



**Saipem's Board of Directors'  
Recommendations to the Shareholders  
on the Quantitative and Qualitative Composition  
of the new Board of Directors**

**Approved by the Board of Directors on February 24, 2021**

## **CONTENTS**

Introduction	page 3
Size of the Board of Directors	page 4
Qualitative composition of the Board of Directors	page 5
Matrix of competencies	page 8
Time commitment	page 11
Profiles of particular relevance	page 12

## INTRODUCTION

Saipem SpA adheres to the Corporate Governance Code issued in January 2020, which, in art. 4, Principle XIII, Recommendation 23, also considering the provisions of the Principles in art. 2, recommends that the outgoing Boards of Directors of listed companies express their advice to the Shareholders on the quantitative and qualitative composition they consider to be optimal for the new Board.

Saipem's Board of Directors, whose mandate expires with the approval of the 2020 financial statements:

- having consulted the Sustainability, Scenarios and Governance Committee, which the Board tasked with the preparation of an initial assessment of the size and composition of the Board itself;
- considering the results of the Board reviews for 2020 and those over the Board's three-year term of office;
- considering the activities that the next Board of Directors will have to focus on, as their mandate will be of significant importance for the development of the Company's strategy in a sector and market context that is evolving and undergoing a significant transformation,

to facilitate the process of defining the best proposals for the quantitative and qualitative composition of the Board of Directors of Saipem SpA, in view of the renewal of the Body for the 2021-2023 mandate, provides the Shareholders with guidelines concerning:

- the size of the new Board of Directors and the professional figures whose presence is deemed appropriate if not, in some cases, necessary in the new Body;
- the experience and competencies identified in the 2020 Board Review as priorities or very relevant for the composition of the new Board, considering both the possible renewal and the need to ensure continuity for the Body;

The Board of Directors also notes that Recommendation 23 provides that "*anyone submitting a slate with a number of candidates that is higher than half the number of members to be elected to provide adequate information on the compliance of the slate with the board guidelines mentioned above, and with the board diversity criteria set forth in principle VII and recommendation 8. In such cases, the slate also identifies its candidate for the chairmanship of the board, whose appointment is conducted in accordance with the company's bylaws.*"

## SIZE OF THE BOARD OF DIRECTORS

Saipem SpA, pursuant to art. 19 of the Articles of Association, is managed by a Board of Directors comprising no less than five and not more than nine Directors.

The Board unanimously believes that:

- the current number of nine Directors is appropriate;
- that the balance between Executive Directors (1) and Non-Executive Directors (8), of which five are Independent is appropriate, in accordance with the provisions of the Corporate Governance Code, January 2020, art. 2, Principle VI, Recommendation 5;
- that the current size allows for a correct composition of the three Board Committees<sup>1</sup> (and of the Related Party Transactions Committee<sup>2</sup>), with an adequate number of Independent Directors; this size also enables the adequate involvement of Directors and the possibility of in-depth analysis of the issues discussed and the resolutions to be taken.

The Board of Directors of Saipem SpA is aware of the amendments, contained in the provisions of the 2020 Budget Law, made to Law no. 120 dated July 12, 2011, on the subject of gender balance in the bodies of listed companies, which envisage, for the least represented gender, a quota of at least two fifths of the members of the administrative and control bodies.

The Board:

- recommends that the Shareholders, in compliance with these new provisions, in composing the list of Director candidates to be elected, work in such a way as to ensure that the number of candidates of the less represented gender is at least (rounded up, where necessary) two-fifths of the number of Board Directors (and therefore at least four in the case of a Board of Directors comprising nine members).

---

<sup>1</sup> Audit and Risk Committee, Nomination and Compensation Committee, Sustainability, Scenarios and Governance Committee.

<sup>2</sup> In relation to the provisions of the applicable legislation on transactions with related parties, the Audit and Risk Committee is comprised of two independent non-related Directors, already members of the Committee, and of another non-related and independent director chosen on the basis of seniority among the other independent non-related Directors.

## **QUALITATIVE COMPOSITION OF THE BOARD OF DIRECTORS**

When making these recommendations to the Shareholders presenting the lists of candidates, the Board expresses and emphasises the importance of the following professional skills, expertise and experience, which they deem necessary for the purposes of an optimal composition of the Saipem Board of Directors:

- ensures that the Board enjoys a solid and balanced combination of professional expertise and experience necessary to address and effectively manage the challenges that will emerge from the foreseeable evolution of the sector and the market and from the preparation and implementation of Saipem's strategic objectives over the next three years;
- identify profiles with the right personal characteristics and aptitude, capable of ensuring effective collaboration and positive relational dynamics in the optimal performance of the office of Director;
- ensure the presence of a fair number of Independent Directors, to stimulate an open and attentive debate from all stakeholders;
- identify the profiles capable of devoting sufficient time for the diligent fulfilment of their responsibilities, also in consideration of the position adopted by the Board of Directors of Saipem SpA on February 26, 2018 regarding the cumulation of offices held in other management and control bodies;
- further promote the requirements of diversity, in terms of professional experience, geographical provenance, demographic diversification and sectors of origin as well as gender.

The Board of Directors is aware that:

- to adequately perform their role, it is essential that candidates, as members of the Board of Directors, possess the expertise, competencies and experience necessary for the exercise of their duties, and that these be wide-ranging and diversified among all members, vis-à-vis:
  - the duties and responsibilities associated with the roles within the Board and its Committees;
  - the characteristics of the Company in terms of its size and operations, its complexity and type of activities performed;
  - the context and growth prospects of the market, the prospective evolutionary scenarios, as well as the regulatory framework and the risk management system;

- for the assessment of individual competencies, it is necessary to consider both the theoretical knowledge acquired through studies or training courses, and the practical experience gained through professional activity.

The 2020 Board Review showed that the articulation and quality of the professional profiles of the current qualitative composition of the Board are adequate in terms of knowledge, skills and range; this leaves only a few indications of possible further development opportunities and enrichment. The Board of Directors submits to the Shareholders its Recommendations on the optimal qualitative composition of the professional skills of the future Board of Directors, based on Saipem's governance requirements as perceived by the Directors in consideration of the Group's strategic guidelines.

In the light of these considerations, the Board of Directors recommends that, in defining the lists for the 2021-2023 mandate, Saipem's Shareholders:

- evaluate and propose at the Shareholders' Meeting a continuance for an adequate number of outgoing Board Directors, approximately between one third and one half of the current members, thus ensuring that a large part of the overall experience and skills of the current Board remains within the new Board,
- identify new high-quality professional and personal profiles with authority and competence, to complement and integrate with the profiles of the Directors who may be reconfirmed. This is to maintain and, potentially, further increase the Board's ability to exercise its functions of direction and control, consolidate the governance of the Company and promote the adequate refreshment of the Board.

The Board of Directors, based on the experience gained over their mandate, expresses its evaluations to the Shareholders in terms of knowledge, competencies and experience, which it deems should characterise, through the different contributions of each member, either reconfirmed or new, the optimal qualitative composition of the new Board.

This set of experiences, knowledge and expertise have been outlined by the outgoing Board of Directors in the graph below.

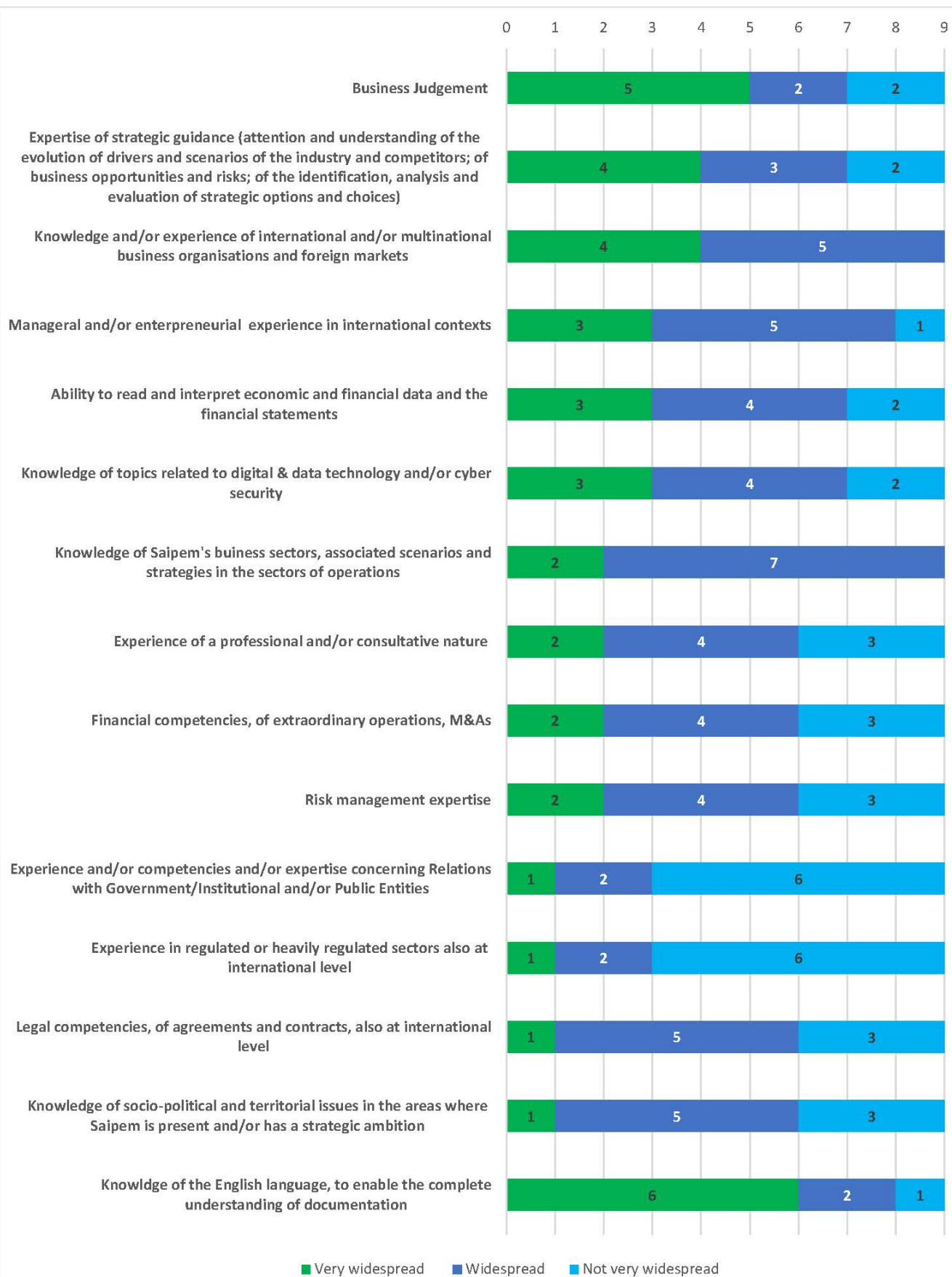
The latter represents the degree to which the Directors believe that the various professions should feature in the new Board of Directors, in accordance with the following classification:

- ✓ *very widespread* – held by approximately one third of Board members;
- ✓ *widespread* – held by approximately one quarter of Board members;

✓ *not very widespread* – held even by only one or two members of the Board, as these are part of the third group of specialist competencies.

The analysis process, carried out to prepare these Recommendations to the Shareholders, led the Board of Directors to propose a Matrix of Competencies detailing how widespread and balanced should be the competencies and experience individually brought into the collective context of the Board of Directors.

## MATRIX OF COMPETENCES





Based on the answers provided by the Directors in the preparatory process, an indication has emerged that the overall profile of the next Board should present a set of experiences and skills:

- *Very widespread* by:
  - o Business judgement
  - o Expertise in strategic guidance (attention and understanding of the evolution of drivers and scenarios of the industry and competitors; of business opportunities and risks; of the identification, analysis and evaluation of strategic options and choices)
  - o Knowledge of Saipem's business sectors, associated scenarios and strategies in the sectors of operations
  - o Knowledge and/or experience of international and/or multinational business organisations and foreign markets
  - o Managerial and/or entrepreneurial experience in international contexts
  - o Ability to read and interpret economic and financial data and the financial statements
  - o Knowledge of topics related to digital & data technology and/or cyber security
  
- *Widespread* by:
  - o Experience of a professional and/or consultative nature
  - o Financial competencies, of extraordinary operations, M&As
  - o Risk management expertise
  
- *Not very widespread* by:
  - o Experience and/or competencies and/or expertise concerning Relations with Government/Institutions and/or Public Entities
  - o Experience in regulated or heavily regulated sectors, also at international level
  - o Legal knowledge of agreements and contracts, also at international level
  - o Knowledge of socio-political and territorial issues in the areas where Saipem is present and/or has a strategic ambition.

All Directors are required to possess a good knowledge of the English language to fully understand all of the documentation.

The Board also suggests that the Shareholders carefully consider, in the evolution of the composition

of the Board, in line with Saipem's Business Plan and in view of the challenges that Saipem will face in terms of energy transition, candidates who, alongside high professional skills in the areas described, can also bring important expertise to the new Board in the following areas:

- Experience in managerial roles in technical/industrial areas of advanced engineering in comparable sectors to those in which Saipem operates in terms of complexity and international scope
- Direct experience in digital transition projects
- Experience in corporate finance
- Experience in B2B industrial marketing
- International profile, possibly a foreign national, with direct knowledge of Saipem's main markets
- Effective experience on ESG issues, renewable energy and evolution of the energy sector.

As part of the criteria to be used in putting forward the lists of candidates, the Directors highlighted the importance of soft skills, to build on the already excellent Board dynamics, with particular reference to:

- collaboration and influence
- orientation and drive towards results
- business judgment and decision-making skills
- teamwork and inclusiveness.

The Board of Directors should be comprised of different professional profiles, recognising the importance, for the proper functioning of the Board itself, of having complementary experiences and skills, styles and cultures, to be combined with differences in gender, age and seniority of office.

All candidates, in accepting their candidacy, must be asked to carefully evaluate whether they can guarantee that they will be able to devote adequate time to the diligent performance of their duties on the Board of Saipem SpA, also taking into account any other positions they may hold in the management and control bodies of other companies as well as other work commitments and professional activities, also having regard to the recommendation concerning the cumulation of offices in other management and control bodies adopted by the Board of Directors of Saipem SpA on February 26, 2018.

## TIME COMMITMENT

In order to allow the Shareholders to quantify the time that will be requested of the candidates to the position of Director and to assess whether they will be able to ensure the necessary preparation and participation in the meetings, the outgoing Board of Directors detailed the number of meetings and time commitments that were required of the members of the Board and of the Committees in 2020.

<b>BODY</b>	<b>MEETINGS</b>	<b>AVERAGE DURATION hr.m.</b>
Board of Directors	15	04:55
Sustainability, Scenarios and Governance Committee	4	01:16
Compensation and Nomination Committee	14	01:57
Audit and Risk Committee	16	02:49
Related Parties' Committee <sup>3</sup>	1	00:45

In addition to the time needed to participate in the meetings, it is also necessary to consider the preparation time for each meeting and, for the Chairmen of the Board and of each Board Committee, also the time dedicated to the performance of the role and the activities of preparation, organisation and coordination for Board and Committee meetings.

It is also necessary to consider the time commitment necessary for the participation in meetings dedicated to induction and ongoing training, as well as any off-site events during the three-year period.

<sup>3</sup> See Note 1 on page 4

## **PROFILES OF PARTICULAR RELEVANCE**

Saipem's Directors, being aware of the high importance of some roles within the Board of Directors, indicate the main specific characteristics that the persons called upon to fill these roles should possess:

### ***The Chairman of the Board of Directors should***

- be a figure with a high professional and value profile. Authoritative and credible to play the role of guarantor to Saipem's shareholders and stakeholders
- be capable of guaranteeing the transparent and correct management of the functioning of the Board of Directors
- be capable of promoting the integration of the various competencies and experiences of the Directors
- have previous experience as a Board leader or the head of listed companies of comparable size, complexity and international projection to Saipem's
- have attention and experience in corporate governance
- have a recognised international standing.

### ***The CEO should:***

- have full personal and professional authority for the performance of this role
- have significant managerial experience and recognised success at the top of the management of listed companies of comparable size, complexity, and sectors to Saipem's
- have relevant international management experience in the energy business also in view of the energy transition
- have adequate expertise in economic and financial matters and corporate strategy
- be able to convey both vision and strategic thinking
- have high team-leadership qualities.

### ***The other Directors***

They should all be Non-Executive Directors and, generally speaking, the independent Directors should account for at least half of the Board members, pursuant to the Corporate Governance Code (Article 2, Recommendation 5) and therefore be at least five when the Board of Directors comprises of nine members.

The independence requirement, which proxy advisors and investors pay particular attention to, must be assessed having regard to both substance and form.

Indicatively, at least three out of seven professional figures should have gained managerial experience in listed companies of a comparable size and international complexity to Saipem's. Attention should be paid to the transversal skills possessed by the Directors as opposed to the vertical ones, thus enhancing the teamwork of the Board and the Committees.