

(Translation for the readers' convenience only. In case of inconsistency, the Italian text shall prevail)



***Saipem's Board of Directors' recommendations to the Shareholders on the size
and composition of the new Board of Directors***

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In compliance with the recommendations of art. 1.C.1, letter h) of the Corporate Governance Code of listed companies ("Corporate Governance Code"), which Saipem SpA adheres to, and taking into account that the mandate of the Board of Directors expires with the approval of the 2017 Financial Statements, the Board of Directors of Saipem SpA ("Saipem" or the "Company"), having:

- consulted the Board Committee "Corporate Governance and Scenarios", whose responsibilities include "formulating opinions to the Board of Directors regarding the size and composition of the Committee itself, and making recommendations on the professional profiles whose presence on the Board is deemed to be expedient";
- taken into account the outcome of the Board review for the year 2017;

in view of the renewal of the Board provides the following advice to Shareholders in terms of:

- the **size** of the new Board of Directors;
- the **composition**, i.e. the managerial and professional profiles whose presence on the new Board is deemed expedient.

Introduction

- On January 22, 2016, the shareholders' agreement signed on October 27, 2015 between Eni and Fondo Strategico Italiano - FSI (now CDP Equity) became effective, and its essential information was made public in compliance with the provisions of the law;
- Due to the changes in the shareholder composition that followed the introduction of the aforementioned Shareholders' Agreement, on January 22, 2016 Saipem ceased to be subject to the direction and coordination by Eni SpA, pursuant to art. 2497 (and subsequent amendments) of the Italian Civil Code;
- From that date, the Company has no longer been subject to the provisions of art. 16 of Consob Market Regulation adopted through Resolution No. 20249 of 28.12.2017 (formerly art. 37 of Consob Regulation no. 16191 of October 29, 2007), for "the listing of shares of subsidiaries subject to the management and coordination of other companies".¹

¹ Art. 16 (formerly art. 37 of Consob Regulation no. 16191 of October 29, 2007) of Market Regulations adopted through Resolution no. 20249 dated 28.12.2017 (Conditions that inhibit the listing of shares of subsidiary companies that are under the management and coordination of other companies):



Also with regard to the upcoming Board renewal, the provisions on gender balance as provided for by Law No. 120/2011, apply.

Size of the Board of Directors

Saipem's Board of Directors considers:

- the current number of nine directors, the maximum provided for by the Articles of Association, to be appropriate because it ensures an adequate balance of skills and experience required by the complexity of the business of the Company and the Saipem Group and a balanced participation in board committees;
- the current ratio between executive (1), non-executive (8) and independent (6) Directors to be appropriate, as it ensures the effective functioning of the Board of Directors itself, while noting

1. Shares of subsidiary companies that are under the management and coordination of other companies or entities cannot be listed on any Italian regulated market where their parent companies:

- a) have not fulfilled the publication obligations imposed by art. 2497-bis of the Italian Civil Code;
- b) have no independent negotiation capacity in their relations with clients and suppliers;
- c) have a cash pooling relationship with the company performing unitary management or another company of the group they belong to, and such a cash pooling relationship that is not in line with the corporate interest. The cash pooling relationship in line with corporate interest should be certified by the administrative body with a statement analytically stating the reasons; this declaration shall be verified by the control body;
- d) have no internal control committee composed of independent directors according to paragraph 2. Where set up, other committees recommended by codes of conduct on corporate governance promoted by operators of regulated markets or professional associations, shall also be composed of independent directors. Subsidiary companies that are under the management and coordination of another (Italian or foreign) company whose shares are listed on regulated markets are also required to set up a board of directors whose majority must be made up of independent directors. For the purposes of this letter d), directors of the company or entity responsible for the management and coordination of subsidiaries and directors of listed companies controlled by such a company or entity cannot be considered to be independent directors. Conversely, companies that have adopted the two-tier management and control system are required to set up an internal control committee in the framework of the supervisory board; the said committee shall meet the following requirements: i) it must include at least one board member appointed by the minority (if any); ii) all its members shall be independent according to paragraph 2.

2. For the purposes of this article, "independent directors" and "independent supervisory board members" shall mean:

- directors and board members fulfilling the independence requirements set forth in art. 148, paragraph 3, of the Consolidated Law, and any additional requirements identified in the procedures provided for by art. 4 of the Regulation adopted by CONSOB with Resolution no. 17221 of March 12, 2010 on transactions with related parties or any sectoral standard applicable due to the business activity the company carries out;
- if pursuant to art. 123-bis, paragraph 2, of the Consolidated Law, the company declares to have adopted a code of conduct promoted by the operator of a regulated market or professional associations that provides for independence requirements at least equal to those of art. 148, paragraph 3, of the Consolidated Law, then "independent directors" and "independent supervisory board members" shall mean all directors and board members that the company identifies as such pursuant to the code of conduct it has adopted.

3. Companies with listed shares that are under the management and coordination of other companies shall adapt to the provisions of paragraph 1, letter d), within thirty days of the first meeting for the renewal of the board of directors or supervisory board.

4. The subsidiary companies with listed shares that believe they are not required to fulfil the publication obligations referred to in paragraph 1, letter a), in the management report required under art. 2428 of the Italian Civil Code shall explain in detail the reasons why they believe not to be under the management and coordination of their parent company.

that as of January 22, 2016, the provisions of art. 16 (formerly art. 37) of the so-called Market Regulations no longer apply.

Composition of the Board of Directors

The Board of Directors of Saipem, while wishing for substantial continuity for the next Board of Directors, also deems it necessary to strengthen the number, in terms of non-executive directors, of managerial profiles of international experience and with industrial skills - preferably from the sector in which the company operates, from contiguous sectors, or from the large contract-work sector – who are highly strategy and objectives oriented, and possess business judgment skills to support the management, consolidate and strengthen the strategic vision of the Board of Directors and allow it to increase its ability to interpret the evolution of market scenarios and assess new business opportunities.

The personal and professional characteristics deemed appropriate for the various roles within the Board of Directors, are for the most part in line with those currently found, as follows:

The Chairman should:

- have the authority and personal prestige to ensure the correct and transparent management of the Board of Directors' operations and be a guarantee figure for all Shareholders during the mandate;
- possess the personal characteristics to foster a strong team spirit and a strong sense of cohesion among the members of the Board of Directors;
- have adequate knowledge in matters of corporate governance, having gained previous significant experience while serving on - or preferably leading - boards of listed companies of the same complexity, size and international projection as Saipem's, and having shown, while holding those offices, a marked propension towards the issues of governance and sustainability;
- have economic and financial expertise and previous experience of extraordinary transactions, as well as experience in managing strategic issues and business specific matters at board of directors' level.

The CEO should:

- possess authority and recognised strategic vision, in addition to a deep knowledge of the energy market and its evolution;
- have gained significant and successful experience in top management positions at listed companies of similar complexity, size and international projection as Saipem;
- have significant technical expertise as well as economic and financial know-how;
- possess recognized leadership skills and a leading management style as well as the ability to foster team-spirit among its collaborators.

The other seven Directors should all be non-executive directors with an "adequate" number of independent directors, as required by the Corporate Governance Code. In this regard, the Board of Directors observes that having at least 4 independent directors would ensure that the Board committees as recommended by the Corporate Governance Code (the Audit and Risk Committee and the Nomination and Compensation Committee) be comprised of a majority of independent directors, avoiding the duplication of positions. Furthermore, they should:

- a) have **managerial** and/or **professional** profiles (as specified below), to create a set of different and complementary competences and experience, also taking into account the benefits deriving from having different genders, age groups, and seniority of offices within the Board;
- b) possess adequate seniority, i.e. proven experience in complex organizational enterprises in a business and/or professional and/or institutional context;
- c) have gained experience on the board of directors of preferably listed companies, of significant size and/or complexity;
- d) possess the necessary know-how to enable them to effectively participate in the work of the Board of Directors and the various Board Committees. For this purpose, the skills considered relevant are those acquired in the technical/commercial, and/or economic-financial, and/or risk management, and/or legal, and/or corporate governance, and/or sustainability, and/or digital innovation areas as well as in the technology and research sectors;
- e) have gained international experience.

Furthermore:

- **the management profiles** should:
 - have gained experience in positions of significant responsibility within industrial groups similar in size and complexity to Saipem and with international exposure and preferably from the sector in which the company operates, from contiguous sectors, or from the large contract-work sector;
 - possess business judgment skills and be strongly strategy and result-oriented, so as to provide effective support to the management and establish a constructive dialectical relationship with the latter;
- **the professional profiles** should:
 - have carried out their professional activities in large multinational industrial companies;
 - have gained experience in managerial positions at important professional practices, consulting firms or other public or private organizations, with international exposure.

As regards the presence on the Board of Directors of **academic or institutional profiles**, these should possess, in addition to the characteristics indicated in points b), c), d) and e), competences strictly and directly related to the business of the Company and the Saipem Group or associated issues.

In order to contribute to the activities of the Board of Directors with continuity of action and to actively participate in the life of the Company and to understand its operations, all candidates



should carefully consider the time they can devote to this office in relation to other positions they may already hold. They should also ascertain that their situation is in line with the policy adopted by Saipem in this regard.²

² On February 26, 2018, Saipem's Board of Directors resolved to adopt the recommendations on the maximum number of offices that can be held by Board members.