amount	**67**	**162**	**3,653**	**71**	**9**	**167**	**4,129**
Capital expenditure	-	10	182	21	3	89	305
Depreciation and impairment losses	-	(39)	(364)	(24)	(4)	-	(431)
Net reversals of impairment losses	-	(20)	(619)	-	-	(5)	(644)
Disposals	-	-	(14)	(1)	-	-	(15)
Change in the consolidation scope	-	-	-	-	-	-	-
Business unit transactions	-	-	-	-	-	-	-
Exchange differences	(16)	(8)	(30)	(4)	-	(2)	(60)
Other changes		19	81	5	1	(106)	-
Closing carrying amount	**51**	**124**	**2,889**	**68**	**9**	**143**	**3,284**
Closing gross balance	51	946	11,264	532	105	162	13,060
Depreciation and impairment losses	-	822	8,375	464	96	19	9,776
Dec. 31, 2021							
Opening carrying amount	**51**	**124**	**2,889**	**68**	**9**	**143**	**3,284**
Capital expenditure	-	8	212	11	2	50	283
Depreciation and impairment losses	-	(30)	(342)	(23)	(4)	-	(399)
Net reversals of impairment losses	-	(6)	(67)	(7)	-	-	(80)
Disposals	-	-	(11)	(1)	-	-	(12)
Change in the consolidation scope	-	-	-	-	-	-	-
Business unit transactions	-	-	-	-	-	-	-
Exchange differences	1	7	24	3	-	2	37
Other changes	-	-	79	2	-	(81)	-
Closing carrying amount	**52**	**103**	**2,784**	**53**	**7**	**114**	**3,113**
Closing gross balance	52	1,005	11,244	557	101	115	13,074
Depreciation and impairment losses	-	902	8,460	504	94	1	9,961

Capital expenditure in 2021 amounted to €283 million (€305 million as of December 31, 2020) and mainly related to:
- €145 million in the Offshore Engineering & Construction sector: maintenance and upgrading of the existing assets, especially the Saipem Endeavour, FDS, FDS 2, Castoro 12;
- €12 million in the Onshore Engineering & Construction sector: purchase and maintenance of equipment;
- €75 million in the Offshore Drilling sector: extraordinary maintenance of the drillship Saipem 10000 and of the jack-up Perro Negro 8, in addition to maintenance and upgrading of the existing assets;
- €51 million in the Onshore Drilling sector: upgrading of rigs for operations in Saudi Arabia, United Arab Emirates and South America, as well as the maintenance and upgrading of the existing assets.

No financial expenses were capitalised during the year.
The main depreciation rates were as follows:

(%)	
Buildings	2.50-15.00
Plant and equipment	7.00-25.00
Industrial and commercial equipment	3.33-50.00
Other assets	12.00-20.00

Net exchange gains due to the translation of financial statements prepared in currencies other than euro, amounted to €37 million.
As of December 31, 2021, all property, plant and equipment was unencumbered by collateral.
The total commitment on current items of capital expenditure as of December 31, 2021 is indicated in Note 3 "Accounting policies" in the "Future payments for outstanding contractual obligations" section.
Two vessels, a number of ROVs and three logistic bases, which are expected to be disposed of over the plan period, were partially written down by €80 million, which includes the write-down of a further vessel sold at the end of 2021.
The impairment test performed on December 31, 2021 did not result in any write-downs.

Impairment

In monitoring impairment indicators, the Group considers, among other factors, the relationship between its market capitalisation and equity. As of December 31, 2021, the Group's market capitalisation was €154 million higher than the value of the net shareholders' equity in the third forecast; as of February 28, following the profit warning, market capitalisation was still €717 million higher than the net shareholders' equity in the 2021 forecast. Considering, inter alia, the events that led to the profit warning at the end of January 2022, together with the partial erosion of the share capital and the consequent update of the 2022-2025 Strategic Plan supporting the financial package approved in March 2022 by the Board of Directors (hereinafter the "Strategic Plan"), the impairment test concerned the verification of the recoverable amount of all the Cash Generation Units (CGU).

Specifically, the impairment test was carried out on 14 CGUs and they were: one FPSO unit (leased FPSO Cidade de Vitoria), the Offshore Engineering & Construction Division, the Onshore Engineering & Construction Division excluding the leased FPSO Cidade de Vitoria, the Onshore Drilling Division, and the individual rigs of the Offshore Drilling Division (10 individual offshore rigs). With respect to the year ended December 31, 2020, the XSIGHT Division does not qualify as an autonomous CGU as it is not capable of generating cash inflows independent of those generated by other activities, as required by IAS 36. This Division has become a cost centre rather than a profit centre, as the activities it carries out, and the related costs incurred, are functional to the achievement of positive cash flows of the other Divisions. In fact, from an operational point of view, the Plan provides for: (i) the reallocation of certain product lines and activities to the E&C Divisions; and (ii) the transfer of resources to the Onshore E&C Division.

The recoverability of the carrying amounts of the CGUs was tested by comparing the carrying amount of each CGU with its recoverable amount, determined on the basis of value in use obtained by discounting the future cash flows generated by each CGU at the weighted average cost of capital ("WACC") as specified in the following paragraphs.

Given the specific conditions in which the Company is currently operating, the impairment test on December 31, 2021 was exceptionally carried out using three "scenario analyses", which involve partially different assumptions and hypotheses.

Firstly, a basic assessment scenario was defined (the so-called "base scenario") considering: (i) in terms of forecast flows, the estimates reported in the Strategic Plan; (ii) in terms of the discount rate, WACC estimates calculated internally for each CGU using an analytical method (weighted average value of the Group's WACC equal to 8.3%); and (iii) in terms of the growth rate beyond the last forecast period, the target value of the inflation rate in the medium term determined by the ECB (2.0%).

The table below shows the discount rates calculated by the Company in the base case for each business segment:

(%)	WACC Dec. 31, 2020	WACC Dec. 31, 2021
Offshore E&C	8.0	8.7
Onshore E&C	7.8	8.1
Leased FPSO	6.3	6.6
Offshore Drilling	9.7	7.2
Onshore Drilling	7.8	8.8

The discount rates used (WACC) reflect market assessments of the time value of money and the systematic risks specific to the activities of the individual CGUs that are not reflected in the estimate of future cash flows and have been estimated for each business segment taking into account: (i) a cost of debt consistent with the average estimated in the four-year period of the Plan adjusted in light of the credit spread, observed on the market, relating to a panel of operators assembled to take into consideration the specific business segment; (ii) median leverage of the same panel of operators (based on the latest data regarding debt and market capitalisation of the last 12 months); (iii) the median beta of the securities of companies belonging to the same panel estimated on a long-term historical horizon. Post-tax cash flows and discount rates were used as they produce outcomes which are equivalent to those resulting from a valuation using pre-tax cash flows and discount rates. The assumptions made take into account the interest rates over the last twelve months, the risks of individual assets already included in the cash flow, as well as the long-term growth expectations in the businesses.

Once the "base scenario" was defined, two additional assessment scenarios were identified, characterised by more conservative assumptions in terms of forecast economic and financial flows, discount rate and long-term growth rate. In particular, given the contextual conditions in which the Company had to perform the analyses, for the purpose of the impairment test of December 31, 2021, external sources were chosen – both in relation to the reference information base, and the assessment parameters and configuration of the flow considered for the estimate of the terminal value – taking as reference a scenario (the "Scenario") identified by making the following adjustments to the estimates and parameters of the base scenario:

(i) in terms of projected economic and financial flows, certain changes were made to the estimates contained in the Business Plan in order to take into account the findings of an Independent Business Review ("IBR") prepared by independent consultants and aimed, inter alia, at comforting the Company's stakeholders involved in the implementation of Saipem's financial and capital support measures. For the sake of completeness, it should be noted that the IBR also included an analysis of the aforementioned backlog review, which formed the basis of the profit warning, as well as an examination of the reasonableness of the assumptions underlying the Strategic Plan. In particular, the adjustments made with respect to the estimates in the base case considered to define the Scenario are as follows:
   - for the Offshore Engineering & Construction and Onshore Engineering & Construction CGUs, net of the leased FPSO Cidade de Vitoria, a reduction was applied to the margins on contracts to be acquired expected for each year of the plan term. This adjustment also affected the calculation of the flow for the last year of the plan term used to estimate the

terminal value. The terminal value was determined on the basis of the perpetuity method, applying a long-term growth rate of 1.5% to the "normalised" terminal cash flow (in order to take into account the dynamics of the business and/or the cyclicality of the sector);
- for the Onshore Drilling CGU, the terminal value was estimated on the basis of the perpetuity method by considering a cash flow value expected for the last year of the plan "normalised" by aligning working capital to peer benchmark levels in terms of working capital/revenue ratio (base year 2020);
- for Offshore Drilling rigs, for the period beyond the Plan horizon (on the basis of the residual economic and technical life of the individual assets, or, if earlier, the expected expiry date of the last cyclical maintenance), were taken into consideration: (i) long-term lease rates defined as part of the planning process, by the related Division, through an estimate procedure based on managerial assessments on collected information (both internal and external), inflated by 1.5% over the projection period; in particular the long-term lease rates of the Offshore Drilling CGUs have been defined using the latest available reports processed by external sources, normally used by the division as a reference benchmark; (ii) "normalised" idle days; (iii) operating costs based on figures of the last year of the plan, inflated by 1.5% (in line with revenue); (iv) investments and related plant down times for cyclical maintenance and replacements estimated by the Divisions on the basis of the planned schedule for cyclical and intermediate maintenance;
- for the leased CGU FPSO Cidade de Vitoria with a defined useful life, in the assumptions underlying the preparation of the Plan, the sale in 2023, at the end of the contract, was considered; consequently, it was not necessary to define assumptions beyond that date;

(ii) as regards the discount rate, a discount rate of operating flows based on the WACC of each Division (calculated according to consolidated practice) was used, increased by a specific execution risk in order to align, given the specific conditions in which the Company operates – as well as to limit the subjectivity of the analyses carried out – the discount rate figure to the median value of the rates used by market analysts (9.4%); this consensus figure is higher than the estimates of the WACC determined on an analytical basis for each CGU;
(iii) with regard to the growth rate beyond the last explicit forecast period (g), a value equal to the median value of the rates used by analysts covering Saipem shares (1.5%) was considered.

Finally, in addition to the Scenario and the base scenario, the impairment test was carried out using a third scenario identified on the basis of the same assumptions used in the Scenario, with the only difference that for the Offshore Engineering & Construction and Onshore Engineering & Construction CGUs, net of the leased FPSO Cidade de Vitoria, no reduction in contract margins was applied and the value of expected cash flow for the last year of the plan was "normalised" by aligning working capital to peer benchmark levels in terms of working capital/revenue ratio (reference year 2020).
The economic and financial forecasts used for the impairment test were determined on the basis of the best information available and expectations at the time of the estimate, considering the future expectations of the management of the Divisions in relation to their respective markets, as well as actual results.
The estimates, in accordance with the provisions of IAS 36, do not consider cash inflows or outflows deriving from: (i) a future restructuring still to be approved or to which the Group is not committed yet; or (ii) the improvement or optimisation of business performance on the basis of initiatives still to be undertaken or approved, or for which there is still no commitment towards third parties for the increase of production capacity with respect to current capacity.
The impairment test carried out on December 31, 2021 with reference to the Scenario did not show the need to make any write-downs. The following table summarises the overall results of the test on the individual CGUs for the Scenario:

(€ million)	Offshore	Onshore	Offshore Drilling	Onshore Drilling	Leased FPSO
Headroom (impairment loss)	223	611	67	272	27

Specifically, the test carried out on the basis of the other scenario analyses did not indicate the need for impairment. In particular, if for the purpose of the impairment test the basic industrial scenario had been chosen as the reference information set, together with the assessment parameters as they resulted from the Company's internal analyses (appropriately validated on the basis of "capped" estimates with reference to both the industrial assumptions and the assessment parameters), the buffer between the carrying amount of the individual CGUs and their value in use would have been significantly higher.
The sensitivity analyses of the Scenario and relating to the 14 CGUs referring to the 10 Offshore Drilling assets, the Onshore Drilling CGU and the leased FPSO Cidade de Vitoria CGU are reported below, while those relating to the Offshore Engineering & Construction CGU and the Onshore Engineering & Construction CGU net of the leased FPSO Cidade de Vitoria are reported in Note 15 "Intangible assets".
With regard to the leased CGU FPSO Cidade de Vitoria, taking into account what has been specified above, the sensitivities related to changes in tariffs and the long-term exchange rate have not been processed.

Sensitivity analysis of the CGUs referring to 10 Offshore Drilling rigs and the leased FPSO

The key assumptions adopted in assessing the recoverable amounts of the 11 CGUs representing the Group's offshore vessels (10 from Offshore Drilling and one leased FPSO) related mainly to the operating result of the CGUs (based on a combination of various factors, including charter rates and exchange rates) and the discount rate applied to the cash flows. The effects of the sensitivity analysis on the parameters used for the estimate will be analysed below on the recoverable amount of these CGUs.
In particular, for the 11 CGUs:
- an increase in the discount rate of 1% would produce an impairment loss equal to €4 million;
- while for the 10 CGUs related to the Offshore Drilling vessels:

- decreases in long-term day rates of 10% compared with the rates assumed in the plan projections would produce an impairment loss equal to €87 million;
- decreases in long-term day rates of 20% compared with the rates assumed in the plan projections would produce an impairment loss equal to €243 million;
- an increase in long-term euro/dollar exchange rate of 0.1 compared to the scenario assumed in plan projections amounting to 1.3 would produce an impairment loss equal to €44 million.

Sensitivity analysis on the Onshore Drilling CGU

The excess of the recoverable amount of the Onshore Drilling CGU over the corresponding value of the net capital employed in the cash generating unit is reduced to zero under the following circumstances:

> decrease by 41.7% in the operating result, over the entire plan period and in perpetuity;
> use of a discount rate of 14.3%;
> use of a negative terminal growth rate;
> in addition, the elimination of cash flows from net working capital would not imply an impairment loss.

15 Intangible assets

Intangible assets of €699 million (€701 million as of December 31, 2020) consisted of the following:

(€ million)	Development costs	Industrial patents and intellectual property rights	Concessions, licences and trademarks	Assets under construction and advances	Other intangible assets	Total intangible assets with indefinite useful lives	Goodwill	Total intangible assets
Dec. 31, 2020								
Opening carrying amount	**-**	**23**	**1**	**5**	**2**	**31**	**667**	**698**
Capital expenditure	-	7	-	10	-	17	-	17
Depreciation and impairment losses	-	(12)	(1)	-	-	(13)	-	(13)
Net reversals of impairment losses	-	7	-	(7)	-	-	(1)	(1)
Exchange differences and other changes	-	-	-	-	-	-	-	-
Closing carrying amount	**-**	**25**	**-**	**8**	**2**	**35**	**666**	**701**
Closing gross balance	8	226	17	8	11	270	-	-
Depreciation and impairment losses	8	201	17	-	9	235	-	-
Dec. 31, 2021								
Opening carrying amount	**-**	**25**	**-**	**8**	**2**	**35**	**666**	**701**
Capital expenditure	-	5	1	9	-	15	-	15
Depreciation and impairment losses	-	(16)	-	-	-	(16)	-	(16)
Exchange differences and other changes	-	6	1	(9)	-	(2)	1	(1)
Net reversals of impairment losses	-	-	-	-	-	-	-	-
Closing carrying amount	**-**	**20**	**2**	**8**	**2**	**32**	**667**	**699**
Closing gross balance	8	238	18	8	11	283	-	-
Depreciation and impairment losses	8	218	16	-	9	251	-	-

Intellectual property rights of €20 million include mainly the costs incurred for the implementation in the parent company of various application systems and SAP modules.
The main depreciation rates were as follows:

(%)	
Development costs	20.00-20.00
Industrial patents and intellectual property rights	6.66-33.30
Concessions, licences, trademarks and similar rights	20.00-20.00
Other intangible assets	20.00-33.00

Goodwill of €667 million related mainly to the difference between the purchase price, including transaction costs, and the net assets of Saipem SA (€629 million), Sofresid SA (€21 million) and the Moss Maritime Group (€12 million) on the date that control was acquired.

For impairment purposes, goodwill has been allocated to the following CGUs:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Offshore E&C	403	403
Onshore E&C	263	264
Total	**666**	**667**

The goodwill of the XSIGHT Division has been reallocated to the Onshore E&C Division as a result of the above.
The recoverable amount of the two CGUs, to which goodwill was allocated, was determined based on value in use, calculated by discounting the future cash flows expected to be generated by each CGU.
The basis of the cash flow estimate, the discount rate used and the terminal growth rate for the estimate of the recoverable amount of the CGUs to which goodwill is allocated are described in the "Impairment" section of Note 14 "Property, plant and equipment".
The table below shows, as of December 31, 2021, the amounts by which the recoverable amounts of the Offshore Engineering & Construction and Onshore Engineering & Construction CGUs exceed their carrying amounts, including allocated goodwill.

(€ million)	Offshore	Onshore	Total
Goodwill	403	264	667
Amount by which recoverable amount exceeds carrying amount	223	611	834

The key assumptions adopted for assessing recoverable amounts were principally the operating results of the CGU (based on a combination of various factors, e.g. sales volumes, service prices, project profit margins, cost structure), the discount rate, the growth rates adopted to determine the terminal value and working capital projections. The effects of changes in these parameters in relation to the amount by which recoverable amount exceeds the carrying amounts (including goodwill) for each of the three CGUs to which goodwill was allocated are described below.

Sensitivity analysis on the Offshore Engineering & Construction CGU

The excess of the recoverable amount of the Offshore Engineering & Construction CGU over its carrying amount, including the allocated portion of goodwill, is reduced to zero under the following circumstance:
- decrease by 14% in the operating result, over the entire plan period and in perpetuity;
- use of a discount rate of 10.3%;
- use of a negative terminal growth rate equal to 0.5%.

Further, the excess of the recoverable amount over the value of the net capital employed in the Offshore Engineering & Construction CGU would increase in the event that working capital cash flows have been zeroed.

Sensitivity analysis on the Onshore Engineering & Construction CGU

The excess of the recoverable amount of the Onshore Engineering & Construction CGU over its carrying amount, including the allocated portion of goodwill, is never reduced to zero for any variation of the discount rate and terminal growth rate or for a reduction of the operating profit along the entire period of the plan and in perpetuity.
Further, the excess of the recoverable amount over the value of the net capital employed in the Onshore Engineering & Construction CGU would increase in the event that working capital cash flows have been zeroed.

16 Right-of-Use assets, lease assets and lease liabilities

The movements during the period of the right-of-use assets and lease financial assets and liabilities as of December 31, are shown as follows:

(€ million)	Right-of-Use assets	Lease assets Current	Lease assets Non-current	Lease liabilities Current	Lease liabilities Non-current
Dec. 31, 2020					
Opening balance	**584**	**8**	**8**	**149**	**477**
Increases	113	-	29	-	142
Decreases and cancellations	(215)	(14)	-	(162)	(182)
Depreciation	(147)	-	-	-	-
Net impairment reversals of impairment losses	(38)	-	-	-	-
Exchange differences	(5)	(2)	(3)	(6)	(17)
Interest	-	1	-	23	-
Other changes	(4)	23	17	147	(150)
Final value	**288**	**16**	**51**	**151**	**270**
Dec. 31, 2021					
Opening balance	**288**	**16**	**51**	**151**	**270**
Increases	105	-	21	1	115
Decreases and cancellations	(15)	(19)	-	(154)	(17)
Depreciation	(106)	-	-	-	-
Net impairment reversals of impairment losses	(15)	-	-	-	-
Exchange differences	4	2	3	5	10
Interest	-	2	-	13	-
Other changes	-	29	(29)	131	(131)
Final value	**261**	**30**	**46**	**147**	**247**

During the year, right-of-use was almost in line with December 31, 2020 due to new contracts, changes in existing contracts and their depreciation.
A decrease of €15 million was recorded, mainly relating to the closure of contracts; contracts relating to two logistics bases, which are expected to be disposed of over the plan period, were also partially written down by €15 million.
The net decrease between current leased financial assets and liabilities amounted to €135 million as a result of lease payments for the period and the final payment of the debt related to a contract that was terminated early in 2020.
As of December 31, 2021, no Right-of-Use asset is an autonomous CGU. For the purposes of determining the recoverable amount, the leased right-of-use assets have been allocated to the relevant CGUs and tested as described in the paragraph "Impairment" of Note 14 "Property, plant and equipment".
Based on business assessments, renewal options relating to property totalling €23 million (€124 million as of December 31, 2020) are not considered in the determination of the total duration of the contracts and lease liability as of December 31, 2021.
The breakdown of renewal options by year is as follows:

(€ million)	2022	2023	2024	2025	2026	2027	After	Total
Renewal options	-	-	1	1	1	1	19	**23**

Lease assets refer to subleases of vessels.
The other changes in financial liabilities for leasing refer mainly to the reclassification of financial liabilities from non-current to current.

The detail by type of the "Right-of-Use" assets as of December 31 is as follows:

(€ million)	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Total
Dec. 31, 2020						
Opening carrying amount	**31**	**218**	**311**	**16**	**8**	**584**
Increases	2	42	47	18	4	113
Decreases and cancellations	-	(23)	(191)	(1)	-	(215)
Depreciation	(4)	(59)	(60)	(17)	(7)	(147)
Net impairment reversals of impairment losses	-	-	(38)	-	-	(38)
Exchange differences	(1)	(4)	-	-	-	(5)
Other changes	-	(4)	-	-	-	(4)
Closing carrying amount	**28**	**170**	**69**	**16**	**5**	**288**
Closing gross balance	36	266	129	32	12	475
Amortisation and impairment losses	8	96	60	16	7	187
Dec. 31, 2021						
Opening carrying amount	**28**	**170**	**69**	**16**	**5**	**288**
Increases	15	51	17	11	11	105
Decreases and cancellations	(3)	(11)	-	(1)	-	(15)
Depreciation	(7)	(54)	(25)	(13)	(7)	(106)
Net impairment reversals of impairment losses	(13)	(2)	-	-	-	(15)
Exchange differences	1	3	-	-	-	4
Other changes	-	-	-	-	-	-
Closing carrying amount	**21**	**157**	**61**	**13**	**9**	**261**
Closing gross balance	45	291	147	32	16	531
Amortisation and impairment losses	24	134	86	19	7	270

The analysis by maturity of net lease liabilities as of December 31, 2021 is as follows:

		Non-current portion					
(€ million)	Short-term portion 2022	2023	2024	2025	2026	After	Total
Lease liabilities	147	104	47	23	16	57	394
Lease assets	30	31	14	1	-	-	76
Total	**117**	**73**	**33**	**22**	**16**	**57**	**318**

The average marginal loan rate used for discounting the "Right-of-Use" and financial liabilities for leasing, was 4.2% as of December 31, 2021 (4% as of December 31, 2020).

17 Equity investments

Equity investments accounted for using the equity method

Equity investments accounted for using the equity method of €157 million (€166 million as of December 31, 2020) were as follows:

(€ million)	Opening carrying amount	Acquisitions and subscriptions	Sales and reimbursements	Share of profit of equity-accounted investees	Share of loss of equity-accounted investees	Deduction for dividends	Change in the consolidation scope	Exchange differences	Movements in reserves	Other changes	Closing carrying amount	Loss allowance
Dec. 31, 2020												
Investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Investments in joint ventures	67	4	-	42	(12)	-	-	(9)	1	(4)	89	-
Investments in associates	66	-	-	18	(3)	-	-	(4)	-	-	77	-
Total	**133**	**4**	**-**	**60**	**(15)**	**-**	**-**	**(13)**	**1**	**(4)**	**166**	**-**
Dec. 31, 2021												
Investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Investments in joint ventures	89	-	(1)	26	(30)	(9)	-	2	-	1	78	-
Investments in associates	77	-	-	30	(12)	(18)	-	2	-	-	79	-
Total	**166**	**-**	**(1)**	**56**	**(42)**	**(27)**	**-**	**4**	**-**	**1**	**157**	**-**

Equity investments accounted for using the equity method are detailed in Note 6 “Consolidation scope as of December 31, 2021”.
The share of profit of equity-accounted investees of €56 million included profits for the period of €26 million recorded by the joint ventures and €30 million for the period recorded by associates.
The share of loss of equity-accounted investees of €42 million included losses for the period of €30 million recorded by the joint ventures and €12 million for the period recorded by associates.
Deductions following the distribution of dividends of €27 million related for €9 million to a joint venture and €18 million to an associate company.
The carrying amount of equity investments accounted for using the equity method related to the following companies:

(€ million)	Group interest (%)	Carrying amount as of Dec. 31, 2020	Carrying amount as of Dec. 31, 2021
Petromar Lda	70.00	37	52
Gygaz Snc	15.15	13	35
Saipem Taqa Al Rushaid Fabricators Co Ltd	40.00	34	24
Rosetti Marino SpA	20.00	28	15
PSS Netherlands BV	36.00	23	13
Other		31	18
Total equity investments accounted for using the equity method		**166**	**157**

The total of equity investments accounted for using the equity method does not include the allocation of the provision to cover losses, commented on in Note 23 “Provisions for risks and charges”.

Other equity investments

The other equity investments are not significant as of December 31, 2021.

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Other information about equity investments

The following table summarises key financial data from the IFRS financial statements of non-consolidated subsidiaries, joint ventures and associates accounted for using the equity method or recorded at cost, in proportion to the Group interest held:

	Dec. 31, 2020			Dec. 31, 2021		
(€ million)	Subsidiaries	Joint venture	Associates	Subsidiaries	Joint venture	Associates
Total assets	4	625	1,110	4	750	1,433
of which cash and cash equivalents	-	274	275	-	192	253
Total liabilities	4	552	1,043	4	691	1,365
Net revenue	-	473	725	-	646	1,051
Operating profit (loss)	-	19	17	-	(9)	1
Profit (loss) for the year	-	28	9	-	(7)	16

The table below shows the financial and economic data relating to joint ventures (full amounts at 100%).

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Current assets	1,305	1,519
- of which cash and cash equivalents	*673*	*495*
- of which current lease assets	-	-
Non-current assets	106	89
- of which non-current lease assets	*32*	-
Total assets	**1,411**	**1,608**
Current liabilities	1,157	1,477
- of which current financial liabilities	*2*	*2*
- of which current portion of non-current lease liabilities	*11*	*12*
Non-current liabilities	127	23
- of which non-current financial liabilities	*91*	-
- of which non-current lease liabilities	*19*	*8*
Total liabilities	**1,284**	**1,500**
Equity	**127**	**108**
Carrying amount of equity investment	**73**	**59**
Revenue and other operating income	1,163	1,455
Operating expenses	(1,082)	(1,432)
Depreciation, amortisation, and impairment losses	(26)	(28)
Operating profit (loss)	**55**	**(5)**
Financial income (expense)	38	9
Gains (losses) on equity investments	-	-
Pre-tax profit (loss)	**93**	**4**
Income taxes	(16)	(5)
Profit (loss) for the year	**77**	**(1)**
Other items of comprehensive income	2	2
Comprehensive income (expense) for the year	**79**	**1**
Earnings (loss) attributable to the Group	**28**	**(7)**
Dividends to the Group approved by joint ventures	**-**	**9**

The table below shows the financial and economic data relating to associates (full amounts at 100%).

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Current assets	4,404	5,148
- of which cash and cash equivalents	*1,490*	*1,151*
- of which current lease assets	-	-
Non-current assets	240	247
- of which non-current lease assets	*13*	*11*
Total assets	**4,644**	**5,395**
Current liabilities	4,220	4,896
- of which current financial liabilities	*49*	*27*
- of which current portion of non-current lease liabilities	*4*	*3*
Non-current liabilities	150	149
- of which non-current financial liabilities	*54*	*84*
- of which non-current lease liabilities	*9*	*7*
Total liabilities	**4,370**	**5,045**
Equity	**274**	**350**
Carrying amount of equity investment	**67**	**68**
Revenue and other operating income	3,782	5,266
Operating expenses	(3,675)	(5,210)
Depreciation, amortisation, and impairment losses	(30)	(31)
Operating profit (loss)	**77**	**25**
Financial income (expense)	(22)	54
Gains (losses) on equity investments	-	-
Pre-tax profit (loss)	**55**	**79**
Income taxes	(11)	7
Profit (loss) for the year	44	86
Other items of comprehensive income	(10)	6
Comprehensive income (expense) for the year	**34**	**92**
Earnings (loss) attributable to the Group	**9**	**16**
Dividends to the Group approved by associates	**-**	**18**

18 Deferred tax assets and liabilities

Deferred tax assets of €329 million (€240 million as of December 31, 2020) are shown net of offsettable deferred tax liabilities (offset €86 million).
Deferred tax liabilities of €5 million (€6 million as of December 31, 2020) are shown net of offsettable deferred tax assets of €86 million.
The movements of deferred tax assets and deferred tax liabilities were as follows:

(€ million)	Dec. 31, 2020	Accruals	Utilisations	Exchange differences	Other changes	Dec. 31, 2021
Deferred tax assets	240	109	(74)	6	48	329
Deferred tax liabilities	(6)	(16)	30	(3)	(10)	(5)
Total deferred tax assets (liabilities)	**234**	**93**	**(44)**	**3**	**38**	**324**

The item "Other changes" in deferred tax assets, up €48 million, included: (i) the offsetting of deferred tax assets against deferred tax liabilities at individual entity level (up €31 million); (ii) the tax effects (up €26 million) of fair value changes of derivatives designated as cash flow hedges reported in equity; (iii) the tax effects (up €3 million) of remeasurements of defined benefit plans for employees reported in equity; (iv) other changes (down €12 million).
The item "Other changes" in deferred tax liabilities, up €10 million, included: (i) the offsetting of deferred tax assets against deferred tax liabilities at individual entity level (up €31 million); (ii) the tax effects (down €19 million) of fair value changes of derivatives designated as cash flow hedges reported in equity; (iii) other changes (down €2 million).

Net deferred tax assets consisted of the following:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Deferred tax liabilities	(123)	(91)
Offsettable deferred tax assets	117	86
Net deferred tax liabilities	**(6)**	**(5)**
Non-offsettable deferred tax assets	240	329
Net deferred tax assets (liabilities)	**234**	**324**

The most significant temporary differences giving rise to net deferred tax assets (liabilities) are as follows:

(€ million)	Dec. 31, 2020	Accruals	Utilisations	Exchange differences	Other changes	Dec. 31, 2021
Deferred tax liabilities:						
- accelerated and excess depreciation	(38)	(4)	5	(1)	1	(37)
- hedging derivatives	(30)	(6)	7	-	19	(10)
- employee benefits	(1)	-	-	-	-	(1)
- non distributed reserves held by investees	(24)	-	10	-	-	(14)
- project progress status	(8)	(4)	-	-	-	(12)
- IFRS 16 lease	(8)	-	3	(1)	1	(5)
- other	(14)	(2)	5	(1)	-	(12)
	(123)	**(16)**	**30**	**(3)**	**21**	**(91)**
less:						
Offsettable deferred tax liabilities	117	-	-	-	(31)	86
Deferred tax liabilities	**(6)**	**(16)**	**30**	**(3)**	**(10)**	**(5)**
Deferred tax assets:						
- accruals to loss allowance and non-deductible risk and charges	98	172	(19)	1	(25)	227
- non-deductible depreciation	32	7	(10)	2	7	38
- hedging derivatives	5	6	(6)	-	26	31
- employee benefits	35	4	(8)	1	2	34
- tax losses carried forward	947	386	(62)	33	(13)	1,291
- project progress status	31	32	(6)	1	-	58
- IFRS 16 lease	8	2	(7)	-	-	3
- other	53	10	(7)	1	19	76
	1,209	**619**	**(125)**	**39**	**16**	**1,758**
less:						
- unrecognised prepaid income taxes	(852)	(510)	51	(33)	1	(1,343)
	357	**109**	**(74)**	**6**	**17**	**415**
less:						
Offsettable deferred tax assets	(117)	-	-	-	31	(86)
Deferred tax assets	**240**	**109**	**(74)**	**6**	**48**	**329**
Net deferred tax assets (liabilities)	**234**	**93**	**(44)**	**3**	**38**	**324**

Unrecognised prepaid income taxes of €1,343 million (€852 million as of December 31, 2020) mainly relate to tax losses that it will probably not be possible to utilize against future taxable amounts in the next four years.

Tax losses

Tax losses amounted to €6,125 million (€4,243 million as of December 31, 2020), of which €4,079 million can be carried forward without limit. Tax recovery corresponds to a tax rate of 24% for Italian companies and to an average tax rate of 20.2% for foreign companies.

Tax losses related mainly to foreign companies and can be used in the following periods:

(€ million)	Italy	Outside Italy
2022	-	21
2023	-	20
2024	-	79
2025	-	167
2026	-	76
Beyond 2026	-	1,683
Without limit	1,419	2,660
Total	**1,419**	**4,706**

Tax losses for which deferred tax assets have not been accounted for, in accordance with the provisions of IAS 12, amounted to €5,856 million.
Deferred tax assets recognized in the financial statements as of December 31, 2021 relating to tax losses amounted to €61 million and are considered recoverable in the next 4 years.
Taxes are shown in Note 34 “Income taxes”.

19 Trade payables, other liabilities and contract liabilities

Trade payables and other liabilities

Trade payables and other liabilities of €2,651 million (€2,463 million as of December 31, 2020) consisted of the following:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Trade payables	2,193	2,378
Other liabilities	270	273
Total	**2,463**	**2,651**

Trade payables amounted to €2,378 million, representing an increase of €185 million compared to December 31, 2020.
Trade payables and other liabilities to related parties are shown in Note 38 “Related party transactions”.
Other liabilities of €273 million were as follows:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Liabilities to:		
- employees	133	141
- national insurance/social security contributions	58	63
- insurance companies	2	2
- consultants and professionals	5	4
- Directors and Statutory Auditors	1	1
- shareholders	25	-
Other	46	62
Total	**270**	**273**

The fair value of trade payables and other liabilities did not differ significantly from their carrying amount due to the short period of time elapsed between their date of origination and their due date.

Contract liabilities

Contract liabilities of €2,517 million (€1,616 million as of December 31, 2020) consisted of the following:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Contract liabilities (from work in progress)	924	1,452
Advances from clients	692	1,065
Total	**1,616**	**2,517**

Contract liabilities (from work in progress) of €1,452 million (€924 million as of December 31, 2020) relate to adjustments in revenue invoiced on long-term contracts, in order to comply with the principle of accruals, in application of the accounting policies based on the contractual amounts accrued.
In particular, contractual liabilities (from work in progress) increased by €528 million as a result of adjustments to revenues invoiced during the year following the valuation based on the operating progress of projects for €677 million, plus the impact of

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the exchange rate effect for €15 million, partially offset by the recognition of revenues for the current year for €164 million adjusted at the end of the previous year.
Advances from clients of €1,065 million (€692 million as of December 31, 2020) refer to amounts received in the current and in previous financial years in relation to contracts in execution, eroded on the basis of contractual milestone.
Contract liabilities to related parties are shown in Note 38 "Related party transactions".

20 Other liabilities

Other current liabilities

Other current liabilities amounted to €186 million (€35 million as of December 31, 2020) and were as follows:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Fair value of derivative financial instruments	32	175
Other liabilities	3	11
Total	**35**	**186**

The fair value of derivative financial instruments is commented in Note 25 "Derivative financial instruments".
Other liabilities to related parties are shown in Note 38 "Related party transactions"

Other non-current liabilities

Other non-current liabilities of €30 million (€2 million as of December 31, 2020) were as follows:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Fair value of derivative financial instruments	1	28
Other liabilities	1	2
Other liabilities	-	-
Total	**2**	**30**

The fair value of derivative financial instruments is commented in Note 25 "Derivative financial instruments".

21 Financial liabilities

Financial liabilities were as follows:

	Dec. 31, 2020				Dec. 31, 2021			
(€ million)	Current financial liabilities	Current portion of non-current	Non-current financial liabilities	Total	Current financial liabilities	Current portion of non-current	Non-current financial liabilities	Total
Banks	220	167	584	971	367	151	439	957
Ordinary bonds	-	34	1,993	2,027	-	546	1,993	2,539
Other financial institutions	37	-	-	37	45	-	-	45
Total	**257**	**201**	**2,577**	**3,035**	**412**	**697**	**2,432**	**3,541**

As of December 31, 2021, there are bank financing contracts with Financial Covenant clauses requiring compliance with the ratio between net financial debt and EBITDA, determined every year based on the December 31 data, not higher than 3.5 times. As per the press release of December 23, 2021, the Company agreed with the respective lenders, during the period between October and December 2021, on the waiver, for the year 2021 only, of the Financial Covenant clause in the aforementioned financing contracts. As a result of this waiver, the Financial Covenant will not be recorded and calculated in relation to the date of December 31, 2021.
It should also be noted that there are loan agreements containing an express declaration and guarantee concerning the non-existence of the case provided for by Article 2446 of the Italian Civil Code. In this regard, the Company has initiated the appropriate negotiations with its banking counterparties in order to request the temporary disapplication of this declaration; it should be noted that, where necessary, such disapplication has been granted by appropriate waivers from the respective financial institutions.
It should also be noted that as of December 31, 2021, the Cross-Default clause was not verified for Medium-Long Term Debt.
It should be noted that there are "change of control" clauses for which reference is made to the "Corporate Governance and Shareholding Structure Report 2021".

The analysis by maturity of non-current financial liabilities as of December 31, 2021 is as follows:

(€ million) Type	Maturity range	2023	2024	2025	2026	After	Total non-current financial liabilities
Banks	2023-2027	206	92	67	60	14	439
Ordinary bonds	2022-2028	497	-	497	499	500	1,993
Total		**703**	**92**	**564**	**559**	**514**	**2,432**

With reference to future contractual payments due, the maturities of non-current financial liabilities were analysed as follows:

			Long-term maturity					
(€ million)	Carrying amount as of December 31, 2021	Short-term maturity as of December 31, 2022	2023	2024	2025	2026	After	Total future payments as of December 31, 2021
Banks	590	154	208	95	66	60	15	598
Ordinary bonds	2,539	549	500	-	500	500	500	2,549
Other financial institutions	-	-	-	-	-	-	-	-
Total	**3,129**	**703**	**708**	**95**	**566**	**560**	**515**	**3,147**

The difference of €18 million between the carrying amount of the non-current financial liabilities recognised in the financial statements as of December 31, 2021, and the total of future payments is due to the measurement using the amortised cost method.

The analysis of financial liabilities by currency with an indication of the interest rate is as follows:

(€ million)	Dec. 31, 2020						Dec. 31, 2021					
		Interest rate %			Interest rate %			Interest rate %			Interest rate %	
Currency	Current financial liabilities	from	to	Non-current (including current portion)	from	to	Current financial liabilities	from	to	Non-current (including current portion)	from	to
Euro	136	0.00	0.50	2,778	0.84	3.75	244	0.00	0.50	3,129	0.80	3.75
US Dollar	-	-	-	-			-	-	-	-		
Other	121	variable		-			168	variable		-		
Total	**257**			**2,778**			**412**			**3,129**		

Non-current financial liabilities, including the current portion, mature between 2022 and 2028.

As of December 31, 2021, Saipem had unused uncommitted short-term credit lines amounting to €207 million (€194 million as of December 31, 2020) and unused committed long-term credit lines amounting to €1,000 million (€1,000 million as of December 31, 2020).

Commission fees on unused lines of credit were not significant.

There were no financial liabilities secured by mortgages or liens on real estate of consolidated companies and by pledges on securities.

The fair value of non-current financial liabilities, including the current portion, amounted to €3,152 million (€2,884 million as of December 31, 2020) and was calculated by discounting the actual future cash flows in the main currencies of the loan at the following, approximate rates:

(%)	2020	2021
Euro	0.16-2.31	0.56-3.42

The market value of listed financial instruments was calculated using the closing stock price at the last available date of the year.

The following table lists the comparison between the notional value, the carrying amount and the fair value of non-current financial liabilities:

	Dec. 31, 2020			Dec. 31, 2021		
(€ million)	Notional amount	Carrying amount	Fair value	Notional amount	Carrying amount	Fair value
Banks	760	751	760	597	590	583
Ordinary bonds	2,000	2,027	2,124	2,500	2,539	2,569
Other financial institutions	-	-	-	-	-	-
Total	**2,760**	**2,778**	**2,884**	**3,097**	**3,129**	**3,152**

Based on the provisions of the "Disclosure Initiative" (amendments to IAS 7) the following is a reconciliation between the initial and final values of finance debt and the net financial position:

			Non-cash changes				
(€ million)	Dec. 31, 2020	Changes in cash flows	Acquisitions	Exchange differences	Change in the fair value	Other non-monetary changes	Dec. 31, 2021
Current financial liabilities	257	147	-	8	-	-	412
Non-current financial liabilities and current portion thereof	2,778	351	-	-	-	-	3,129
Net lease liabilities (assets)	354	(126)	-	10	-	80	318
Total net liabilities from financing activities	**3,389**	**372**	**-**	**18**	**-**	**80**	**3,859**

Financial liabilities to related parties are shown in Note 38 "Related party transactions".

22 Analyses of net financial debt

The financial debt statement prepared according to the new provisions established in the Consob document 5/21 of April 29, 2021, which implements the ESMA guidelines, is presented and compared to the statement as of December 31, 2020 which was drawn out in the same format for comparative purposes.

	Dec. 31, 2020			Dec. 31, 2021		
(€ million)	Current	Non-current	Total	Current	Non-current	Total
A. Cash and cash equivalents	**1,687**	**-**	**1,687**	**1,632**	**-**	**1,632**
B. Cash and cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**
C. Other current financial assets:						
- Financial assets measured at fair value through OCI	68	-	68	59	-	59
- Loan assets	342	-	342	566	-	566
D. Liquidity (A+B+C)	**2,097**	**-**	**2,097**	**2,257**	**-**	**2,257**
E. Current financial debt:	**408**	**-**	**408**	**559**	**-**	**559**
- Current bank loans and borrowings	220	-	220	367	-	367
- Current financial liabilities - related parties	1	-	1	18	-	18
- Other current financial liabilities	36	-	36	27	-	27
- Lease liabilities	151	-	151	147	-	147
F. Current portion of the non-current financial debt:	**201**	**-**	**201**	**697**	**-**	**697**
- Non-current bank loans and borrowings	167	-	167	151	-	151
- Ordinary bonds	34	-	34	546	-	546
G. Current financial debt (E+F)	**609**	**-**	**609**	**1,256**	**-**	**1,256**
H. Net current financial debt (G-D)	**(1,488)**	**-**	**(1,488)**	**(1,001)**	**-**	**(1,001)**
I. Non-current financial debt:	**-**	**854**	**854**	**-**	**686**	**686**
- Non-current bank loans and borrowings	-	584	584	-	439	439
- Non-current financial liabilities related parties	-	-	-	-	-	-
- Lease liabilities	-	270	270	-	247	247
J. Debt instruments:	**-**	**1,993**	**1,993**	**-**	**1,993**	**1,993**
- Ordinary bonds	-	1,993	1,993	-	1,993	1,993
K. Trade payables and other non-current debts	**-**	**-**	**-**	**-**	**-**	**-**
L. Non-current financial debt (I+J+K)	**-**	**2,847**	**2,847**	**-**	**2,679**	**2,679**
M. Total financial debt as per Consob document No. 5/21 of April 29, 2021 (H+L)	**(1,488)**	**2,847**	**1,359**	**(1,001)**	**2,679**	**1,678**

Net financial debt includes a financial liability relating to the interest rate swap, equal to €1 million, but does not include the fair value of derivatives indicated in Note 13 "Other assets" and Note 20 "Other liabilities".

Reconciliation of net financial debt

(€ million)	Dec. 31, 2020 Current	Non-current	Total	Dec. 31, 2021 Current	Non-current	Total
M. Total financial debt as per Consob document No. 5/21 of April 29, 2021 (H+L)	**(1,488)**	**2,847**	**1,359**	**(1,001)**	**2,679**	**1,678**
N. Non-current loan assets	**-**	**66**	**66**	**-**	**61**	**61**
O. Lease assets	**16**	**51**	**67**	**30**	**46**	**76**
P. Net financial debt (M-N-O)	**(1,504)**	**2,730**	**1,226**	**(1,031)**	**2,572**	**1,541**

Net financial debt before lease liabilities amounts to €1,223 million as of December 31, 2021, up by €351 million from December 31, 2020 (€872 million), mainly due to the slowdown of some projects and the postponement of the contribution of recently acquired projects. Net financial debt inclusive of IFRS 16 lease liabilities (€318 million) amounted to €1,541 million.
Loan assets are explained in Note 9 "Other financial assets".

23 Provisions for risks and charges

Provisions for risk and charges of €1,353 million (€295 million as of December 31, 2020) consisted of the following:

(€ million)	Opening balance	First application of IFRIC 23	Accruals	Utilisations	Other changes	Final value
Dec. 31, 2020						
Provisions for taxes	15	-	-	(1)	(1)	13
Provisions for disputes	120	-	24	(60)	(10)	74
Provisions for losses on investments	27	-	8	-	(9)	26
Provision for contractual expenses and losses on long-term contracts	49	-	113	(19)	1	144
Provisions for redundancy incentives	1	-	2	(5)	2	-
Other provisions	41	-	11	(11)	(3)	38
Total	**253**	**-**	**158**	**(96)**	**(20)**	**295**
Dec. 31, 2021						
Provisions for taxes	13	-	2	(2)	1	14
Provisions for disputes	74	-	294	(109)	6	265
Provisions for losses on investments	26	-	23	(18)	(1)	30
Provision for contractual expenses and losses on long-term contracts	144	-	858	(31)	2	973
Provisions for redundancy incentives	-	-	21	(2)	(2)	17
Other provisions	38	-	21	(9)	4	54
Total	**295**	**-**	**1,219**	**(171)**	**10**	**1,353**

The **provisions for taxes** amounted to €14 million and related principally to disputes concerning indirect taxes with foreign tax authorities that are ongoing and take into account the results of recent assessments.
The Group operates in numerous countries with complex tax laws to which it adheres thanks also to the support of local tax consultants. In some of these jurisdictions, the Group is handling, through appeals, some requests made by the tax authorities, from which the Directors believe that no further significant charges will arise with respect to what has already been set aside.
The **provisions for disputes** amounted to €265 million and consisted of provisions set aside by Saipem SpA and a number of foreign subsidiaries in relation to ongoing disputes, of which €11 million were for disputes with employees. The provision mainly includes an estimate of contingent liabilities arising from settlements and legal proceedings. In particular, provisions for the year include the amount of approximately €192 million equivalent relating to a dispute in Algeria concerning a contract completed a long time ago; for further information, please refer to the section "Legal proceedings" in Note 29 "Guarantees, commitments and risks".
The **provisions for losses on investments** amounted to €30 million and related to provisions for losses of investees accounted for using the equity method.
The **provision for contractual expenses and losses on long-term contracts** amounted to €973 million and included the estimate of losses for €963 million and the provision for final project costs for the amount of €10 million related to projects of the Offshore and Onshore E&C divisions. The change was mainly due to a significant deterioration of the full-life economic margins of certain projects related to Onshore E&C and Offshore Wind subject to backlog review.
The **provisions for redundancy incentives** amounted to €17 million and referred to provisions made by the Parent Company and two foreign subsidiaries.
Other provisions amounted to €54 million and are for other contingencies.

24 Employee benefits

Employee benefits amounted to €238 million (€237 million as of December 31, 2020) and consisted of the following:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Post-employment benefits (TFR)	35	33
Foreign defined benefit plans	90	104
FISDE and other health plans	29	32
Other long-term employee benefits	83	69
Total	**237**	**238**

Total post-employment benefits (TFR), regulated by Article 2120 of the Italian Civil Code, relate to the statutory provisions, estimated using actuarial techniques, to be paid to employees by Italian companies upon the termination of an employment relationship.
Foreign defined benefit plans related to:
- defined pension benefit plans of foreign companies located, primarily, in Saudi Arabia, France, Switzerland, the United Arab Emirates and the United Kingdom;
- pension provisions and similar obligations for personnel employed abroad, to whom local legislation applies.

Benefits consist of a return on capital determined on the basis of the length of service and the salary paid in the last year of service, or the average annual salary paid in a determined period preceding termination.
Liabilities and costs related to supplementary medical reserve for Eni managers (FISDE) are calculated on the basis of the contributions paid by the company for retired managers.
Other provisions for long-term employee benefits related mainly to long-term incentive plans, jubilee awards, the voluntary redundancy incentive plan (Article 4, Italian Law No. 92/2012) and other long-term plans.
The long-term incentive plans, as well as the jubilee awards represent long-term benefit plans. The long-term incentive plans (LTI) include the estimate, which was determined based on actuarial assumptions, of the amount to be paid to the beneficiaries under the condition that they remain employed for the three-year period following the allocation of the incentive; the determined cost is allocated on a 'pro-rata temporis' basis during the vesting period. The Company has provided long-term incentives for middle-management employees. Jubilee awards are benefits due following the attainment of a minimum period of service and, with regard to Italian companies, they consist of remuneration in kind.
The provision for employee redundancy incentives, allocated following the agreements under the provisions of Article 4, Italian Law No. 92/2012 of May 23, 2016 between Saipem SpA and the representatives of the main Trade Union Organisations in order to implement, in the least traumatic way possible, a correct restructuring of personnel, includes the estimate of charges, determined on an actuarial basis, connected to offers for early, consensual termination of the employment relationship.

Employee benefits calculated using actuarial techniques are analysed as follows:

	Dec. 31, 2020					Dec. 31, 2021				
(€ million)	Post-employment benefits (TFR)	Foreign defined benefit plans	FISDE and other foreign health plans	Other long-term employee benefit funds	Total	Post-employment benefits (TFR)	Foreign defined benefit plans	FISDE and other foreign health plans	Other long-term employee benefit funds	Total
Present value of benefit obligation at the beginning of the year	**36**	**176**	**26**	**89**	**327**	**35**	**173**	**29**	**83**	**320**
Current cost	-	15	1	12	28	-	11	1	12	24
Interest expense	1	2	-	-	3	-	2	-	-	2
Remeasurements:	-	4	3	6	13	1	4	3	(3)	5
- actuarial gains and losses resulting from changes in demographic assumptions	*-*	*(8)*	*-*	*(1)*	*(9)*	*-*	*4*	*3*	*-*	*7*
- actuarial gains and losses resulting from changes in financial assumptions	*1*	*8*	*3*	*2*	*14*	*-*	*(2)*	*-*	*(2)*	*(4)*
- experience adjustments	*(1)*	*4*	*-*	*5*	*8*	*1*	*2*	*-*	*(1)*	*2*
Cost for previous services and profits/losses for termination	-	-	-	-	-	-	(12)	-	-	(12)
Contributions to plan:	-	-	-	-	-	-	-	-	-	-
- contributions to plan by employees	-	-	-	-	-	-	-	-	-	-
- contributions to plan by employer	-	-	-	-	-	-	-	-	-	-
Benefits paid	(2)	(16)	(1)	(24)	(43)	(3)	(12)	(1)	(22)	(38)
Business unit transactions	-	-	-	-	-	-	-	-	-	-
Exchange differences and other changes	-	(8)	-	-	(8)	-	11	-	(1)	10
Present value of benefit obligation at the end of the year (a)	**35**	**173**	**29**	**83**	**320**	**33**	**177**	**32**	**69**	**311**
Plan assets at the start of the financial year	**-**	**81**	**-**	**-**	**81**	**-**	**83**	**-**	**-**	**83**
Interest income	-	1	-	-	1	-	1	-	-	1
Return on plan assets	-	5	-	-	5	-	(1)	-	-	(1)
Cost for previous services and profits/losses for termination	-	-	-	-	-	-	(11)	-	-	(11)
Contributions to plan:	-	4	-	-	4	-	-	-	-	-
- contributions to plan by employees	-	-	-	-	-	-	-	-	-	-
- contributions to plan by employer	-	*4*	-	-	*4*	-	*6*	-	-	*6*
Benefits paid	-	(4)	-	-	(4)	-	(3)	-	-	(3)
Exchange differences and other changes	-	(4)	-	-	(4)	-	5	-	-	5
Plan assets at the end of the financial year (b)	**-**	**83**	**-**	**-**	**83**	**-**	**80**	**-**	**-**	**80**
Net liabilities (c=a-b)	**35**	**90**	**29**	**83**	**237**	**33**	**97**	**32**	**69**	**231**
Additional liability to be recognised under IFRIC 14 (d)	-	-	-	-	-	-	7	-	-	7
Net liability (c+d)	**35**	**90**	**29**	**83**	**237**	**33**	**104**	**32**	**69**	**238**

Other provisions for long-term employee benefits of €69 million (€83 million as of December 31, 2020) are related to the voluntary redundancy plan for employees amounting to €32 million (€45 million as of December 31, 2020), other long-term foreign plans for €29 million (€30 million as of December 31, 2020), service awards for €7 million (€7 million as of December 31, 2020) and the long-term incentive plan for €1 million (€1 million as of December 31, 2020).

Costs for employee benefits determined using actuarial assumptions charged to the income statement are detailed below:

	Dec. 31, 2020					Dec. 31, 2021				
(€ million)	Post-employment benefits (TFR)	Foreign defined benefit plans	FISDE and other foreign health plans	Other long-term employee benefit funds	Total	Post-employment benefits (TFR)	Foreign defined benefit plans	FISDE and other foreign health plans	Other long-term employee benefit funds	Total
Current cost	-	15	1	12	28	-	11	1	12	24
Cost for previous services and profits/losses for termination	-	-	-	-	-	-	(1)	-	-	(1)
Net interest expense (income):										
- interest expense on obligation	1	2	-	-	3	-	2	-	-	2
- active interest on plan assets	-	(1)	-	-	(1)	-	(1)	-	-	(1)
Total net interest expense (income)	1	1	-	-	2	-	1	-	-	1
of which recognised in payroll costs	-	-	-	-	-	-	-	-	-	-
of which recognised in finance income (expense)	*1*	*1*	-	-	*2*		*1*	-	-	*1*
Remeasurements of long-term plans	-	-	-	6	6	-	-	-	(3)	(3)
Total	**1**	**16**	**1**	**18**	**36**	**-**	**11**	**1**	**9**	**21**
of which recognised in payroll costs	-	*15*	*1*	*18*	*34*	-	*10*	*1*	*9*	*20*
of which recognised in finance income (expense)	*1*	*1*	-	-	*2*	-	*1*	-	-	*1*

Costs for defined benefit plans recognised in items of other comprehensive income were as follows:

	2020				2021			
(€ million)	Post-employment benefits (TFR)	Foreign defined benefit plans	FISDE and other foreign health plans	Total	Post-employment benefits (TFR)	Foreign defined benefit plans	FISDE and other foreign health plans	Total
Remeasurements:								
- actuarial gains and losses resulting from changes in demographic assumptions	-	(8)	-	(8)	-	4	3	7
- actuarial gains and losses resulting from changes in financial assumptions	1	8	3	12	-	(2)	-	(2)
- experience adjustments	(1)	4	-	3	1	2	-	3
- return on plan assets	-	(5)	-	(5)	-	1	-	1
Additional liability to be recognised under IFRIC 14	-	-	-	-	-	7	-	7
Total	**-**	**(1)**	**3**	**2**	**1**	**12**	**3**	**16**

Plan assets consisted of the following:

(€ million)	Cash and cash equivalents	Equity instruments	Debt instruments	Property	Derivative financial instruments	Mutual investment funds	Assets held by insurance companies	Structured debt instruments	Other assets	Total
Plan assets:										
- prices quoted in active markets	3	3	3	-	-	-	-	-	-	9
- prices not quoted in active markets	1	1	17	2	32	3	14	-	1	71
Total	**4**	**4**	**20**	**2**	**32**	**3**	**14**	**-**	**1**	**80**

The main actuarial assumptions used in the evaluation of benefit obligations at year end and the estimate of costs expected for the following year were as follows:

		Post-employment benefits (TFR)	Foreign defined benefit plans	FISDE and other foreign health plans	Other long-term employee benefit funds
Financial year 2020					
Main actuarial assumptions:					
- discount rates	(%)	0.40	0.00-7.30	0.70-611	0.00-6.11
- trend rate of compensation increase	(%)	1.35	1.00-6.00	-	1.35-6.00
- expected rate of return on plan assets	(%)	-	0.00-6.11	-	-
- rate of inflation	(%)	0.85	0.70-11.00	1.10-5.00	0.85-5.00
- life expectancy at 65 years	(years)	-	15-25	20-25	-
Financial year 2021					
Main actuarial assumptions:					
- discount rates	(%)	0.83	0.15-12.80	1.20-6.92	0.00-6.92
- trend rate of compensation increase	(%)	0.00	0.84-10.00	6.00	0.00-6.00
- expected rate of return on plan assets	(%)	-	0.15-6.92	-	-
- rate of inflation	(%)	1.75	0.90-11.00	1.75-4.00	1.50-4.00
- life expectancy at 65 years	(years)	-	14-25	-	19-24

The main actuarial assumptions used by geographical area were as follows:

		Eurozone	Rest of Europe	Africa	Other
Financial year 2020					
Discount rates	(%)	0.00-0.70	0.00-2.30	2.60-7.30	0.70-6.11
Trend rate of compensation increase	(%)	0.00-2.00	1.00-2.25	3.00-4.10	1.50-6.00
Rate of inflation	(%)	0.00-1.50	1.00-3.20	2.60-11.00	2.00-5.00
Life expectancy at 65 years	(years)	22-25	15-25	15	17
Financial year 2021					
Discount rates	(%)	0.00-1.20	0.15-2.00	3.00-12.80	1.40-7.77
Trend rate of compensation increase	(%)	0.00-2.25	1.25-2.75	1.00-4.50	0.84-10.00
Rate of inflation	(%)	1.50-1.75	1.00-3.30	3.00-11.00	0.90-4.00
Life expectancy at 65 years	(years)	19-23	21-25	14-21	15-22

The discount rate used was determined based on market yields on primary corporate bonds (AA rating) in countries with a sufficiently deep market, or based on government bond yields if this is not the case.
The inflation rates used were based on long-term forecasts prepared by domestic and international banking institutions.
The demographic tables employed are those used by local actuaries to perform IAS 19 measurements, taking into account any updates.
The effects of reasonably possible changes in the main actuarial assumptions at year end were as follows:

(€ million)	Discount rate		Rate of inflation	Trend rate of compensation increase	Trend rate of pension increase	Trend rate of health cost increase
	0.5% increase	0.5% reduction	0.5% increase	0.5% increase	0.5% increase	1% increase
Impact on defined benefit obligation (DBO)						
Post-employment benefits (TFR)	(1)	2	1	-	-	-
Foreign defined benefit plans	(10)	11	3	5	1	-
FISDE and other foreign health plans	(2)	3	2	-	-	2
Other long-term employee benefit funds	(2)	2	-	1	-	-

The sensitivity analysis was performed by applying the modified parameters to the results of the analyses conducted for each plan.
The expected amount of contributions paid to foreign defined benefit plans in the subsequent year is €6 million.

The maturity profile of employee benefit plan obligations is as follows:

(€ million)	Post-employment benefits (TFR)	Foreign defined benefit plans	FISDE and other foreign health plans	Other long-term employee benefit funds
2022	2	12	1	20
2023	2	12	1	11
2024	2	13	1	6
2025	2	13	1	4
2026	2	14	1	1
After	12	76	7	11

The weighted average duration of obligations is as follows:

(years)	Post-employment benefits (TFR)	Foreign defined benefit plans	FISDE and other foreign health plans	Other long-term employee benefit funds
2020	9	12	12	5
2021	9	12	13	5

25 Derivative financial instruments

	Dec. 31, 2020		Dec. 31, 2021	
(€ million)	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Derivatives qualified for hedge accounting				
Interest rate contracts (Spot component)				
- purchases	-	1	-	1
- sales	-	-	-	-
Currency forwards (Spot component)				
- purchases	29	18	54	19
- sales	58	1	4	110
Currency forwards (Forward component)				
- purchases	(4)	-	3	2
- sales	(5)	-	(1)	5
Commodity forwards (Forward component)				
- purchases	4	-	-	1
- sales	-	-	-	-
Total derivatives qualified for hedge accounting	**82**	**20**	**60**	**138**
Derivatives not qualified for hedge accounting				
Currency forwards (Spot component)				
- purchases	15	12	27	12
- sales	68	1	3	48
Currency forwards (Forward component)				
- purchases	-	-	2	1
- sales	(7)	1	-	5
Commodity forwards (Forward component)				
- purchases	-	-	-	-
- sales	-	-	-	-
Total derivatives not qualified for hedge accounting	**76**	**14**	**32**	**66**
Total derivatives	**158**	**34**	**92**	**204**
Of which:				
- current	156	32	87	175
- non-current (includes IRS, Note 22 "Analyses of net financial debt")	2	2	5	29

The derivative contracts' fair value hierarchy is level 2.

Purchase and sale commitments on derivatives are detailed as follows:

	Dec. 31, 2020		Dec. 31, 2021	
(€ million)	Assets	Liabilities	Assets	Liabilities
Purchase commitments				
Derivatives qualified for hedge accounting:				
- interest rate derivatives	-	112	-	75
- currency contracts	617	1,145	1,393	1,444
- commodity contracts	-	32	-	30
Derivatives not qualified for hedge accounting:				
- currency contracts	530	736	736	1,897
	1,147	**2,025**	**2,129**	**3,446**
Sale commitments				
Derivatives qualified for hedge accounting:				
- currency contracts	1,377	36	755	2,424
Derivatives not qualified for hedge accounting:				
- currency contracts	1,847	659	1,258	2,185
	3,224	**695**	**2,013**	**4,609**

The fair value of derivative instruments was determined using valuation models commonly used in the financial sector and based on year-end market data (exchange and interest rates).
The fair value of forward contracts (forward outrights and currency swaps) was determined by comparing the net present value at contractual conditions of forward contracts outstanding as of December 31, 2021, with their present value recalculated at year-end market conditions. The model used is the Net Present Value model, which is based on the forward contract exchange rate, the year-end exchange rate and the respective forward interest rate curves.
A liability of €1 million (€1 million as of December 31, 2020) relating to the fair value of an interest rate swap has been recorded under Note 22 "Analyses of net financial debt". The fair value of interest rate swaps was determined by comparing the net present value at contractual conditions of swaps outstanding as of December 31, 2021 with their present value recalculated at year-end market conditions. The model used is the Net Present Value model, which is based on EUR forward interest rates.
Cash flow hedging transactions related to forward purchase and sale transactions (forwards, outrights and currency swaps).
The cash flows and the income statement impact of hedged highly probably forecast transactions as of December 31, 2021 are expected to occur up until 2023.
During 2021, there were no significant cases of hedged items that were no longer considered highly probable.
The positive fair value of derivatives qualified for hedge accounting as of December 31, 2021 amounted to €60 million (€82 million as of December 31, 2020). For these derivatives, the spot component, amounting to €58 million (€87 million as of December 31, 2020), was suspended in the hedging reserve for an amount of €53 million (€85 million as of December 31, 2020) and recorded as financial income and expense for €5 million (€2 million as of December 31, 2020), while the forward component, not designated as a hedging instrument, was recorded as financial income and expense for €2 million (-€9 million as of December 31, 2020).
The negative fair value on derivative hedging contracts as of December 31, 2021, amounted to €138 million (€20 million as of December 31, 2020). For these derivatives, the spot component of €129 million (€19 million as of December 31, 2020) was entirely suspended in the hedging reserve. No spot component was accounted for in the financial income and expenses (€19 million as of December 31, 2020), while the forward component, not designated as a hedging instrument, was recorded as financial income and expenses for €7 million.
With regard to commodities contracts, the fair value of €1 million was suspended in the hedging reserve.
The hedging reserve, related to currency contracts, is negative for €67 million with an average weighted exchange of the hedging components of 1.1843 over the US Dollar (USD), 0.2379 over the Saudi Riyal (SAR) and 37.6784 over the Russian Ruble (RUB). The hedging reserve related to commodity contracts is positive for €12 million, with an average weighted price of the hedging instruments of 5.696 USD/MT related to copper and 377 USD/MT for fuel.

The change in the hedging reserve between December 31, 2020 and December 31, 2021 detailed below was due to fair value changes in hedges that were effective for the whole year, or new hedging relations designated during the year and to the transfer of hedging gains or losses from equity to the income statement either because the hedged transactions affected profit or loss, or following the termination of the hedge against risk exposures which are no longer certain or highly probable.

(€ million)	Dec. 31, 2020	Profit for the period	Losses for the period	EBITDA adjusted profits	EBITDA adjusted losses	Gains due to cancellation of underlying	Losses due to cancellation of underlying	Dec. 31, 2021
Exchange rate hedge reserve								
Saipem SpA	63	83	(163)	(87)	71	(1)	1	(33)
Saipem SA	4	42	(66)	(29)	23	-	-	(26)
Sofresid SA	-	-	(1)	-	1	-	-	-
Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda	-	7	(7)	(8)	9	-	-	1
Saipem Ltd	(14)	29	(9)	(20)	22	-	-	8
Saipem Misr for Petroleum Services (S.A.E.)	2	3	(4)	(4)	2	(3)	4	-
Servizi Energia Italia SpA	23	73	(90)	(78)	50	-	-	(22)
Snamprogetti Saudi Arabia Co Ltd Llc	48	2	(36)	(8)	6	(9)	2	5
Saudi Arabian Saipem Ltd	-	-	(1)	-	1	-	-	-
Saipem Contracting Netherlands BV	1	3	(8)	(3)	6	-	-	(1)
Saipem Contracting Nigeria	-	2	(2)	(1)	1	-	-	-
Saipem do Brasil	-	-	(2)	-	2	-	-	-
Saipem Drilling Norway AS	-	1	(3)	(1)	1	-	-	(2)
Saipem Guyana	-	1	(1)	-	-	-	-	-
Saipem Offshore Construction SpA	1	6	(1)	(2)	1	-	-	5
Saipem Luxembourg	-	2	(5)	(3)	5	-	-	(1)
Saipem Singapore	1	3	(2)	(2)	1	(2)	1	-
Saipem Asia	-	1	-	(1)	-	-	-	-
Snamprogetti Engineering & Contracting	-	-	(1)	-	-	-	-	(1)
PT Saipem Indonesia	-	-	(1)	-	1	-	-	-
Total exchange rate hedge reserve	**129**	**258**	**(403)**	**(247)**	**203**	**(15)**	**8**	**(67)**
Commodity hedge reserve								
Saipem Ltd	1	7	(3)	(3)	-	-	-	2
Snamprogetti Saudi Arabia Co Ltd Llc	8	15	(7)	(6)	-	-	-	10
Total commodity hedge reserve	**9**	**22**	**(10)**	**(9)**	**-**	**-**	**-**	**12**
Interest rate hedge reserve								
Saipem SpA	(1)	-	-	-	-	-	-	(1)
Total interest rate hedge reserve	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**
Total hedge reserve	**137**	**280**	**(413)**	**(256)**	**203**	**(15)**	**8**	**(56)**

During 2021, core business revenue and expenses were adjusted by a net positive amount of €44 million to reflect the effects of hedging.
Information on hedged risks and carrying amounts of financial instruments and the related effect on income statement and equity are provided in Note 29 "Guarantees, commitments and risks". Information on hedging policy is provided in Note 3 "Accounting policies" in the "Financial risk management" section.

26 Assets held for sale

As of December 31, 2021 there were no assets held for sale.

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27 Equity

Non-controlling interests

Non-controlling interests as of December 31, 2021 amounted to €25 million (€25 million as of December 31, 2020).
The composition of non-controlling interests is shown below.

	Profit (loss) for the year		Equity	
(€ million)	2020	2021	2020	2021
ER SAI Caspian Contractor Llc	19	-	22	24
Other	-	-	3	1
Total	**19**	**-**	**25**	**25**

Equity attributable to the owners of the parent

Equity attributable to the owners of the parent as of December 31, 2021 amounted to €326 million (€2,923 million as of December 31, 2020) and was as follows:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Share capital	2,191	2,191
Share premium	553	553
Legal reserve	88	88
Hedging reserve	107	(42)
Fair value reserve	1	1
Translation reserve	(101)	(53)
Actuarial reserve	(35)	(45)
Other	(46)	(46)
Retained earnings	1,387	230
Profit (loss) for the period	(1,136)	(2,467)
Negative reserve for treasury shares in portfolio	(86)	(84)
Total	**2,923**	**326**

As of December 31, 2021 there are no distributable reserves.

Share capital

As of December 31, 2021, the share capital of Saipem SpA, fully paid-up, amounted to €2,191,384,693, corresponding to 1,010,977,439 shares, none with a nominal amount (1,010,977,439 as of December 31, 2020), of which 1,010,966,841 (1,010,966,841 as of December 31, 2020) are ordinary shares and 10,598 saving shares (10,598 as of December 31, 2020).

Share premium

This amounted to €553 million as of December 31, 2021 (€553 million as of December 31, 2020).

Other reserves

As of December 31, 2021, “Other reserves” amounted to a negative €97 million (positive for €14 million as of December 31, 2020) and consisted of the following items:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Legal reserve	88	88
Hedging reserve	107	(42)
Fair value reserve	1	1
Translation reserve	(101)	(53)
Actuarial reserve	(35)	(45)
Other	(46)	(46)
Total	**14**	**(97)**

Legal reserve

At December 31, 2021, the legal reserve stood at €88 million. This represents the portion of profits of the parent Saipem SpA, accrued in accordance with Article 2430 of the Italian Civil Code, that cannot be distributed as dividends.

Hedging reserve

This reserve showed a negative balance of €42 million (positive balance of €107 million as of December 31, 2020), which related to the fair value of interest rate swaps, commodity hedges and the spot component of foreign exchange risk hedges as of December 31, 2021.
The hedging reserve is shown net of tax effects of €14 million (€30 million as of December 31, 2020).

Fair value reserve
The positive reserve of €1 million includes the fair value of available-for-sale financial instruments.

Translation reserve
This reserve amounted to -€53 million (negative balance of €101 million as of December 31, 2020) and related to exchange differences arising from the translation into euro of financial statements denominated in currencies other than euro (mainly the US dollar).

Actuarial reserve
This reserve has a negative balance of €45 million (-€35 million as of December 31, 2020), net of the tax effect of €13 million. This reserve, in accordance with the provisions of IAS 19, includes the actuarial gains and losses relative to the employee defined benefit plans. These remeasurements are not allocated to the income statement. This reserve for benefit plans for employees includes a negative value of €1 million (€1 million as of December 31, 2020) relating to equity investments accounted for using the equity method.

Other
Other with a negative balance of €46 million (negative for €46 million as of December 31, 2020), consisted of the following items:
- positive €2 million related to the revaluation reserve consisting of the positive revaluation balance following the application of Law No. 413 of December 30, 1991, Article 26 (in case of distribution, 5% of the reserve contributes to forming the taxable profit of the Company and is subject to the tax rate of 24%);
- negative for €48 million for the effect recognised as a reserve following the acquisition of a non-controlling interest in consolidated subsidiaries.

Negative reserve for treasury shares in portfolio
The negative reserve amounted to €84 million (€86 million as of December 31, 2020) and it included the value of treasury shares for the implementation of long-term incentive plans for the Group's Senior Managers.
The breakdown of treasury shares is as follows:

	Number of shares	Average cost (€)	Total cost non overall cost (€ million)	Share capital (%)
Treasury shares held as of January 1, 2021	17,532,670	4.917	86	1.73
Purchases in 2021	7,485,207	2.019	15	0.74
Allocation	(3,622,984)	4.878	(17)	0.36
Treasury shares held as of December 31, 2021	**21,394,893**	**3.910**	**84**	**2.12**

As of December 31, 2021, the share capital amounted to €2,191,384,693. On the same day, the number of shares in circulation was 989,582,546.

Reconciliation of statutory net profit (loss) for the year and shareholders' equity to consolidated net profit (loss) for the year and shareholders'equity

	Dec. 31, 2020		Dec. 31, 2021	
(€ million)	Profit (loss) for the year	Equity	Profit (loss) for the year	Equity
As reported in Saipem SpA's financial statements	**(171)**	**2,937**	**(2,382)**	**471**
Surplus shareholder equity in the overall results for the period, compared to the book value of the consolidated company shares	(1,011)	(547)	(224)	(819)
Consolidation adjustments, net of tax effects for:	-	-		
- difference between purchase cost and underlying carrying amount of equity	(3)	723	(3)	720
- elimination of unrealised intra group profits	36	(216)	31	(193)
- other adjustments	32	51	111	172
Total equity	**(1,117)**	**2,948**	**(2,467)**	**351**
Non-controlling interests	(19)	(25)	-	(25)
As reported in the consolidated financial statements	**(1,136)**	**2,923**	**(2,467)**	**326**

The item "Other adjustments" mainly includes the impact of: (i) consolidated entries aiming to align the profit margins of contracts affecting more than one Group company, the individual progress of which may not have uniform economic/temporal development synchronised to the progress of the consolidated contract; (ii) consolidated entries to reflect and align any impairments deriving from impairment tests.

28 Additional information

No disposals of entities no longer included in the consolidation scope and business units were reported during 2021.

29 Guarantees, commitments and risks

Guarantees

Guarantees amounted to €7,995 million (€7,019 million as of December 31, 2020), and were as follows:

	Dec. 31, 2020			Dec. 31, 2021		
(€ million)	Unsecured	Other personal guarantees	Total	Unsecured	Other personal guarantees	Total
Joint ventures and associates	121	254	375	120	407	527
Consolidated companies	53	526	579	60	1,001	1,061
Own	-	6,065	6,065	-	6,407	6,407
Total	**174**	**6,845**	**7,019**	**180**	**7,815**	**7,995**

Other personal guarantees issued for consolidated companies amounted to €1,001 million (€526 million as of December 31, 2020), which are related to independent guarantees given to third parties mainly to bid bonds and performance bonds.
Guarantees issued to/through related parties are detailed in Note 38 "Related party transactions".

Commitments

Saipem SpA has commitments with clients and/or other beneficiaries (financial and insurance institutions, export credit agencies) relating to the fulfilment of contractual obligations entered into by itself and/or by its subsidiaries or associates in the event of non-performance and payment of any damages arising from non-performance.
These commitments, which entail accepting a performance obligation, guarantee contracts whose overall value amounted to €73,659 million (€65,624 million as of December 31, 2020), including both work already performed and the relevant portion of the backlog of orders as of December 31, 2021.
The repayment obligations of bank loans granted to Saipem Group companies are generally supported by guarantees issued by the parent company Saipem SpA and other Group companies. The repayment obligations of the Group's bond issues are covered by guarantees issued by the parent company Saipem SpA, and other Group companies.

Risk management

For information on risk management, both financial and industrial, please refer to the analytical description in Note 3 "Accounting policies" in the "Financial risk management" section and to the "Risk management" section in the Directors' Report.

Additional information on financial instruments

FINANCIAL INSTRUMENTS - CARRYING AMOUNTS AND EFFECT ON INCOME STATEMENT AND EQUITY

The carrying amounts and effect on income statement and equity of financial instruments were as follows:

(€ million)	Carrying amounts	Income (expense) recorded in the income statement	Income (expense) recorded to other items of comprehensive income
Financial instruments held for trading			
Non-hedging derivatives [(a)]	(34)	(112)	-
Financial instruments measured at fair value			
Bonds	59	-	-
Financial fixed assets			
Investments carried at fair value	-	-	-
Receivables and payables and other assets (liabilities) measured at amortised cost			
Trade receivables and other assets [(b)]	2,251	51	-
Financial receivables [(c) (g)]	704	7	-
Trade payables and other liabilities [(d)]	2,651	(8)	-
Contract liabilities	2,517	-	-
Loans and borrowings [(e) (h)]	3,934	(126)	-
Net hedging derivative assets (liabilities) [(f)]	(78)	44	(196)

(a) The income statement effects relate only to the income (expense) indicated in Note 32 "Financial income (expense)".
(b) The effects on the income statement were reported in the "Net reversals of impairment losses (impairment losses) on trade receivables and other assets"' for €40 million of losses and in the "Financial income (expense)" for €91 million of income (relating to currency translations gains (losses) arising from adjustments to the year-end exchange rate).
(c) The effects on the income statement were reported in the "Financial income (expense)" for €1 million of income (relating to currency translations gains (losses) arising from adjustments to the year-end exchange rate) and for €6 million of income (financial income (expense) related to financial debt), of which €2 million of income related to lease financial assets.
(d) The effects on the income statement were reported in the "Financial income (expense)" for €8 million of income (relating to currency translations gains (losses) arising from adjustments to the year-end exchange rate).
(e) The effects on the income statement were reported in the "Financial income (expense)" for €7 million of losses (relating to currency translations gains (losses) arising from adjustments to the year-end exchange rate), of which €6 million of losses related to lease financial liabilities, and for €119 million of losses (financial income (expense) related to financial debt), of which €13 million of losses related to lease financial liabilities.
(f) Income statement effects of €44 million of income were recognised in the "Core business revenue" and in "Purchases, services and other costs".
(g) The item includes current and non-current lease assets amounting to €76 million.
(h) The item includes current and non-current lease liabilities amounting to €394 million.

NOTIONAL AMOUNTS OF DERIVATIVES

The notional amount of a derivative is an amount used as a reference to calculate the contractual payments to be exchanged. This amount may be expressed in terms of a monetary or physical quantity (e.g. barrels, tonnes, etc.). Monetary quantities in foreign currencies are converted into euros at the exchange rate prevailing at year end.
Notional amounts of derivatives, as summarised below, do not represent the amounts actually exchanged between the parties and do not therefore constitute a measure of Saipem's credit risk exposure. This is instead represented by the fair value of derivatives at year end.

INTEREST RATE RISK MANAGEMENT

In order to hedge the interest rate variation risk, the Group entered into Interest Rate Swap (IRS) contracts with third party banks. It was agreed under said contracts to swap with the counterparty on certain dates, the difference between the fixed and the variable rate, calculated on a nominal benchmark amount. The data relating to the Interest Rate Swaps in force at the end of the year, entered into with third party banks, is set out in the table below:

		Dec. 31, 2020	Dec. 31, 2021
Notional amount	(€ million)	112	75
Weighted average buying rate	(%)	(0.545)	(0.572)
Weighted average selling rate	(%)	0.129	0.129
Floor	(%)	(1.25)	(1.25)
Weighted average maturity	(years)	2	1

Average variable interest rates are based on year-end rates and may be subject to changes that could have a significant impact on future cash flows. Comparisons between the average buying and selling rates are not indicative of the fair value of derivatives contracts in force. In order to determine their fair value, the underlying transactions must be taken into account.
As of December 31, 2021, the market value for that kind of contract indicated a theoretical liability of €1 million. The underlying hedged transactions are expected to be carried out by November 2023.

EXCHANGE RATE RISK MANAGEMENT

The Group enters into various types of exchange rate derivatives to manage its exchange rate risk. For contracts involving the exchange of two foreign currencies, both the amount received and the amount sold are indicated.

(€ million)	Notional amount as of Dec. 31, 2020	Notional amount as of Dec. 31, 2021
Forward foreign exchange contracts	891	1,152

The table below shows forward foreign exchange contracts and other instruments used to manage the exchange rate risk for the principal currencies.

	Notional amount as of Dec. 31, 2020		Notional amount as of Dec. 31, 2021	
(€ million)	Purchases	Sales	Purchases	Sales
AED	-	10	7	5
AUD	73	6	66	2
BRL	-	-	-	28
CAD	-	28	18	21
CHF	2	3	2	6
EUR	624	17	744	15
GBP	171	61	218	85
IDR	50	-	10	-
ILS	-	-	10	15
JPY	24	2	40	15
KWD	49	254	41	146
MXN	-	30	-	23
NOK	10	1	27	7
PLN	-	22	-	-
RON	-	9	-	42
RSD	-	-	-	9
RUB	39	37	33	60
SAR	31	561	12	255
SGD	2	27	-	30
THB	-	26	-	34
USD	1,948	2,820	4,242	5,824
ZAR	5	5	-	-
Total	**3,028**	**3,919**	**5,470**	**6,622**

The table below shows the hedged cash flows as of December 31, 2021, by time period of occurrence and expressed in euro.

(€ million)	First quarter 2022	Second quarter 2022	Third quarter 2022	Fourth quarter 2022	2023 and beyond	Total
Revenues	542	1,059	1,142	984	1,205	**4,932**
Expenses	1,000	911	908	793	706	**4,318**

COMMODITY PRICE RISK

The Group only enters into commodity contracts with the purpose of managing its commodity price risk exposure.
The following table shows hedged cash flows as of December 31, 2021 by time period of occurrence.

(€ million)	First quarter 2022	Second quarter 2022	Third quarter 2022	Fourth quarter 2022	2023 and beyond	Total
Expenses	13	16	-	1	-	**30**

INFORMATION ON FAIR VALUE

The classification of financial assets and liabilities is given below; these are measured at fair value in the statement of financial position, according to the fair value hierarchy defined according to the significance of the inputs used in the assessment process. In particular, depending on the characteristics of the inputs used for assessment, the fair value hierarchy has the following levels:

a) level 1: prices (not subject to variations) listed on active markets for the same financial assets or liabilities;

b) level 2: assessments made on the basis of inputs, other than the listed prices referred to in the preceding point, which, for the measured asset/liability, can be observed directly (prices) or indirectly (derived from prices); and
c) level 3: inputs not based on observable market data.

In relation to the above, the financial instruments measured at fair value as of December 31, 2021 were as follows:

	Dec. 31, 2021			
(€ million)	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) held for trading:				
- non-hedging derivatives	-	(34)	-	(34)
Financial assets available for disposal:				
- financial assets measured at fair value through OCI	59	-	-	59
Net hedging derivative assets (liabilities)	-	(78)	-	(78)
Total	**59**	**(112)**	**-**	**(53)**

Throughout the financial year 2021, there were no transfers between the different levels of the fair value hierarchy.

Legal proceedings

The Group is a party in some judicial proceedings. Provisions for legal risks are made on the basis of information currently available, including information acquired by external consultants providing the Group with legal support. Information available to the Group for the purposes of risk assessment regarding criminal proceedings at the preliminary investigation phase is by its very nature incomplete due to the principle of pre-trial secrecy. A summary of the most important disputes is provided below.

ALGERIA

Investigations in Italy: on February 4, 2011, the Milan Public Prosecutor's office, through Eni, requested the transmission of documentation pursuant to Article 248 of the Code of Criminal Procedure. This related to the activities of Saipem Group companies in Algeria in connection with an allegation of international corruption. The crime of "international corruption" specified in the request is one of the offences punishable under Legislative Decree No. 231 of June 8, 2001 in connection with the direct responsibility of collective entities for certain crimes committed by their own employees.
Collection of documentation commenced immediately in compliance with the request, and on February 16, 2011, Saipem filed such documentation.
On November 22, 2012, Saipem received a notification of inquiry from the Milan Public Prosecutor's office related to alleged unlawful administrative acts arising from the crime of international corruption pursuant to Article 25, paragraphs 2 and 3 of Legislative Decree No. 231/2001, together with a request to provide documentation regarding a number of contracts connected with activities in Algeria. This request was followed by notification of a seizure order on November 30, 2012, two further requests for documentation on December 18, 2012 and February 25, 2013 and the issue of a search warrant on January 16, 2013.
On February 7, 2013, a search was conducted, also at Eni SpA offices, to obtain additional documentation relating to intermediary agreements and subcontracts entered into by Saipem in connection with its Algerian projects. The subject of the investigations are allegations of corruption which, according to the Milan Public Prosecutor, occurred up until and after March 2010 in relation to a number of contracts the Company was awarded in Algeria.
Several former employees of the Company were involved in the proceedings, including the former Deputy Chairman and CEO in office until December 5, 2012, the former Chief Operating Officer of the Engineering & Construction Business Unit in office until December 5, 2012 and the former Chief Financial Officer in office until August 1, 2008. The Company collaborated fully with the Prosecutor's Office and rapidly implemented decisive managerial and administrative restructuring measures, irrespective of any liability that may have resulted in the course of the proceedings. In agreement with the Board of Statutory Auditors and the Internal Control Bodies, and having duly informed the Prosecutor's Office, Saipem looked into the contracts that are subject to investigation, and to this end appointed an external legal firm. On July 17, 2013, the Board of Directors analysed the conclusions reached by the external consultants following an internal investigation carried out in relation to a number of brokerage contracts and subcontracts regarding projects in Algeria. The internal investigation was based on the examination of documents and interviews of personnel from the Company and other companies in the Group, excluding those, that to the best knowledge of the Company, would be directly involved in the criminal investigation so as not to interfere in the investigative activities of the Prosecutor. In July 2013, the Board of Directors, confirming its full cooperation with the investigative authorities, decided to convey the findings of the external consultants to the Public Prosecutor of Milan, for any appropriate assessment and initiatives under its responsibility in the wider context of the ongoing investigation. The consultants reported to the Board: (i) that they found no evidence of payments to Algerian public officials through the brokerage contracts or subcontracts examined; (ii) that they found violations, deemed detrimental to the interests of the Company, of internal rules and procedures – in force at the time – in relation to the approval and management of brokerage contracts and subcontracts examined and a number of activities in Algeria.
In July 2013, the Board of Directors decided to initiate legal actions against certain former employees and suppliers in order to protect the interests of the Company, reserving the right to take any further action necessary should additional information emerge. As part of these legal actions, the Milan Court of Appeal, on February 11, 2021, sentenced the former Chief Operating Officer of the Engineering & Construction Business Unit in office until December 5, 2012 to pay Saipem SpA the sum of €10 million by way of compensation for damages, as well as interest and revaluation. Saipem SpA's enforcement proceedings to recoup this amount are still ongoing.
On June 14, 2013, January 8, 2014 and July 23, 2014, the Milan Public Prosecutor's office submitted requests for extensions to the preliminary investigations. On October 24, 2014, notice was received of a request from the Milan Public Prosecutor to gather

evidence before trial by way of questioning the former Chief Operating Officer of the Saipem Engineering & Construction Business Unit in office until December 5, 2012, and another former manager of Saipem, who are both under investigation in the criminal proceedings. After the request was granted, the Judge for the Preliminary Hearing in Milan set hearings for December 1 and 2, 2014. On January 15, 2015, Saipem SpA defence counsel received notice from the Milan Public Prosecutor's office of the conclusion of preliminary investigations, pursuant to Article 415-*bis* of the Italian Code of Criminal Procedure. Notice was also received by eight physical persons and the legal person of Eni SpA. In addition to the crime of "international corruption" specified in the request from the Milan Public Prosecutor's office, the notice also contained an allegation against seven physical persons of a violation of Article 3 of Legislative Decree No. 74 of March 10, 2000 concerning the filing of fraudulent tax returns, in connection with the recording in the books of Saipem SpA of *"brokerage costs deriving from the agency agreement with Pearl Partners signed on October 17, 2007, as well as Addendum No. 1 to the agency agreement entered into August 12, 2009"*, which is alleged to have led subsequently *"to the inclusion in the consolidated tax return of Saipem SpA of profits that were lower than the real total by the following amounts: 2008: -€85,935,000; 2009: -€54,385,926"*.

Criminal proceedings in Italy: on February 26, 2015, Saipem SpA defence counsel received notice from the Judge for the Preliminary Hearing of the scheduling of a preliminary hearing, together with a request for committal for trial filed by the Milan Public Prosecutor's office on February 11, 2015. Notice was also received by eight physical persons and the legal person of Eni SpA. The hearing was scheduled by the Judge for the Preliminary Hearing for May 13, 2015. During the hearing, the Revenue Office appeared as plaintiff in the proceedings whereas other requests to be admitted as plaintiff were rejected.

On October 2, 2015, the Judge for the Preliminary Hearing rejected the questions of unconstitutionality and those relating to the statute of limitations presented by the defence attorneys and determined as follows:

(i) ruling not to proceed for lack of jurisdiction in regard to one of the accused;
(ii) ruling of dismissal in regard to all of the accused in relation to the allegation that the payment of the commissions for the MLE project by Saipem (approximately €41 million) may have served to enable Eni to acquire the Algerian ministerial approvals for the acquisition of First Calgary and for the expansion of a field in Algeria (CAFC). This measure also contains the decision to acquit Eni, the former CEO of Eni and an Eni executive in regard to any other charge;
(iii) a decree that orders trial, among others, for Saipem and three former Saipem employees (the former Deputy Chairman and CEO in office until December 5, 2012, the former Chief Operating Officer of the Engineering & Construction Business Unit in office until December 5, 2012 and the former Chief Financial Officer in office until August 1, 2008) with reference to the charge of international corruption formulated by the Public Prosecutor's office according to which the accused were complicit in enabling Saipem to win seven contracts in Algeria on the basis of criteria of mere favouritism. For the physical persons only (not for Saipem) the committal for trial was pronounced also with reference to the allegation of fraudulent statements (tax offences) brought by the Public Prosecutor's office.

On the same date, at the end of the hearing relating to a section of the main proceedings, the Judge for the Preliminary Hearing of Milan issued a plea-bargaining sentence in accordance with Article 444 of the code of criminal procedure for a former executive of Saipem SpA.

On November 17, 2015, the Public Prosecutor of Milan and the Prosecutor General at the Milan Court of Appeal filed an appeal with the Court of Cassation against the first two measures. On February 24, 2016, the Court of Cassation upheld the appeal lodged by the Public Prosecutor of Milan and ordered the transmission of the trial documents to a new Judge for the Preliminary Hearing at the Court of Milan.

With reference to this branch of the proceedings (the so-called "Eni branch"), on July 27, 2016, the new Judge for the Preliminary Hearing ordered the committal for trial of all the accused parties.

On November 11, 2015, on the occasion of publication of the 2015 corporate liability report of the office of the Public Prosecutor in Milan, it was affirmed that: *"a ruling was recently issued by the Judge for the Preliminary Investigation for the preventive seizure of assets belonging to the accused parties for the sum of €250 million. The ruling confirms the freezing previously decided upon by the foreign authorities of monies deposited in bank accounts in Singapore, Hong Kong, Switzerland and Luxembourg, totalling in excess of €100 million"*. Saipem was not target of such measures, it came to its attention that the seizure in question involved the personal assets of the Company's former Chief Operating Officer in office until December 5, 2012 and two other persons accused.

At the same time, following the decree ordering the trial pronounced on October 2, 2015 by the Judge for the Preliminary Hearing, the first hearing before the Court of Milan in the proceedings of the so-called "Saipem branch" was held on December 2, 2015. During said hearing, Sonatrach asked to be admitted as plaintiff only against the physical persons charged. The Movimento cittadini algerini d'Italia e d'Europa likewise put forward a request to be admitted as plaintiff. The Revenue Office confirmed the request for admission as plaintiffs only against the physical persons accused of having made fraudulent tax returns. At the hearing of January 25, 2016, the Court of Milan rejected the request put forward by Sonatrach and the Movimento cittadini algerini d'Italia e d'Europa to be admitted as plaintiff. The Court adjourned to February 29, 2016, reserving the right to pass judgement on the claims put forward by the accused of invalidity of the committals to trial.

At the hearing of February 29, 2016, the Court combined the proceedings with another pending case against a sole defendant (a physical person against whom Sonatrach had appeared as a plaintiff) and rejected the claims of invalidity of the committal to trial, calling on the Public Prosecutor to reformulate the charges against a sole defendant and adjourning the hearing to March 21, 2016. The Court then adjourned the proceedings to the hearing of December 5, 2016 in order to assess whether to combine it with the proceedings described earlier (the so-called Eni branch) for which the Judge for the Preliminary Hearing ordered the committal for trial of all the accused parties on July 27, 2016.

With the order of December 28, 2016, the President of the Court of Milan authorised the abstention request of the Chairman of the Panel of judges.

At the hearing on January 16, 2017, the two proceedings (the so-called Saipem branch and the so-called Eni branch) were combined before a new panel appointed on December 30, 2016.

Once the hearings on evidence finished with the hearing of February 12, 2018, in the subsequent hearings of February 19, 2018 and February 26, 2018, the Public Prosecutor proceeded with the indictment.
Generic extenuating circumstances were not considered to be initially attributable to the defendants and, conversely, that the aggravating circumstance of the transnational crime allegedly subsisted, the Public Prosecutor formulated sentencing requests for the accused individuals.
With regard to Saipem SpA and Eni SpA the Public Prosecutor requested a fine of €900,000 as the sentence for each company. Furthermore, the Public Prosecutor requested a "seizure of assets", equal to currently seized assets, relating to some seizures previously carried out against certain natural persons accused. Therefore, the request for seizure of assets did not concern Saipem SpA.
At the hearing of March 5, 2018:
(i) the Italian Revenue Agency has requested the conviction of only the physical persons indicted as was requested by the Public Prosecutor with the conviction of only the physical persons charged for compensation of the pecuniary and non-pecuniary damage in favour of the Italian Revenue Agency to be liquidated on an equitable basis and with a provisional amount of €10 million;
(ii) Sonatrach has requested the conviction of the accused Samyr Ourayed and sentencing of the latter to the compensation of the damage to be liquidated in equitable way.

On September 19, 2018, the hearings dedicated to arguments by the defence and to the replies by the Public Prosecutor and the defence ended.
The first instance ruling of the Court of Milan: on September 19, 2018, the Court of Milan pronounced the first instance ruling.
The Court of Milan convicted, among others, some former managers of Saipem SpA for international corruption offences and also sentenced Saipem SpA to pay the pecuniary fine of €400,000, considering it to be allegedly responsible for offences pursuant to Legislative Decree No. 231/2001 with reference to the crime of international corruption.
The former managers of Saipem SpA who were convicted by the Court of Milan had all left the Company between 2008 and 2012.
The Court also ordered the confiscation of, as alleged profit from the crime, the total sum of approximately €197 million from all the individuals who were convicted (and among them some of the former managers of the Company).
The Court also ordered the confiscation of, as alleged price from the crime, the total sum of approximately €197 million from Saipem pursuant to Article 19 of Legislative Decree No. 231/2001.
From what emerged during the proceedings and the requests of the Public Prosecutor, a preventive seizure had already been in place in order to confiscate an amount totalling approximately €160 million from certain individuals – other than the Company – all convicted in the first instance ruling.
The first instance ruling of the Court was not enforceable. The reasons for the first instance ruling were filed by the Court of Milan on December 18, 2018.
The judgement before the Court of Appeal of Milan: on February 1, 2019, Saipem SpA challenged the first instance ruling before the Court of Appeal of Milan. Even the individuals convicted in the first instance have appealed the first instance ruling. The Public Prosecutor's office of Milan also appealed the first instance ruling requesting, in a reversal of that ruling, that the conviction of Eni SpA, of the former Chief Executive Officer of Eni and of one of its managers *"be imposed by the Court of Appeal, as well as financial penalties and interdictory sanctions deemed lawful"*. The Public Prosecutor's office of Milan has also requested a reversal of the contested ruling to *"condemn the company Saipem to financial penalties and interdictory sanctions deemed lawful"*. On February 14, 2019, Saipem's lawyers lodged a defence brief in which they pleaded: (i) the inadmissibility of the appeal by the Public Prosecutor of the Court's decision not to consider interdictory sanctions applicable to Saipem SpA; and/or (ii) the inapplicability of the interdictory sanctions requested by the Public Prosecutor's Office against Saipem SpA.
On January 15, 2020, the Court of Appeal of Milan fully upheld the appeal of Saipem SpA and of the individuals charged (including some former managers of Saipem who all left the Company between 2008 and 2012), stating, among other things, the absence of the administrative offence of Saipem SpA because of the inexistence of the alleged facts, revoking the confiscation of the price of the offence that was pronounced in the First Instance by the Court of Milan, pursuant to Article 19 of Legislative Decree No. 231/2001.
The Court has filed the reasons of the second instance ruling on April 15, 2020.
The judgement before the Court of Cassation: on June 12, 2020, the General Public Prosecutor General at the Milan Court of Appeal filed an appeal before the Court of Cassation against the Milan Court of Appeal judgment issued on January 15, 2020, asking for the annulment of that decision and for the review of the case by another section of the Court of Appeal.
The Court of Cassation, on December 14, 2020, rejected the appeal by the General Public Prosecutor of Milan.
On December 14, 2020, Saipem SpA issued the following press release:
"Today the Court of Cassation issued its ruling on the appeal presented by the General Public Prosecutor at the Milan Court of Appeal on June 12, 2020 against the second instance judgement concerning offences allegedly committed in Algeria up to March 2010 relating to certain contracts, which were completed many years ago.
Specifically, the Court of Cassation today, pronounced its judgement, fully rejecting the appeal presented by the General Public Prosecutor at the Milan Court of Appeal, which had requested the annulment of the second instance judgment issued on January 15, 2020 by the Milan Court of Appeal. The latter had acquitted the individuals charged (including some former managers of Saipem who had all left the Company between 2008 and 2012), stating, among other things, vis-à-vis the alleged international corruption charge, the absence of the administrative offence of Saipem SpA pursuant to Legislative Decree No. 231/2001, because of the inexistence of the alleged facts, revoking the confiscation of the price of the offence of approximately €197 million and the payment of the pecuniary sanction of €400,000, that were pronounced in the first instance by the Court of Milan. Saipem expresses its satisfaction for the decision issued today by the Court of Cassation, which brings an end to the

'Algeria' proceedings with Saipem's full acquittal". The reasons underlying the decision of the Court of Cassation of December 14, 2020, were filed on October 20, 2021.

Request for documents from the US Department of Justice: at the request of the US Department of Justice ("DoJ"), in 2013 Saipem SpA entered into a "tolling agreement" which extended by 6 months the limitation period applicable to any possible violations of federal laws of the United States in relation to previous activities of Saipem and its subsidiaries. The tolling agreement, which has been renewed until November 29, 2015, does not constitute an admission by Saipem SpA of having committed any unlawful act, nor does it imply any recognition on the Company's part of United States jurisdiction in relation to any investigation or proceedings. Saipem therefore offered its complete cooperation in relation to investigations by the Department of Justice, which on April 10, 2014 made a request for documentation relating to past activities of the Saipem Group in Algeria, with which Saipem has complied. On November 29, 2015, the tolling agreement expired and, at the date of the preparation of this report, almost seven years have passed since the deadline, no request has been received from the Department of Justice.

Proceedings in Algeria: in 2010, proceedings were initiated in Algeria regarding various matters and involving 19 parties investigated for various reasons (so-called "Sonatrach 1 investigation"). The Société nationale pour la recherche, la production, le transport, la transformation et la commercialisation des hydrocarbures SpA ("Sonatrach") appeared as plaintiff in these proceedings and the Algerian Trésor Public also applied to appear as a plaintiff.

The Algerian company Saipem Contracting Algérie SpA ("Saipem Contracting Algérie") is also part of these proceedings regarding the manner in which the GK3 contract was awarded by Sonatrach. In the course of these proceedings, some bank accounts denominated in local currency of Saipem Contracting Algérie were frozen.

In particular, in 2012 Saipem Contracting Algérie received formal notice of the referral to the Chambre d'accusation at the Court of Algiers of an investigation underway into the company regarding allegations that it took advantage of the authority or influence of representatives of a government-owned industrial and trading company in order to inflate prices in relation to contracts awarded by that company. The GK3 contract was awarded in June 2009 and had an equivalent value of €433.5 million (at the exchange rate in effect when the contract was awarded).

At the beginning of 2013, the "Chambre d'accusation" ordered Saipem Contracting Algérie to stand trial and further ordered that the aforementioned bank accounts remain frozen. According to the prosecution, the price offered was 60% over the market price. The prosecution also claimed that, following a discount negotiated between the parties subsequent to the offer, this alleged increase was reduced to 45%. In April 2013 and in October 2014, the Algerian Supreme Court rejected a request to unfreeze the bank accounts that had been made by Saipem Contracting Algérie in 2010. The documentation was then transmitted to the Court of Algiers which, in the hearing of March 15, 2015, adjourned the proceedings to the hearing of June 7, 2015, during which, in the absence of certain witnesses, the Court officially handed over the case to a criminal court. The trial commenced with the hearing fixed for December 27, 2015. In the hearing of January 20, 2016, the Algiers Public Prosecutor requested the conviction of all 19 defendants accused in the "Sonatrach 1" trial.

The Algiers Public Prosecutor requested that Saipem Contracting Algérie be fined 5 million Algerian dinars (approximately €40,000 at the current rate of exchange).

The Algiers Public Prosecutor also requested the confiscation of the alleged profit ascertained by the Court, of all 19 parties whose conviction has been requested (including Saipem Contracting Algérie).

For the offence with which Saipem Contracting Algérie is charged, local regulations prescribe a fine as the main punishment (up to a maximum of approximately €40,000) and allow, in the case of the alleged offence, additional sanctions such as the confiscation of the profit arising from the alleged offence (which would be the equivalent of the amount allegedly over the market price of the GK3 contract as far as the profit is ascertained by the judicial authority) and/or disqualification sanctions.

On February 2, 2016, the Court of Algiers issued the first instance ruling. Amongst other things, this ruling ordered Saipem Contracting Algérie to pay a fine of approximately 4 million Algerian dinars (corresponding to approximately €30,000). In particular, Saipem Contracting Algérie was held to be responsible, in relation to the call for bids for the construction of the GK3 gas pipeline, of "an increase in price during the awarding of contracts signed with a public company of an industrial and commercial character in a way that causes benefit to be derived from the authority or influence of representatives of said company", an act punishable under Algerian law. The ruling also returned two bank accounts denominated in local currency to Saipem Contracting Algérie. These held a total of approximately €61 million (amount calculated at the exchange rate as of December 31, 2021), which were frozen in 2010.

The client Sonatrach, which appeared as plaintiff in the proceedings, reserved the right to pursue its claims in the civil courts. The request by the Algerian Trésor Civil to appear as plaintiff was rejected.

Pending the filing of the reasons thereof, the ruling of February 2, 2016 of the Court of Algiers was challenged in the Court of Cassation: by Saipem Contracting Algérie (which requested acquittal and had announced that it would challenge the decision); by the Prosecutor General (who had requested the imposition of a fine of 5 million Algerian dinars and the confiscation, requests that were rejected by the Court, which, as said, fined Saipem Contracting Algérie the lesser amount of approximately 4 million Algerian dinars); by the Trésor Civil (whose request to be admitted as plaintiff against Saipem Contracting Algérie had been – as already stated – rejected by the Court); by all the other parties sentenced, in relation to the cases concerning them.

Owing to these challenges, the decision of the Court of Algiers was fully suspended and pending the ruling of the Court of Cassation:

- the payment has been suspended of the fine of approximately €30,000; and
- the unfreezing of the two banks accounts has been suspended containing a total of approximately €61 million (amount calculated at the exchange rate as of December 31, 2021). Sonatrach has not challenged the decision of the Court, consistently with its request, accepted by the Court, to be allowed to claim compensation subsequently in civil proceedings. This civil action was not initiated by Sonatrach.

With the judgement handed down on July 17, 2019, the Algerian Court of Cassation has fully overruled the decision of the Tribunal of Algiers of February 2, 2016, meaning that the Tribunal of Appeal of Algiers will have to rule on the matter following a new trial. The future Tribunal of Appeal's decision can be challenged before the Algerian Court of Cassation.
The reasons for the judgement of the Algerian Court of Cassation were made available on October 7, 2019. The sentence of the Algerian Court of Cassation decrees the total annulment of the decision of the Court of Algiers of 2016, following the acceptance of the appeals filed by all applicants (including the appeal by Saipem Contracting Algérie). The beginning of the new proceedings before the Tribunal of Appeal is neither known nor predictable at the date of the preparation of this report.
The Tribunal of Appeal of Algiers had initially set the hearing for the discussion of the case on February 17, 2021.
At the hearing of February 17, 2021, the Court of Appeal of Algiers postponed the hearing to a date to be determined. The Tribunal of Appeal of Algiers postponed the hearing to June 16, 2021.
At the hearing of June 16, 2021, the Court of Appeal of Algiers postponed the hearing to the 2021 fall session. At the hearing of December 2, 2021, the Court of Appeal of Algiers postponed the hearing to the next criminal session. The Court of Appeal of Algiers set, at the present, the first hearing on June 23, 2022.
Ongoing Investigation - Algeria - Sonatrach 2: in March 2013, the legal representative of Saipem Contracting Algérie was summoned to appear at the Court of Algiers, where he received verbal notification from the local investigating judge of the commencement of an investigation ("Sonatrach 2") underway "into Saipem for charges pursuant to Articles 25a, 32 and 53 of Anticorruption Law No. 01/2006". The investigating judge also requested documentation (Articles of Association) and other information concerning Saipem Contracting Algérie, Saipem and Saipem SA. After this summons, no further activities or requests followed.
GNL3 Arzew - Algeria: on October 16 and 21, 2019, Saipem Contracting Algérie and the Algiers Branch of Snamprogetti SpA have been summoned by the investigating judge at the Supreme Court, as part of an investigation concerning events dating back to 2008 (award of the GNL3 Arzew contract). Saipem Contracting Algérie and the Algiers Branch of Snamprogetti SpA were further summoned on November 18, 2019 by the General Public Prosecutor at the Supreme Court of Algiers to provide information and documents relating to the GNL3 Arzew contract awarded by Sonatrach in 2008.
A further hearing of the representative of Saipem Contracting Algérie and the Algiers Branch of Snamprogetti SpA took place on November 18, 2019, at which the General Public Prosecutor of Algiers was provided with the information and documentation he had requested and asked to provide further documentation by December 4, 2019. Saipem Contracting Algérie and the Algiers Branch of Snamprogetti SpA promptly filed the documentation requested by the deadline of December 4, 2019.
The Algiers General Public Prosecutor also summoned a representative of Saipem SpA. On November 20, 2019, the General Public Prosecutor of Algiers informed Saipem Contracting Algérie and the Algiers Branch of Snamprogetti SpA that the Algerian Trésor Public had been admitted as plaintiff in this case.
On December 9, 2020, took place the hearing with the local representative of Saipem SpA.
Saipem SpA, Saipem Contracting Algérie and the Algiers Branch of Snamprogetti were again called on December 16, 2020.
In September 2021, the Court of Algiers – Sidi Mhamed pole economic et financier – having acknowledged the closure of the investigation, issued an order for the seizure of some bank accounts in Algeria held by companies of the Saipem Group, whose total balance amounts to approximately €790 thousand.
The first hearing of the case relating to the 2008 award of the Arzew LNG3 contract was initially set before the Court of Algiers pole economic et financier on December 6, 2021, which was postponed first to December 20, 2021, and then to January 3, 2022. At the hearing of January 17, 2022, the trial was postponed first to January 24, 2022, and then to January 31, 2022.
In this criminal proceedings, which involves 38 individuals (including the former Algerian Ministry for Energy, some former managers of Sonatrach and Algerian customs officials) and legal entities, the Public Prosecutor argues that – with regard to the contract award in 2008 and the execution of the GNL3 Arzew project (whose original value was approximately €2.89 billion) – the following crimes were allegedly committed, *inter alia*, by the Algerian branch of Saipem SpA, by the Algerian branch of Snamprogetti SpA, by Saipem Contracting Algérie, by two former employees of the Saipem Group and one employee of the Saipem Group:

(i) an *"increase in prices in the award by a public company of contracts an industrial and commercial nature, benefiting from the authority or influence of representatives of that body"*;
(ii) the violation of some Algerian customs regulations.

Sonatrach, the Algerian Trésor Public and the Customs Agency asked to be admitted as plaintiffs in the proceedings. On January 31, 2022, the Judge declared to open the proceedings. On February 1, 2022, the Judge declared to close the trial phase. The decision was expected to be issued on February 14, 2022. The Saipem Group defended itself, contesting the groundlessness of the accusations, noting, among other things, the final sentence of acquittal pronounced by the Italian Judicial Authority in relation to cases that also included the award of the LNG3 Arzew contract, as well as the effects of the settlement signed with Sonatrach on February 14, 2018, which also involved the previously pending arbitration relating to the same project.
With the press release dated February 15, 2021, Saipem SpA has informed as follows:
"*Yesterday the Tribunal of Algiers reached a first-degree decision in relation to the criminal proceeding, ongoing in Algeria since 2019, connected, inter alia, to the 2008 tender for the award of the GNL3 Arzew contract.*
Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch will appeal against the conviction of the Tribunal of Algiers, with consequent suspension of the effects of same decision.
Saipem notes that the Italian judiciary authority – further to criminal proceedings in which also the process of award in 2008 of the project GNL3 Arzew had been analysed – fully acquitted the Company on December 14, 2020.
With reference to criminal proceeding ended with the decision of the Tribunal of Algiers, the companies Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch were charged, in accordance with Algerian law, of allegedly: 'having obtained a contract, with a price higher than the expected value, concluded with a state-owned commercial and industrial company, benefitting of the influence of representatives of that company'; and of 'false custom declarations'.

The decision of the Tribunal of Algiers, in relation to both the above charges, imposed a fine and compensation for damages against Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch for an overall amount of about €192 million equivalent. Following the decision of the Tribunal of Algiers, Saipem will book costs for an equivalent amount at the end of the fiscal year 2021, costs whose payment is suspended following the appeal against the decision.
The Tribunal of Algiers also sentenced two former employees of Saipem Group (the head of the project GNL3 Arzew and an Algerian former employee) to 5 years and 6 years of imprisonment respectively. Another employee of Saipem Group has been acquitted of all charges.
The reasons for the ruling have not yet been made available by the Tribunal of Algiers".
On February 16, 2022, Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch filed their appeals against the February 14, 2022, decision of the Tribunal of Algiers.
On April 4, 2022, the reasons underlying the first instance decision of the Tribunal of Algiers were filed.
The first hearing in the appeal proceedings is scheduled on May 10, 2022.
Amicable Settlement of Mutual Differences - Saipem Sonatrach agreement: on February 14, 2018, Sonatrach and Saipem announced the amicable settlement of mutual differences, decided to settle their mutual differences amicably and signed an agreement to put an end to litigations in course concerning the contract for the construction of a gas liquefaction plant in Arzew (Arzew); the contract for the realisation of three trains of LPG, of an oil separation unit (LDPH) and of installations for the production of condensates in Hassi Messaoud (LPG); the contract for the realisation of the LZ2 24" LPG pipeline (line and station) in Hassi R'Mel (LZ2); and the contract for the construction of a gas and production unit in the Menzel Ledjmet field on behalf of the association Sonatrach/FCP (MLE). This agreement is the result of constructive dialogue and represents an important step forward in relations between the two companies. Sonatrach and Saipem have expressed their satisfaction at having reached a definitive agreement that puts an end to litigations that were detrimental to both parties.

ONGOING INVESTIGATIONS - PUBLIC PROSECUTOR'S OFFICE OF MILAN - BRAZIL

On August 12, 2015, the Public Prosecutor's office of Milan served Saipem SpA with a notice of investigation and a request for documentation in the framework of new criminal proceedings, for the alleged crime of international corruption, initiated by the Court of Milan in relation to a contract awarded in 2011 by the Brazilian company Petrobras to Saipem SA (France) and Saipem do Brasil (Brazil). Investigations are still underway.
According to what was learned only through the press, this contract is being looked into by the Brazilian judicial authorities in relation to a number of Brazilian citizens, including a former associate of Saipem do Brasil.
In particular, on June 19, 2015, Saipem do Brasil learned through the media of the arrest (in regard to allegations of money laundering, corruption and fraud) of a former associate, as a result of a measure taken by the Brazilian Public Prosecutor's office of Curitiba, in the framework of a judicial investigation in progress in Brazil since March 2014 ("Lava Jato" investigation). On July 29, 2015, Saipem do Brasil then learned through the press that, in the framework of the conduct alleged against the former associate of Saipem do Brasil, the Brazilian Public Prosecutor's office also alleges that Petrobras was unduly influenced in 2011 to award Saipem do Brasil a contract called "Cernambi" (for a value, at the current exchange rate, of approximately €56 million). This has been purportedly deduced from the circumstance that in 2011, in the vicinity of the Petrobras headquarters, said former associate of Saipem do Brasil claims to have been the target of a robbery in which approximately 100,000 reals (approximately €26,000) just withdrawn from a credit institution were stolen from him. According to the Brazilian Prosecutor, the robbery allegedly took place in a time period prior to the award of the aforesaid "Cernambi" contract.
Saipem SpA has cooperated fully with the investigations and has started an audit with the assistance of a third-party consultant. The audit examined the names of numerous companies and persons reported by the media as being under investigation by the Brazilian judicial authorities. The audit report, issued on July 14, 2016, recognised the absence of communications or documents relating to transactions and/or financial movements between companies of the Saipem Group and the personnel of Petrobras under investigation.
The witnesses heard in the criminal proceedings underway in Brazil against this former associate, as well as in the framework of the works of the parliamentary investigative committee set up in Brazil on the "Lava Jato" case, have stated that they were unaware of any irregularities regarding Saipem's activities.
Petrobras appeared as a plaintiff ("Assistente do Ministerio Publico") in the proceedings against the three individuals charged. The proceedings were then resumed on June 9, 2017 as the Brazilian Attorney General considered that the conditions for keeping confidential an agreement signed in October 2015 by the former associate of Saipem do Brasil – who, with such agreement committed himself to substantiating with evidence some of the statements made – had ceased. The Attorney General noted in particular that attempts to substantiate such statements had not been successful, the reason why the content of the statements contained in the additional agreement had not been maintained confidential. At the hearing on June 9, 2017, the depositions of the three defendants were obtained, among them the former associate of Saipem do Brasil and a former Petrobras official.
Saipem do Brasil's former associate, with regard to the theft of 100,000 Brazilian reals (approximately €26,000) in October 2011, said that money was needed to pay the costs of real estate for a company he was managing on behalf of a third party vis-à-vis Saipem (that is, the former Petrobras official charged in the same proceeding who confirmed that statement).
The former Saipem do Brasil associate also stated that the Saipem Group did not pay any bribes because Saipem's compliance system prevented this from happening. That statement was confirmed by the former Petrobras official charged in the same proceeding. The former associate of Saipem do Brasil and the former Petrobras official charged in the same proceeding, while offering a reconstruction of the facts which was partially different, reported, that the possibility of some inappropriate payments was discussed with reference to certain contracts of Saipem do Brasil but in any case no payment was made by the Saipem Group. The former Saipem do Brasil associate and the former Petrobras official charged in the same proceeding stated that the contracts awarded by the client to the Saipem Group were won through regular bidding procedures. The proceedings in Brazil against the former associate of Saipem do Brasil and another two defendants has not yet ended with a final ruling. During the

proceedings against the former associate of Saipem do Brasil, no evidence of irregularities emerged in the management of tenders assigned by Petrobras to Saipem Group and/or evidence of illegal payments by Saipem Group in relation to tenders assigned by Petrobras to Saipem Group and/or evidence of damages suffered by Petrobras in relation to tenders assigned to Saipem Group. Saipem Group has not been involved in this proceeding.
The audit that was concluded in 2016 was relaunched with the support of the same third-party consultant used earlier and with the same methodology in order to analyse some of the information mentioned during the depositions of June 9, 2017.
The audit report, issued on July 18, 2018, confirmed the absence of communications or documents relating to transactions and/or financial movements between companies of the Saipem Group and the personnel of Petrobras under investigation.
With the press release dated May 30, 2019, Saipem SpA has informed as follows:
"Saipem: notification of administrative proceedings in Brazil to the subsidiaries Saipem SA and Saipem do Brasil in relation to a contract awarded in 2011.
San Donato Milanese (Milan), May 30, 2019 - Saipem SpA informs that today its French subsidiary Saipem SA and its Brazilian subsidiary Saipem do Brasil were notified by the competent Brazilian administrative authority (Controladoria-Geral da União through the Corregedoria-Geral da União) about the opening of administrative proceedings with respect to alleged irregularities in relation to the award by the Brazilian oil company Petrobras, as leader of the "Consortium BMS 11", in December 2011, of the contract (whose value was equal to approximately 249 million Brazilian reals, currently equivalent to approximately €56 million) for the installation of the underwater gas pipeline connecting the Lula and Cernambi fields in Santos Basin.
Saipem SA and Saipem do Brasil will cooperate in the administrative proceedings by providing all the clarifications requested by the competent administrative authority and have confidence in the correctness of the award of the above-mentioned contract and in the absence of circumstances to affirm the administrative liability of the companies".
As part of the aforementioned administrative proceedings, on June 21, 2019, Saipem do Brasil and Saipem SA presented their initial defence statements before the competent administrative authority (Controladoria-Geral da União through Corregedoria-Geral da União).
With a communication dated August 21, 2019, the competent administrative authority (Controladoria-Geral da União through Corregedoria-Geral da União) informed Saipem do Brasil and Saipem SA that, following the preliminary investigation carried out up to that moment, the administrative procedure has not been closed and invited Saipem do Brasil and Saipem SA to present further defence statements by September 20, 2019.
Saipem do Brasil and Saipem SA submitted their defence statements by the set deadline. On April 24, 2020, the competent Brazilian Administrative Authority (Controladoria-Geral da União through the Corregedoria-Geral da União) ordered a 180-day postponement for the conclusion of the administrative procedure.
On November 30, 2020, Saipem SA and Saipem do Brasil submitted further defence statements before the Brazilian Administrative Authority (Controladoria-Geral da União through the Corregedoria-Geral da União).
The administrative proceeding is still ongoing.
On June 8, 2020, the Brazilian Federal Prosecutor's office issued a press release informing of a new charge against a former President of Saipem do Brasil, who left the Saipem Group on December 30, 2009. The charge concerns alleged episodes of corruption and money laundering that allegedly occurred between 2006 and 2011 in relation to two contracts awarded by Petrobras Group companies to Saipem Group companies (the Mexilhao contract signed in 2006 and the Uruguà-Mexilhao contract signed in 2008).
The new charge was made only against individuals (not Saipem Group companies) and involves, in addition to the former President of Saipem do Brasil, some former Petrobras officials.
On July 6, 2020, the Brazilian Federal Court of Curitiba accepted the charge filed by the Brazilian Federal Prosecutor against the former President of Saipem do Brasil (who left the company on December 30, 2009) and a former official of Petrobras, against whom a criminal proceeding has started in Brazil. Petrobras was admitted as plaintiff ("Assistente do Ministerio Publico") in the same proceeding against the two accused persons. No company of the Saipem Group is party to this proceeding.

PRELIMINARY INVESTIGATIONS IN PROGRESS - PUBLIC PROSECUTOR'S OFFICE AT THE COURT OF MILAN - IRAQ

On August 2, 2018, the Public Prosecutor of the Court of Milan notified Saipem SpA of a request for documents relating to previous activities (2010-2014) of Saipem Group in Iraq and in particular to relations with the Unaoil group. The request also contained information that – with regard to these past activities – Saipem SpA was subject in Italy to investigations for international corruption. In January 2019, the US Department of Justice, which claimed to have an ongoing investigation into the activities and relations of Unaoil for some time and to be aware of a pending investigation in Italy against Saipem SpA by the Public Prosecutor's office of Milan, asked Saipem if it would be willing to provide "voluntary production" of documents relating to previous activities of Saipem Group in Iraq with the involvement of Unaoil and, more in general, the previous between Saipem and the Unaoil group. Saipem has confirmed that it is willing to provide such "voluntary production". The "voluntary production" is without prejudice to any question concerning possible US jurisdiction, an aspect for which the US Department of Justice has not indicated at the moment any supporting evidence, asking only for Saipem to cooperate in the assessments that the US Department of Justice has under way. Within the context of the aforementioned "voluntary production", Saipem SpA in March 2019, through its US lawyers, delivered to the US Department of Justice the files delivered in 2018 to the Milan Public Prosecutor's office in order to fulfil the above-mentioned request for documents received on August 2, 2018. In 2021, it was learned that in Italy the proceedings were defined with a provision for dismissal in favour of – among others – Saipem SpA. The dismissal of the proceedings was issued by the Judge for the Preliminary Investigation on April 28, 2021 on demand of the Public Prosecutor of Milan who filed the request of dismissal due to the transfer, under Article 746-*quater*, c.p.p., of the same proceedings to the United States of America, given the above mentioned pending investigations.

FOS CAVAOU

With regard to the Fos Cavaou ("FOS") project for the construction of a regasification terminal, the client Société du Terminal Méthanier de Fos Cavaou ("STMFC", now Fosmax LNG) in January 2012 commenced arbitration proceedings before the International Chamber of Commerce in Paris ("Paris ICC") against the contractor STS [a French "société en participation" made up of Saipem SA (50%), Tecnimont SpA (49%) and Sofregaz SA (1%)]. On July 11, 2011, the parties signed a mediation memorandum pursuant to the rules of Conciliation and Arbitration of the Paris ICC. The mediation procedure ended on December 31, 2011 without agreement having been reached, because Fosmax LNG refused to extend the deadline.
The brief filed by Fosmax LNG in support of its request for arbitration included a demand for payment of approximately €264 million for damages allegedly suffered, penalties for delays and costs for the completion of works ("mise en régie"). Of the total sum demanded, approximately €142 million was for loss of profit, an item excluded from the contract except for cases of wilful misconduct or gross negligence. STS filed its defence brief, including a counterclaim for compensation for damage due to excessive interference by Fosmax LNG in the execution of the works and for the payment of extra work not approved by the client (and reserving the right to quantify the amount as the arbitration proceeds). On October 19, 2012, Fosmax LNG lodged a "Mémoire en demande". Against this, STS lodged its own Statement of Defence on January 28, 2013, in which it filed a counterclaim for €338 million. The final hearing was held on April 1, 2014. On the basis of the award issued by the Arbitration Panel on February 13, 2015, Fosmax LNG paid STS the sum of €84,349,554.92, including interest on April 30, 2015. 50% of this amount is due to Saipem SA. On June 26, 2015, Fosmax LNG challenged the award before the French Conseil d'Etat, requesting its annulment on the alleged basis that the Arbitration Panel had erroneously applied private law to the matter instead of public law. On November 18, 2015, a hearing was held before the Conseil d'Etat. Subsequently to the submission of the Rapporteur Public, the judges concluded the discussion phase. The Rapporteur requested a referral to the Tribunal des Conflits. With its judgement of April 11, 2016, the Tribunal des Conflits held that the Conseil d'Etat had jurisdiction for deciding on the dispute regarding the appeal to overrule the arbitration award of February 13, 2015. On October 21, 2016, a hearing was held before the Conseil d'Etat and on November 9, the latter issued its own ruling, with which it partially nullified the award of February 13, 2015 for only the mise en régie costs (quantified by Fosmax in €36,359,758), stating that Fosmax should have relinquished such costs back to an arbitration tribunal, unless otherwise agreed by the parties.
Parallel with the aforementioned appeal before the Conseil d'Etat, on August 18, 2015, Fosmax LNG also filed an appeal with the Court of Appeal of Paris to obtain the annulment of the award and/or the declaration of nullity of the relevant exequatur, the enforceability of which had been recognised and of which Fosmax had been notified on July 24, 2015. On February 21, 2017, the Court of Appeal declared itself incompetent to decide on the annulment of the award and stated that it would postpone the subsequent decision on the alleged nullity of the exequatur. On July 4, 2017, the Court annulled the exequatur issued by the President of the Tribunal de grande instance and sentenced STS to pay the costs (€10,000) of the proceeding in favour of Fosmax.
On June 21, 2017, Fosmax notified Sofregaz, Tecnimont SpA and Saipem SA, of a request for arbitration, requesting that the aforementioned companies (as members of the société en partecipation STS) be jointly and severally condemned to pay the mise en régie costs as quantified above beyond delays and legal fees. The Arbitration Tribunal was officially constituted on January 19, 2018 when the Chairman was confirmed and, in accordance with the calendar agreed between the Parties, on April 13, 2018 Fosmax filed its Mémoire en demande in which it detailed its demands at €35,926,872 in addition to interest for late payments of approximately €4.2 million. STS filed its brief and response on July 13, 2018, with which it has made the counter-claim that Fosmax be ordered to pay €2,155,239 in addition to interest for loss of profit and €5,000,000 for non-material damage.
Hearings were held from February 25 to February 27, 2019 and the award was communicated to the lawyers of the parties on July 3, 2020. The Arbitration Tribunal fully rejected the counterclaims made by the STS members and sentenced them, jointly and severally, to pay Fosmax: (i) €31,966,704 for "en règie" works made by Fosmax; (ii) default interest on the aforementioned amount at the annual rate EURIBOR 1 month plus two basis points, starting from the 45th day from the issue of the accepted invoices and up to complete payment; (iii) USD 204,400 as a partial refund of the advance paid by Fosmax for the costs of the arbitration procedure; and (iv) €1,343,657 as compensation for legal defence costs. With an addendum to the award, the Arbitral Tribunal provided some clarification on the application of the default interest.
On July 30, 2020, Saipem SA paid Fosmax its share of the principal capital of the award, equal to €16,744,610. Tecnimont communicated that it has challenged the award. Saipem has not been part of this process, which ended in 2021 with the rejection of the challenge brought by Tecnimont.
By letter dated November 16, 2020, Fosmax's defence jointly notified Tecnimont SpA and Saipem SA to pay the outstanding part of the award within 15 days, quantifying the interest and VAT at €11,374,761. However, they have not disclosed the methods used to calculate interest and this matter is still under discussion between the parties. Tecnimont has since paid its share of the principal capital of the award. On December 20, 2021, Saipem paid its share of VAT (€3,196,670). Tecnimont and Saipem agreed to pay in favor of FOS only the undisputed interests amount, communicating this decision to FOS through their lawyer. On February 1, 2022, Saipem therefore made a payment of €3,073,902.

COURT OF CASSATION - CONSOB RESOLUTION NO. 18949 OF JUNE 18, 2014 - ACTIONS FOR DAMAGES

Preliminary hearings in Milan: with the measure adopted with Resolution No. 18949 of June 18, 2014, Consob decided to apply a monetary fine of €80,000 to Saipem SpA for an alleged delay in the issuing of the profit warning issued by the company on January 29, 2013 and, "with a view to completing the preliminary investigation", to transmit a copy of the adopted disciplinary measure to the Public Prosecutor's office at the Court of Milan. On March 12, 2018, the Public Prosecutor's office at the Court of Milan – at the end of its investigations – notified Saipem SpA of the "Notice to the person under investigation of the conclusion of the preliminary investigations" with reference to the hypothesis of an administrative offence referred to in Articles 5, 6, 7, 8, 25-*ter*, lett. b) and 25-*sexies* of Legislative Decree No. 231/2001, allegedly committed until April 30, 2013 *"for not having prepared an organisational model suitable to prevent the completion"* of the following alleged offences:

(i) offence pursuant to Article 185 of Legislative Decree No. 58/1998 (in conjunction with Article 114 of Legislative Decree No. 58/1998 and Article 68, paragraph 2, of the Issuers Regulation), allegedly committed on October 24, 2012, with reference to the press release published for the approval of the quarterly report at September 30, 2012 by Saipem SpA and the related conference call of October 24, 2012 with external analysts;
(ii) offence pursuant to Article 2622 of the Civil Code (continuing illegal offence with Article 2622, paragraphs 1, 3 and 4, old civil code formulation was in force at the time of the facts), allegedly committed on April 30, 2013, with reference to the 2012 consolidated and statutory financial statements of Saipem SpA approved by the Board of Directors on March 13, 2013 and by the Shareholders' Meeting on April 30, 2014;
(iii) offence pursuant to Article 185 of Legislative Decree No. 58/1998, allegedly committed from March 13, 2013 to April 30, 2013, with reference to press releases issued to the public regarding the approval of the 2012 consolidated and statutory financial statements of Saipem SpA.

In addition to the Company, the following physical persons were also investigated in relation to the same allegations as those above:

- for the alleged crime under (i): the two Chief Executive Officers and the Chief Operating Officer of the Engineering & Construction Business Unit of Saipem SpA in office at the date of the press release of October 24, 2012, as they *"through the press release dated October 24, 2012 issued on the occasion of the approval by the Board of Directors of the quarterly report as at September 30, 2012 and during the related conference call..., they spread false news – which was incomplete and reticent – concerning the economic and financial situation of Saipem SpA,..., capable of causing a significant alteration of the price of its ordinary shares"*; and
- for the alleged crimes under (ii) and (iii): the Chief Executive Officer and the Officer responsible for financial reporting, who was in office at the date of approval of the 2012 consolidated and statutory financial statements of Saipem SpA as they:

  in relation to the alleged offence (ii), they would have *"disclosed in the consolidated and statutory financial statements of Saipem SpA, approved by the Board of Directors and by the Shareholders' Meeting on March 13, 2013 and April 30, 2013, material facts that do not correspond to the truth, although subject to evaluation, as well as the omission of information on the economic, asset and financial situation of Saipem SpA, the reporting of which is required by law,..., and, in particular:*

  - *in contrast to the provisions of paragraphs 14, 16, 17, 21, 23, 25, 26 and 28 of IAS 11, no extra costs related to delays in the execution of activities and late penalties were recorded in the costs for the entire lifespan of the project,... for a total of €245 million:*

  and the effect was:

  1) *they recorded higher revenue of €245 million in the income statement compared to the amount accrued, on the basis of a state of economic progress that did not consider the extra costs described above in the costs for the lifespan of the project, in contrast with paragraphs 25, 26 and 30 of IAS 11;*
  2) *they omitted to record the expected loss of the same amount... as the cost of the year, in contrast with paragraph 36 of IAS 11, thus recording an operating result higher than the pre-tax profit of €1,349 million in the income statement, in place of the actual operating result of €1,106 million, and a higher than realistic shareholders' equity of €17,195 million, instead of the actual shareholders' equity of €16,959 million..."*.

  In relation to the alleged offence (iii), *"with the aforementioned press releases, they spread the news of the approval of the 2012 consolidated and statutory financial statements of Saipem SpA, in which material facts that did not correspond to the truth were disclosed, and more specifically revenue higher than actual revenue for €245 million and an EBIT higher than reality for the corresponding amount,..."*.

On April 11, 2018, Saipem SpA received the notice of hearing set for October 16, 2018, together with the request for indictment against Saipem SpA formulated on April 6, 2018 by the Public Prosecutor.
On October 16, 2018, the trial began before the Judge for the Preliminary Hearing in Milan during which two individuals were presented as plaintiffs.
At the hearing of January 8, 2019, the Judge for the Preliminary Hearing granted the establishment of a civil suit against the accused individuals and rejected the second request for the constitution of a civil suit against all the defendants. No civil suit has been granted against Saipem SpA.
Following the discussions of the parties and the Public Prosecutor, the Judge for the Preliminary Hearing postponed the case to March 1, 2019.
At the hearing of March 1, 2019, the Judge for the Preliminary Hearing ordered the committal for trial of Saipem SpA with reference to the charge of an administrative offence pursuant to Articles 5, 6, 7, 8, 25-*ter*, letter b) and 25-*sexies* of Legislative Decree No. 231/2001, allegedly committed until April 30, 2013 *"for failing to provide a suitable organisational model to prevent criminal acts"* with regard to the following alleged crimes: (i) offence pursuant to Article 2622 of the Civil Code ("false accounting"), allegedly committed on April 30, 2013, with reference to the 2012 consolidated and statutory financial statements of Saipem SpA; and (ii) offence pursuant to Article 185 of Legislative Decree No. 58/1998 ("manipulation of the market"), allegedly committed from March 13, 2013 to April 30, 2013, with reference to press releases issued to the public regarding the approval of the 2012 consolidated and statutory financial statements of Saipem SpA.
The Judge for the Preliminary Hearing ruled in favour of Saipem SpA, because the statute of limitations had passed regarding the charge of an administrative offence pursuant to Articles 5, 6, 7, 8, 25-*ter*, letter b) and 25-*sexies* of Legislative Decree No. 231/2001, *"for failing to provide a suitable organisational model to prevent criminal acts"* with regard to the following alleged crime: (iii) offence pursuant to Article 185 of Legislative Decree No. 58/1998 ("manipulation of the market"), allegedly committed on October 24, 2012, with reference to the press release published for the approval of the quarterly report as at September 30, 2012 by Saipem SpA and the related conference call of October 24, 2012.
The Judge for the Preliminary Hearing ordered the committal for trial of the following individuals: (a) for the alleged crimes under (i) and (ii): the Chief Executive Officer and the Officer responsible for financial reporting who was in office at the date of approval of the 2012 consolidated and statutory financial statements of Saipem SpA; (b) for the alleged crime under (iii): the Chief

Executive Officer and the Chief Operating Officer of the Engineering & Construction Business Unit of Saipem SpA in office at the date of the press release of October 24, 2012.
All individuals committed for trial by the Judge of the Preliminary Hearing of Milan have long since left the Company.
On May 23, 2019, the first instance proceedings began before the Criminal Court of Milan (R.G.N.R. 5951/2019). The hearing was postponed on June 4, 2019 as the first instance proceedings were assigned to a new section of the Criminal Court of Milan. On June 4, 2019, after the formalities of the first hearing including the filing of the requests for the admission as plaintiffs by some parties, the Court adjourned the proceedings to the September 26, 2019 hearing, in order to allow the parties to better understand the terms and the conditions of the requests for the admission as plaintiffs and the requests to summon Saipem SpA as the civilly liable party ("responsabile civile"). At the hearing scheduled on September 26, 2019, the Court has merely postponed the ruling on the requests for the admission as plaintiffs and on the requests to summon Saipem SpA as the civilly liable party ("responsabile civile") to a hearing on October 17, 2019. The requests for the admission as plaintiffs have been proposed by more than 700 private investors. The overall amount referred to in the requests has not been determined. At the hearing of October 17, 2019, at the request of the plaintiffs, the Court ordered the summons of Saipem SpA as the civilly liable party at the hearing of December 12, 2019.
At the hearing of December 12, 2019, Saipem SpA was admitted as the civilly liable party in the proceedings.
The Court also invited the parties to formulate their preliminary statements.
The Public Prosecutor and the lawyers of the other parties and of Saipem SpA have requested the admission of witnesses indicated in their lists.
During the debate phase, continuing from 2019 to 2021, the Court proceeded with calling the witnesses indicated by the Prosecutor and the parties' lawyers.
On May 13, 2021, the Prosecutor submitted his conclusions summarised below: (i) ruling of acquittal, under Article 530, section 2, Code of Criminal Procedure, because the fact was not committed toward the Chief Operating Officer of Saipem Business Unit Engineering & Construction, in office at the date of October 24, 2012, in relation to the offence charged under Article 185 of Legislative Decree No. 58/1998; (ii) conviction to 4 years of detention and €90,000 of pecuniary fine against the CEO in office on October 24, 2012, in relation to the offence under Article 185 of Legislative Decree No. 58/1998; (iii) ruling not to proceed for the expiry of the statute of limitations in regard to the CEO and the Manager in charge of preparing the accounting and corporate documents in office at the date of the approval of the December 31, 2012 consolidated and statutory financial statements of Saipem SpA in relation to the offence under Article 2622, Civil Code; (iv) conviction to 2 years of detention and €60,000 of pecuniary fine against the CEO and the Manager in charge of preparing the accounting and corporate documents in office at the date of the approval of the December 31, 2012, consolidated and statutory financial statements of Saipem SpA in relation to the offence under Article 185, Legislative Decree No. 58/1998; (v) payment of a €600,000 of pecuniary fine against Saipem SpA in relation to administrative offences under Articles 5, 6, 7, 8, 25-*ter,* lett. b) and 25-*sexies,* Legislative Decree No. 231/2001.
Also on May 13, 2021, the 49 plaintiffs admitted by the Court filed written conclusions, specifically:
- No. 10 plaintiffs sought judgment against the defendants with the penalty provided by law, and compensation for property and moral damages jointly with Saipem SpA civilly liable party to be settled in a separate proceeding, with a request of a provisional amount of €10,000 immediately payable to each plaintiff;
- No. 39 plaintiffs sought judgment against the defendants with the penalty provided by law, and compensation for property and moral damages jointly with Saipem SpA civilly liable party. The property damage was determined in the amount equal to the value of the shares held, or, alternatively, a different amount deemed equitable plus interests and reassessment of the amount owed. Regarding moral damages, the amount calculated was at least 1/5 of the property damage or, alternatively, an amount to be determined on an equitable basis. In this case also a request was submitted for the payment of a provisional amount equal to 20% of the property damage suffered, or, alternatively, a different amount deemed to be fair.

At the hearing of June 10, 2021 and July 6, 2021, the defence of Saipem SpA as civilly liable party was discussed, as well as the defence of Saipem SpA as defendant under Legislative Decree No. 231/2001, and the defence of the individual parties. Lastly, the Court adjourned the hearing to September 28, 2021, for the parties' replies and for the judgment.
Saipem SpA issued a press release on September 28, 2021, informing of the following:
"The Criminal Court of Milan (Section X) today expressed its decision in the proceedings relating to offences allegedly committed in the preparation and release to the market of the press release dated October 24, 2012, featuring the results as of September 30, 2012, and the consolidated and statutory financial statements as of December 31, 2012.
In relation to the above-mentioned proceedings, at the hearing of May 13, 2021, the Public Prosecutor had submitted to the Court the following conclusions against the Company and some former employees that have long since left the Company:
- *sentence to pay a €600,000 pecuniary fine against Saipem SpA in relation to administrative offences under Articles 5, 6, 7, 8, 25-*ter*, lett. b) ("false accounting") and 25-*sexies*, of Legislative Decree No. 231/2001 ("market abuse");*
- *ruling of acquittal, under Article 530, section 2, Code of Criminal Procedure, because the fact was not committed toward the former Chief Operating Officer of Saipem Business Unit Engineering & Construction, in office at the date of October 24, 2012 (and who left the Company in December 2012), in relation to the offence charged under Article 185 of Legislative Decree No. 58/1998 ("manipulation of the market");*
- *conviction to 4 years of detention and €90,000 of pecuniary fine against the former CEO in office on October 24, 2012 (and who left the Company in December 2012), in relation to the offence under Article 185 of Legislative Decree No. 58/1998 ("manipulation of the market");*
- *ruling not to proceed for the expiry of the statute of limitations in regard to the former CEO (who left the Company in April 2015) and the former Manager in charge of preparing the accounting and corporate documents (who left the Company in December 2013) in office at the date of the approval of the December 31, 2012, consolidated and statutory financial statements of Saipem SpA in relation to the offence under Article 2622, Civil Code ("false accounting"); and*
- *conviction to 2 years of detention and €60,000 of pecuniary fine against the former CEO (who left the Company in April 2015) and the former Manager in charge of preparing the accounting and corporate documents (who left the Company in December*

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2013) in office at the date of the approval of the December 31, 2012, consolidated and statutory financial statements of Saipem SpA in relation to the offence under Article 185, Legislative Decree No. 58/1998 ("manipulation of the market").
The Court of Milan upheld all the requests brought by the defenses of the prosecuted parties and acquitted the Company and all individuals as no offences were committed. The Court also rejected all compensation civil claims for damages brought in the proceedings by 49 retail investors.
Saipem expresses its satisfaction for the ruling by the Court of Milan".
The Court of Milan filed the reasons underlying the first instance decision on December 21, 2021. The first instance decision became definitive on February 11, 2022.
On July 28, 2014, Saipem SpA lodged an appeal at the Court of Appeal of Milan against the above mentioned Consob Resolution No. 18949 dated June 18, 2014 to impose a monetary fine. By decree filed on December 11, 2014, the Court of Appeal of Milan rejected the opposition made by Saipem SpA which then appealed to the Court of Cassation against the Decree issued by the Court of Appeal of Milan. The appeal was discussed on November 7, 2017. On February 14, 2018, the Court of Cassation filed its decision rejecting Saipem's petition on the grounds of the *"absolute uniqueness of the situation… concerning the interpretation of the phrase 'without delay' in the text of the paragraph 1 of Article 114 TUF"* and condemning each party to bear its legal costs for the proceedings.
Current legal proceedings: on April 28, 2015, a number of foreign institutional investors initiated legal action against Saipem SpA before the Court of Milan, seeking judgement against the Company for the compensation of alleged loss and damage (quantified in approximately €174 million), in relation to investments in Saipem shares which the claimants alleged that they had made on the secondary market. In particular, the claimants sought judgement against Saipem requiring the latter to pay compensation for alleged loss and damage which purportedly derived from the following: (i) with regard to the main claim, from the communication of information alleged to be "imprecise" over the period from February 13, 2012 and June 14, 2013; or (ii) alternatively, from the allegedly "delayed" notice, only made on January 29, 2013, with the first "profit warning" (the so-called "First Notice") of privileged information which would have been in the Company's possession from July 31, 2012 (or such other date to be established during the proceedings, identified by the claimants, as a further alternative, on October 24, 2012, December 5, 2012, December 19, 2012 or January 14, 2013), together with information which was allegedly "incomplete and imprecise" disclosed to the public over the period from January 30, 2013 to June 14, 2013, the date of the second "profit warning" (the so-called "Second Notice"). Saipem SpA appeared in court, case number R.G. 28789/2015, fully disputing the adverse party's requests, challenging their admissibility and, in any case, their lack of grounds.
As per the order made by the Judge at the hearing of May 31, 2017, the parties proceeded to deposit the briefs referred to in Article 183, paragraph 6, c.p.c. (Civil Procedure Code). With the same order, the Court set a hearing for February 1, 2018 for the possible admission of the evidence.
With the same order of May 31, 2017, the Court ordered the separation of the judgement for five of the parties involved in the proceedings and this separate proceeding – number R.G. 28177/2017 – was discontinued pursuant to Article 181 of the Italian Civil Procedure Code on November 7, 2017.
At the hearing on February 1, 2018, the Judge, by order dated February 2, 2018, postponed the proceeding to the hearing of July 19, 2018. pursuant to Article 187, paragraph 2, c.p.c. During the hearing, after the parties clarified the conclusions, the judge assigned said parties the deadline for filing the final briefs and the replies.
On October 2, 2018, Saipem filed the final brief and on October 22, 2018 Saipem filed the reply.
On November 9, 2018, the Court filed the first instance ruling No. 11357, rejecting the merit of the request by the parties. The Court has indeed ruled that there is lack of evidence of ownership of Saipem shares by said actors in the period indicated above and has condemned them to pay €100,000 in favour of Saipem, by way of reimbursement of legal expenses.
On December 31, 2018, the institutional investors challenged the aforementioned sentence before the Court of Appeal of Milan, requesting that Saipem be ordered to pay approximately €169 million. The first hearing before the Court of Appeal of Milan was held on May 22, 2019. The Appeal's Judge adjourned the hearing to July 15, 2020, for the parties to file their final conclusions.
At the hearing of July 15, 2020, the parties clarified their respective conclusions and the Court of Appeal fixed the terms of October 14, 2020 for filing their final conclusions and of November 3, 2020 for filing their replies.
The Court of Appeal, with an order issued on November 16, 2020, requested the remittal by parties of the translation of some documents to be filed at an ad-hoc hearing set for January 20, 2021.
At the hearing on January 20, 2021, the Judge, after verifying the filing of the required documents, set a new hearing for February 10, 2021. At that hearing, the case was held in decision without terms for further conclusive statements. On February 23, 2021, the Judge ordered an integrative evidence phase.
On April 15, 2022, the expert appointed by the Court ("CTU") filed its final report assessing in favour of Saipem that: (i) the 2013 forecast data, later reflected in the press release relating to the profit warning of January 29, 2013, could not be known in a sufficiently reliable and definitive way before the date of such press release and that (ii) Saipem could not to communicate in a reliable way to the market the revision of the guidance contained in the press release relating to the profit warning of June 14, 2013 prior to such date. Consequently, the CTU has not deemed to proceed with any quantifications of the (alleged) damages claimed by investors. The hearing for the submission of the final request of the parties will be held on May 4, 2022.
With a writ of summons dated December 4, 2017, twenty-seven corporate investors took legal action before the Court of Milan section specialised in the field of corporate law, against Saipem SpA. and two former Chief Executive Officers of said company, requesting that they are jointly condemned to pay compensation (with respect to the two former members of the company, limited to their periods of stay in office) for compensation for damages, material and non-material, allegedly suffered due to an alleged manipulation of information released to the market during the period between January 2007 and June 2013.
Saipem SpA's liability was calculated pursuant to Article 1218 of the Civil Code (contractual liability) or pursuant to Article 2043 of the Civil Code (non-contractual liability) or, pursuant to Article 2049 of the Civil Code (owner and client liability) for the illegal conduct committed by the two former company representatives.
Damages were not initially quantified by the investors, who reserved the right to quantify damages during the trial.

The Company appeared in court to contest the claims in full, pleading inadmissibility and in any case the groundlessness in fact and in law.
On June 5, 2018, the first hearing was held. In this hearing the judge assigned terms for evidence pleadings, reserving judgement until said pleadings could be examined.
The parties proceeded to deposit the pleadings referred to in Article 183, paragraph 6, c.p.c. In the evidence pleading pursuant to Article 183, paragraph 6, No. 1, c.p.c., the plaintiffs provided for the quantification of damages allegedly suffered in the amount of approximately €139 million. In its evidence pleading, Saipem and the other defendants remarked, in particular, on the lack of evidence regarding the acquisition of Saipem shares on the secondary markets by the plaintiffs. Therefore, due to this lack of evidence from the plaintiffs, all the defendants asked the Court to set a hearing to clarify the conclusions pursuant to Article 187, c.p.c. One of the plaintiffs by filing its pleading pursuant Article 183, paragraph 6, n. 3, declared to waive the action pursuant to Article 306, c.p.c.
On November 9, 2018, the Company filed sentence No. 11357 issued by the Court of Milan on November 9, 2018 at the outcome of case R.G. No. 28789/2015, as this provision decided the same preliminary issues of merit raised by Saipem and the other defendants in the case under consideration, in particular with reference to the failed proof of purchase of Saipem shares.
On November 9, 2019, Saipem SpA produced in the proceedings the order of the Criminal Court of Milan dated October 17, 2019, with reference to the pending criminal judgment R.G.N.R. 5951/2019, which declared inadmissible in this case the civil suit brought by approximately 700 civil parties, citing similar reasons to those set forth in decision No. 11357 issued by the Court of Milan on November 9, 2018 at the outcome of proceedings R.G. No. 28789/2015.
In a note dated October 23, 2019, the plaintiffs filed an application with the judge to authorise the filing of a pro veritate opinion in relation to Saipem’s filing of November 9, 2018.
With note dated October 25, 2019, Saipem SpA has challenged the inadmissibility of the filing of the aforementioned opinion brought by the plaintiffs.
The Court set the hearing for the parties’ clarification of their conclusions on November 3, 2020, having deemed it necessary to remit the decision on all questions and exceptions made by the parties to the Court.
The hearing of November 3, 2020 was postponed to February 9, 2021 with the written discussion of the case.
At the hearing on February 9, 2021, the Judge held the case in decision, setting the legal terms for the filing of the final statements and the replies which were respectively filed on April 12 and May 3, 2021.
On November 20, 2021, the Court of Milan ruled in favour of Saipem, rejecting the plaintiffs' claims of approximately €101 million out of €139.6 million.
Investors whose claims have been rejected, will be able to appeal before the Milan Court of Appeal. In the meantime, they paid Saipem approximately €150 thousand in legal expenses.
The Court of Milan with the aforementioned decision and with an order dated November 20, 2021 remitted the case to the preliminary investigation in respect of the further claims for damages for an amount of approximately €38 million.
For these investors, whose claims amount to approximately €38 million, the proceedings will continue in the first instance, and the next hearing is scheduled for February 9, 2021. The hearing for the discussion of the parties is scheduled on May 9, 2022.
On January 21, 2022, Saipem filed its appeal against the part of the decision issued on November 20, 2021, which ordered the remittance of the claims brought by these plaintiffs. On January 24, 2022, investors, whose claims have been rejected, filed their appeal against the decision issued on November 20, 2021.
Demands for out-of-court settlement and mediation proceedings: with regard to the alleged delays in providing information to the markets, from 2015 to 2022, Saipem SpA received a number of out-of-court demands and mediation applications.
As far as the out-of-court claims are concerned, the following have been made: (i) in April 2015 by 48 institutional investors acting on their own behalf and/or on behalf of the funds managed by them respectively amounting to approximately €291.9 million, without specifying the value of the claims made by each investor/fund (subsequently, 21 of these institutional investors, together with a further 8 presented applications for mediation for a total amount of approximately €159 million; 5 of these institutional investors together with another 5, presented applications for mediation in relation to the total amount of approximately €21.9 million); (ii) in September 2015 by 9 institutional investors acting on their own behalf and/or for the funds managed by them respectively for a total amount of approximately €21.5 million, without specifying the value of the claims for compensation made by each investor/fund (subsequently 5 of these institutional investors together with another 5, made an application for mediation for a total amount of approximately €21.9 million); (iii) over 2015 by two private investors amounting respectively to approximately €37,000 and €87,500; (iv) during the month of July 2017 from some institutional investors for approximately €30 million; (v) on December 4, 2017 by 141 institutional investors for an unspecified amount (136 of these investors on June 12, 2018 renewed their out-of-court request, again for an unspecified amount); (vi) on April 12, 2018 for approximately €150-200 thousand by a private investor; (vii) on July 3, 2018 by a private investor for approximately €330,000; (viii) on October 25, 2018 for approximately €8,800 by a private investor; (ix) on November 2, 2018 for approximately €48,000 by a private investor; (x) on May 22, 2019 for approximately €53,000 by a private investor; (xi) on June 3, 2019 for an unspecified amount by a private investor; (xii) on June 5, 2019, for an unspecified amount by two private investors; (xiii) in February 2020 by a private investor for damages of €1,538,580; (xiv) in March 2020 by two private investors who did not indicate the value of their claims for compensation; (xv) in April 2020 by two private investors who have not indicated the value of their claims for compensation and by a private investor claiming alleged damages of approximately €40,000; (xvi) in May 2020 by a private investor who did not indicate the value of the claimed compensation; (xvii) in June 2020 by a private investor who did not indicate the value of the claimed compensation; (xviii) in June 2020 by twenty-three private investors who did not indicate the value of their claim for compensation; (xix) in July 2020 by eighteen investors claiming damages of approximately €22.4 million; (xx) in July 2020 by thirty-four private investors who did not indicate the value of their claim for compensation; (xxi) in August 2020: (a) by four private investors who did not indicate the value of their claim for compensation, (b) by three institutional investors, on their own behalf and/or on behalf of the funds they manage, for an amount of approximately €7.5 million; (xxii) in September 2020 by ten private investors who did not state the value of their claim; (xxiii) in October 2020: (a) by twelve private investors who have

not indicated the value of their claim, (b) by one private investor, who claims damages to the value of €113,810, (c) by six-hundred and forty-four associated private investors, who have not indicated the value of their claim and (d) by three institutional investors, on their own behalf and/or on behalf of the funds they manage, for a total amount of €115,000; (xxiv) in November 2020: (a) by eleven private investors, who have not indicated the value of their claim, (b) by two institutional investors, on their own behalf and/or on behalf of the funds they manage, for an amount of approximately €166,000; (xxv) in December 2020 by ten private investors who have not indicated the value of their claim and by one private investor, who claims to have suffered damages of €234,724; (xxvi) in January 2021, by four private investors who have not indicated the value of their claim; (xxvii) in March 2021: (a) by three investors who have not indicated the value of their claims and (b) by five associated private investors, who have not indicated the value of their claim; (xxviii) (a) in April 2021, by a private investor who have not indicated the value of his claim, (b) by fourteen institutional investors acting on their own behalf and/or on behalf of the funds managed for a total amount of approximately €3 million; (xxix) in May 2021: (a) by two private investors who have not indicated the value of their claim, (b) by a private investor who has indicated the value of his claim for approximately €100,000 and (c) by a private investor who has indicated the value of his claim for approximately €84,000; (xxx) by a private investor who has indicated the value of their claim for approximately €92,000; (xxxi) in December 2021, by two private investors who indicated the value of their claim at a total of approximately €143,000; (xxxii) in January 2022, by 161 private investors who indicated the value of their claim at a total of approximately €23 million.

Those applications where mediation has been attempted, but with no positive outcome, involve seven main demands: (a) in April 2015 by 7 institutional investors acting on their own behalf and/or for the funds managed by them, in relation to approximately €34 million; (b) in September 2015 by 29 institutional investors on their own behalf and/or for the funds managed by them respectively, for a total amount of approximately €159 million (21 of these investors, together with another 27, submitted out-of-court demands in April 2015, complaining that they had suffered loss and damage for a total amount of approximately €291 million without specifying the value of the claims for compensation for each investor/fund); (c) in December 2015 by a private investor in the amount of approximately €200,000; (d) in March 2016 by 10 institutional investors on their own behalf and/or for the funds managed by each respectively, for a total amount of approximately €21.9 million (5 of these investors together with another 4 had presented out-of-court applications in September 2015, complaining they had suffered loss and damage for a total amount of approximately €21.5 million without specifying the value of the compensation sought by each investor/fund. Another 5 of these investors, together with a further 43, had presented out-of-court applications in April 2015 alleging they had suffered loss and damage for an amount of approximately €159 million without specifying the value of the compensation sought by each investor/fund); (e) by a private investor in April 2017 for approximately €40,000; (f) in 2018-2019 by a private investor for approximately €48,000; (g) in December 2020 by a private investor who started the mediation, requesting compensation for an unspecified value. Saipem SpA verified the aforementioned requests for out-of-court claims and mediation and found them to be groundless and denying all liability. At the date of approval of the Annual Financial Report as of December 31, 2021 by the Board of Directors, the aforementioned demands for out-of-court settlements and/or mediation were not subject to legal action, except for the matters specified above in relation to the two cases pending before the Court of Milan and the Court of Appeal of Milan, for another case with a value of €3 million in which Saipem was summoned in the course of 2018 by the defendant in court and (for which the claim against Saipem had been rejected by the Court in the first instance and in the second degree the Court of Appeal – accepting the defence statements of Saipem SpA – has rejected the counterparty appeal, sentencing the latter to a payment in favour of Saipem SpA of the legal expenses) at the time this proceedings is pending before the Court of Cassation; another case with a claim value of approximately €40,000 which ended in favour of Saipem SpA; and another case notified to Saipem with a claim value of approximately €200,000, which also ended in favour of Saipem.

DISPUTE WITH HUSKY - SUNRISE ENERGY PROJECT IN CANADA

On November 15, 2010, Saipem Canada Inc ("Saipem") and Husky Oil Operations Ltd ("Husky") (the latter on behalf of the Sunrise Oil Sands Partnership formed by BP Canada Energy Group ULC and Husky Oil Sands Partnership, in turn formed by Husky Oil Operations Ltd and HOI Resources Ltd), signed an Engineering, Procurement and Construction contract No. SR-071 (the "Contract"), prevalently on a reimbursable basis, relating to the project called Sunrise Energy (the "Project").

During the execution of the works, the parties agreed several times to modify the contractual payment formula. Specifically: (i) in October 2012, the parties established that the works were to be paid for on a lump-sum basis, agreeing the amount of CAD 1.3 billion (approximately €849 million) as contract price; (ii) subsequently, in early 2013, an incentive system was agreed that provided for Saipem's right to receive additional payments upon achieving certain objectives; (iii) starting from April 2014, the parties entered into numerous written agreements whereby Husky accepted to reimburse Saipem for the costs incurred in excess of the lump sum amount previously agreed, thus determining, according to Saipem, a contract change from lump sum to reimbursable. As the end of the works approached, however, Husky stopped paying what it owed as reimbursement and, in March 2015, finally terminated the Contract, claiming that Saipem had not complied with the contractual deadline for conclusion of the works.

In light of the above, on March 16, 2015, Saipem took legal action citing Husky, the aforesaid partnerships and the related members before the Court of Queen's Bench of Alberta, requesting, among other things, that the court declare the illegitimacy of the termination of the Contract by Husky and sentence it to the payment of: (i) more than CAD 800 million (approximately €522 million) for damages that include the payments not made on a reimbursable basis, damages resulting from the termination of the contract, lost profits and the unjustified enrichment of Husky at the expense of Saipem; or, alternatively, (ii) the market value of the services, materials and financing rendered.

In September 2015, Husky notified Saipem of a Request for Arbitration (Alberta Arbitration Act), affirming that, as a result of the reduction of the scope of work requested by Husky, the contractual lump sum price agreed with Saipem should be reduced proportionally on the basis of a specific contractual provision in this sense. On the basis of this, Husky asked that Saipem be ordered to pay the related value, quantifying this claim as CAD 45,684,000 (approximately €29.8 million).

On October 6, 2015, Husky sued Saipem in the Court of Queen's Bench of Alberta, claiming, among other things: (i) that the payments it had made to Saipem, which were in excess of the lump sum amount agreed between the parties, were justified by Saipem's alleged threats to abandon the works if such additional payments were not made (economic duress); and (ii) that even after the execution of such payments, the performances of Saipem did not improve, forcing Husky to terminate the contract and complete the works on its own. As a result, Husky asked the Canadian court to order Saipem to pay CAD 1.325 billion (approximately €865 million) for alleged damages, an amount that includes, among other things: (i) payments in excess with respect to the agreed lump sum price; (ii) costs to complete the works following termination of the contract; (iii) damages for lost profits and the penalty for alleged delay in completion of the Project.
In the hearing of January 14, 2016, Saipem requested that the pending proceedings be heard jointly before the Queen's Bench Court of Alberta and that arbitration be suspended in order to include the relative claims in the proceedings to be heard jointly. On May 27, 2016, Saipem filed a short reply requesting that the Court declare invalid the arbitration proceedings commenced by Husky. At the hearing for the discussion of this petition, held on July 4, 2016, the Judge rejected the request to declare the arbitration procedure invalid initiated by Husky which is ongoing.
In March 2018, the parties entered into an arbitration agreement by which they agreed to unite all the disputes pending between them, as described above, in a single "ad hoc" arbitration proceeding based in Canada.
In the Statement of Claim filed by Saipem on April 30, 2018 in the new arbitration procedure, Saipem requested: (i) damages for over CAD 508 million (approximately €331 million); (ii) damages to be calculated by the court following adjustments to the contract price due to additional work resulting from the contractual breaches by Husky, or on a quantum meruit basis; (iii) punitive damages to be determined; (iv) interest in the amount of CAD 90 million (approximately €58.7 million) (or to be calculated by the court); (v) legal expenses; (vi) any other damages awarded by the court. In the Statement of Claim filed on April 30, 2018, Husky asked: (i) compensation for approximately CAD 1.37 billion (approximately €909 million) as compensation for alleged damages (this amount includes, inter alia, payments allegedly in excess of the agreed lump-sum price; the costs for completing the work after the termination of the contract; the loss of profit and the liquidated damages for delay for the alleged delayed completion of the Project); (ii) interest to be calculated by the court; (iii) legal expenses; (iv) any other damages awarded by the court. On June 8, 2018, the parties filed their respective Statements of Defence. On September 13, 2019, the parties exchanged their respective witness statements, expert reports and memorials. In particular, in their respective memorials: (i) Saipem reduced its claims to CAD 166 million (approximately €108 million), these claims relate to the costs incurred up to the termination of the contract and associated damages; while (ii) Husky introduced an application for the repayment of alleged overstated payments, initially quantifying them in a range from CAD 75 million (approximately €48 million) to CAD 125 million (approximately €81.6 million). Upon the exchange of supplemental memorials, which took place on January 31, 2020, Husky specified its latest request in approximately CAD 122.5 million (approximately €80 million). During subsequent exchanges, the parties clarified their claims, also submitting reports by their technical consultants. In particular: (i) Saipem's claim is now CAD 128,877,844 (approximately €87.5 million) (net of CAD 19,733,283, equal to approximately €13.4 million, part of Husky's claim which Saipem recognised limited to this amount, to be offset against the greater amount that Saipem claims it is due from Husky); while (ii) Husky's claim now amounts to CAD 730,249,451 (approximately €496 million).
Hearings were held in February 2021. On March 24, 2021 and April 7, 2021, the post hearing memorials were exchanged.
In August 2021, the parties entered into a settlement agreement so ending the dispute.

ARBITRATION WITH NATIONAL COMPANY FOR INFRASTRUCTURE PROJECTS DEVELOPMENT CONSTRUCTION AND SERVICES KSC (CLOSED), FORMERLY KHARAFI NATIONAL CLOSED KSC ("KHARAFI") - JURASSIC PROJECT

With reference to the Jurassic project and the related EPC contract between Saipem SpA ("Saipem") and Kharafi, on July 1, 2016, Saipem filed a request for arbitration with the London Court of International Arbitration ("LCIA") with which it requested that Kharafi be condemned:

(1) to return KWD 25,018,228 (approximately €68,243,008), cashed by Kharafi through the enforcement of a performance bond following the termination of the contract with Saipem;
(2) to refund KWD 20,135,373 (approximately €54,922,842) for costs deriving from the suspension of the procurement activities, particularly those connected with the purchase by Saipem of 4 turbines;
(3) to refund KWD 10,271,409 (approximately €28,009,394) for engineering costs borne by Saipem prior to the termination of the contract by Kharafi;

for a total of KWD 55,425,010 (equal to approximately €153,065,479 on the basis of the exchange rate at December 31, 2017).
Kharafi responded to Saipem's request for arbitration rejecting the claims therein and demanding, by way of counterclaim, that Saipem be sentenced to pay an amount not yet quantified but including, among other things:

(1) the costs allegedly sustained by Kharafi due to Saipem's alleged non-fulfilment of the contract (more than KWD 32,824,842, i.e. approximately €89,510,985); and
(2) the damage allegedly suffered by Kharafi following the enforcement of a guarantee in a sum equivalent to KWD 25,136,973 issued by Kharafi to the final client of the Jurassic project.

On April 28, 2017, Saipem filed its Statement of Claim and on October 16, 2017 Kharafi filed its Statement of Defence and Counterclaim. The Kharafi counterclaim was set out in KWD 102,737,202 (approximately €283 million). Saipem filed its response on February 6, 2018 and Kharafi the related Reply and Defence to Counterclaim on April 6, 2018.
On November 14, 2018, the parties filed their expert reports. At that time, Kharafi produced a report prepared by an external consulting company in which, for the first time, it claimed that the company would have suffered damages for equal to approximately €1.3 billion, allegedly attributable to Saipem related to the failure of the Jurassic and BS171 projects (in which Kharafi was a subcontractor of Saipem). Subsequently, Saipem filed an appeal with the Arbitral Tribunal requesting that the expert report in question, as well as the related request, be thrown out as late and without foundation.
On February 5, 2019, the Arbitral Tribunal pronounced that the report in question was inadmissible and, with it, the new claim for compensation brought by Kharafi for the equivalent of €1.3 billion.

On March 1, 2019, Kharafi appealed against the decision of the Arbitral Tribunal which stated that the aforementioned report was inadmissible before the High Court of Justice in London. At the hearing on July 6, 2019, the High Court of Justice in London ruled in favour of Saipem, fully rejecting the request of Kharafi and ordering Kharafi to pay, within 14 days from the ruling, GBP 79,000 (approximately €91,329) as legal expenses.
With their last filing the parties specified their demands, based on the final quantifications performed by the experts, indicating as follows: (i) Saipem, KWD 46,069,056.89 (approximately €125,611,591); and (ii) Kharafi, KWD 162,101,263 (approximately €441,984,259).
Hearings were held in London from February 18 to March 1, 2019. The award was issued on November 8, 2019 and notified to the parties in the following days. In the award, the Arbitral Tribunal sentenced Kharafi to pay Saipem the amount of the guarantee deemed unfairly enforced by Kharafi, namely KWD 25,018,228 (approximately €68.1 million), in addition to interest at 7%, rejecting all Kharafi's claims and sharing among the parties the legal costs. At present, Kharafi has not paid Saipem the amount referred to in the award.

ARBITRATION WITH CPB CONTRACTORS PTY LTD (FORMERLY LEIGHTON CONTRACTORS PTY LTD) ("CPB") - GORGON LNG JETTY PROJECT

In August 2017, CPB notified Saipem SA and Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda ("Saipem") of a request for arbitration.
The dispute stems from the construction of the jetty of an LNG plant for the Gorgon LNG project in Western Australia. The main contract for engineering and construction of the pier ("Jetty Contract") was signed on November 10, 2009 by CPB, Saipem SA, Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda and Chevron Australia Pty Ltd ("Chevron").
CPB, based on alleged contractual breaches by Saipem SA and Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda, has requested that Saipem be ordered to pay approximately AUD 1.39 billion (approximately €900 million). Saipem sustains that the CPB claims are totally unfounded and has filed its statement in which it has requested the rejection of all the claims made by CPB and filed a counterclaim for AUD 37,820,023 (approximately €24.5 million), subsequently increased to approximately AUD 50 million (approximately €32.4 million), for payments related to the consortium agreement, extra costs related to non-compliance and delays by CPB in the execution of the works and backcharges. Subsequently, the parties specified their claims. In particular: (i) CPB clarified its demands by making a claim of approximately AUD 1 billion (approximately €649 million) for alleged violations of the consortium agreement between the parties and another alternative claim of approximately AUD 1.46 billion (approximately €948 million) based on the assumption that CPB would not have entered into the Jetty Contract (and would not have suffered the related damages), if Saipem had not violated the consortium contract; (ii) Saipem has now quantified its claims in a total amount of approximately AUD 30 million (approximately €19.4 million). In 2020 and 2021, the first tranche of hearings were held, while the last tranche has been held from March 28 to April 1, 2022. Oral closing submissions are scheduled from July 5 to July 7, 2022.
It is noted that, with reference to the same project, in 2016 Chevron initiated a separate arbitration proceeding against the consortium between CPB and Saipem, requesting payment of liquidated damages and back-charges for an amount currently equal to approximately AUD 54 million (approximately €35 million). In this arbitration, both CPB and Saipem filed separate counterclaims against Chevron, quantified, respectively, at AUD 1.9 billion (approximately €1.2 billion) (it is noted that the items of damages proposed by CPB against Chevron appear, in large part, superimposable to those proposed by CPB against Saipem in the arbitration between the latter two, referred to in the first part of this paragraph) and AUD 23 million (approximately €14.9 million). The hearings of these proceedings were held in November 2019.
On October 20, 2020, the partial award was notified in this second arbitration (it is a partial ruling as it did not rule on the Australian GST – goods and services tax – interest and arbitration costs). This award recognised: (i) to Saipem, USD 8,835,710 (approximately €7.3 million) and €99,460; (ii) to CPB, AUD 65,803,183 (approximately €42.7 million); and (iii) to Chevron, AUD 34,570,936 (approximately €22,465,976). The award, however, does not distinguish between Saipem and CPB, treating the two parties as a single entity. By offsetting the credits and debits indicated above, the Arbitration Panel therefore indicated the Saipem/CPB consortium as the creditor for the following amounts AUD 31,232,247 (approximately €20,296,323), USD 8,835,710 USD (approximately €7.3 million) and €99,460, leaving it to the members of the Saipem/CPB Consortium to agree on the relevant sharing of these sums between them. The members of the Saipem/CPB Consortium have then reached an internal agreement based on which the amounts due to Saipem are equal to €99,460.47 and USD 7,464,454.02 (approximately €6.1 million), without prejudice to the rights of the members of the consortium to claim a different split in court. Saipem collected the amount it was owed by Chevron.
On April 21, 2021, the Arbitral Tribunal issued the final award on costs and interests. By applying setoffs among the credits and debits of the parties, the Tribunal has established that Chevron shall pay the Saipem/CPB Consortium: AUD 6,560,564.84 (approximately €4,220,638), USD 2,894,266.25 (approximately €2,410,530) and €38,136.56. However, the Tribunal has not distinguished between the amounts to be assigned to Saipem and CPB, considering the Consortium as a single party in the proceedings. Saipem and CPB have agreed to split in equal parts the awarded amounts of costs and interests. Each party has received from Chevron AUD 3,280,282, USD 1,447,133 and €19,068.

ARBITRATION WITH NATIONAL COMPANY FOR INFRASTRUCTURE PROJECTS DEVELOPMENT CONSTRUCTION AND SERVICES KSC (CLOSED), FORMERLY KHARAFI NATIONAL KSC (CLOSED) - BOOSTER STATION 171 (KUWAIT) PROJECT ("BS171")

On March 18, 2019, the International Chamber of Commerce of Paris, at the request of the National Company for Infrastructure Projects Development Construction and Services KSC (Closed) (formerly Kharafi National KSC, for convenience, hereinafter "Kharafi") notified Saipem SpA of a request for arbitration, in which Kharafi requested that Saipem be ordered to pay sums of at least KWD 38,470,431 (approximately €104,843,488) as extra-costs deriving from alleged breaches of contract, in addition to KWD 8,400,000 (approximately €22,893,337) by way of refund of the amount collected by Saipem in 2016 following the enforcement (illegitimate according to Kharafi) of the bond issued by Kharafi to guarantee project performance.

The dispute pertains to subcontract No. 526786 signed by Saipem and Kharafi on August 27, 2010, relating to the BS171 project (final client KOC) terminated by Saipem on July 30, 2016 for serious breaches and delays by Kharafi in the execution of the works, with consequent enforcement of the aforementioned performance guarantee.
Appearing in court, on May 17, 2019, Saipem filed its response to the request for arbitration, contesting the requests by Kharafi and making a counterclaim, which involves: (i) a payment of KWD 14,964,522 (approximately €40,783,154); and (ii) the recognition of Saipem's enforcement of the performance bond and the consequent rejection of the reimbursement claim for the same amount (KWD 8,400,000) made by Kharafi.
In the Schedule of Loss filed by Kharafi in March 2020, the claim was reduced to KWD 31,824,929 (approximately €86,734,625) in addition to interest and costs, including KWD 8,400,000 (approximately €22.893,337) by way of return of the performance bond. Saipem should have filed its Statement of Defence and Counterclaim on April 9, 2020. However, the deadline was postponed due to the COVID-19 emergency. Finally, on September 18, 2020, Saipem filed its defence and counterclaim, contesting the opposing claims and quantified its counterclaim in KWD 23,431,109 (approximately €63,861,514) plus interest and expenses. Kharafi should have filed its reply by December 4, 2020; however, on the same date, Kharafi's lawyers sent a letter to the ICC Arbitral Tribunal in which they informed that, due to economic difficulties, Kharafi would no longer have any legal representation in the BS171 arbitration, would not be able to produce further documentation in the proceeding and would not participate in any future arbitration hearings. Despite this, Kharafi invited the Court not to consider its claim as withdrawn or Saipem's claim as admitted, asking that the arbitration proceeding be continued in absentia and that the Arbitral Tribunal rule on the basis of the deeds and documents filed to date by both parties. On December 16, 2020, Saipem sent its response to the Court, asking that the Court: (i) reject Kharafi's request of a proceeding tried in absentia to be decided on the sole basis of the available documentation; and (ii) reject Kharafi's claims, as Kharafi was no longer able to support such claims in the proceedings. The Arbitral Tribunal gave Kharafi a deadline of January 7, 2021 to respond to Saipem's request, then extended it to January 18, 2021, given Kharafi's inaction. Kharafi, however, did not file any replies. On February 1, 2021, the Arbitral Tribunal decided to proceed in Kharafi's absentia and to set three hearing days (instead of three weeks in March 2022, as initially foreseen by the arbitration calendar), inviting the parties to provide comments on the decision. Saipem expressed its agreement. Following the submission of the parties' technical experts' reports, Kharafi's claims has been confirmed in KWD 34,554,608 (approximately €104,938,937), while Saipem's counterclaim is now quantified in KWD 20,604,294 (approximately €62,587,844). The hearings took place between March 14 and March 16, 2022.

ARBITRATION INITIATED BY NORMAND MAXIMUS OPERATIONS LTD ("NORMAND MAXIMUS")

Normand Maximus has initiated two arbitration proceedings under the London Maritime Arbitrators Association and London Arbitration Act 1996 against Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda ("SPCM") and Saipem SpA. The arbitration against SPCM relates to the charter agreement of the vessel Normand Maximus dated June 6, 2014 and subsequent amendments (the "Agreement"), whilst that against Saipem SpA concerns the parent company guarantee issued by Saipem SpA. on October 26, 2016, with which the latter guaranteed SPCM's obligations under the Contract.
Normand Maximus' claims in the two arbitrations amount to a total of USD 48,173,144 (approximately €39.7 million) (for the termination fee, hire differential claim and unused maintenance days claim allegedly accrued following the termination of the Contract by SPCM), in addition to expenses and interest. SPCM and Saipem SpA pleaded that they did not receive the notification of the requests for arbitration in a timely manner and therefore obtained a postponement to February 12, 2021 for the filing of the respective Defences and Counterclaim Submissions.
On February 12, 2021, SPCM filed its Defence and Counterclaim submission, requesting, by way of a counterclaim, USD 43,714,805 (approximately €36 million) (or other amount determined by the Court) plus interest and expenses, deriving from breaches by Normand Maximus and associated damages to SPCM due to the non-compliance of the vessel with respect to the contractual specifications. On the same date, Saipem SpA filed its Defence and Counterclaim submission in the arbitration relating to the parent company guarantee, denying any breach by SPCM in relation to the contract for which the guarantee was issued. SPCM and Saipem SpA also claimed their right to offset the amounts requested by Normand Maximus with the amounts due by the latter by way of damages caused to SPCM/Saipem SpA for the above reasons.
On March 12, 2021, Normand Maximus filed its reply and defence to counterclaim whereby it has: (i) claimed that SPCM and Saipem SpA have no right to set off any amount claimed by Normand Maximus with any possible amount owed to SPCM and Saipem SpA for damages; (ii) rejected SPCM and Saipem SpA's position on the non-conformity of the vessel to the contractual specifications; and (iii) challenged the quantification of the damages made by SPCM and Saipem.
Normand Maximus has also filed a separate application in which it has asked the Arbitral Tribunal to determine as preliminary issues: (i) the correct measure of SPCM and Saipem SpA's losses; and (ii) whether SPCM and Saipem SpA are entitled to set-off the sums counterclaimed. Normand Maximus also seeks an immediate partial award on their claims in such sum as the Arbitral Tribunal may determine. On May 20, 2021, the parties settled amicably the dispute. The arbitration has therefore ended.

ARBITRATION INITIATED BY SAUDI ARABIAN KENTZ CO LTD ("KENTZ")

On November 27, 2020, Kentz sent Snamprogetti Saudi Arabia Co Ltd ("Snamprogetti") a request for arbitration under the rules of the International Chamber of Commerce ("ICC").
In this request for arbitration, Kentz, a Snamprogetti subcontractor in the Khurais Central Processing Facilities for the Area Facilities Expansion and Sat GOSP project, requested an extension of time and the payment of SAR 329,020,474 (approximately €72.9 million) (plus interest and legal costs) for the alleged costs of delay, disruption, acceleration, substitution, head office overheads, finance costs, milestone and back-charges, which Kentz believes were illegally applied by Snamprogetti. On January 25, 2021, Snamprogetti filed its response to Kentz's request for arbitration, rejecting the latter's claims and requesting, in counterclaim, the following amounts: (i) SAR 18.4 million (approximately €4 million) for liquidated damages; (ii) SAR 25,380,189 (approximately €5.5 million) for additional costs incurred when Snamprogetti had to replace Kentz in some activities relating to the project; (iii) SAR 1,048,276 (approximately €232,000) for costs related to additional resources that Snamprogetti had to

dedicate to the Project due to Kentz's default; and (iv) interest and expenses. On February 27, 2021, Kentz has submitted its Reply to Answer and Counterclaims in which it has rejected Snamprogetti's position and insisted with its claims. On May 28, 2021, the parties settled amicably the dispute. The arbitration has therefore ended.

LITIGATION INITIATED BY ISIODU COMMUNITY IN EMOHUA LOCAL GOVERNMENT AREA OF RIVERS STATE + OTHERS

HRH Eze Jacob O Ugwugwueli, Chief Tobin Iregbundah, Chief Robinson Chukwu, Chief Sunday P. Azundah, Elder Clifford Ikpo, Chief Samuel C. Azundah (on its own and on behalf of the Council of Chiefs and people of Isiodu Community in Emohua Local Government Area of Rivers State (together the "Plaintiffs") sued Saipem Contracting Nigeria Ltd ("SCNL"), Shell Petroleum Development Co Nigeria Ltd ("SPCD"), Patyco Global Concept Ltd, the Nigerian Federal Ministry of Environment and the Nigerian Department of Petroleum Resources before the Federal High Court of Port Harcourt (Nigeria) alleging that toxic substances deriving from the realisation of the Southern Swamp Associated Gas Solutions project in Nigeria were illegally spilled into the territory of their community by the Nigerian company Patyco Global Concept Ltd, a subcontractor appointed by SCNL/SPDC to dispose of the waste deriving from the realisation of this project. The Plaintiffs requested that all the defendants be sentenced to pay, jointly and severally, compensation of: (i) USD 60 million (approximately €49.5 million) for the alleged damage to the environment and the health/life of the Plaintiffs; (ii) USD 3 billion (approximately €2.47 billion) for the alleged special damages for all of the related consequences and recovery activities that would allegedly derive from them; (iii) legal fees and interest at 20%. The defendants contest any responsibility vis-à-vis the claims put forth by the Plaintiffs, and have filed documents and reports to such extent. After several postponements, the first hearing, initially scheduled for March 17, 2021 has been scheduled for March 30, 2022. On March 30, 2022, the Judge scheduled an hearing for the discussions of some preliminary aspects on June 23, 2022.

CONSOB RESOLUTION OF MARCH 2, 2018

With reference to Consob Resolution No. 20324 of March 2, 2018 ("the Resolution") the contents of which are described in paragraph "Information regarding censure by Consob pursuant to Article 154-*ter*, subsection 7, of Legislative Decree No. 58/1998 and the notice from the Consob offices dated April 6, 2018", the Board of Directors of Saipem resolved on March 5, 2018 to appeal the Resolution in the competent courts.
The appeal to the TAR-Lazio was filed on April 27, 2018. Following access to the administrative proceedings, on May 24, 2018 Saipem filed with the TAR-Lazio additional grounds for appeal against the aforementioned Resolution.
On June 15, 2021, a hearing was held before the TAR-Lazio to discuss Saipem's appeal against the Consob Resolution of March 2, 2018.
On July 6, 2021, the TAR-Lazio rejected the appeal filed by Saipem SpA on April 27, 2018.
On July 6, 2021, Saipem SpA issued the following press release:
"Saipem SpA informs that the Regional Administrative Court ("TAR") of Lazio, through the decision filed today, has rejected the appeal presented on April 27, 2018 by the Company against Consob Resolution No. 20324 dated March 2, 2018 (of which the markets were informed with the Press Release dated March 5, 2018, the "Resolution").
*With the Resolution (the contents of which are described in paragraph "Information regarding censure by Consob pursuant to Article 154-*ter*, subsection 7, of Legislative Decree No. 58/1998 and the notice from the Consob Offices dated April 6, 2018" of the Annual Report 2020 of Saipem SpA) Consob has stated the non-compliance of Saipem's 2016 Annual Statutory and Consolidated Reports with the regulations which govern their preparation, concerns in particular: (i) the incorrect application of the accrual basis of accounting affirmed by IAS 1; (ii) the non-application of IAS 8 in relation to the correction of errors with reference to the financial statements of 2015; and (iii) the estimation process of the discount rate pursuant to IAS 36.*
*With the Resolution Consob has therefore asked the Company, pursuant to Article 154-*ter*, subsection 7, of Legislative Decree No. 58/1998, to disclose the following elements of information to the markets: (A) the weaknesses and non-compliance identified by Consob in relation to the accounting correctness of the financial statements mentioned above; (B) the applicable international accounting standards and the violations detected in relation thereto; (C) the illustration, in an appropriate pro-forma consolidated income statements and balance sheet – with comparative data – of the effects that accounting in compliance with the regulations would have produced on the 2016 balance sheet, income statement and shareholders' equity, for which incorrect information was supplied.*
Saipem SpA on April 16, 2018 issued a press release providing a pro-forma consolidated income statements and balance sheet at December 31, 2016 with the only aim to comply with the Resolution.
The TAR of Lazio has rejected the appeal presented by Saipem SpA requesting the annulment of the Resolution.
Saipem reserves its right to appeal the decision of the TAR of Lazio before the Council of State".
On November 6, 2021, Saipem SpA filed its appeal before the Council of State against the decision of the TAR of Lazio.

CONSOB RESOLUTION OF FEBRUARY 21, 2019

With reference to Consob Resolution No. 20828 of February 21, 2019, communicated to Saipem on March 12, 2019 ("the Resolution") the contents of which are described in paragraph "Information regarding censure by Consob pursuant to Article 154-*ter*, subsection 7, of Legislative Decree No. 58/1998 and the notice from the Consob Offices dated April 6, 2018", The Board of Directors of Saipem resolved on April 2, 2019 to appeal Resolution No. 20828 before the Milan Court of Appeal. On April 12, 2019, Saipem SpA appealed, pursuant to Article 195 TUF, against the Resolution before the Milan Court of Appeal, requesting its cancellation. A similar appeal was filed by the two individuals sanctioned under the Resolution, i.e. the Chief Executive Officer of Saipem SpA and the Chief Financial Officer and Officer responsible for financial reporting in office at the time of the events. The first hearing before the Milan Court of Appeal was held on November 13, 2019.
On that day, the Milan Court of Appeal postponed the discussion on November 4, 2020.
On October 23, 2020, Saipem SpA and the two individuals sanctioned submitted an application to the Court of Appeal, to be allowed to file documents required to debate the appeal by November 4, 2020.

On November 2, 2020, the Court of Appeal authorised the filing of the documents requested on October 23, 2020 by the parties, also granting Consob a deadline to submit any counter-arguments on those documents by December 15, 2020 and postponed the hearing to discuss the appeal to January 27, 2021.
On January 20, 2021, Saipem SpA and the two individuals sanctioned presented a new application to the Court of Appeal, to be allowed to file additional documents required to debate the appeal by January 27, 2021 and to be authorised to propose new grounds for the appeal. which came to light when new documents were found.
On January 21, 2021, the Court of Appeal accepted the applications by Saipem and the individuals and authorised the filing of the documents requested on January 20, 2021. The Court also upheld the proposal of additional grounds, to be submitted through written filings by February 26, 2021, and also granted Consob the right to submit its counter filings by March 25, 2021. The hearing for the discussion will be held on April 21, 2021.
At the hearing of April 21, 2021, the appeals were discussed.
The Milan Court of Appeal has partially upheld the appeals, whilst it rejected the remaining:
- reducing from €200,000 to €150,000 the administrative financial fine imposed by Consob in 2019 against the former Chief Executive Officer of the Company in office from April 30, 2015 until April 30, 2021;
- reducing from €150,000 to €115,000 the administrative financial fine imposed by Consob in 2019 against the former CFO and officer responsible for the Company's financial reporting in office at the time of the 2016 capital increase until June 7, 2016; and
- consequentially reducing from €350,000 to €265,000 the condemnation of Saipem SpA to the payment of the afore mentioned administrative financial fines, as the party jointly and severally liable pursuant to Article 195, paragraph 9, of the Italian Consolidated Law on Finance (Legislative Decree No. 58/1998).

On January 20, 2022, Saipem appealed the Milan Court of Appeal decision before the Italian Supreme Court ("*Corte di Cassazione*").
On March 1, 2022, Consob served Saipem SpA with its appeal ("*controricorcorso con ricorso incidentale*").
Saipem SpA filed its appeal against Consob's appeal ("*controricorcorso con ricorso incidentale*") on April 8, 2022.

ONGOING INVESTIGATIONS. PUBLIC PROSECUTOR'S OFFICE OF MILAN - 2015 AND 2016 FINANCIAL STATEMENTS. PROSPECTUS OF THE JANUARY 2016 CAPITAL INCREASE

On January 22, 2019, the Public Prosecutor's office of Milan notified Saipem SpA of a *"local search warrant and seize notice of investigation"*, in relation to the alleged administrative offence pursuant to Articles 5, 6, 7, 8 and 25-*ter* - lett. B), Legislative Decree No. 231/2001, based on the alleged crime of false accounting allegedly committed from April 2016 to April 2017, as well as in relation to the alleged unlawful administrative act pursuant to Articles 5, 6, 7, 8 and 25-*sexies* of Legislative Decree No. 231/2001, based on the alleged crime of manipulation of the market, allegedly committed from October 27, 2015 to April 2017.
At the same time, the Public Prosecutor's office of Milan had notified the following individuals that they were under investigation: the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018), as well as, for various reasons, one manager and two former managers (the former Officer responsible for financial reporting in office until June 7, 2016 and the former Officer responsible for financial reporting in office until May 16, 2019). The investigation concerns the following offences: (i) false accounting relating to the 2015 and 2016 financial statements; (ii) manipulation of the market allegedly committed from October 27, 2015 to April 2017; and (iii) false statements in the prospectus issued with reference to the documentation for the offer of the capital increase in January 2016.
On December 18, 2020, the Milan Public Prosecutor's office served the notice of conclusion of the preliminary investigations to the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018), to a former executive (the Officer responsible for financial reporting in office until June 7, 2016) and to Saipem SpA.
Saipem SpA is charged with reference to the hypothesis of an administrative offence referred to in Articles 5, 6, 7, 8 and 25-*ter* of Legislative Decree No. 231/2001 *"for having failed to prepare an organisational model suitable to prevent the crimes of false accounting"*, pursuant to Article 2622 of the Italian Civil Code, allegedly committed from March 16, 2016 until July 27, 2016 with reference to the Financial Statements at December 31, 2015 and the Half-Year Report at June 30, 2016 and the administrative offence referred to in Articles 5, 6, 7, 8 and 25-*sexies* of Legislative Decree No. 231/2001 *"for having failed to prepare an organisational model suitable to prevent the crimes of false statements in the prospectus"*, pursuant to Article 173-*bis* of Legislative Decree No. 58/1998, and *"market manipulation"*, pursuant to Article 185 of Legislative Decree No. 58/1998, allegedly committed from October 27, 2015 until July 27, 2016.
From the notice of conclusion of the preliminary investigations, the following offences are waged against the two individuals still under investigation (the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) and a former Executive who held the role of Executive Officer responsible for financial reporting in office until June 7, 2016): i) false accounting pursuant to Article 2622 of the Italian Civil Code in relation to the Financial Statements at December 31, 2015 (with reference to both suspects) and the First Half Report at June 30, 2016 (with reference only to the Chief Executive Officer of the Company appointed by Shareholders' Meeting on April 30, 2015) and on May 3, 2018); (ii) false statements in the Prospectus pursuant to Article 173-*bis* of Legislative Decree No. 58/1998 with reference to both suspects, issued with reference to the documentation for the offer of the capital increase in January 2016, from January 22, 2016 to February 5, 2016; (iii) market manipulation pursuant to Article 185 of Legislative Decree No. 58/1998, allegedly committed by the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) from October 27, 2015 to July 27, 2016 and by the CFO and Officer responsible for financial reporting in office until June 7, 2016 from October 27, 2015 until June 7, 2016.
On March 29, 2021, the Judge for the Preliminary Hearing of the Tribunal of Milan has notified to Saipem SpA that the preliminary hearing is scheduled for May 10, 2021, in relation to the alleged administrative offence pursuant to Articles 5, 6, 7, 8 and 25-*ter,* letter B) of Legislative Decree No. 231/2001, for failing to implement an organisational model capable of preventing the offence of false accounting, allegedly committed from March 16, 2016 to July 27, 2016, as well as in relation to the alleged administrative

offence pursuant to Articles 5, 6, 7, 8 and 25-*sexies* of Legislative Decree No. 231/2001, for failing to implement an organisational model capable of preventing the crimes of false statement in the prospectus and manipulation of the market, allegedly committed from October 27, 2015 to July 27, 2016.
This notification follows the issue of the notice of completion of the preliminary investigations and the subsequent request for indictment by the Public Prosecutor of Milan, notified together with the decree scheduling the preliminary hearing, against Saipem SpA, the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) and a former executive of the Company (the CFO and Officer responsible for the Company's Financial Reporting in office until June 7, 2016).
The Public Prosecutor of Milan in the request for indictment alleges the following offences: (i) false accounting pursuant to Article 2622 of the Italian Civil Code relating to the financial statements at December 31, 2015, allegedly committed by both individuals, and the First Half Report at June 30, 2016 allegedly committed only by the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018); (ii) manipulation of the market pursuant to Article 185 of Legislative Decree No. 58/1998 allegedly committed by the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) from October 27, 2015 to July 27, 2016 and by the CFO and Officer responsible for financial reporting in office until June 7, 2016 from October 27, 2015 until June 7, 2016; and (iii) false statement in the prospectus pursuant to Article 173-*bis* of Legislative Decree No. 58/1998 allegedly committed from January 22, 2016 until February 5, 2016 by both individuals with reference to the documentation for the offer of a capital increase in January 2016.
At the May 10, 2021, hearing before the Milan Judge of the Preliminary Hearing, more than 500 plaintiff applications ("*richieste di costituzione di parte civile")* were filed, both in the name and on behalf of Saipem SpA shareholders, and on behalf of associations representing diffuse interests. The Judge of the Preliminary Hearing adjourned the next hearings to September 21, 2021, in order to allow the parties lawyers to review the plaintiff applications filed and to formulate their remarks, and consequentially to decide on their admissibility. The Judge in this proceedings has since been moved to a different assignment and the proceedings has been assigned to a new Judge who, at the hearing on January 20, 2022, postponed the discussion to the hearing of February 28, 2022.
On February 28, 2022 hearing, the Judge admitted No. 503 individuals as plaintiffs in the proceedings.
At the hearing of March 15, 2022 was held the discussion of the defences. The proceedings were adjourned to April 12, 2022 hearing for the decision of the indictment.
On April 12, 2022, Saipem SpA issued the following press release:
"*Saipem expresses its satisfaction for the decision of the Judge for the Preliminary Hearing at the Court of Milan, who acquitted all the defendants.*
San Donato Milanese (MI), April 12, 2022 - Saipem SpA expresses its satisfaction for today's decision issued by the Judge for the Preliminary Hearing at the Court of Milan, who acquitted, because 'no offence was committed', the Company, the former CEO of the Company (in office from April 30, 2015 until April 30, 2021), and the former CFO and Officer responsible for the Company's financial reporting (in office from December 6, 2013 until June 7, 2016) in relation to the following alleged crimes: (i) false accounting, allegedly committed from March 16, 2016 to July 27, 2016; (ii) false statement in the prospectus and manipulation of the market, allegedly committed from October 27, 2015 to July 27, 2016".

30 Revenue

The following is a summary of the main components of revenue. For more information about changes in revenue and reporting by business segment, see the "Financial and economic results" section of the "Directors' Report".

Core business revenue

Core business revenue was as follows:

(€ million)	2020	2021
Revenue from sales and E&C services	6,631	6,134
Revenue from sales and Drilling services	711	741
Total	**7,342**	**6,875**

Net sales by geographical segment were as follows:

(€ million)	2020	2021
Italy	419	284
Rest of Europe	493	735
CIS	539	460
Middle East	2,520	2,159
Far East	880	760
North Africa	377	90
Sub-Saharan Africa	1,681	1,738
Americas	433	649
Total	**7,342**	**6,875**

As described in "Accounting policies" in the paragraph "Contract assets and contract liabilities", to which we refer, in consideration of the nature of the contracts and the type of works performed by Saipem, the individual obligations contractually identified are mainly satisfied over time. The revenue that measures the progress of the work is determined, in line with the provisions of IFRS 15, by using an input method based on the percentage of costs incurred with respect to the total contractually estimated costs ("cost-to-cost" method).
Contract revenue includes the amount agreed in the initial contract, plus revenue from change orders and claims.
The change orders consist of additional fees deriving from changes to the contractually agreed works requested by the customer; price revisions (claims) consist of requests for additional fees deriving from higher charges incurred for reasons attributable to the customer. Change orders and claims are included in the amount of revenue when the changes to the agreed works and/or price have been approved, even if their definition has not yet been agreed on and in any case for a total amount not exceeding €30 million. Any pending revenue reported for a period longer than one year, with no changes in the negotiations with the customer, is impaired, despite the confidence in recovery of the business. Amounts higher than €30 million are reported only if supported by outside technical-legal expert opinions.
The cumulative amount of additional payments for change orders and claims, including amounts pertaining to previous years, based on projects progress as of December 31, 2021, totalled €176 million (€275 million as of December 31, 2020). There are no additional amounts relating to ongoing legal proceedings.
The change from the previous year is mainly due to the write-down of a claim related to a wind power project, the recoverability of which was no longer considered highly probable, as was the case in the previous year following the negotiating attitude adopted by the counterparties It should be noted that negotiations between the parties have recently resumed.
The contractual obligations to be fulfilled by the Saipem Group (order backlog), which as of December 31, 2021 amounted to €22,733 million, are expected to generate revenue of €8,062 million in 2022 while the remainder will be generated in subsequent years.
The share of revenue for leasing in the item "Core business revenue" does not have a significant impact on the overall amount of core business revenue, as it amounts to less than 3% of the total and it refers to the Drilling and Leased FPSO sectors.
Revenue from related parties are shown in Note 38 "Related party transactions".

Other revenue and income

Other revenue and income were as follows:

(€ million)	2020	2021
Gains on disposal of assets	9	4
Indemnities	-	1
Other income	57	-
Total	**66**	**5**

31 Operating expenses

The following is a summary of the main components of operating expenses. The most significant variations are analysed in the "Financial and economic results" section of the "Directors' Report".

Purchases, services and other costs

Purchases, services and other costs included the following:

(€ million)	2020	2021
Raw, ancillary and consumable materials and goods	1,538	1,850
Services	3,379	3,386
Use of third party assets	345	452
Net accruals to (utilisation of) the provisions for risks and charges	58	1,024
Other expenses	34	124
less:		
- internal work capitalised	(21)	(27)
- changes in inventories of raw, ancillary and consumable materials and goods	14	30
Total	**5,347**	**6,839**

During 2021 no brokerage fees were incurred.
Research and development costs that do not meet the requirements for capitalisation amounted to €35 million (€35 million in 2020).
"Use of third party assets" equal to €452 million, refer to €442 million for lease contracts, of which €304 million relate mainly to "Short-term Leases" with a term of less than or equal to 12 months, €92 million relate to "Variable payments", €45 million relate to "Intangible Leasing Software" and €1 million relate to "Low value".
Net accruals to/utilisations of the provisions for risks and charges for a total of €1,024 million refer to the provisions for risks related to disputes, provisions for contractual expenses and losses on long-term contracts and other provisions included in Note 23 "Provisions for risks and charges".
Purchases, services and other costs to related parties are shown in Note 38 "Related party transactions".

Net reversals of impairment losses (impairment losses) on trade receivables and other assets

Net reversals of impairment losses (impairment losses) on trade receivables and other assets include the effects relative to IFRS 9 applied to contract assets and are broken down as follows:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Trade receivables	(5)	(40)
Other receivables	-	-
Contract assets	(2)	(2)
Total	**(7)**	**(42)**

Personnel expenses

Personnel expenses were as follows:

(€ million)	2020	2021
Wages and salaries	1,369	1,360
Social security contributions	211	226
Contributions to benefit plans	34	20
Accrual to provision for TFR recognised as a counter-item to pension or Inps funds	24	23
Voluntary redundancy incentives	(3)	19
Other costs	(4)	10
less:		
- internal work capitalised	(6)	(7)
Total	**1,625**	**1,651**

Net accruals to provisions for employee benefits are shown under Note 24 "Employee benefits".
Income/expense for voluntary redundancy incentives refer only to net accruals to/utilisations of the provisions for redundancy incentives as commented on in Note 23 "Provisions for risks and charges".

Long-term incentive plans

In order to create a system of incentives and loyalty among Group's Senior Managers, Saipem SpA, defined, among other things, incentive plans starting from 2016, through the free allocation of Saipem SpA ordinary shares which was implemented in three-year cycles.
As of December 31, 2021, existing share plans include: (i) long-term incentive plans (2016-2018 and 2019-2021) and (ii) short-term incentive plan (2020-2022), respectively approved by the Ordinary Shareholders' Meetings of April 29, 2016, April 30, 2019 and April 29, 2020.
All plans provide for the free allocation of Saipem ordinary shares to the executives of Saipem SpA and its subsidiaries, holders of organizational positions with significant impact on the achievement of business results, also in relation to performance expressed and professional skills.

The 2020-2022 short term plan includes, in addition to the share incentive, monetary incentives for the three-year period 2020-2022 for resources who achieve the annual performance goals assigned. In this paragraph only the share-based component is discussed.
For additional information about the characteristics of the two plans, please see the disclosure made available to the public on the company's website (www.saipem.com), under the current law (Article 114-*bis* of Italian Legislative Decree No. 58/1998 and Consob implementing regulations).
The cost is determined with reference to the fair value of the option assigned to the senior manager, while the portion for the year is determined pro-rata temporis throughout the period to which the incentive refers (so-called vesting period and co-investment period/retention premium).
The fair value for the year, relative to all the implementations made, is €5 million.
The assessment was made using the Stochastic and Black & Scholes models, according to the provisions set forth in the IFRS, especially IFRS 2.
The Stochastic model was used to assess the assignment of equity instruments subject to market conditions (TSR). The Black & Scholes model was used to assess the economic and financial goals.
As of December 31, 2021, the weighted average fair value per unit was as follows:

	Weighted average fair value (Implementation ILT for 2017)	Weighted average fair value (Implementation ILT for 2018)	Weighted average fair value (Implementation ILT for 2019)	Weighted average fair value (Implementation ILT for 2020)	Weighted average fair value (Implementation ILT for 2021)	Weighted average fair value (Implementation ILT for 2021)
Strategic senior managers	3.352	3.612	5.645	1.360	2.304	n.a.
Non-strategic senior managers	2.665	3.073	4.515	1.092	1.846	n.a.
Chief Executive Officer	3.352	2.719	5.645	1.360	2.304	n.a.
Total	**3.055**	**3.345**	**5.175**	**1.230**	**2.088**	**2.153**

On the assignment date, the classification and number of beneficiaries, the respective number of shares allocated and the subsequent fair value calculation, are as follows:

ILT Implementation for 2017

	No. of managers	No. of shares (1)	Share portion (%)	Unit fair value TSR (weight 50%)	PFN Unit fair value (weight 50%)	Total fair value	Fair value 2020 (2)	Fair value 2021
Strategic senior managers (vesting period)			75	1.91	3.42			
Strategic senior managers (co-investment period)	100	3,926,500	25	3.99	6.84	11,574,504	2,233,844	912,917
Non-strategic senior managers	244	2,418,400	100	1.91	3.42	5,952,544	1,118,898	-
Chief Executive Officer (vesting period)	1	397,500	100	1.91	3.42	1,059,338	199,110	-
Total	**345**	**6,742,400**				**18,586,386**	**3,551,852**	**912,917**

(1) The number of shares shown in the table corresponds to the number assigned at the right assignment date. The number of shares used for total fair value and fair value calculation as of December 31, 2021, on the other hand, corresponds is 6,083,600 shares, and reflects the forfeited rights due to unilateral/consensual resignations, as well as the percentage of achievement of the non-market conditions at the end of the vesting period.
(2) The fair value for the period is measured as of the observation date.

ILT Implementation for 2018

	No. of managers	No. of shares [1]	Share portion (%)	Unit fair value TSR (weight 50%)	Unit fair value NFP (weight 50%)	Total fair value	Fair value skills 2020 [2]	Fair value skills 2021
Strategic senior managers (vesting period)	98	3,559,900	75	2.73	4.11	8,210,400	1,533,641	1,577,456
Strategic senior managers (co-investment period)			25	5.44	8.22			
Non-strategic senior managers	263	2,357,000	100	2.73	4.11	4,479,459	995,999	837,887
Chief Executive Officer (March 2018)	1	205,820	100	2.06	3.28	324,448	70,811	18,947
Chief Executive Officer (July 2018)	1	413,610	100	2.73	4.11	847,078	188,356	158,441
Total	**363**	**6,536,330**				**13,861,385**	**2,788,807**	**2,592,731**

(1) The number of shares shown in the table corresponds to the number assigned at the right assignment date. The number of shares used for the total fair value and fair value calculation as of December 31, 2021, on the other hand, is 4,143,586 shares, and reflects the forfeited rights due to unilateral/consensual resignations, as well as the percentage of achievement of the non-market conditions at the end of the vesting period.
(2) The fair value for the period is measured as of the observation date.

ILT Implementation for 2019

	No. of managers	No. of shares [1]	Share portion (%)	Unit fair value TSR E&C (weight 35%)	Unit fair value TSR Drilling (weight 15%)	Unit fair value NFP (weight 25%)	Unit fair value ROAIC (weight 25%)	Total fair value	Fair value skills 2020 [2]	Fair value skills 2021
Strategic senior managers (vesting period)	93	2,306,100	75	4.11	5.46	4.03	4.03	5,575,232	4,396,559	1,558,159
Strategic senior managers (Retention Premium period)			25	8.28	10.80	4.03	4.03			
Non-strategic senior managers	274	1,642,500	100	4.11	5.46	4.03	4.03	3,574,248	2,949,399	1,189,292
Chief Executive Officer (vesting period)	1	243,900	75	4.11	5.46	4.03	4.03	688,438	468,348	192,407
Chief Executive Officer (co-investment period)			25	8.28	10.80	4.03	4.03			
Total	**368**	**4,192,500**						**9,837,918**	**7,814,306**	**2,939,858**

(1) The number of shares shown in the table corresponds to the number assigned at the right assignment date. The number of shares used for the total fair value and fair value calculation as of December 31, 2021, on the other hand, is 1,901,200 shares, and reflects the forfeited rights due to unilateral/consensual resignations, as well as the percentage of achievement of the non-market conditions at the end of the vesting period.
(2) The fair value for the period is measured as of the observation date.

ILT Implementation for 2020

	No. of managers	No. of shares (1)	Share portion (%)	Unit fair value TSR E&C (weight 35%)	Unit fair value TSR Drilling (weight 15%)	Unit fair value PFN (weight 25%)	Unit fair value ROAIC (weight 25%)	Total fair value	Fair value skills 2020 (2)	Fair value skills 2021
Strategic senior managers (vesting period)	88	4,406,600	75	0.90	1.54	1.37	1.37	2,523,627	420,785	665,089
Strategic senior managers (Retention Premium period)			25	1.79	3.04	1.35	1.35			
Non-strategic senior managers	293	3,763,000	100	0.90	1.54	1.37	1.37	2,032,072	372,084	676,812
Chief Executive Officer (vesting period)	1	505,700	75	0.90	1.54	1.37	1.37	343,939	52,344	96,306
Chief Executive Officer (co-investment period)			25	1.79	3.04	1.35	1.35			
Total	**382**	**8,675,300**						**4,899,638**	**845,213**	**1,438,207**

(1) The number of shares shown in the table corresponds to the number assigned at the right assignment date. The number of shares used for total fair value and fair value calculation as of December 31, 2021, on the other hand, is 4,008,200 shares, and reflects the forfeited rights due to unilateral/consensual resignations, as well as the percentage of achievement of the non-market conditions at the end of the vesting period.
(2) The fair value for the period is measured as of the observation date.

ILT Implementation for 2021

	No. of managers	No. of shares (1)	Share portion (%)	Unit fair value TSR E&C (weight 35%)	Unit fair value TSR Drilling (weight 15%)	Unit fair value PFN (weight 15%)	Unit fair value ROAIC (weight 15%)	Unit fair value EBITDA (weight 20%)	Total fair value	Fair value skills 2020 (2)	Fair value skills 2021
Strategic senior managers (vesting period)	80	3,835,900	75	1.84	1.86	2.18	2.18	2.18	4,418,466	-	223,448
Strategic senior managers (Retention Premium period)			25	3.68	3.67	2.18	2.18	2.18			
Non-strategic senior managers	304	3,863,800	100	1.84	1.86	2.18	2.18	2.18	3,566,244	-	214,506
Chief Executive Officer (vesting period)	1	491,700	75	1.84	1.86	2.18	2.18	2.18	566,377	-	28,643
Chief Executive Officer (co-investment period)			25	3.68	3.67	2.18	2.18	2.18			
Total	**385**	**8,191,400**							**8,551,087**	**-**	**466,597**

(1) The number of shares shown in the table corresponds to the number assigned at the right assignment date. The number of shares used for the total fair value and fair value calculation as of December 31, 2021, on the other hand, is 4,095,700 shares, and reflects the forfeited rights due to unilateral/consensual resignations, as well as the percentage of achievement of the non-market conditions at the end of the vesting period.
(2) The fair value for the period is measured as of the observation date.

IBT implementation for 2021

	No. of managers	No. of shares	Share portion (%)	Unit fair value	Fair value overall (€)	Fair value attributable to Dec. 31, 2020 (€)	Fair value attributable to Dec. 31, 2021 (€)
Senior managers	132	918,150	100	2.15	1,733,496	-	393,472
Total	**132**	**918,150**			**1,733,496**	**-**	**393,472**

The evolution of the share plan is as follows:

	2020			2021		
	Number of shares	Average price financial year [a] (€ thousand)	Market price [b] (€ thousand)	Number of shares	Average price financial year [a] (€ thousand)	Market price [b] (€ thousand)
Options outstanding as of January 1	**16,530,530**	**-**	**72,005**	**19,481,230**	**-**	**42,956**
New options granted	8,336,800	-	19,705	9,289,750	-	19,627
(Options exercised during the period) [c]	(5,125,615)	-	12,115	(3,622,984)	-	7,655
(Options expiring during the period)	(260,485)	-	616	(3,449,209)	-	7,287
Options outstanding as of December 31	**19,481,230**	**-**	**42,956**	**21,698,787**	**-**	**40,034**
Of which:						
- exercisable as of December 31	-	-	-	-	-	-
- exercisable at the end of the vesting period	16,058,330	-	-	17,975,407	-	-
- exercisable at the end of the co-investment period/Retention Premium	3,422,900	-	-	3,723,380	-	-

(a) As these are grants, the strike price is zero.
(b) The market price of shares underlying the options granted, exercised or expiring during the year corresponds to the average market value. The market price of shares underlying the grants outstanding at the beginning and end of the period is the price recorded as of January 1 and December 31.
(c) The options exercised in 2021 chiefly represent the shares allocated to the beneficiaries of the 2018 implementation of the 2016-2018 plan, in accordance with the plan rules. In addition, shares awarded in cases of consensual termination of employment are included. The 2016-2018 plan, in fact, provides that the beneficiary retains the right to the incentive to a reduced extent, in relation to the period elapsed between the assignment of the shares and the occurrence of this event (Article 4.8 of the Plan Regulations).

The following table shows options outstanding as of December 31, 2021 and the number of assignees:

Year	No. of managers	Financial year price [(a)]	No. of shares
ILT 2016	372	-	6,103,514
ILT 2017	345	-	6,742,400
ILT 2018	363	-	6,536,330
ILT 2019	368	-	4,192,500
ILT 2020	382	-	8,675,300
ILT 2021	387	-	8,191,400
IBT 2021	132	-	918,150
As of December 31, 2021			
Shares assigned [(a)]			
ILT 2016		-	(158,199)
ILT 2017		-	(5,311,980)
ILT 2018		-	(3,501,549)
ILT 2019		-	-
ILT 2020		-	-
ILT 2021		-	-
IBT 2021		-	-
Expired options			
ILT 2016		-	(5,945,315)
ILT 2017		-	(602,270)
ILT 2018		-	(2,501,294)
ILT 2019		-	(551,300)
ILT 2020		-	(930,600)
ILT 2021		-	-
IBT 2021		-	(158,300)
Stock options			
ILT 2016	-	-	-
ILT 2017	84	-	828,150
ILT 2018	83	-	533,487
ILT 2019	348	-	3,641,200
ILT 2020	372	-	7,744,700
ILT 2021	385	-	8,191,400
IBT 2021	126	-	759,850
			21,698,787

(a) As these are grants, the strike price is zero.

The long-term incentive plans for Saipem SpA employees are shown in the item “Personnel expenses” and as a counter-item to “Other reserves” of equity.
The fair value of allocated options for employees of subsidiaries is shown at the date of option grant in the item “Personnel expenses” and as a counter-item to “Other reserves” of equity. In the same year the corresponding amount is charged to affiliated companies, as a counter-item to the item “Personnel expenses”.
In the case of Saipem SpA personnel who provides service to other group companies, the cost is charged pro-rata temporis to the company where the beneficiaries are in service.

The parameters used to calculate the fair value relating to the 2021 implementation of the ILT 2019-2021 plan and 2021 implementation of the IBT 2020-2022 plan are as follows[23]:

		Allocation	IBT 2021	Allocation	ILT 2021
Share price [(a)]	(€)	27/04/2021	**2.153**	27/10/2021	**2.181**
Strike price [(b)]	(€)		**-**		**-**
Parameter adopted in the Black & Scholes model	(€)	27/04/2021	**2.153**	27/10/2021	**2.181**
Expected life					
- Vesting Period	(years)		3		3
- Co-investiment/Retention Premium	(years)		n.a.		2
Risk-free interest rate					
TSR	(%)				
- Vesting Period	(%)		n.a.	27/10/2021	0.00
- Co-investiment/Retention Premium	(%)		n.a.	27/10/2021	0.20
Black & Scholes	(%)		n.a.		n.a.
Expected dividends	(%)		0.00		**0.00**
Expected volatility					
TSR	(%)				
- Vesting Period	(%)		n.a.	27/10/2021	49.02
- Co-investiment/Retention Premium	(%)		n.a.	27/10/2021	50.48
Black & Scholes	(%)		n.a.		n.a.

(a) Corresponding to the closing price of Saipem SpA shares on the date of assignment, recorded on the Electronic Stock Market managed by Borsa Italiana.
(b) As these are grants, the strike price is zero.

Remuneration of Senior Managers with strategic responsibilities

To ensure better consistency between disclosures provided in the Remuneration Report and this annual report, the definition of Senior Managers with strategic responsibilities is consistent with Article 65, section 1-*quater* of the Issuer Regulations. This definition refers to individuals with direct or indirect planning, coordination and control powers and responsibilities.
The table shows the remuneration payable to Saipem's key management personnel, defined as executives, other than Directors and Statutory Auditors, who are required to participate in the Management Committee and in any case the first reports to the Chief Executive Officer-CEO/Chairman of the Board of Directors of Saipem SpA.

(€ million)	2020	2021
Wages and salaries	7	5
Employee termination indemnities	-	-
Other long-term benefits	-	-
Fair value long-term incentive plans	2	1
Total	**9**	**6**

Compensation of Statutory Auditors

Remuneration of Statutory Auditors amounted to €190 thousand in 2021.
Compensation included emoluments and all other retributive and social security compensations due for the function of Statutory Auditor of Saipem SpA or other companies within the scope of consolidation that represented a cost to the Parent Company.

Average number of employees

The average number of employees, by category, for all consolidated companies was as follows:

(number)	2020	2021
Senior managers	397	398
Junior managers	4,256	4,460
White collars	16,307	15,966
Blue collars	10,168	10,313
Seamen	244	237
Total	**31,372**	**31,374**

The average number of employees was calculated as the arithmetic mean of the number of employees at the beginning and end of the year. The average number of senior managers included managers employed and operating in foreign countries whose position was comparable to senior manager status.

(23) For more information on the parameters used for past and still active implementations as of December 31, 2021, please refer to the Annual Report of Saipem SpA for the financial years 2017, 2018, 2019 and 2020.

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Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses are detailed below:

(€ million)	2020	2021
Depreciation and amortisation:		
- property, plant and equipment	431	399
- intangible assets	13	16
- Right-of-Use assets	147	106
Total depreciation and amortisation	**591**	**521**
Impairment losses:		
- property, plant and equipment	644	80
- intangible assets	-	-
- Right-of-Use assets	38	15
Total impairment losses	**682**	**95**
Total	**1,273**	**616**

The impairment of assets resulting mainly from the impairment tests are described as follows:

> impairment of three vessels, some ROVs and three logistic bases by €80 million;

> impairment of the right of use of third party assets by €15 million.

For further details, see also the "Financial and economic results" section of the "Directors' Report".

Other operating income (expense)

During the year, €2 million in operating income was recorded (€1 million in operating expense in 2020).

32 Financial income (expense)

This item includes:

(€ million)	2020	2021
Financial income (expense)		
Financial income	465	305
Finance expense	(691)	(333)
Total	**(226)**	**(28)**
Derivative financial instruments	60	(112)
Total	**(166)**	**(140)**

Net financial income (expense) was as follows:

(€ million)	2020	2021
Net exchange gains (losses)	**(91)**	**89**
Exchange gains	458	299
Exchange losses	(549)	(210)
Financial income (expense) related to net financial debt	**(132)**	**(113)**
Interest income from banks and other financial institutions	4	4
Interest income on leases	1	2
Interest and other expense due to banks and other financial institutions	(114)	(106)
Interest expense on leases	(23)	(13)
Other financial income (expense)	**(3)**	**(4)**
Other financial income from third parties	2	-
Other financial expense to third parties	(3)	(3)
Financial income (expense) on defined benefit plans	(2)	(1)
Net financial income (expense)	**(226)**	**(28)**

Net gains (losses) on derivatives consisted of the following:

(€ million)	2020	2021
Exchange rate derivatives	60	(111)
Interest rate derivatives	-	(1)
Total	**60**	**(112)**

Net losses on derivative contracts of €112 million (gains of €60 million in 2020) mainly related to the recognition in the income statement of the effects related to the fair value measurement of derivative contracts that do not qualify for hedge accounting under IFRS and the measurement of the forward component of derivative contracts qualifying for hedge accounting.
Financial income (expense) with related parties are shown in Note 38 "Related party transactions".

33 Gains (losses) on equity investments

Effect of accounting using the equity method

The share of profit (loss) of equity-accounted investees consisted of the following:

(€ million)	2020	2021
Share of profit of equity-accounted investees	60	56
Share of loss of equity-accounted investees	(15)	(42)
Net utilisations of (accruals to) the provisions for losses related to equity-accounted investees	(8)	(5)
Total	**37**	**9**

The share of profits (losses) of equity-accounted investees is commented in Note 17 "Equity investments".

Other gains (losses) from equity investments

There were no other gains (losses) on equity during the year as in 2020.

34 Income taxes

Income taxes consisted of the following:

(€ million)	2020	2021
Current taxes:		
- Italian subsidiaries	40	47
- foreign subsidiaries	107	72
Net deferred taxes:		
- Italian subsidiaries	(7)	(40)
- foreign subsidiaries	3	(9)
Total	**143**	**70**

The reconciliation between the theoretical tax burden, calculated by applying a 24% tax rate (Ires) to pre-tax profit as per the Italian laws, and the effective tax burden for the years ended December 31, 2021 and 2020 is as follows:

(€ million)	2020	2021
Pre-tax profit (loss)	**(974)**	**(2,397)**
Theoretical income tax	**(234)**	**(575)**
Items increasing (decreasing) tax rate:		
- different foreign subsidiaries tax rate	185	57
- permanent differences and other factors	60	57
- effect of Italian regional production tax (Irap) on Italian companies	3	(2)
- accruals to (utilisations of) tax provision	(2)	17
- unrecognised prepaid income taxes	121	510
- impairment (recognition) of deferred tax assets and income taxes	10	6
Total changes	**377**	**645**
Effective taxes	**143**	**70**

(€ million)	2020	2021
Income taxes recognised in the income statement	143	70
Income tax related to items of other comprehensive income that will be reclassified to profit or loss	(34)	45
Of which:		
- tax effect due to the change in the fair value of cash flow hedges	(34)	45
- tax effect due to the change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	-	-
Income tax related to items of other comprehensive income that will not be reclassified to profit or loss	1	3
Of which:		
- tax effect due to the remeasurement of defined benefit plans for employees	1	3
Tax on comprehensive income (loss)	**110**	**118**

35 Non-controlling interests

There was no income by non-controlling interests in 2021 (€19 million in 2020).

36 Earnings (loss) per share

Basic earnings (loss) per ordinary share are calculated by dividing profit or loss for the year attributable to the Group's shareholders by the weighted average of Saipem SpA ordinary shares outstanding during the year, excluding treasury shares.
The weighted average number of outstanding shares adjusted for the calculation of the basic earnings (loss) per ordinary share was 992,361,538 and 991,647,987 in 2021 and 2020, respectively.
Diluted earnings (loss) per share are calculated by dividing earnings (or loss) for the year by the weighted average number of Saipem SpA ordinary shares outstanding during the year, excluding treasury shares, increased by the potential number of shares that could be issued. Losses for the year are excluded to the extent that their inclusion would have an anti-dilutive effect.
The weighted average number of outstanding shares used for the calculation of the diluted earnings (loss) per share was 992,372,136 and 991,658,585 in 2021 and 2020, respectively.
Reconciliation of the weighted average number of outstanding shares used for the calculation of basic and diluted earnings and losses per share is as follows:

		Dec. 31, 2020	Dec. 31, 2021
Weighted average number of outstanding shares used for the calculation of the basic earnings (loss) per share		**991,647,987**	**992,361,538**
Number of potential shares following long-term incentive plans		19,481,230	21,698,787
Number of savings shares convertible into ordinary shares		10,598	10,598
Weighted average number of outstanding shares used for the calculation of the diluted earnings (loss) per share [(a)]		**991,658,585**	**992,372,136**
Earnings (loss) attributable to the owners of the parent	(€ million)	(1,136)	(2,467)
Basic earnings (loss) per share	(€ per share)	(1.15)	(2.49)
Diluted earnings (loss) per share	(€ per share)	(1.15)	(2.49)

(a) It should be noted that the number of potential shares following long-term incentive plans was not considered when computing the weighted average number of outstanding shares used for the calculation of the diluted earnings (loss) per share.

37 Information by sector of activity and geographical area

Saipem's segment information reflects the Company's organisational structure in business divisions whose results are periodically reviewed by the Company's Top Management and by the highest decision-making level for the purposes of adopting decisions on the resources to be allocated and the evaluation of results, identified by the CEO, in accordance with the requirements of the international standard IFRS 8.
Saipem is a leading group in the areas of engineering, procurement and construction of large-scale projects in the energy and infrastructure industries. It is a one company organised into five business divisions: Offshore Engineering & Construction, Onshore Engineering & Construction, Offshore Drilling, Onshore Drilling and XSIGHT. The divisionalisation process concluded in December 2018 assigned full autonomy to the individual divisions, particularly in the areas of sales, project execution, technology and R&D, business strategies, partnerships, etc.
The Offshore Engineering & Construction Division is a leader in offshore construction, with a strong focus on activities in remote areas and deep waters. It supports clients from the early stages of projects and throughout the development process. It offers a wide range of products and services, including the engineering, construction and installation of platforms, pipelines and subsea fields, MMO (Maintenance, Modification and Operation) and decommissioning activities, as well as the development of marine wind farms and energy integration projects.
The Onshore Engineering & Construction Division designs and builds onshore project in the LNG and regasification, refining, petrochemical, fertilizers, pipelines, gas and oil processing stations, floaters, renewables, biotechnologies, CO_2 capture, transportation and storage and hydrogen production and transportation; it provides a full range of engineering integrated services, procurement, project management and construction, mostly for the energy industry markets and the sectors of hard-to abate and large public infrastructures.
The Offshore Drilling and Onshore Drilling Divisions operate as international contractors, offering offshore and onshore drilling services on all types of rigs and in all geographical areas.
The XSIGHT Division provides cutting-edge, value-added and highly innovative services to the entire energy sector, including renewable and green energy. The XSIGHT Division works on improving the efficiency of engineering services through streamlined processes and innovative digitization models. It also offers a wide range of services: financial development, consulting, stakeholder management and risk management. The results of the XSIGHT Division are not reported separately to the market and are included in the Onshore Engineering & Construction Division, as these are still numerically immaterial.
The main financial information of the operating segments reported to the CEO are: revenues, operating profit and directly attributable assets and liabilities.
Unallocated items mainly relate to cash and cash equivalents, tax assets and liabilities, financial assets measured at fair value through OCI and non-current financial liabilities.
The segment data are listed in the tables below.

Reporting by business segment

(€ million)	Offshore E&C	Onshore E&C	Offshore Drilling	Onshore Drilling	Unallocated	Total
December 31, 2020						
Core business revenue	4,039	4,358	644	518	-	9,559
less: intra-group sales	1,290	476	350	101	-	2,217
Net revenue	**2,749**	**3,882**	**294**	**417**	**-**	**7,342**
Operating profit (loss)	(178)	19	(645)	(41)	-	(845)
Depreciation, amortisation and impairment losses	343	100	692	138	-	1,273
Gains (losses) on equity investments	(8)	45	-	-	-	37
Capital expenditure	193	17	60	52	-	322
Property, plant and equipment and intangible assets	2,561	443	539	442	-	3,985
Right-of-Use assets	179	87	13	9	-	288
Equity investments [a]	97	41	-	2	-	140
Current assets	1,200	2,338	185	158	2,530	6,411
Current liabilities	1,421	2,685	88	71	638	4,903
Provisions for risks and charges [a]	142	99	3	8	17	269
December 31, 2021						
Core business revenue	4,041	3,637	648	417	-	8,743
less: intra-group sales	1,193	351	254	70	-	1,868
Net revenue	**2,848**	**3,286**	**394**	**347**	**-**	**6,875**
Operating profit (loss)	(1,404)	(852)	37	(47)	-	(2,266)
Depreciation, amortisation and impairment losses	338	88	69	121	-	616
Gains (losses) on equity investments	7	2	-	-	-	9
Capital expenditure	150	20	76	52	-	298
Property, plant and equipment and intangible assets	2,435	425	553	399	-	3,812
Right-of-Use assets	162	78	10	11	-	261
Equity investments [a]	91	36	-	-	-	127
Current assets	1,397	2,274	240	170	2,738	6,819
Current liabilities	1,961	3,299	143	92	1,349	6,844
Provisions for risks and charges [a]	772	513	15	5	18	1,323

(a) See the section "Reconciliation of reclassified statement of financial position, income statement and statement of cash flows with the mandatory templates" on page 80.

For more details on the information by sectors please see the specific sections of the "Directors' Report".

Reporting by geographical segment

Since Saipem's business involves the deployment of a fleet on a number of different projects over a single year, it is difficult to allocate assets to a specific geographic segment. As a result, certain assets have been deemed not directly attributable.
The unallocated part of property, plant and equipment and intangible assets and capital expenditure relates to vessels and their related equipment and goodwill.
The unallocated part of current assets pertained to inventories related to vessels.
A breakdown of revenue by geographical segment is provided in Note 30 "Revenue".

(€ million)	Italy	Rest of Europe	CIS	Rest of Asia	North Africa	Sub-Saharan Africa	Americas	Unallocated	Total
2020									
Capital expenditure	25	8	-	30	-	-	29	230	322
Property, plant and equipment and intangible assets	74	33	31	444	-	32	211	3,160	3,985
Right-of-Use assets	77	79	2	67	2	15	10	36	288
Identifiable assets (current)	1,496	495	186	2,284	66	796	465	623	6,411
2021									
Capital expenditure	18	17	-	44	-	2	22	195	298
Property, plant and equipment and intangible assets	61	35	30	389	-	33	225	3,039	3,812
Right-of-Use assets	58	70	1	62	1	8	16	45	261
Identifiable assets (current)	1,467	457	209	2,309	54	1,126	562	635	6,819

Current assets were allocated by geographical segment using the following criteria: (i) cash and cash equivalents and loan assets were allocated on the basis of the country in which individual company bank accounts were held; (ii) inventories were

allocated on the basis of the country in which onshore storage facilities were situated (i.e. excluding inventories in storage facilities situated on vessels); (iii) trade receivables and other assets were allocated to the geographical segment to which the related project belonged.
Non-current assets were allocated on the basis of the country in which the asset operates, except for offshore drilling and construction vessels, which were included under "Unallocated".

38 Related party transactions

From January 22, 2016, following the entry into force of the transfer of 12.5% of Saipem SpA's share capital from Eni SpA to CDP Equity SpA (formerly Fondo Strategico Italiano SpA), Eni SpA no longer has sole control over Saipem SpA, which has been replaced by the joint control exercised by Eni SpA and CDP Equity SpA (taken over on December 13, 2019 by CDP Industria SpA), on the basis of the shareholders' agreement, with a resulting variation in the scope of related parties.
Eni SpA and CDP Industria SpA do not exercise sole control over Saipem pursuant to Article 93 of TUF.
Both Eni SpA and CDP Industria SpA are subject to the indirect joint control of the Italian Ministry of Economy and Finance ("MEF"). Specifically: (i) MEF, directly and indirectly, holds a 30.33% stake in Eni SpA's share capital, approximately a 4.37% stake is held directly and a 25.96% stake is held through CDP SpA, a company also controlled by MEF, which holds a stake of approximately 82.77% in it; (ii) CDP SpA holds a direct 100% stake in the share capital of CDP Industria SpA.
Transactions with related parties entered into by Saipem SpA and/or companies within the consolidation scope concern mainly the supply of services, the exchange of goods with joint ventures, associates and unconsolidated subsidiaries, with subsidiaries, jointly-controlled entities and associates of Eni SpA, with several jointly-controlled entities and associates of CDP Industria SpA (who took the place of CDP Equity SpA from December 13, 2019), and with entities controlled by the Italian State, in particular companies of the Snam Group. These transactions are an integral part of ordinary day-to-day business and are carried out under market conditions which would be applied between independent parties. All transactions were carried out for the mutual benefit of the Saipem SpA companies involved.
Directors, auditors, general managers and key management personnel must declare, every 6 months, any transactions they enter into with Saipem SpA or its subsidiaries, directly or through a third party. Directors and Statutory Auditors release every six months and/or in the event of a change, a statement in which each potential interest is represented in relation to the parent and the Group and in any case report to the Chief Executive Officer (or the Chairman where the Chief Executive Officer is involved), who informs the other directors and the Board of Statutory Auditors of the individual transactions that the parent intends to perform, in which they have direct interests.
Saipem SpA is not under the management or coordination of any other company. Saipem SpA manages and coordinates its subsidiaries pursuant to Article 2497 of the Italian Civil Code.
Within the framework of related party transactions and pursuant to disclosure requirements of Consob Regulation No. 17221 of March 12, 2010, during 2021 the following transactions were carried out, which exceeded the relevance threshold in compliance with the aforementioned Regulation in the Saipem SpA, Management System Guideline "Transactions involving interests held by board directors and statutory auditors and transactions with related parties" for transactions of greater importance:

- on January 14, 2021, the documents known as "Indemnity and Guarantee Agreement" between SACE SpA ("SACE") on one hand, and the company Saipem Contracting Nigeria Ltd ("SCNL"), SCD JV Scarl ("SCD") and Saipem SpA ("Saipem") on the other, were signed in relation to the "Nigeria LNG Train 7 Project" (the "Project") the goal of which is the building of the Train 7 of the LNG plant in Bonny Island, Rivers State, Nigeria.
  For this Project, on May 14, 2020, SCNL (in joint venture with Daewoo Nigeria Ltd) and SCD had entered into separate contracts, each for its own activities, with Nigeria LNG Ltd ("NLNG", the "Client").
  The Project is partially financed through an Export Financing scheme implemented by way of a financing contract (the "Finance Agreement"), signed between the Client and a pool of banks coordinated by Deutsche Bank Luxembourg SA.
  The willingness of the lending banks to provide the Client with financing was based on the assumption that 100% of the repayment of the financed sums was guaranteed through the coverage offered by the Export Credit Agencies, both Korean (K-SURE and K-EXIM) – given the Client's presence in the consortium in charge of the Project of companies belonging to the Korean group Daewoo Engineering & Construction – and Italian (SACE), given the Client's presence in the consortium in charge of the Project of companies belonging to the Italian Group Saipem SpA. SACE's involvement is to back a credit line of approximately USD 750 million (the "Cover").
  In order to grant the Cover and to allow the Client to use the credit line, SACE, in accordance with its own regulations and established practice for Export Finance transactions, required SCNL, SCD, and Saipem SpA (as Italian "guarantor") to sign two Indemnity and Guarantee Agreements (the "Agreements"), which have a standard content and an identical form.
  Therefore, considering that: (i) Saipem SpA fully controls SCNL and has an important indirect equity of SCD; (ii) Saipem SpA is in turn jointly controlled by Eni SpA ("Eni") and CDP Industria SpA, the latter controlled by Cassa Depositi e Prestiti SpA ("CDP"); (iii) SACE SpA is also a company controlled by CDP; (iv) the Ministry of Economy and Finance ("MEF") in turn indirectly controls Eni and CDP; the transaction relating to the signing of the Agreements qualifies as a Related Party Transaction, as it is entered into with companies under common, or joint, control with Saipem SpA (Article 2 of the Procedure).
  The signing of the Agreements – although qualified as a "major significance" transaction, since it exceeds the value significance index (amounting to €76 million, with reference to the Group's shareholders' equity as of September 30, 2020) – is configured as an "ordinary" transaction completed at equivalent market or standard conditions, and is, therefore, exempt from the procedural and reporting obligations established for major significance transactions, not included in the exemption cases under the Regulation and the Procedure implemented by Saipem SpA (chapter 9).
  The transaction which is the subject of this communication: (i) represents a contractual obligation assumed by SCNL and SCD towards the Client; (ii) is based on a standard template used by SACE in its insurance coverages; (iii) was carried out in

connection with the performance of transactions falling within the ordinary course of business of Saipem SpA and its subsidiaries, including when they are associated with third parties, as they relate to the performance of engineering services, supply of materials and construction activities, the content of which is part of the typical business of the Saipem Group, and in particular of the Onshore E&C Division; (iv) was concluded at market equivalent or standard conditions, under contractual terms and conditions in line with international practice;

- on March 17, 2021, SACE SpA ("SACE") on the one hand, and the companies CCS JV Scarl ("CCS JV"), Saipem SpA ("Saipem"), and McDermott International Ltd ("MIL") on the other, signed the document known as "Indemnity and Guarantee Agreement", related to the "Total Mozambique Area 1 LNG" project (the "Project") for the construction of two natural gas liquefaction trains and associated support infrastructure in Cabo Delgado, Mozambique.
On June 5, 2019, two contracts were signed for the implementation of this Project between CCS JV and Anadarko Mozambique Area 1, Lda, the latter subsequently replaced by Total E&P Mozambique Area 1, Lda (the "Client").
The project is partially financed through an Export Financing scheme implemented by way of a financing contract (the "Finance Agreement"), signed between the Client and a pool of banks coordinated by Standard Chartered Bank which includes, as a Security Agent, Standard Bank of South Africa.
The willingness of the lending banks to provide the Client with financing was based on the assumption that 100% of the repayment of the financed sums was guaranteed through the coverage offered by several Export Credit Agencies ("ECA"), including the Italian SACE, due to its presence in the consortium in charge of the Project of Italian companies belonging to the Saipem SpA Group.
SACE's involvement is to back a credit line of approximately USD 950 million, according to a mechanism similar to that used by other ECAs to cover their respective national exporters.
In order to grant the cover and to allow the Client to use the credit line, SACE, in accordance with its own regulations and established practice for Export Finance transactions, required CCS JV, Saipem and MIL (as "guarantors") to sign the above-mentioned Indemnity and Guarantee Agreement (the "Agreement"), which has a standard content.
Therefore, considering that: (i) Saipem SpA controls and has an important indirect equity of CCS JV; (ii) Saipem SpA is in turn jointly controlled by Eni SpA ("Eni") and CDP Industria SpA, the latter controlled by Cassa Depositi e Prestiti SpA ("CDP"); (iii) SACE SpA is also a company controlled by CDP; (iv) the Ministry of Economy and Finance ("MEF") in turn indirectly controls Eni and CDP; the transaction relating to the signing of the above-mentioned Agreements qualifies as a Related Party Transaction, as it is entered into with companies under common, or joint, control with Saipem SpA (Article 2 of the Procedure).
The signing of the Agreement – although qualified as a "major significance" transaction , since it exceeds the value significance index (amounting to €73 million, with reference to the Group's shareholders' equity as of December 31, 2020) – is configured as an "ordinary" transaction completed at equivalent market or standard conditions, and is, therefore, exempt from the procedural and reporting obligations established for major significance transactions, not included in the exemption cases under the Regulation and the Procedure implemented by Saipem SpA (chapter 9).
The transaction which is the subject of this communication: (i) represents a contractual obligation assumed by CCS JV towards the Client; (ii) is based on a standard template used by SACE in its insurance coverages; (iii) was carried out in connection with the performance of transactions falling within the ordinary course of business of Saipem SpA and its subsidiaries, including when they are associated with third parties, as they relate to the performance of engineering services, supply of materials and construction activities, the content of which is part of the typical business of the Saipem Group, and in particular of the Onshore E&C Division; (iv) was concluded at market equivalent or standard conditions, under contractual terms and conditions in line with international practice;
- on May 5, 2021, Contract No. 5000019418, having as its object is the "Supply and Installation of Flowlines, Installation of Subsea Production Systems including Umbilicals for Agogo Early Production (Phase 2) development" (hereinafter "the Contract") in a consortium between Saipem SA (86%), Saipem Luxembourg SA Angola branch (7%) and Petromar Lda (7%) (hereinafter "the Companies") on the one hand, and client Eni Angola SpA (the "Client") on the other.
The Contract signed with the Client regards the second phase of development of the Agogo project ("the Project"), relating to the West Hub oil field located in the Angolan offshore, Block 15/06.
The scope of the Agogo Phase 2 project consists of: (i) engineering, procurement, construction, installation of subsea pipelines (flowlines); (ii) engineering, procurement, construction, installation of subsea structures (PLET - Pipeline End Termination); (iii) transport and installation of flexible subsea structures; (iv) installation of subsea production systems, including umbilicals.
Operations are scheduled to run from May 2022 to November 2022.
The parties signed the Contract on May 5, 2021, and are required to issue, on a subsequent date, both bank guarantees and guarantees from the Parent Company Saipem SpA (Parent Company Guarantees).
The assignment of the Project was carried out following an international call for tender procedure that saw the participation of numerous operators in the Oil&Gas sector.
In relation to the Project, the Client has taken on financial commitments which will increase in time, and has postponed the signing of the contract to a future phase; the assignment of the works to implement the Project initially took place through a binding letter of intent (so-called "LOI") of progressively increasing value, to cover the performance of activities proportionally with the amount of the investment approved by the Client each time.
In particular, the issuance of an initial letter of intent relating to the Project took place on February 9, 2021 for an initial amount of USD 4.9 million, subsequently increased on April 1, 2021 to USD 50 million. This amount was below the limit for the identification of "major significance" transactions with related parties, pro tempore in force, which is now €69 million, with reference to the Company's capitalisation as of March 31, 2021.
By entering into the Project Contract, the total asset value was increased to USD 274.3 million, of which USD 250 million concern the Saipem Group, divided as follows: Project Agogo Phase 2: USD 274.3 million plus options worth approximately USD 32.6 million.

The amount of the Agreement is therefore higher than the aforementioned limit for identifying "major significance" transactions with related parties, i.e. €69 million.
Considering the fact that: (i) Saipem SA and Saipem Luxembourg SA are controlled (one directly, one indirectly) by Saipem SpA, and Petromar Lda is in any case a jointly controlled subsidiary of Saipem and third parties; (ii) Saipem SpA is in turn controlled jointly by Eni SpA and CDP Industria SpA; and (iii) Eni Angola SpA is a 100% Eni SpA subsidiary, the transaction concerned is configured as a transaction with related parties, as it is implemented with companies subject to common and joint control (chapter 2 of the Procedure).
The transaction object of this communication – although qualified as a "major significance" transaction since it exceeds the value significance index – is configured as an ordinary transaction completed at equivalent market or standard conditions, and is, therefore, exempt from the procedural and reporting obligations established for "major significance" transactions, not included in the exemption cases under the Regulation and the Procedure implemented by the Company (chapter 9).
The Contract which is the subject of this communication: (i) falls within the ordinary exercise of operational activities, relating to engineering services, the supply of materials and construction activities, the contents of which are part of the typical business of the Saipem Group, and particularly of the Offshore E&C Division; (ii) the award of the Project is in line with the usual practices applicable to international tendering rules used in the Offshore E&C sector; (iii) the Contract is consistent with the application of contractual conditions in line with international practice; and (iv) the Contract was undersigned at economic, technical and contractual conditions that are in line with the practices used by the Offshore E&C Division for similar projects, and in any case at economic, technical and contractual conditions that are equivalent to those applied in the market, comparable with nine other projects (analysed by Saipem's Offshore E&C Division for the purpose of confirming this assessment) and of comparable scope and complexity, to be carried out with different clients (not related parties);

- on June 10, 2021, Saipem SpA ("Saipem") and SACE SpA ("SACE") signed the "Mandate and Indemnity Agreement" (the "Agreement") in the terms set out below.
The signing of the Agreement is linked to the issuance of a performance guarantee for the implementation of the project "P79 - FPSO Supply Project - Buzios Field" (the "Project") for the Brazilian client Petroleo Brasilero SA ("Petrobras").
The overall value of the Project is approximately USD 2.35 billion (Saipem's share is approximately USD 1.3 billion) and the works are expected to last approximately 55 months.
Saipem announced the signing of the contract with Petrobras ("the Contract") in a press release on June 11, 2021.
The Contract was signed on June 11, 2021 between Petrobras and the Dutch-registered company SAME Netherlands BV ("SAME"), formed between: (i) Servizi Energia Italia SpA, a subsidiary entirely owned by Saipem SpA (with a 58% interest in SAME) ("SEI"); and (ii) Daewoo Shipbuilding & Marine Engineering Co Ltd (with a 42% interest in SAME) ("DSME").
With the signing of the Contract, BNP Paribas SpA (the "Issuing Bank") issued a performance guarantee for the amount of USD 234,830,000 by way of a SBLC (Standby Letter of Credit, "SBLC") in favour of Petrobras, to back the contractual obligations subscribed by SAME.
On June 10, 2021, an agreement was signed between Saipem and SACE whereby SACE agreed to issue its own counter guarantee in favour of the Issuing Bank for the amount of USD 183,999,872.35 (equivalent to 78.3545% of the SBLC total value).
The portion of Saipem's risk not covered by the Agreement, corresponding to USD 50,830,127.65 (equivalent to 21.6455% of the SBLC total), was instead the responsibility of the Issuing Bank, as per the agreement signed on June 10, 2021 between Saipem and the Issuing Bank (the "Guarantee and Indemnity Request").
Under the terms of the Agreement and the Guarantee and Indemnity Request, Saipem has therefore committed to indemnify SACE (for the amount of USD 183,999,872.35) and the Issuing Bank (for the amount of USD 50,830,127.65), respectively, should the SBLC issued to Petrobras be enforced.
Considering that: (i) Servizi Energia Italia SpA is fully controlled by Saipem SpA which is jointly controlled by Eni SpA ("Eni") and CDP Industria SpA, the latter controlled by Cassa Depositi e Prestiti SpA ("CDP"); (ii) SACE SpA is also a company controlled by CDP; (iii) the Ministry of Economy and Finance ("MEF") in turn indirectly controls Eni and CDP; the transaction relating to the signing of the Agreement qualifies as a Related Party Transaction, carried out between companies under common, or joint, control with Saipem SpA (chapter 2 of the Procedure).
The signing of the Agreement with SACE, although qualified as a "major significance" transaction, since it exceeds the value significance index (amounting to €69 million, with reference to the Group's shareholders' equity as of March 31, 2021), is configured as an "ordinary" transaction completed at equivalent market or standard conditions, and is, therefore, exempt from the procedural and reporting obligations established for major significance transactions, not included in the exemption cases under the Regulation and the Procedure implemented by Saipem SpA (chapter 9), in view of the following circumstances: (i) the transaction subject of the Agreement falls within the ordinary course of business of Saipem and its subsidiaries, and in particular of the Onshore E&C Division, for the performance of engineering services, supply of materials and construction activities, for which the delivery to the client at the time of the signing of the contract of a bank guarantee on first demand equal to 10% of the value of the contract with the client is a standard practice; (ii) the transaction subject of the Agreement was finalised according to standard general terms and conditions in line with widely established international practice; (iii) the annual commission rate agreed with SACE for assuming the Saipem risk is identical to that agreed with the Issuing Bank for the portion of the Saipem risk not covered by SACE; (iv) the commission rate agreed with SACE is also in line with the commissions paid by Saipem to unrelated counterparties for transactions with similar characteristics as better indicated in the attached Internal Communication dated June 14, 2021;
- on July 30, 2021, following the signing of the Letter of Commitment issued on July 28, 2021 by Belayim Petroleum Co (Petrobel, "the Client"), a contract was signed regarding the "Supply and Installation of Umbilical System for the North Field (Zohr)" ("the Contract") in a consortium between Saipem SA (84%) and Saipem Misr for Petroleum Services (S.A.E.) (16%) on the one hand, and the Client on the other.

The Contract signed by the Client related to the engineering, supply, transportation and installation of the main electrical umbilical back-up System in the Zohr North Field (Egypt), for a total length of 160 km. The installation of the system is carried out in waters with a depth between 80 and 1,500 metres, and is planned from July 2022 until November 2022. The assignment of the Project was carried out following an international call for tender procedure during September 2021 that saw the participation of numerous operators in the Oil&Gas sector. The value of the activities in the Contract amounts to about €107 million.

Considering the fact that: (i) Saipem SA and Saipem Misr for Petroleum Services (S.A.E.) are fully controlled (one directly, one indirectly) by Saipem SpA, and that (ii) Saipem SpA is in turn jointly controlled by Eni SpA and CDP Industria SpA; and (iii) Belayim Petroleum Co is jointly controlled by Eni SpA, the transaction related to the execution of the Contract qualified as a related party transaction, as it is implemented with companies subject to common and joint control (chapter 2 of the Procedure).

The execution of the Contract with Petrobel, although qualified as a "major significance" transaction since it exceeds the value significance index (equal to €69 million), is configured as an ordinary transaction completed at equivalent market or standard conditions, and is, therefore, exempt from the procedural and reporting obligations established for "major significance" transactions, not included in the exemption cases under the Regulation and the Procedure implemented by the Company (chapter 9). The Contract in fact: (i) falls within the ordinary exercise of operational activities, relating to engineering services, the supply of materials and construction activities, which are part of the typical business of the Saipem Group, and particularly of the Offshore E&C Division; (ii) the contractual conditions are in line with the usual practices applicable to international industrial projects; (iii) the Contract was awarded under the financial, technical and contractual market conditions, in line with the practices applied to similar projects by the Offshore E&C Division. In particular, the Contract was awarded under standard and market financial, technical and contractual conditions, comparable to those of four projects assessed using reference parameters of Saipem's Offshore E&C Division;

> on August 6, 2021, a contract ("the Contract") was signed between the Client Eni SpA and Saipem SpA ("the Parties") for the drilling services of the vessel "Saipem 10000". The Contract has a minimum duration of 240 days (so-called "firm period") plus 2 optional periods of 6 months each:
- Contract term ("firm"): 240 days;
- First Optional Period: potential additional 180 days; and
- Second Optional Period (financial terms to be agreed upon): potential additional 180 days.

On June 23, 2021, Saipem SpA and Eni SpA executed Letter of Commitment No. 738/2021 leading to the definition of an agreement to replace the Saipem 10000 with another drilling rig under contract No. 2500039715 of October 29, 2020, already notified to Consob on November 5, 2020.

On August 6, 2021, the Parties signed the Contract that, as for the Contract of October 29, 2020, includes the signing of applicative contracts for single geographical areas under the management of different Eni subsidiaries. The value of the Contract is USD 41 million as new acquisition, plus USD 33 million for the first optional period. The value of the potential second optional period can be determined only following the definition of the applicable rate, to be agreed upon with the Client only if the option is exercised, and at that time. For the aforementioned second optional period, since there is no agreement on price, at present there is no commitment by Saipem. Such commitment will arise only and if the parties will agree on the relating conditions, which will be in line with market conditions.

In view of the fact that Saipem SpA is jointly controlled by Eni SpA and CPD Industria SpA, the transaction for the signing of the Contract is configured as related party transaction.

The value of the transaction is USD 74 million total, corresponding to about €63 million total, of which about USD 41 million for the firm period and about USD 33 million for the first optional period. The values expressed in EUR are referred to the EUR/USD = 1.18 exchange rate, as of August 5, 2021.

The value of the potential second optional period can be determined only following the definition of the applicable rate, to be agreed with the Client only in the case of that option being out into practice, and in that moment. For the afore mentioned second optional period, since there is no agreement on price, at present there is no commitment by Saipem. Such commitment will arise only and if the parties will agree on the relating conditions, which will be in line with market conditions.

The value of the contract is therefore higher than the limit for identifying "major significance" transactions with related parties. The transaction is configured as "major significance" transaction (in light of the limit of €53 million, as per the update of August 6, 2021).

The signing of the Contract with Eni SpA, although qualified as a "major significance" transaction, since it exceeds the value significance index (amounting to €53 million, as per the update of August 6, 2021), is configured as an "ordinary" transaction completed at equivalent market or standard conditions, and is, therefore, exempt from the procedural and reporting obligations established for major significance transactions, not included in the exemption cases under the Regulation and the Procedure implemented by the company (chapter 9). The Contract in fact: (i) falls within the ordinary exercise of operational activities of Saipem Group, in particular of the Offshore Drilling Division (sea drilling services); (ii) the economic conditions, agreed in the Contract for the use of the drillship Saipem 10000, are in line with the most recent market conditions as per specialised and international third-party studies/sources in the analyses of rates for the reference sector (offshore drilling equipment comparable to the Saipem 10000), used by the Offshore Drilling Division and kept ready for inspection; (iii) in general, the contract terms and conditions are in line with those applied in similar contracts for drilling services, signed with other subjects not identified as related parties by Saipem;

> on December 17, 2021, Saipem SpA ("Saipem") and SACE SpA ("SACE") signed two documents named "Mandate and Indemnity Agreement - Counterguarantee SACE No. 2021/2506/01" and "Mandate and Indemnity Agreement - Counterguarantee SACE No. 2021/2506/02 (the "Agreement"). The signing of the Agreement is linked to the issuing of two guarantees for the realisation of the project AV/AC Brescia Est-Verona on the railway AV/AC Milano-Verona, with the client

Rete Ferroviaria Italiana SpA ("RFI") in the interest of the consortium CEPAV Due ("the Consortium"), subsidiary of Saipem with 59.09%, and of ICM SpA (13.64%), and of Pizzarotti SpA (27.27%).
On June 6, 2018, RFI and the Consortium signed the second supplementary act to the Convention signed on October 15, 1991 for the project and realisation of the railway line AV Milano-Verona and related infrastructures and connections, with reference to the AV/AC Brescia Est-Verona route. The realisation is divided in two construction lots for a total of €2,160,000,000.00 and an estimated duration of: 29 months for the First Construction Lot, equal to €1,645,800,000.00; and 52 months for the Second Construction Lot, equal to €514,200,000.00.
The operation was the subject of the communication on June 8, 2018 to Consob, in compliance with the regulations regarding transactions with related parties.
On December 3, 2021, by note No. RFI-DINDIPAV.PC/PEC/P/2021/0000341, RFI notified the Consortium of its willingness to recognise, pursuant to Article 207, section 2, Legislative Decree May 19, 2020, No. 34, converted with amendments by the Law of July 17, 2020, No. 77, a further third advance payment of €190,904,534.68, to be divided into €133,752,932.20 for the First Construction Lot and €57,151,602.48 for the Second Construction Lot.
For receiving revenues the Consortium has prepared two guarantees in favour of RFI for the same amounts.
The subject of the Agreement is as follows: (i) a counterguarantee is issued by SACE for €107,012,745.83 (including interest calculated at the statutory interest rate of 0.01% applied to the period necessary to recover the advance according to the performance schedule), equal to about 80% of the guarantee issued on December 21, 2021 by BNP Paribas - Milan branch ("the Issuing Bank"), in favour of RFI, for a total of €133,765,932.29, as an advance to be collected with the First Construction Lot. The Saipem risk share not covered by the Agreement €26,753,186.46 (including the interest mentioned above), equal to about 20% of the total guarantee issued by the Issuing Bank, and was covered by Banco BPM through a specific counterguarantee in favour of the Issuing Bank, as required by the contract signed on December 17, 2021 between Saipem and Banco BPM (Ref. GEGAP/Dos-632); (ii) the issuing of a counterguarantee by SACE for €45,732,571.41 (including interest calculated at the statutory interest rate of 0.01% applied to the period necessary to recover the advance according to the performance schedule), equal to about 80% of the guarantee issued on December 21, 2021 by the Issuing Bank in favour of RFI for a total of €57,165,714.26, as an advance to be collected with the Second Construction Lot. The Saipem risk share not covered by the Agreement €11,433,142.85 (including the interest mentioned above), equal to about 20% of the total guarantee issued by the Issuing Bank, and was covered by Banco BPM through a specific counter guarantee in favour of the Issuing Bank, as required by the contract signed on December 17, 2021 between Saipem and Banco BPM (Ref. GEGAP/Dos-633).
Under the Agreement and the aforementioned contract with Banco BPM, Saipem therefore agrees to: (i) compensate respectively SACE (for €107,012,745.83) and Banco BPM (for €26,753,186.46) in case of liquidation of the guarantee referred to the First Construction Lot issued by the Issuing Bank to RFI; (ii) compensate respectively SACE (for €45,732,571.41) and Banco BPM (for €11,433,142.85) in case of liquidation of the guarantee referred to the Second Construction Lot issued by the Issuing Bank to RFI.
In view of the fact that: Saipem SpA holds 59.09% of the Consorzio CEPAV Due; Saipem SpA is jointly controlled by Eni SpA and CDP Industria SpA, which in turn is controlled by Cassa Depositi e Prestiti SpA ("CDP"); SACE is also controlled by CDP; the transaction relating to the aforementioned Agreement is configured as a related parties transaction, as it is implemented with companies subject to common and joint control.
The signing of the Agreement with SACE, although qualified as a "major significance" transaction, since it exceeds the value significance index (currently €53 million, with reference to the market capitalization as of September 30, 2021), is configured as an "ordinary" transaction completed at equivalent market or standard conditions, and is, therefore, exempt from the procedural and reporting obligations established for major significance transactions, not included in the exemption cases under the Regulation and the Procedure adopted by Saipem SpA (chapter 9), in view of the following elements: (i) the transaction subject of the Agreement falls within the ordinary course of business of Saipem and its subsidiaries, and in particular of the Onshore E&C Division, for the performance of engineering services, supply of materials and construction activities, for which the delivery to the client of a bank guarantee on first demand covering the corresponding expected receivables is a standard practice; (ii) the transaction subject of the Agreement was finalised according to standard general terms and conditions in line with widely established national and international practice; (iii) the annual commission of 67 bps as guarantee to cover the advance for the First Construction Lot, and the annual commission of 70 bps as guarantee to cover the advance for the Second Construction Lot, agreed with SACE for assuming the Saipem risk are identical to what agreed with Banco BPM for the portion of the Saipem risk not covered by SACE; (iv) the commission agreed with SACE, and the related terms and conditions, are also in line with the terms and conditions and the commissions paid by Saipem to unrelated counterparties for transactions with similar characteristics;

- on December 22, 2021, two agreements were signed for the realisation of preliminary activities between: (i) Eni Côte d'Ivoire Ltd (company controlled by Eni SpA, Commissioner), Floaters SpA (company controlled by Eni SpA, Owner of the vessel FPSO Firenze) and Servizi Energia Italia SpA (company controlled by Saipem SpA, Contractor), with reference to the realisation of engineering services, supply of material, maintenance, recommisioning and lay-up of the vessel FPSO Firenze, for a total of €30 million (Agreement for Preliminary Activities Revamping - APA Revamping); and (ii) Eni Côte d'Ivoire Ltd (company controlled by Eni SpA, Commissioner) and Saipem SpA (company controlled by Saipem SpA, Contractor), with reference to the realisation of engineering services, purchase of material for Subsea Umbilicals, Risers and Flowlines (SURF) for the vessel FPSO Firenze, for a total of €30 million (Agreement for Preliminary Activities Revamping - APA SURF).
Both the aforementioned binding agreements fall within the initiative "Baleine Phase 1", relating to the exploitation of an oil reservoir offshore Côte d'Ivoire and subject of a Letter of Intent (LOI), not binding, signed on December 22, 2021 by Saipem SpA, Eni Côte d'Ivoire Ltd and Floaters SpA. Those preliminary agreements (APA Revamping and APA SURF) are considered preparatory for a future signing of two contracts, respectively of Revamping, Leasing, Operation & Maintenance, and of SURF

activities, that will be negotiated during the preliminary activities. In case of a positive outcome, they will be the subject of further evaluation and communication.
Considering the fact that: (i) Saipem SA and Servizi Energia Italia SpA are fully controlled by Saipem SpA, and that (ii) Saipem SpA is in turn controlled jointly by Eni SpA and CDP Industria SpA; and (iii) Floaters SpA and Eni Côte d'Ivoire Ltd are controlled (one directly and the other indirectly) by Eni SpA, the transaction relating to the preliminary agreements (APA Revamping and APA SURF) is configured as a related party transaction, as it is implemented with companies subject to common and joint control (chapter 2 of the Procedure). The operation related to the binding agreements signed on December 22, 2021 (APA Revamping and APA SURF), qualifies – since it was concluded in execution of a single contract as required by the afore mentioned Letter of Intent (LOI) – as a "major significance" transaction for a total of €60 million (€30 million + €30 million), as it exceeds the value significance index (amounting to €53 million, with reference to Saipem SpA market capitalisation as of September 30, 2021). It is also confirmed that the transaction relating to the preliminary agreements (APA Revamping and APA SURF) qualifies – since it was concluded in execution of a single contract as required by the afore mentioned Letter of Intent (LOI) – as an ordinary "major significance" transaction, completed at equivalent market or standard conditions, in view of the fact that: (i) the engineering activities, recommissioning of the vessel, maintenance and purchase of material by Servizi Energia Italia SpA and Saipem SA as contractors are within the scope of a typical Onshore and Offshore E&C Division for Saipem, specialised in Engineering, Procurement, Construction (EPC) activities and Subsea in the Oil&Gas sector; (ii) the agreed prices for the activities are within the typical market conditions for the sector, regarding the engineering, project management, maintenance, purchase management and lay-up, and also regarding the purchase of material and equipment. It should be noted that, in general, the margin of both contracts is in line with market conditions as outlined by the Onshore and Offshore E&C Divisions for similar projects with unrelated parties such as Total, Petrobras and Artic LNG, as can be verified in the archives of both Divisions. The forecast revenue for both contracts is in line with that expected from the Onshore and Offshore E&C Divisions; (iv) the terms and conditions of the aforementioned agreements are based on standard terms and conditions of the Eni Group, in line with the international practice for the sector;

- on December 30, 2021, Saipem SpA ("Saipem") and SACE SpA ("SACE") signed a Mandate and Indemnity Agreement (the "Agreement").
In April 2020, the Saudi Al Rajhi Bank issued a guarantee for the supply of material (Advance Payment Bond for Material) in favour of Saudi Aramco and on behalf of Snamprogetti Saudi Arabia Ltd ("Snamprogetti"), company controlled by Saipem. The purpose of the guarantee is to safeguard the amounts paid by Saudi Aramco to Snamprogetti as advance for the purchase of material for the Marjan Package 10 - Gas Treatment and Sulfur Recovery project, ongoing in Saudi Arabia. The guarantee of Al Rajhi Bank is supported by a counterguarantee of Unicredit SpA Milano ("Unicredit"). The signing of the Agreement on December 30, 2021 relates to the issuing by SACE of a counterguarantee in favour of Unicredit to cover the 50% of the guarantee issued by Unicredit in favour of the aforementioned Saudi bank, and follows the ongoing communication between Saipem and Unicredit to reduce Unicredit's exposure with reference to the guarantee issued in favour of the aforementioned Saudi bank. The value of the guarantee and the related counterguarantee of Unicredit is SAR 650 million as of today (about €154 million), and it is forecasted that the value can be increased to a maximum of SAR 1,225 million (about €290 million). The value of the counterguarantee issued by SACE amounts to SAR 325 million as of today (about €77 million) and can reach a maximum of SAR 612.6 million (about €145 million). The Saipem risk share not covered by the Agreement will remain a responsibility of Unicredit.
The counter guarantee issued by SACE following the Agreement will allow Saipem to use more effectively the line of credit granted by Unicredit for the issuing of bank guarantees.
The commission payable by Saipem to SACE, equal to 67 b.p.p.a., is identical to the commission paid by Saipem to Unicredit as a remuneration for the risk share of Saipem of which they are responsible. Saipem will also pay Unicredit a commission of 12.5 b.p.p.a. calculated on the risk share counterguaranteed by SACE (as remuneration for SACE's risk), on top of the commission of 15 b.p.p.a. which will be entirely returned by Unicredit to the Saudi bank. All the commissions are in line with the present market rates. In view of the fact that: Saipem SpA indirectly controls Snamprogetti Saudi Arabia Ltd; Saipem SpA is jointly controlled by Eni SpA ("Eni") and CDP Industria SpA, the latter controlled by Cassa Depositi e Prestiti SpA ("CDP"); SACE SpA is also a company controlled by CDP; the transaction relating to the signing of the Agreement already mentioned qualifies as a Related Parties Transaction, carried out between companies under common, or joint, control with Saipem SpA (chapter 2 of the Procedure).
The signing of the Agreement with SACE, although qualified as a "major significance" transaction, since it exceeds the value significance index (amounting to €53 million, with reference to the market capitalisation as of March 30, 2021), can be qualified as an "ordinary" transaction completed at equivalent market or standard conditions, and is, therefore, exempt from the procedural and reporting obligations established for major significance transactions, not included in the exemption cases under the Regulation and the Procedure adopted by Saipem SpA (chapter 9), in view of the following elements: (i) the transaction subject of the Agreement falls within the ordinary course of business of Saipem, and in particular of the Onshore E&C Division, (performance of engineering services, supply of materials and construction activities), for which the delivery to the client of a bank guarantee in advance at first request, for which the Issuing Bank is in turn guaranteed by Saipem, is a standard practice; (ii) the transaction subject of the Agreement was finalised according to standard general terms and conditions in line with widely established national and international practice; (iii) the commission rate of 67 b.p.p.a. agreed with SACE for assuming the Saipem risk is identical to that agreed with Unicredit (unrelated party) for the portion of the Saipem risk not covered by SACE; (iv) the commission rate agreed upon with SACE, as well as the associated contract conditions, are also in line with the commissions paid by Saipem to unrelated counterparties for transactions with similar characteristics.

Within all related party transactions, the relations held with Vodafone Italia SpA should be mentioned, as this company is related to Eni SpA via a member of the Board of Directors, in application of the Consob Regulation on transactions with related parties dated March 12, 2010 and the Saipem internal procedure "Transactions involving interests held by board directors and statutory auditors and transactions with related parties" available on the Company's website www.saipem.com, under the section

"Governance/Related parties procedures". This relationship, governed at market conditions, essentially relates to costs for mobile communication services for €2 million and trade payables for €1 million.
The tables below show the value of transactions of a trade, financial or other nature entered into with related parties. The analysis by company is based on the principle of relevance in relation to the total amount of transactions. Transactions not itemised because they are immaterial are aggregated under the following captions:

- unconsolidated subsidiaries;
- joint ventures and associates;
- companies controlled by Eni and CDP Industria SpA;
- associates and jointly-controlled companies of Eni and CDP Industria SpA;
- companies controlled by the State and other related parties.

Trade and other transactions

Trade and other transactions during 2020 consisted of the following:

(€ million)

Name	Dec. 31, 2020 Trade receivables and other assets	Dec. 31, 2020 Trade payables, other liabilities and contract liabilities	Dec. 31, 2020 Guarantees	2020 Expenses Goods	2020 Expenses Services [1]	2020 Revenues Goods and services	2020 Revenues Other
Unconsolidated subsidiaries							
Smacemex Scarl	5	4	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total unconsolidated subsidiaries	**5**	**4**	**-**	**-**	**-**	**-**	**-**
Joint ventures and associates							
ASG Scarl [2]	1	(3)	-	-	-	-	-
CCS JV Scarl [2]	172	469	-	-	668	823	-
CEPAV (Consorzio Eni per l'Alta velocità) Due [2]	51	215	315	-	93	104	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno [2]	-	1	60	-	1	1	-
Gydan Lng Snc	10	-	-	-	-	14	-
Gygaz Snc	2	-	-	-	-	2	-
KWANDA Suporte Logistico Lda	3	4	-	-	2	3	
Novartic Snc	8	-	-	-	-	8	-
Petromar Lda	9	1	-	-	1	7	-
PSS Netherlands BV	27	9	-	-	-	60	-
Saipem Taqa Al Rushaid Fabricators Co Ltd	13	11	-	-	(2)	1	-
Saipon Snc	1	-	-	-	-	-	-
Saren BV	21	19	-	1	-	71	-
SCD JV Scarl [2]	49	39	-	(16)	20	25	-
TSGI Mühendislik Insaat Ltd Sirketi	17	-	-	-	-	2	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total joint ventures and associates	**384**	**765**	**375**	**(15)**	**783**	**1,121**	**-**
Companies controlled by Eni/CDP Industria SpA							
Eni SpA [3]	24	4	19	3	2	69	-
Ecofuel	-	-	-	-	-	1	-
Eni Angola SpA	10	-	42	-	-	137	-
Eni Benelux BV	-	-	-	1	-	-	-
Eni Congo SA	15	6	2	-	1	31	-
Eni East Sepinggan Ltd	22	2	11	-	-	49	-
Eni Gas e Luce SpA	-	-	-	-	1	-	-
Eni Ghana E&P	-	-	2	-	-	11	-
Eni Iraq BV	-	-	2	-	-	-	-
Eni México, S. de R.L. de Cv	7	-	-	-	-	33	-
Eni Muara Bakau BV	-	-	-	-	-	1	-
Eni North Africa BV	1	-	-	-	-	2	-
EniProgetti SpA	1	-	-	-	-	4	-
EniServizi SpA	-	(1)	-	-	17	-	-
Floaters SpA	1	-	-	-	-	6	-
Ieoc Exploration BV	-	-	2	-	-	-	-
Ieoc Production BV	-	-	-	-	-	12	-
Naoc - Nigerian Agip Oil Co Ltd	12	19	-	-	-	43	-
Nigerian Agip Exploration Ltd	-	-	-	-	-	2	-
Versalis SpA	2	-	11	-	-	15	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total companies controlled by Eni/CDP Industria SpA	**95**	**30**	**91**	**4**	**21**	**416**	**-**

(1) The item "Services" includes costs for services, costs for the use of third party assets and other charges.
(2) Revenue from limited liability consortium companies refer to the retrocession of fees that these companies invoice to the client and that on the basis of the consortium nature of the investee company are attributed to the consortium partner.
(3) The item "Eni SpA" includes also the transactions with Eni SpA Divisione Exploration & Production, Eni SpA Divisione Gas & Power, Eni SpA Divisione Refining & Marketing.

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Trade and other transactions during 2020 consisted of the following:

(€ million)

	Dec. 31, 2020			2020			
				Expenses		Revenues	
Name	Trade receivables and other assets	Trade payables, other liabilities and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Eni/CDP Industria SpA associates and jointly-controlled companies							
Blue Stream Pipeline Co BV	-	-	-	-	-	1	-
Greenstream BV	-	-	-	-	-	3	-
Mellitah Oil&Gas BV	-	-	2	-	9	1	-
Mozambique Rovuma Venture SpA	3	-	-	-	-	60	-
Petrobel Belayim Petroleum Co	23	5	267	-	-	262	-
PetroJunìn SA	-	-	2	-	-	-	-
Raffineria di Milazzo	1	-	1	-	-	5	-
Var Energy AS	11	-	-	-	-	26	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total Eni/CDP Industria SpA associates and jointly-controlled companies	**38**	**5**	**272**	**-**	**9**	**358**	**-**
Total Eni/CDP Industria SpA companies	**133**	**35**	**363**	**4**	**30**	**774**	**-**
Companies controlled or owned by the State	**56**	**25**	**50**	**-**	**10**	**26**	**-**
Total related party transactions	**578**	**829**	**788**	**(11)**	**823**	**1,921**	**-**
Overall total	**1,991**	**4,079**	**7,019**	**1,538**	**3,758**	**7,342**	**66**
Incidence (%)	**29.03**	**20.32**	**11.23**	**(0.72)**	**21.90**	**26.16**	**0.00**

(1) The item "Services" includes costs for services, costs for the use of third party assets and other charges.

Trade and other transactions during 2021 consisted of the following:

(€ million)

	Dec. 31, 2021			2021			
				Expenses		Revenues	
Name	Trade receivables and other assets	Trade payables, other liabilities and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Unconsolidated subsidiaries							
Smacemex Scarl	5	4	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total unconsolidated subsidiaries	**5**	**4**	**-**	**-**	**-**	**-**	**-**
Joint ventures and associates							
ASG Scarl [2]	1	3	-	-	-	-	-
CCS JV Scarl [2]	208	479	-	-	672	798	-
CEPAV (Consorzio Eni per l'Alta velocità) Due [2]	100	327	468	-	185	178	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno [2]	-	-	59	-	-	-	-
Gydan Lng Snc	1	-	-	-	-	11	-
Gydan Yard Management Services (Shanghai) Co Ltd	1	-	-	-	-	2	-
Gygaz Snc	1	-	-	-	(4)	1	-
KWANDA Suporte Logistico Lda	1	6	-	-	2	4	-
Novartic Snc	1	-	-	-	-	3	-
Petromar Lda	6	1	-	-	(1)	8	-
PSS Netherlands BV	31	18	-	-	-	12	-
Saipem Taqa Al Rushaid Fabricators Co Ltd	16	12	-	-	-	-	-
Saipon Snc	1	-	-	-	-	-	-
SAME Netherlands BV	20	-	-	-	-	44	-
Saren BV	61	1	-	-	-	89	-
SCD JV Scarl [2]	14	203	-	8	78	112	-
TSGI Mühendislik Insaat Ltd Sirketi	3	-	-	-	-	(5)	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total joint ventures and associates	**466**	**1,050**	**527**	**8**	**932**	**1,257**	**-**

(1) The item "Services" includes costs for services, costs for the use of third party assets and other charges.
(2) Revenue from limited liability consortium companies refer to the retrocession of fees that these companies invoice to the client and that on the basis of the consortium nature of the investee company are attributed to the consortium partner.

Trade and other transactions during 2021 consisted of the following:

(€ million)

	Dec. 31, 2021			2021			
				Expenses		Revenues	
Name	Trade receivables and other assets	Trade payables, other liabilities and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Companies controlled by Eni/CDP Industria SpA							
Eni SpA [2]	16	2	16	-	2	37	-
Eni Angola SpA	30	1	57	-	(5)	181	-
Eni Benelux BV	-	-	-	1	-	-	-
Eni Congo SA	18	7	-	(1)	-	28	-
Eni Costa d'avorio	-	-	-	-	-	12	-
Eni East Sepinggan Ltd	-	-	7	-	-	42	-
Eni Ghana E&P	-	-	2	-	-	17	-
Eni Kenya	4	-	-	-	-	3	-
Eni México, S. de R.L. de Cv	12	-	-	-	-	43	-
Eni New Energy SpA	1	-	-	-	-	3	-
Eni North Africa BV	-	-	-	-	-	1	-
EniProgetti SpA	1	-	-	-	-	3	-
Eni Rewind	-	-	-	-	(1)	1	-
EniServizi SpA	-	2	-	-	15	-	-
Floaters SpA	2	-	-	-	-	5	-
Ieoc Production BV	-	-	-	-	-	6	-
Naoc - Nigerian Agip Oil Co Ltd	-	120	-	-	-	5	-
Versalis SpA	-	-	-	-	-	1	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total companies controlled by Eni/CDP Industria SpA	**84**	**132**	**82**	**-**	**11**	**388**	**-**
Eni/CDP Industria SpA associates and jointly-controlled companies							
Greenstream BV	-	-	-	-	-	3	-
Mellitah Oil&Gas BV	-	-	4	-	-	-	-
Mozambique Rovuma Venture SpA	7	-	-	-	-	89	-
Petrobel Belayim Petroleum Co	18	28	103	-	-	99	-
PetroJunìn SA	-	-	2	-	-	-	-
Raffineria di Milazzo	-	-	1	-	-	1	-
Transmediterranean Pipeline Company Limited	1	-	-	-	-	-	-
Var Energy AS	1	-	-	-	-	68	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total Eni/CDP Industria SpA associates and jointly-controlled companies	**27**	**28**	**110**	**-**	**-**	**260**	**-**
Total Eni/CDP Industria SpA companies	**111**	**160**	**192**	**-**	**11**	**648**	**-**
Companies controlled or owned by the State	**24**	**25**	**47**	**-**	**4**	**29**	**-**
Total related party transactions	**606**	**1,239**	**766**	**8**	**947**	**1,934**	**-**
Overall total	**2,251**	**5,168**	**7,995**	**1,850**	**3,962**	**6,875**	**5**
Incidence (%)	**26.92**	**23.97**	**9.58**	**0.43**	**23.90**	**28.13**	**-**

(1) The item "Services" includes costs for services, costs for the use of third party assets and other charges.
(2) The item "Eni SpA" includes also the transactions with Eni SpA Divisione Exploration & Production, Eni SpA Divisione Gas & Power, Eni SpA Divisione Refining & Marketing.

The figures shown in the tables refer to Note 10 "Trade receivables and other assets", Note 19 "Trade payables, other liabilities and contract liabilities", Note 29 "Guarantees, commitments and risks", Note 30 "Revenue (core business revenue and other revenue and income)", and Note 31 "Operating expenses (purchases, services and other costs)".
The Saipem Group provides services to Eni Group companies in all sectors in which it operates, both in Italy and abroad.
Existing relations with entities controlled or owned by the State are mainly in relation to the Snam Group.

Other transactions consisted of the following:

(€ million)	Dec. 31, 2020 Other assets	Dec. 31, 2020 Other liabilities	Dec. 31, 2021 Other assets	Dec. 31, 2021 Other liabilities
CCS JV Scarl	14	-	20	-
Eni Angola SpA	-	-	5	-
Other (for transactions not exceeding €500 thousand)	1	-	-	-
Total related party transactions	**15**	**-**	**25**	**-**
Overall total	**333**	**37**	**268**	**216**
Incidence (%)	**4.50**	**-**	**9.33**	**-**

Related party transactions include also funds for employee benefits for €7 million as of December 31, 2021 (€4 million as of December 31, 2020).

Financial transactions

Financial transactions, excluding net lease liabilities, for 2020 consisted of the following:

(€ million)

Name	Dec. 31, 2020 Loan assets [1]	Dec. 31, 2020 Loans and borrowings	Dec. 31, 2020 Commitments	2020 Expenses	2020 Income
CCS JV Scarl	320	-	-	-	1
Saipon Snc	-	1	-	-	-
SCD JV Scarl	12	-	-	-	-
Serfactoring SpA	2	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	1
Total related party transactions	**334**	**1**	**-**	**-**	**2**

(1) Shown in the statement of financial position under "Other current financial assets".

Financial transactions, excluding net lease liabilities, for 2021 consisted of the following:

(€ million)

Name	Dec. 31, 2021 Loan assets [1]	Dec. 31, 2021 Loans and borrowings	Dec. 31, 2021 Commitments	2021 Expenses	2021 Income
CCS JV Scarl	344	-	-	-	-
Petromar Lda	-	-	-	-	1
Saren BV	-	8	-	-	-
Saipon Snc	-	1	-	-	-
SCD JV Scarl	208	-	-	-	-
Serfactoring SpA	1	-	-	-	-
Société pour la Réalisation du Port de Tanger Méditerranée	1	-	-	-	-
TSGI Mühendislik Insaat Ltd Sirketi	-	9	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-
Total related party transactions	**554**	**18**	**-**	**-**	**1**

(1) Shown in the statement of financial position under "Other current financial assets".

The incidence of financial transactions and positions with related parties was as follows:

(€ million)	Dec. 31, 2020 Total	Dec. 31, 2020 Related parties	Dec. 31, 2020 Incidence %	Dec. 31, 2021 Total	Dec. 31, 2021 Related parties	Dec. 31, 2021 Incidence %
Current financial liabilities	257	1	0.39	412	18	4.37
Non-current financial liabilities (including current portion)	2,778	-	-	3,129	-	-
Total	**3,035**	**1**	**-**	**3,541**	**18**	**-**

(€ million)	2020 Total	2020 Related parties	2020 Incidence %	2021 Total	2021 Related parties	2021 Incidence %
Financial income	465	2	0.43	305	1	0.33
Finance expense	(691)	-	-	(333)	-	-
Derivative financial instruments	60	-	-	(112)	-	-
Other operating income (expense)	(1)	-	-	2	-	-
Total	**(167)**	**2**	**-**	**(138)**	**1**	**-**

Financial lease transactions

Financial lease transactions as of December 31, 2020 consisted of the following:

(€ million)	Dec. 31, 2020		2020		
Name	Loan assets	Loans and borrowings	Commitments	Expenses	Income
Eni SpA	-	1	-	-	-
Consorzio F.S.B.	-	1	-	-	-
Total related party transactions	**-**	**2**	**-**	**-**	**-**

The incidence of transactions or positions with related parties relating to financial lease transactions is as follows:

	Dec. 31, 2020		
(€ million)	Total	Related parties	Incidence %
Long-term leases liabilities (including portion of short-term leases)	421	2	0.48
Total	**421**	**2**	**-**

Financial lease transactions as of December 31, 2021 consisted of the following:

(€ million)	Dec. 31, 2021		2021		
Name	Loan assets	Loans and borrowings	Commitments	Expenses	Income
Consorzio F.S.B.	-	1	-	-	-
Total related party transactions	**-**	**1**	**-**	**-**	**-**

The incidence of transactions or positions with related parties relating to financial lease transactions is as follows:

	Dec. 31, 2021		
(€ million)	Total	Related parties	Incidence %
Long-term leases liabilities (including portion of short-term leases)	394	1	0.25
Total	**394**	**1**	

The main cash flows with related parties were as follows:

(€ million)	Dec. 31, 2020	Dec. 31, 2021
Revenue and income	1,921	1,934
Costs and other expenses	(812)	(955)
Financial income (expenses) and derivatives	2	1
Change in trade receivables and payables	318	382
Net cash flows from operating activities	**1,429**	**1,362**
Change in loan assets	(186)	(220)
Net cash flows from investing activities	**(186)**	**(220)**
Change in loans and borrowings	-	17
Net cash flows from financing activities	**-**	**17**
Total cash flows with related parties	**1,243**	**1,159**

The incidence of cash flows with related parties was as follows:

	Dec. 31, 2020			Dec. 31, 2021		
(€ million)	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Cash flows from operating activities	123	1,429	1,161.79	90	1,362	1,513.33
Cash flows from investing activities	(463)	(186)	40.17	(490)	(220)	44.90
Cash flows from financing activities (*)	(153)	-	-	372	17	4.57

(*) Cash flows from financing activities do not include dividends distributed, net repurchases of treasury shares or capital contributions by non-controlling interests and the purchase of additional interests in consolidated subsidiaries.

Information on jointly controlled entities

Jointly-controlled companies classified as joint operations do not have a significant value.

39 Significant non-recurring events and operations

See Note 4 "Accounting estimates and significant judgements" for details about the management and containment measures adopted by the Group to address the present state of uncertainty and crisis, including the shifting uncertainties of the market and the COVID-19 pandemic.

40 Transactions deriving from atypical or unusual transactions

In 2020 and 2021, no atypical and unusual transactions were reported.

41 Business outlook and events after the reporting period

Business outlook

The Board of Directors approves the update of the 2022-2025 Strategic Plan and the package to strengthen the Company's financial and capital structure.
The financing package provides for a capital increase of €2 billion, which is expected to be implemented by the end of the year.
Shareholders Eni and CDP are committed to underwrite a total of approximately 43% of the capital increase, in proportion to their respective holdings in the Company's share capital; the remaining part of around 57% is covered by a pre-underwriting agreement with primary Italian and international banks.
The updated strategic plan is based on the following key elements:

- a development path driven in particular by the Offshore E&C and Offshore Drilling segments, with 2021-2025 CAGR of Group revenues expected at around 15%;
- an accelerated efficiency plan with reduction of structural costs of more than €150 million in 2022 and a run-rate of more than €300 million in 2024;
- 2022 adjusted EBITDA[24] is expected at over €500 million, and double-digit margin on revenues from 2024; 2025 adjusted EBITDA expected at over €1 billion, with free cash flow in 2025 of approximately €700 million;
- net financial position (post-IFRS 16): after the capital increase of €2 billion, a post-IFRS 16 net debt of approximately €800 million is expected at the end of 2022, with a target of close to zero at the end of 2025;
- identified additional actions not accounted for in the strategic plan which may bring potential additional liquidity for more than €1.5 billion also through the valorisation of the Onshore Drilling business by virtue of an exclusive negotiation with a leading international operator.

The implementation of the Plan is based on the new organsation structured on business lines rather than on divisions, with the aim of increased efficiency, centralised risk control and development of innovative and flexible execution models, in line with the needs of the energy transition.
Please refer to the paragraph "Effects of the Russian-Ukrainian crisis: EU restrictive measures and sanctions" for further details regarding the actions taken to mitigate the impacts on the orders in progress and future initiatives potentially deriving from this conflict.

Events after the reporting period

Shareholders' Agreement relating to ordinary shares of Saipem SpA

On January 21, 2022, Eni SpA and CDP Industria SpA announced:

- the expiration, on January 22, 2022, of the shareholders' agreement between the Parties concerning ordinary shares of Saipem SpA ("Saipem"), entered into on October 27, 2015 and tacitly renewed for three years on January 22, 2019 (the "Original Agreement");
- the signing, on January 21, 2022, of a new shareholders' agreement between the same Parties, which is relevant pursuant to Article 122, paragraphs 1 and 5, letters a), b) and d), of the Consolidated Financial Act, also relating to ordinary shares of Saipem and which entered into force when the Original Agreement expired, i.e. on January 22, 2022 (the "Agreement"). The Agreement will last three years and will be automatically renewed upon expiration for a further period of three years only, unless terminated. The Agreement, which is substantially the same as the Original Agreement, is intended to govern the relationship between the Parties as shareholders of Saipem; specifically the appointment of bodies, obligations of prior consultation and voting at Saipem's Shareholders' Meetings and Board of Directors and the allocation of their respective interests in Saipem. For the purposes of Article 129 of the Issuers' Regulation, it should be noted that the Parties have contributed a total of approximately 25.006% of Saipem's ordinary share capital to the Agreement (CDP Industria and Eni have each contributed 126,401,182 shares, representing approximately 12.503% of Saipem's ordinary share capital).

(24) Adjusted results are management accounts which do not include "special items", items of income arising from events or transactions that are non-recurring or that are not considered to be representative of the ordinary course of business (e.g. write downs of fixed assets, contingent liabilities in relation to pending judgments, health emergency costs, reorganisation costs).

Valorisation of onshore drilling

It should be noted that, following the closing of the 2021 financial year, as part of the additional actions with respect to the strategic plan which may bring in additional liquidity, a negotiation agreement was signed on an exclusive basis with a leading international operator oriented to the valorisation of onshore drilling.

Effects of the Russian-Ukrainian crisis: EU restrictive measures and sanctions

Following the conflict in Ukraine and the possible impact of the restrictive measures adopted by the European Union, Saipem undertook an in-depth analysis to assess the potential impact on its business, particularly in relation to projects currently underway with the country. This conflict started in February 2022, hence after the end of the reporting period and it falls within the category of events referred to IAS 10, paragraph 3 (b), i.e. those situations that do not require adjustment as they arose after the balance sheet was closed.

The Council of the European Union has seen fit to adopt a series of restrictive measures.

With the Decision (CFSP) 2022/264 of February 23, 2022, the Council imposed restrictions regarding the access to capital markets, in particular by prohibiting the financing of Russia, of its Government, and of its Central Bank.

With the packages adopted by the EU with Regulations 2022/328 of the Council of February 25, 2022, 334/2022 of February 28, 2022, 336/2022 of March 1, 2022 and 428/2022 of March 15, 2022 a series of restrictive measures have been put in place against the Russian Federation, among which:

(i) individual sanctions against the members of the National Security Council of the Russian Federation who supported the Russia's claim to recognise the Ukrainian areas of Donetsk and Luhansk not controlled by the government as independent entities;

(ii) financial sanctions that expand the existing restrictions, thus limiting Russia's access to the most important capital markets and forbidding the quotation and provision of services related to shares of Russian state entities within the EU trading venues. New measures have also been introduced to significantly limit the cash flows from Russia to the EU, forbidding the acceptance of deposits higher than a certain amount from Russian citizens or residents, preventing the EU central securities depositories from keeping accounts of Russian clients, and forbidding the sale of shares in euros to Russian clients;

(iii) sanctions in the energy sector: ban on selling, supplying, transferring or exporting, directly or indirectly, goods and technologies for oil refining listed in the Annex X of the EU Regulation 2022/328 of the Council of February 25, 2022. This applies also to all above mentioned items originating outside the EU, to any natural or legal person, entity or institution in Russia or destined to use in Russia. The ban does not apply to the execution, until May 27, 2022, of contracts awarded before February 26, 2022 or of ancillary contracts necessary for the execution of said contracts. With the introduction of the ban, the aim is to hit the Russian oil sector and to stop Russia from modernising its oil refineries;

(iv) sanctions in the technology sector: restrictions have been put in place on the export of dual-use goods and technologies (civil and military), as well as restrictions on the export of specific goods and technologies that can contribute to the technological empowerment of Russia's defense and security sector. Again, the prohibition applies to all goods listed in the EU Dual-Use Regulation (821/2021) and those listed in Annex IV of EU Regulation 2022/328 even if not originating in the Union, to any natural or legal person, entity or body in Russia or for use in Russia. The ban does not apply to the execution, until September 17, 2022, of contracts awarded before March 16, 2022 or of ancillary contracts necessary for the execution of said contracts;

(v) by EU Regulation 428/2022, the same restrictions as for dual-use goods and technologies also apply to physical exports listed in Annex II of Regulation 833/2014 (goods of particular significance in the energy sector such as pipelines, etc.). The ban also does not apply to the execution, until September 17, 2022, of contracts awarded before March 16, 2022 or of ancillary contracts necessary for the execution of said contracts;

(vi) EU Regulation 428/2022 also included a prohibition on entering into any transaction with a number of Russian natural and legal persons, including GazpromNeft, which prohibition does not apply until May 15, 2022 for the performance of contracts concluded before March 16, 2022.

The EU has also decided to exclude seven Russian banks from the SWIFT system starting from March 12, 2022. This will guarantee they are excluded from the international financial system. The seven banks are Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Sovcombank, Vnesheconombank (VEB) and VTB Bank.

In particular, the EU has decided to ban what follows:

- the provision of specialised financial messaging services, used to exchange financial data (SWIFT), to Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Sovcombank, Vnesheconombank (VEB) and VTB Bank. The above mentioned ban will apply also to legal persons, entities and institutions in Russia, whose property rights are directly or indirectly held by those banks for over 50%;
- investing, participating or contributing in any way to future projects co-financed by the Russian Direct Investment Fund;
- selling, supplying, transferring or exporting banknotes denominated in euro to Russia or to any natural or legal person, entity or institution in Russia, included the Russian Government and the Russian Central Bank, or to be used in Russia.

For the moment, Sberbank (the main Russian banking group) and Gazprombank (the gas bank) are excluded from the ban.

Excluding some of the Russian banks from the international electronic payment system (SWIFT) means that companies and privates can no longer carry out worldwide transactions with those banks.

The contracts involving activities in Russia and/or with Russian customers are: (i) Moscow Refinery - customer GazpromNeft; (ii) Arctic LNG 2 GBS (in JV with Technip) - customer Novatek - scope of work EPCI; (iii) Arctic LNG 2 TSOF (in JV with Renaissance) - customer Novatek - scope of work EPCI; (iv) a contract for gas drilling in Arctic waters with the use of the drilling rig Perro Negro 8 which is currently outside Russian territorial waters.

The Company confirms that it operates in full compliance with the provisions established by European and national institutions with respect to the Russian Federation.

The Company is monitoring the continuous evolution of the situation in order to assess its impacts and has activated and will continue to activate, depending on the evolution of the situation, the appropriate contractual clauses to protect its rights and interests.
On the four projects, the total backlog amounts to €1,966 million, of which €254 million for projects included in Saipem's scope of consolidation. In the extreme scenario, considered however unlikely, of the immediate cancellation of the contracts, the impact on EBITDA and consolidated net result is estimated to be not significant. In this scenario the overall financial impact is estimated to be between €100 and €150 million, also taking into account the expected dividends. This estimate does not take account of the enforcement of guarantees in favor of clients, considering this to be a remote event as well, which would in any case be mitigated by the cash on hand associated with the advances received from clients.
However, it cannot be excluded that a further extreme deterioration in the geopolitical situation and the associated international sanctions could lead to more significant impacts, which cannot be estimated at present.
Following the Russian-Ukranian conflict and the subsequent sanctions imposed by the EU, US and other countries, Saipem has activated the Corporate Crisis Unit (CCU) that cooperates daily with the Local Crisis Units (LCU) in Russia and the business operational functions involved in the management of projects and personnel onsite, on which a meeting was called. Regarding the above mentioned, it should be noted that there are no activities carried out by Saipem, nor personnel in any Ukranian territory affected by the conflict.
Currently, commodity prices show globally extreme volatility, unprecedented in the recent past which is, among other things, set against a backdrop of high inflation started as early as the second half of 2021.
The Russian crisis increases the uncertainty caused by the pandemic and the current socio-economic scenario makes it difficult for supply chain operators to provide price forecasts and make contractual commitments with long-term estimates. In some instances, suppliers cannot submit bids because production plants have become extremely selective and only provide relevant quotes to those customers deemed most reliable and financially sound. Delivery times are also considerably longer with a direct impact on the projects in the portfolio. High and extremely volatile prices are expected as long as the current situation continues.
Currently, there is a real possibility that the material in transit to Russia will be unloaded at intermediate ports as many international carriers refuse to ship to Russian ports.
Saipem has arranged to store the goods at its own logistics bases and/or intermediate storage areas. We are also considering the possibility, wherever possible, of delivering materials to Russian shipyards by road.
Saipem does not purchase raw materials directly as its supply chain is long. No direct impacts are foreseen, but it is possible that the availability of steel and nickel will be lower and that prices will be affected by other factors (e.g. gas), which will also have an impact on delivery times and logistics.
Saipem has a diversified and, where possible, global supply chain approach. There is still a risk, however, for supplies where, for technological reasons, few alternatives are available, typically, if these technologies are supplied by Western producers and are not subject to sanctions.
The Company is closely monitoring its supply chain to identify and take appropriate mitigation actions in relation to potential impacts in terms of material and service costs and delivery times resulting from the evolving conflict in Ukraine. The Company, considering the extreme unpredictability of this situation and the effects on the orders, is already adjusting its execution strategies and has already started discussions with its customers and in general with the entire supply chain to negotiate risk management and risk sharing mechanisms to mitigate the impacts on the orders in execution and future initiatives.
Our threat intelligence services report an increased cyber threat to operators in these markets and their supply chains.
As of 2019, Saipem has implemented a system of protection against cyber attacks, in line with the requirements of the National Cybersecurity Framework, which includes organisational, physical, and logical measures. A major effort was made to define guidelines for both technology implementation and employee behaviour. Ongoing third-party assessments validate the effectiveness of the attack detection and response approach within the company's crisis management plan, as well as the technological measures in place to protect business-critical assets.
In March 2021, Saipem obtained the certification under ISO/IEC 27001, for “Cyber security events monitoring and incidents management”. This important milestone confirms the validity of the structure Saipem adopted for Cyber Detection & Response activities, and it also makes it possible to proceed in a structured manner in the ongoing improvement of the Saipem security management system. The Company's security level is now also a function of the constant training and education of workers. During the past year, Saipem has developed e-learning training focusing on the cyber security management model (standard, high, and critical level).
Saipem coordinates closely with national cyber security institutions, DIS (the Italian Security Intelligence Department), the National Cybersecurity Agency and CNAIPIC (the Italian National Cybercrime Centre for Critical Infrastructure Protection).
Saipem uses reliable suppliers for services that are critical and most exposed to the risk of cyber attacks, especially when providing IT services for the support of business activities.
Controlling the supply chain is one of our most difficult challenges. The Security division has defined specific cyber requirements which must be met by the Supply Chain; this will ensure that all suppliers have acceptable resilience characteristics.

42 Obligations regarding transparency and disclosure. Italian Law August 4, 2017, No. 124 (Article 1, sections 125-129)

During the 2021 financial year, Saipem SpA and the relevant Italian companies did not receive public funding within the scope of the Law No. 124/2017 (Article 1, sections 125-129) and subsequent amendments.
Specifically, the above regulations are not applicable to: (i) incentives/grants received under a general regime of aids to all eligible entities; (ii) amounts related to the provision of work/services, including sponsorships; (iii) reimbursements and allowances paid to subjects in training and orientation; (iv) amounts received for the ongoing training from inter-professional funds established in

the legal form of association; (v) association fees for joining trade and regional associations, as well as in favour of foundations, or similar organisations, relevant for the operations associated with the company business. The funding is identified on a cash basis.
The disclosures within the scope of the law mentioned above include funding for amounts higher than €10,000 issued by the same issuer during 2021, even through several transactions.

INFORMATION REGARDING CENSURE BY CONSOB PURSUANT TO ARTICLE 154-*TER*, SUBSECTION 7, LEGISLATIVE DECREE NO. 58/1998 AND THE NOTICE FROM THE CONSOB OFFICES DATED APRIL 6, 2018

On January 30, 2018, Consob, having concluded its inspection commenced on November 7, 2016 (which ended on October 23, 2017) and about which Saipem gave information in the Annual Report 2016, has informed Saipem that it has detected non compliances in "the Annual Report 2016, as well as in the Interim Consolidated Report as of June 30, 2017" with the applicable international accounting standards (IAS 1 "Presentation of Financial Statements"; IAS 34 "Interim Financial Reporting"; IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", par. 5, 41 and 42; IAS 36 "Impairment of Assets", par. 31, 55-57) and, consequently, has informed Saipem about the commencement "of proceedings for the adoption of measures pursuant to Article 154-*ter*, subsection 7, of Legislative Decree No. 58/1998".
With notes of February 13 and 15, 2018, the Company transmitted to Consob its own considerations in relation to the remarks formulated by the offices of Consob, highlighting the reasons for which it does not share such remarks.
On March 2, 2018, the Commission of Consob, partially accepting the remarks of the offices of Consob, informed Saipem of its own Resolution No. 20324 (the "Resolution"), with which it ascertained the "non-compliance of Saipem's Annual Report 2016 with the regulations governing their preparation", without censuring the correctness of the Interim Consolidated Report as of June 30, 2017.
According to the Resolution, the non-compliance of Saipem's Annual Report 2016 with the regulations which govern its preparation, concerns in particular: (i) the incorrect application of the accrual basis of accounting affirmed by IAS 1; (ii) the non-application of IAS 8 in relation to the correction of errors with reference to the financial statements of 2015; and (iii) the estimation process of the discount rate pursuant to IAS 36.
Consob has therefore asked the Company, pursuant to Article 154-*ter*, subsection 7, of Legislative Decree No. 58/1998, to disclose the following elements of information to the markets:

(A) the weaknesses and non-compliance identified by Consob in relation to the accounting correctness of the financial statements mentioned above;
(B) the applicable international accounting standards and the violations encountered in relation thereto;
(C) the illustration, in an appropriate pro forma consolidated income statement and balance sheet – with comparative data – of the effects that accounting in compliance with the regulations would have produced on the 2016 balance sheet, income statement and shareholders' equity, for which incorrect information was supplied.

A. Weaknesses and non-compliance identified by Consob regarding the correctness of accounting in the consolidated and statutory financial statements of 2016.

The weaknesses and non-compliance identified by Consob with regard to the 2016 consolidated and statutory financial statements can be substantially attributed to the following two items:

(a) non-compliance of the "2016 consolidated and statutory Saipem SpA financial statements with reference to the comparative data for 2015";
(b) non-compliance of the process of estimation of the discount rate underpinning the 2016 impairment test with IAS 36 which requires that the Company must "apply the appropriate discount rate to [...] future cash-flows".

With regard to point (a), the contestation concerns the non-compliance of the 2016 consolidated and statutory financial statements with:

(i) IAS 1, par. 27, according to which "an entity shall prepare its statements, except for cash flow information, using the accrual basis of accounting" and par. 28, according to which "when the accrual basis of accounting is used, an entity recognises items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework"; and
(ii) IAS 8, par. 41, according to which "[...], material errors are sometimes not discovered until a subsequent period, and these prior period errors are corrected in the comparative information presented in the financial statements for that subsequent period" and par. 42 according to which "the entity shall correct the material prior period errors retrospectively in the first financial statements authorised for issue after their discovery by: (a) restating the comparative amounts for the year/years prior to the one in which the error occurred [...]".

In substance, in Consob's opinion, the circumstances at the basis of some of the impairment losses recognised in the 2016 financial statements already existed, wholly or in part, when preparing 2015 financial statements. Indeed, Consob alleges that the Company approved 2016 consolidated and statutory financial statements without having corrected the "material errors" contained in the consolidated and statutory financial statements of the previous administrative period, in relation to the following items:

> "property, plant and equipment";
> "inventories";
> "tax assets".

With regard to point sub (b), Consob alleges that the Company, for the purposes of the impairment test: (i) used a single rate to discount business unit cash flows, characterised by a different risk profile; (ii) did not consider the country risk in relation to some assets operating in specific geographical areas over a long period of time; (iii) did not take into account the changes in the Company risk profile subsequent to the transaction that determined the deconsolidation of Saipem from the Eni Group.

B. The applicable accounting standards and the violations encountered in relation thereto.
Consob holds that the 2016 consolidated and statutory financial statements of Saipem at December 31, 2016, were not compliant with the following standards: IAS 1, IAS 8 and IAS 36.
Specifically, Consob has observed that the Company approved the 2016 consolidated and statutory financial statements without having corrected the "material errors" contained in the consolidated and statutory financial statements of the previous period, in relation to the following items:
- "property, plant and equipment";
- "inventories";
- "tax assets".

With reference to the item "Property, plant and equipment" at December 31, 2015, Consob alleges the incorrect application of IAS 16 "Property, plant and equipment" and of IAS 36.
Specifically, Consob alleges that some impairment losses carried out by the Company on "property, plant and equipment" in the 2016 consolidated financial statements should have been accounted for, at least in part, in the previous year.
In particular Consob alleges:
(i) the incorrect application of IAS 36 with reference to the impairment test of some assets recognised as "property, plant and equipment" of the Offshore Drilling business unit and with respect to the assets recognised in the Offshore and Onshore Engineering & Construction business units. Consob's remarks refer to the methods used to estimate the cash flows expected from the use of said assets for the purposes of the application of the impairment test with respect to 2015 and specifically to the incorrect application of IAS 36: (a) par. 33, lett. a), according to which "in measuring value in use an entity shall: (a) base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight shall be given to external evidence"; (b) par. 34 in the part that requires that management assesses the reasonableness of the assumptions on which its current cash flow projections are based by examining the causes of differences between past cash flow projections and current cash flows. Management shall ensure that the assumptions on which its current cash flow projections are based are consistent with past actual outcomes, provided the effects of subsequent events or circumstances that did not exist when those actual cash flows were generated make this appropriate; (c) par. 35 in the part that refers to the approach to be followed when using cash flow projections over a period longer than five years, highlighting that said approach is allowed "if [the entity] is confident that these projections are reliable and it can demonstrate its ability, based on past experience, to forecast cash flows accurately over a longer period";
(ii) the incorrect application of IAS 16, paragraphs 51, 56 and 57 with reference to the residual useful life of some assets registered as "property, plant and equipment" of the Onshore Drilling business unit, of the Offshore Engineering & Construction business unit and of the Onshore Engineering & Construction business unit. Consob's remarks concern the circumstances that the review of the estimation of the residual useful life of assets cited (reported in the 2016 financial statements) should have already been done in the financial year 2015. Specifically, Consob alleges that IAS 16: (a) par. 51 was not correctly applied in the part that requests that "the residual value and the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"; (b) par. 56 in the part that requires that "the future economic benefits embodied in an asset are consumed by an entity principally through its use. However, other factors, such as technical or commercial obsolescence and wear and tear while an asset remains idle, often result in the diminution of the economic benefits that might have been obtained from the asset" [...]; par. 57 in the part that requires that "the useful life of an asset is defined in terms of the asset's expected utility to the entity. The asset management policy of the entity may involve the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset. Therefore, the useful life of an asset may be shorter than its economic life. The estimation of the useful life of the asset is a matter of judgement based on the experience of the entity with similar assets".

As a consequence of the above mentioned remarks, Consob likewise does not agree with the recognition of the impairment losses included in the 2016 consolidated and statutory financial statements with reference to some inventories and to a deferred tax asset related to the items criticised by Consob for which the items of the impairment loss according to Consob should have been accounted for in 2015.
Consob notes in this regard:
(i) IAS 2, par. 9, that "inventories shall be measured at the lower of cost and net realisable value" and at par. 30 that "estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise";
(ii) IAS 12 in the part that requires at par. 34 that "a deferred tax asset shall be recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised" and that "to the extent that it is not probable that taxable profit will be available against which unused tax losses or unused tax credits can be utilised, the deferred tax asset is not recognised".

Furthermore, Consob criticises the process of estimating the discount rate at the base of the impairment test for 2016 in so far as it is characterised by an approach that is not compliant with IAS 36 which requires that the Company "shall apply the appropriate discount rate to the future cash flows". More precisely, with respect to 2016 Consob does not agree with the approach taken by the Company, i.e., with reference to the execution of the impairment test it: (i) has used a single rate to discount cash flows of different business units which are characterised by different risk profiles; (ii) has not considered the country risk in relation to some assets operating in specific geographical areas over a long period of time.

In relation to the above, Consob also alleges the violation of the principle of correct representation of the company's situation which would not guarantee the observance of fundamental assumptions and qualitative characteristics of information.
Consob believes, in fact, that the importance of the errors and the significance of the shortcomings can likewise determine the non-compliance of the aforementioned financial statements with the requirements of reliability, prudence and completeness, pursuant to IAS 1.

C. Illustration, in appropriate pro-forma consolidated statement of financial position and income statement – supported by comparative data – of the effects that accounting in compliance with the regulations would have produced on the company's financial position and on equity at December 31, 2016 and the income statement for the year then ended, for which incorrect information was supplied.
While not sharing the judgement of non-compliance of the 2016 consolidated and statutory financial statements put forward by Consob in its Resolution, Saipem points out that the 2016 consolidated and statutory financial statements of the Company were approved by the Board of Directors on March 16, 2017 and by the Shareholders' Meeting on April 28, 2017 and were subject to audit pursuant to Legislative Decree No. 39 of January 27, 2010, Articles 14 and 16, and the report was issued on April 3, 2017.
In addition, with the press release of March 6, 2018, Saipem reported that "the Board of Directors of Saipem, in disagreement with the Resolution of Consob, resolved on March 5, 2018 to appeal the Resolution in the competent courts".
In the press release dated March 21, 2018, Saipem reported that for the purposes of ensuring a correct interpretation, and in order to implement the findings of the Resolution, today the Company has filed a petition with Consob in order to obtain interpretative clarifications suitable for overcoming the technical and evaluation complexities related to the findings of the Authority and to be able, in this way, to inform the market correctly, reaffirming that it does not share – and has no intention of accepting – the judgement of non-compliance of the consolidated and statutory financial statements as at December 31, 2016.

On April 27, 2018, Saipem lodged an appeal with the Regional Administrative Court ("TAR") of Lazio requesting the annulment of the Resolution and of any other presumed or related act and/or provision.
On May 24, 2018, Saipem filed with the TAR-Lazio additional grounds for appeal against the aforementioned Resolution.
On June 15, 2021, a hearing was held before the TAR-Lazio to discuss Saipem's appeal against the Consob Resolution of March 2, 2018.
On July 6, 2021, the TAR-Lazio rejected the appeal filed by Saipem SpA on April 27, 2018.
On July 6, 2021, Saipem SpA issued the following press release:
"Saipem SpA informs that the Regional Administrative Court ("TAR") of Lazio, through the decision filed today, has rejected the appeal presented on April 27, 2018 by the Company against Consob Resolution No. 20324 dated March 2, 2018 (of which the markets were informed with the Press Release dated March 5, 2018, the "Resolution").
*With the Resolution (the contents of which are described in paragraph "Information regarding censure by Consob pursuant to Article 154-*ter*, subsection 7, of Legislative Decree No. 58/1998 and the notice from the Consob Offices dated April 6, 2018" of the Annual Report December 31, 2020 of Saipem SpA) Consob has stated the non-compliance of Saipem's 2016 Annual Statutory and Consolidated Reports with the regulations which govern their preparation, concerns in particular: (i) the incorrect application of the accrual basis of accounting affirmed by IAS 1; (ii) the non-application of IAS 8 in relation to the correction of errors with reference to the financial statements of 2015; and (iii) the estimation process of the discount rate pursuant to IAS 36.*
*With the Resolution Consob has therefore asked the Company, pursuant to Article 154-*ter*, subsection 7, of Legislative Decree No. 58/1998, to disclose the following elements of information to the markets: (A) the weaknesses and non-compliance identified by Consob in relation to the accounting correctness of the financial statements mentioned above; (B) the applicable international accounting standards and the violations detected in relation thereto; (C) the illustration, in an appropriate pro forma consolidated income statements and balance sheet – with comparative data – of the effects that accounting in compliance with the regulations would have produced on the 2016 balance sheet, income statement and shareholders' equity, for which incorrect information was supplied.*
Saipem SpA on April 16, 2018 issued a press release providing a pro forma consolidated income statements and balance sheet at December 31, 2016 with the only aim to comply with the Resolution.
The TAR of Lazio has rejected the appeal presented by Saipem SpA requesting the annulment of the Resolution.
Saipem reserves its right to appeal the decision of the TAR of Lazio before the Council of State".
On November 6, 2021, Saipem SpA filed its appeal before the Council of State against the decision of the TAR of Lazio.

On April 16, 2018, Saipem issued a press release regarding the pro-forma consolidated income statements and statement of financial position as at December 31, 2016 for the sole purpose of complying with the Resolution.

On April 6, 2018, after the closure of the market, the Offices of the Italian securities market regulator Consob (Divisione Informazione Emittenti - Issuer Information Division) announced with their communication No. 0100385/18 (the "Communication"), that they started an administrative sanctioning procedure, claiming some violations pursuant to Articles 191 and 195 of Italian Legislative Decree No. 58/1998 (the "Financial Law"), relating to the offer documentation (Prospectus and Supplement to the Prospectus) made available to the public by Saipem on the occasion of its capital increase operation, which took place in January and February 2016. The alleged violations were exclusively addressed to the members of the Board of Directors and the Chief Financial Officer/Officer responsible for financial reporting in office at that time.
The Offices of Consob, in communicating their allegations to the interested parties also pointed out that, if the alleged violations were ascertained by the Commission of Consob at the outcome of the procedure, said violations "*would be punishable by an administrative fine between €5,000 and €500,000*".

Saipem received notice of the communication solely as guarantor ex lege for the payment "*of any economic fines that may eventually be charged to the company executives at the outcome of the administrative procedure*".
The allegations follow Consob Resolution No. 20324 of March 2, 2018 (the "Resolution"), the content of which was communicated to the market by the Company with its press release of March 5, 2018. The Resolution – with which, as also communicated to the market, the Company disagreed and that it will appeal before the Regional Administrative Tribunal (TAR) of Lazio – alleged, among other things, "*the inconsistency of the assumptions and elements underlying the Strategic Plan for 2016-2019 with respect to the evidence at the disposal of the administrative bodies*", as the indicators of possible impairment of value of the assets, later impaired by Saipem in its nine-month interim report as of September 30, 2016 would already have existed, in the opinion of Consob, at the time of approval of the consolidated financial statements of 2015.
With its Communication, the Offices of Consob have charged the company executives who, at the time of the capital increase, performed management functions, with the violations that are the subject of the Resolution and have already been communicated to the market, as stated above. The Offices of Consob further claim certain "*elements relative to the incorrect drafting of the declaration on the net working capital*" required by the standards in force applicable to the prospectus.
The foregoing would imply, according to the Offices of Consob, "*the inability of the offer documentation to ensure that the investors would be able to formulate a well-grounded opinion about the equity and financial position of the issuer, its economic results and prospects, pursuant to Article 94, sections 2 and 7, of the Financial Law, with regard to the information concerning: a) estimates of the Group's results for 2015 (Guidance 2015 and underlying assumptions)"; "b) forecast of the Group results drawn from the Strategic Plan for 2016-2019 and underlying assumptions"; "c) the declaration on the Net Working Capital*".
Also according to the Offices of Consob, Saipem would have additionally omitted, in violation of Article 97, section 1 and Article 115, section 1, letter a), of the Financial Law, to report to Consob "*information pertaining to: (i) the assumptions underlying the declaration on its Net Working Capital; (ii) the availability of an updated "Eni Scenario" on the price of oil; and (iii) the existence of significant amendments to the assumptions underlying the Strategic Plan for 2016-2019*".
On July 4, 2018, Saipem, as guarantor ex lege for the payment *"of any fines that may eventually be charged to the company executives at the outcome of the administrative procedure*", submitted its defence to Consob.
Saipem and all the company executives who have received the Communication have proceeded to file their defences with the Consob Offices.
Consob, with its Resolution No. 20828 of February 21, 2019, communicated to Saipem on March 12, 2019 and adopted at the outcome of the procedure for application of a fine initiated on April 6, 2018, applied the following fines: a) €200,000 on the company CEO; b) €150,000 on the Officer responsible for financial reporting in office at the time of the capital increase in 2016.
Consob also sentenced Saipem SpA to a payment of €350,000, as the party jointly liable for payment of the aforementioned administrative fines with the two persons fined pursuant to Article 195, section 9, of the Finance Law (in force at the time of the alleged violations), with obligation to recourse against the authors of the alleged breaches.
Consob ordered the filing of the procedure launched on April 6, 2018, against the non-executive Directors in office at the time of the facts alleged.
The Board of Directors of Saipem resolved on April 2, 2019 to appeal the Resolution No. 20828 before the Court of Appeal.
A similar appeal was filed by the two individuals sanctioned under the Resolution, i.e. the Chief Executive Officer of Saipem SpA and the Chief Financial Officer and Officer responsible for financial reporting in office at the time of the events. The first hearing before the Milan Court of Appeal was held on November 13, 2019.
On that day, the Milan Court of Appeal postponed the discussion on November 4, 2020.
On October 23, 2020, Saipem SpA and the two individuals sanctioned submitted an application to the Court of Appeal, to be allowed to file documents required to debate the appeal by November 4, 2020.
On November 2, 2020, the Court of Appeal authorised the filing of the documents requested on October 23, 2020 by the parties, also granting Consob a deadline to submit any counter-arguments on those documents by December 15, 2020 and postponed the hearing to discuss the appeal to January 27, 2021.
On January 20, 2021, Saipem SpA and the two individuals sanctioned presented a new application to the Court of Appeal, to be allowed to file additional documents required to debate the appeal by January 27, 2021 and to be authorised to propose new grounds for the appeal. which came to light when new documents were found.
On January 21, 2021, the Court of Appeal accepted the applications by Saipem and the individuals and authorised the filing of the documents requested on January 20, 2021. The Court also upheld the proposal of additional grounds, to be submitted through written filings by February 26, 2021, and also granted Consob the right to submit its counter filings by March 25, 2021. The hearing for the discussion will be held on April 21, 2021.
At the hearing of April 21, 2021, the appeals were discussed.
The Milan Court of Appeal has partially upheld the appeals, whilst it rejected the remaining:
> reducing from €200,000 to €150,000 the administrative financial fine imposed by Consob in 2019 against the former Chief Executive Officer of the Company in office from April 30, 2015 until April 30, 2021;
> reducing from €150,000 to €115,000 the administrative financial fine imposed by Consob in 2019 against the former CFO and Officer responsible for the Company's financial reporting in office at the time of the 2016 capital increase until June 7, 2016; and
> consequentially reducing from €350,000 to €265,000 the condemnation of Saipem SpA to the payment of the afore mentioned administrative financial fines, as the party jointly and severally liable pursuant to Article 195, paragraph 9, of the Italian Consolidated Law on Finance (Legislative Decree No. 58/1998).

On January 20, 2022, Saipem appealed the Milan Court of Appeal decision before the Italian Supreme Court (*Corte di Cassazione*).
On March 1, 2022, Consob served Saipem SpA with its appeal ("*controricorcorso con ricorso incidentale*").
Saipem SpA filed its appeal against Consob's appeal ("*controricorcorso con ricorso incidentale*") on April 8, 2022.

Ongoing investigations.
Public Prosecutor's Office of Milan - 2015 and 2016 Financial Statements.
Prospectus of the January 2016 capital increase

On January 22, 2019, the Public Prosecutor's office of Milan notified Saipem SpA of a "*local search warrant and seize notice of investigation*", in relation to the alleged administrative offence pursuant to Articles 5, 6, 7, 8 and 25-*ter* - lett. B), Legislative Decree No. 231/2001, based on the alleged crime of false accounting allegedly committed from April 2016 to April 2017, as well as in relation to the alleged unlawful administrative act pursuant to Articles 5, 6, 7, 8 and 25-*sexies* of Legislative Decree No. 231/2001, based on the alleged crime of manipulation of the market, allegedly committed from October 27, 2015 to April 2017.
At the same time, the Public Prosecutor's office of Milan had notified the following individuals that they were under investigation: the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018), as well as, for various reasons, one manager and two former managers (the former Officer responsible for financial reporting in office until June 7, 2016 and the former Officer responsible for financial reporting in office until May 16, 2019). The investigation concerns the following offences: (i) false accounting relating to the 2015 and 2016 financial statements; (ii) manipulation of the market allegedly committed from October 27, 2015 to April 2017; and (iii) false statements in the prospectus issued with reference to the documentation for the offer of the capital increase in January 2016.
On December 18, 2020, the Milan Public Prosecutor's office served the notice of conclusion of the preliminary investigations to the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018), to a former executive (the Officer responsible for financial reporting in office until June 7, 2016) and to Saipem SpA.
Saipem SpA is charged with reference to the hypothesis of an administrative offence referred to in Articles 5, 6, 7, 8 and 25-*ter* of Legislative Decree No. 231/2001 "*for having failed to prepare an organisational model suitable to prevent the crimes of false accounting*", pursuant to Article 2622 of the Italian Civil Code, allegedly committed from March 16, 2016 until July 27, 2016 with reference to the Financial Statements at December 31, 2015 and the Half-Year Report at June 30, 2016 and the administrative offence referred to in Articles 5, 6, 7, 8 and 25-*sexies* of Legislative Decree No. 231/2001 "*for having failed to prepare an organisational model suitable to prevent the crimes of false statements in the prospectus*", pursuant to Article 173-*bis* of Legislative Decree No. 58/1998, and "*market manipulation*", pursuant to Article 185 of Legislative Decree No. 58/1998, allegedly committed from October 27, 2015 until July 27, 2016.
From the notice of conclusion of the preliminary investigations, the following offences are waged against the two individuals still under investigation (the Chief Executive Officer of the Company appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018 and a former Executive who held the role of Executive Officer responsible for financial reporting in office until June 7, 2016): (i) false accounting pursuant to Article 2622 of the Italian Civil Code in relation to the Financial Statements at December 31, 2015 (with reference to both suspects) and the First Half Report at June 30, 2016 with reference only to the Chief Executive Officer of the Company appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018); (ii) false statements in the Prospectus pursuant to Article 173-*bis* of Legislative Decree No. 58/1998 with reference to both suspects, issued with reference to the documentation for the offer of the capital increase in January 2016, from January 22, 2016 to February 5, 2016; (iii) market manipulation pursuant to Article 185 of Legislative Decree No. 58/1998, allegedly committed by the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) from October 27, 2015 to July 27, 2016 and by the CFO and Officer responsible for financial reporting in office until June 7, 2016 from October 27, 2015 until June 7, 2016.
On March 29, 2021, the Judge for the Preliminary Hearing of the Tribunal of Milan has notified to Saipem SpA that the preliminary hearing is scheduled for May 10, 2021, in relation to the alleged administrative offence pursuant to Articles 5, 6, 7, 8 and 25-*ter*, letter B) of Legislative Decree No. 231/2001, for failing to implement an organisational model capable of preventing the offence of false accounting, allegedly committed from March 16, 2016 to July 27, 2016, as well as in relation to the alleged administrative offence pursuant to Articles 5, 6, 7, 8 and 25-*sexies* of Legislative Decree No. 231/2001, for failing to implement an organisational model capable of preventing the crimes of false statement in the prospectus and manipulation of the market, allegedly committed from October 27, 2015 to July 27, 2016.
This notification follows the issue of the notice of completion of the preliminary investigations and the subsequent request for indictment by the Public Prosecutor of Milan, notified together with the decree scheduling the preliminary hearing, against Saipem SpA, the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) and a former executive of the Company (the CFO and Officer responsible for the Company's Financial Reporting in office until June 7, 2016).
The Public Prosecutor of Milan in the request for indictment alleges the following offences: (i) false accounting pursuant to Article 2622 of the Italian Civil Code relating to the financial statements at December 31, 2015, allegedly committed by both individuals, and the First Half Report at June 30, 2016 allegedly committed only by the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018); (ii) manipulation of the market pursuant to Article 185 of Legislative Decree No. 58/1998 allegedly committed by the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) from October 27, 2015 to July 27, 2016 and by the CFO and Officer responsible for financial reporting in office until June 7, 2016 from October 27, 2015 until June 7, 2016; and (iii) false statement in the prospectus pursuant to Article 173-*bis* of Legislative Decree No. 58/1998 allegedly committed from January 22, 2016 until February 5, 2016 by both individuals with reference to the documentation for the offer of a capital increase in January 2016.
At the May 10, 2021, hearing before the Milan Judge of the Preliminary Hearing, more than 500 plaintiff applications ("*richieste di costituzione di parte civile")* were filed, both in the name and on behalf of Saipem SpA shareholders, and on behalf of associations representing diffuse interests. The Judge of the Preliminary Hearing adjourned the next hearings to September 21, 2021, in order to allow the parties lawyers to review the plaintiff applications filed and to formulate their remarks, and consequentially to decide on their admissibility.

The Judge in this proceedings has since been moved to a different assignment and the proceedings has been assigned to a new judge who, at the hearing on January 20, 2022, postponed the discussion to the next hearing on February 28, 2022.
On February 28, 2022 hearing, the Judge admitted No. 503 individuals as plaintiffs in the proceedings.
At the hearing of March 15, 2022 was held the discussion of the defences. The proceedings were adjourned to April 12, 2022 hearing for the decision of the indictment.
On April 12, 2022, Saipem SpA issued the following press release:
"*Saipem expresses its satisfaction for the decision of the Judge for the Preliminary Hearing at the Court of Milan, who acquitted all the defendants.*
San Donato Milanese (MI), April 12, 2022 - Saipem SpA expresses its satisfaction for today's decision issued by the Judge for the Preliminary Hearing at the Court of Milan, who acquitted, because 'no offence was committed', the Company, the former CEO of the Company (in office from April 30, 2015 until April 30, 2021), and the former CFO and Officer responsible for the Company's financial reporting (in office from December 6, 2013 until June 7, 2016) in relation to the following alleged crimes: (i) false accounting, allegedly committed from March 16, 2016 to July 27, 2016; (ii) false statement in the prospectus and manipulation of the market, allegedly committed from October 27, 2015 to July 27, 2016".

CERTIFICATION PURSUANT TO ARTICLE 154-*BIS*, PARAGRAPH 5 OF THE LEGISLATIVE DECREE NO. 58/1998 (TESTO UNICO DELLA FINANZA)

1. The undersigned Francesco Caio and Antonio Paccioretti in their quality as Chief Executive Officer (CEO) and Manager responsible for the preparation of the financial reports of Saipem SpA, also pursuant to Article 154-*bis*, paragraphs 3 and 4 of Legislative Decree No. 58 of February 24, 1998, certify that internal controls over financial reporting in place for the preparation of the consolidated financial statements as of December 31, 2021 and during the period covered by the report, were:

- adequate to the Company structure, and
- effectively applied during the process of preparation of the report.

2. Internal controls over financial reporting in place for the preparation of the 2021 consolidated financial statements have been defined and the evaluation of their effectiveness has been assessed based on principles and methodologies adopted by Saipem in accordance with the Internal Control - Integrated Framework Model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents an internationally-accepted framework for the internal control system.

3. The undersigned officers also certify that:

3.1 the consolidated financial statements as of December 31, 2021:

a) have been prepared in accordance with applicable international accounting standards adopted by the European Commission pursuant to Regulation (CE) n. 1606/2002 of the European Parliament and European Council of July 19, 2002;

b) correspond to the accounting books and entries;

c) fairly and truly represent the financial position, the performance and the cash flows of the issuer and the companies included in the consolidation as of, and for, the period presented in this report;

3.2 the Directors' Report provides a reliable analysis of business trends and results, including a trend analysis of the issuer and the companies included in the consolidation, as well as a description of the main risks and uncertain situations to which they are exposed.

March 24, 2022

/signed/ Francesco Caio
Francesco Caio
CEO

/signed/ Antonio Paccioretti
Antonio Paccioretti
Manager responsible for the preparation
of the financial reports

INDEPENDENT AUDITORS' REPORT

KPMG

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(The accompanying translated consolidated financial statements of the Saipem Group constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Saipem S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Saipem Group (the "group"), which comprise the statement of financial position as at 31 December 2021, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Saipem Group as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Saipem S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainties about going concern

We draw attention to that disclosed by the directors in section 4 "*Accounting estimates and significant judgements - Going concern*" of the notes to the consolidated financial statements about events and circumstances that indicate that there are material uncertainties which would cast significant doubts about the parent's and group's ability to continue as a going concern.

The above section also discloses the reasons why the parent's directors deemed it appropriate to prepare the consolidated financial statements at 31 December 2021 on a going concern basis.

Obtaining sufficient audit evidence supporting the parent's directors' use of the going concern basis of accounting was a key audit matter.

Our audit procedures included:

- discussing the assessment of the going concern assumption and the related material uncertainties with the parent's directors;
- analysing the process applied by the directors to assess the parent's and group's ability to continue as a going concern;
- including by involving our own specialists, understanding and assessing the reasonableness of the main assumptions underlying the 2022-2025 business plan approved by the parent's board of directors on 24 March 2022 (the "business plan");
- checking any discrepancies between the forecast figures included in the business plan and the previous year actual figures, in order to check the accuracy of the group management's estimation process;
- understanding and assessing the manoeuvre aimed at strengthening the group's and parent's financial and capital structure (the "financing package");
- analysing the documentation supporting the commitments taken on by the shareholders that exercise joint control over the parent and the banks involved in the financing package;
- analysing the events after the reporting date that provide information useful for an assessment of the going concern assumption;
- analysing the minutes of the parent's board of directors' meetings and the related decisions;
- assessing the appropriateness of the disclosures provided in the notes about the going concern assumption.

We did not qualify our opinion in this respect.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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In addition to that described in the *Material uncertainties about going concern* section, we have identified the following key audit matters to report herein.

Revenue recognition and measurement of contract assets and liabilities

Notes to the consolidated financial statements: note 4 "Accounting estimates and significant judgements - Revenue, contract assets and contract liabilities", note 30 "Revenue", note 23 "Provisions for risks and charges", note 11 "Inventories and contract assets" and note 19 "Trade payables, other liabilities and contract liabilities"

Key audit matter	Audit procedures addressing the key audit matter

The consolidated financial statements at 31 December 2021 include contract assets of €1,320 million, contract liabilities of €2,517 million, provisions for contract costs and losses on long-term contracts of €973 million and core business revenue of €6,875 million, which is also related to significant long-term contracts with customers for the performance of large projects that are complex from an engineering, technological and construction point of view.
 	
Revenue from those projects is recognised over time, based on their stage of completion and using the cost-to-cost method.
 	
Measuring contract assets and liabilities is based on significant estimates about the total contract revenue and costs and the related stage of completion which entail a high level of judgement by the directors. These estimates are affected by many factors, including:
— claims for additional consideration compared to that contractually agreed;
— the projects' long timeframe, size and engineering and operating complexity;
— the risk profile of certain countries in which the work is carried out.
 	
These estimates, therefore, require a high level of directors' judgement that may significantly affect the recognition of revenue and the measurement of contract assets and liabilities.
 	
Accordingly, we believe that the revenue recognition and measurement of contract assets and liabilities are a key audit matter.
	Our audit procedures included:
	— understanding the process for the allocation of revenue from contract with customers and additional consideration, assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls;
	— selecting a sample of contracts on which we performed, inter alia, the following procedures:
	  – analysing contracts with customers in order to check that the main contractual terms have been appropriately considered by management,
	  – analysing the reasonableness of the assumptions underlying the project budgets and forecasts through (i) discussions with group management and the individual contract managers to support the information obtained from historical analyses (ii) analysis of supporting documentation, including any correspondence with customers and suppliers and legal-technical opinions possibly expressed by external experts engaged by group management (iii) analysis of the most significant discrepancies between past years' estimates and actual figures;
	— checking the recognition of costs and their allocation to the contracts in progress;
	— assessing the accuracy of the stage of completion calculation and the consequent recognition of revenue and contract assets and liabilities;

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Key audit matter	Audit procedures addressing the key audit matter
	— analysing the events after the reporting date that provide information useful for an assessment of management estimates; — assessing the appropriateness of the disclosures provided in the notes about revenue and contract assets and liabilities.

Provisions for risks and charges and contingent liabilities

Notes to the consolidated financial statements: note 4 "Accounting estimates and significant judgements - Provisions for risks and charges", note 23 "Provisions for risks and charges" and note 29 "Guarantees, commitments and risks - Legal proceedings"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2021 comprise provisions for risks and charges of €1,353 million, including provisions for contract costs and losses on long-term contracts of €973 million. The parent and certain group companies are involved in a number of legal proceedings and, when a liability is considered to be probable and its amount can be estimated reliably, group management makes the related provisions for risks and charges. The process and methods for assessing the risk arising from the legal proceedings are complex and, by their very nature, entail a high level of judgement by group management, especially the evaluation of the uncertainty surrounding the outcome of the proceedings, the classification as provisions or liabilities and the appropriateness of the disclosures provided in the notes, including about possible liabilities. For the above reasons, we believe that this issue is a key audit matter.	Our audit procedures included: — understanding the process for the assessment of legal proceedings and assessing the design and implementation of controls and procedures on the operating effectiveness of material controls; — analysing the accounting policies used by the directors to estimate the outcome of significant legal proceedings; — assessing management's evaluations of the proceedings and their reasonableness by checking the main internal documentation, related reports and any technical appraisals prepared by experts engaged by management, as well as through the information obtained from external and internal legal advisors and group management; — exchanging information with the parent's *Collegio Sindacale*, control and risk committee, supervisory board and internal auditors; — analysing the events after the reporting date that provide information useful for an assessment of the significant legal proceedings; — assessing the appropriateness of the disclosures provided in the annual report about significant legal proceedings.

Measurement of property, plant and equipment and intangible assets

Notes to the consolidated financial statements: note 4 "Accounting estimates and significant judgements - Impairment of non-financial assets and Leases", note 14 "Property, plant and equipment", note 15 "Intangible assets" and note 16 "Right-of-use-assets and lease assets and lease liabilities"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2021 include property, plant and equipment of €3,113 million, intangible assets of €699 million, including goodwill of €667 million, and right-of-use assets of €261 million. The parent's directors have identified fourteen cash-generating units ("CGUs"): Offshore E&C, Onshore E&C, Leased FPSO, Onshore drilling and ten vessels included in the Offshore drilling business segment. The parent's directors allocated goodwill to the Offshore E&C CGU (€403 million) and the Onshore E&C CGU (€264 million). Group management tests the carrying amounts of all CGUs for impairment whenever there are indicators of impairment, and of the CGUs that include goodwill at least annually, by comparing the individual CGU's estimated recoverable amount, calculated by discounting the expected cash flows using the discounted cash flow model, to the net capital employed allocated thereto. The recoverable amounts of those assets is based on assumptions, sometimes complex, that entail a high level of judgement. They are based on the expected cash flows forecast in the 2022-2025 strategic plan approved by the parent's directors, as well as projections for future years. The key assumptions underlying the expected cash flows forecast by the parent's directors relate to the future acquisition of orders, their profitability and the payments that the group will obtain by leasing its fleet of vessels, principally included in the Offshore drilling business segment. For the above reasons, we believe that this issue is a key audit matter.	Our audit procedures, which also involved our own specialists, included: — understanding the process adopted to prepare the impairment tests approved by the parent's directors; — understanding the process adopted to prepare the forecasts from which the expected cash flows used for impairment testing have been derived; — analysing the criteria used to identify the CGUs and the assets and liabilities allocated thereto; — analysing the reasonableness of the main assumptions underlying the 2022-2025 strategic plan approved by the parent's directors, mainly through inquiries with the managers of the business segments that include the CGUs identified, analysis of the supporting documentation and comparison of expected orders to the order backlog; — checking the consistency of the forecasts included in the 2022-2025 strategic plan approved by the parent's directors with the data underlying the expected cash flows used for impairment testing; — checking any discrepancies between the previous year forecast and actual figures, in order to check the accuracy of the group management's estimation process; — analysing the reasonableness of the valuation methods and key assumptions used by the parent's directors, and especially: - the application of the discounted cash flow model; - the criteria and parameters used to calculate the discount rate applied to the projected cash flows and the long-term growth rate;

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Key audit matter	Audit procedures addressing the key audit matter
	— checking the sensitivity analysis presented in the notes in relation to the key assumptions used for impairment testing; — analysing the events after the reporting date that provide information useful for an assessment of management estimates; — assessing the appropriateness of the disclosures provided in the notes about the measurement of property, plant and equipment, intangible assets and right-of-use assets.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

— conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;

— evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 3 May 2018, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2019 to 31 December 2027.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2021 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2021 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2021 and have been prepared in compliance with the applicable law.

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Publications
Relazione finanziaria annuale (in Italian)
Annual Report (in English)

Interim Financial Report as of June 30
(in Italian and English)

Sustainability Report 2021 (in Italian and English)

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