ANNUAL REPORT 2022

SAIPEM

EMARKET SDIR CERTIFIED

MISSION
We are committed to working alongside our customers, transforming their strategies and projects into competitive and sustainable infrastructures, plants and processes, accompanying them on the path to energy transition. We want to be the key ingredient in companies' energy transition, their bridge to a sustainable future.

VALUES
Creative intelligence; care for people and the planet; striving for trust; enhancement of cultural identities.

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 centralised storage mechanism authorised 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 pandemic risks, our procurement chain and including ongoing investment projects), in addition to changes in stakeholders' expectations and other changes affecting business conditions. Actual results could therefore differ materially from the forward-looking statements. The financial reports contain in-depth analyses of some of the aforementioned risks. Forward-looking statements and data are to be considered in the context of the date of their release.

COUNTRIES IN WHICH SAIPEM OPERATES
EUROPE
Albania, Austria, Belgium, Bulgaria, Cyprus, Denmark, France, Germany, Greece, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Spain, Sweden, 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, Congo, Côte d'Ivoire, Egypt, Equatorial Guinea, Gabon, Ghana, Kenya, Libya, Mauritania, Morocco, Mozambique, Nigeria, Senegal, South Africa, Tanzania, Tunisia, Uganda

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

FAR EAST AND OCEANIA
Australia, 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
Alessandro Puliti[3]

Directors
Roberto Diacetti, Alessandra Ferone,
Patrizia Michela Giangualano, Davide Manunta[4],
Marco Reggiani, Paul Schapira, Paola Tagliavini

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[5]

(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) Pursuant to Article 2386 of the Italian Civil Code, on August 31, 2022, the Company's Board of Directors co-opted Alessandro Puliti to replace the Director Pier Francesco Ragni, who resigned. During the same Board meeting of August 31, 2022, Francesco Caio tendered his resignation, effective immediately, from his positions as member of the Board of Directors and General Manager, thus relinquishing all powers. On August 31, 2022, the Board of Directors appointed Alessandro Puliti as Chief Executive Officer (who retained the position of General Manager, as per Board resolution of February 4, 2022).
(4) Pursuant to Article 2386 of the Italian Civil Code, on October 26, 2022, the Company's Board of Directors co-opted Davide Manunta to replace the Director Francesco Caio, who resigned.
(5) The Shareholders' Meeting of May 3, 2018, resolved to appoint KPMG SpA as the independent auditors from 2019 to 2027.

ANNUAL REPORT 2022

Ordinary Shareholders' Meeting of May 3, 2023
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 March 23, 2023.

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

2022 was a challenging and intense year for Saipem, relaunching the Company and posing the base for a new and sustainable growth phase.
The recovery was triggered firstly by the completion of the capital increase transaction in very challenging times, which fits into the wider context of the Financial Package to strengthen Saipem's capital and financial position. The support of financial and market institutions, together with an extraordinary commitment from the Company's over 30,000 employees made the transaction successful and renewed Your trust in our work.
The economic and financial performance in 2022 demonstrates how the Company was able to make significant progress in securing projects included in the backlog review (Onshore E&C and Offshore Wind) which negatively contributed to previous year's results. In particular, technical solutions were identified in response to operational issues which arose in 2021. In agreement with customers, schedules of work to be performed was reviewed, and in some cases, after recognition of the exceptional commitment by Saipem, compensation was obtained for the extra costs incurred to reduce realisation times on some projects.

At the same time, work was done to strengthen the governance system in the commercial and risk management areas; the Company selectively participated in the bidding and favoured high-margin business (Offshore, both Engineering & Construction, and Drilling). We believe the current order portfolio composition is, therefore, the key factor to the Group's relaunch.
It is important to highlight how Saipem has seized the opportunities offered by the growing market to close some extraordinary transactions. The sale of the Onshore Drilling business was concluded with the primary objective of corporate asset valorisation; in addition, within a favourable and positive situation of the market, the Company acquired the drillship Santorini, expanding the fleet in the Offshore Drilling sector, historically a high-margin one, while maintaining an unchanged guidance on the year's net debt.
At the same time, the Company is pursuing the capital-light strategy with the goal of promptly responding to the needs of a quick-expanding market (mainly in Offshore Drilling), minimising exposure in terms of capex.

The 2023-2026 Strategic Plan, approved by the Board of Directors the past February, aims to: (i) consolidate Saipem's presence in geographical areas with higher profitability in the Asset Based Services sector; (ii) pursue a selective approach to LNG, CCUS and Fertilizers (Gas Monetization) initiatives in the Energy Carriers sector; (iii) restart commercial activities with a focus on low-risk initiatives in the Offshore Wind area, exploiting possible strategic partnerships; (iv) seize possible opportunities from PNRR in the Sustainable Infrastructures sector, and finally; (v) support energy transition (advanced carbon capture systems – CCUS – through proprietary solutions, Plastics Recycling, Subsea Asset Integrity). Within the Plan horizon, we expect to acquire projects for €46 billion, of which 25% in a low-carbon sector.

2022 results

Efforts made in the year in order to gain economic-financial balance allowed to exceed all the economic and financial objectives set and the 2022 results, which do not include contributions from the Onshore Drilling sold business and represent proof of this evolution.
The acquisition of new orders, revenue and significantly growing margins confirm the improvement of the Group's operational performance. 2022 closed with revenue of €9,980 million, up 53% compared to 2021. Adjusted EBITDA in 2022 was positive for €595 million (negative for €1,192 million in 2020), thanks to contributions from Offshore Engineering & Construction and Drilling.

The value of new contracts, equal to €12,941 million, is almost double compared to 2021, thank to significant acquisitions of new contracts mainly in the Middle East. The backlog at the end of 2022 stood at €24,017 million, of which over 50% from Offshore business projects. The net financial position at the end of 2022 stood at €264 million compared to €1,541 million at the end of 2021, thanks to the rigorous financial discipline, and to the positive contribution made by the collection of overdue debts.
The capital expenditure in 2022, including the purchase of the seventh-generation drillship Santorini, amounted to €523 million (€246 million in 2021).

Towards a sustainable business

The declination of sustainability in Saipem's complex business model represents a challenge and a commitment that is constantly renewed, since the integration of environmental, social and governance topics is a key factor for

the company's future and success, as well as a guarantee of its work towards the expectations of all stakeholders: clients, partners, shareholders and financial community, employees, local communities, public authorities, associations, world of research and academia.
In order to strengthen this purpose, in addition to the economic and financial rebalancing and reorganisation of the company, in 2022 a four-year Sustainability Plan was prepared, updated annually, which outlines, consistently with the business strategy, the short and long-term sustainability strategic priorities, assigns challenging objectives and defines concrete actions to implement them. The Plan also takes into account stakeholders' contribution through their involvement in the annual materiality analysis (carried out with "double materiality" method) to identify the most relevant sustainability topics for the company and the creation of value.

These elements represent a significant reference for the definition of the structure of the seventeenth 2022 Sustainability Report and to clearly and rationally define the contents of a wide reporting.
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 and integrates the disclosure on climate change (previously a standalone document), in line with the recommendations by the Task Force on Climate related Financial Disclosure (TCFD), and broadens that on human rights and "Modern Slavery Topics.
In terms of performance, our focus is prioritising the topic of occupational safety. Despite injury rates remaining well below average in the reference sector, the TRIFR - Total Recordable Injury Frequency Rate increased to 0.43 in 2022, a year in which some serious accidents were recorded, one of which unfortunately was fatal. Nothing, apart from our condolences to the family of the missing contractor, can mitigate the tragedy of the event. We can only firmly reiterate our primary commitment towards a zero-injury objective. "We Want Zero" is our programme and our objective, and we will not be satisfied until we reach it.

In 2022, Saipem kept up its commitment to countering the effects of the COVID-19 pandemic by promoting the vaccination campaign, which produced a high sensitivity among Saipem's personnel and a subsequent high vaccination coverage, a crucial condition to operate in the majority of our scenarios.
Regarding the reduction of out carbon footprint and contribution to contrasting climate change, Saipem announced in 2022 the goal to reach Net-Zero within 2050 for the emissions in Scopes 1, 2 and 3, by integrating the intermediary steps of "carbon neutrality" of Scope 2 emissions in 2025 and 50% reduction of those in Scopes 1 and 2 in 2035, already introduced last year.
Among the numerous initiatives to combat climate change, many solutions have been taken which range between the energy efficiency of our operations and assets, to the recent agreement signed with Eni for the progressive adoption of biofuels (HVO) and start of activities for the certified offsetting of our emissions.

Saipem also pursues the objective of contributing to energy decarbonisation along its value chain, working in particular with the complex supply chain in order to progressively improve the monitoring of Scope 3 emissions, as well as identifying areas of reduction. As a result, the company achieve the double effect of reducing its carbon footprint and also that of its clients, for whom the company is increasingly becoming a technological partner in their path to Net-Zero.
In addition, the objective of a stable 25% low-carbon orders in the portfolio was confirmed, a distinctive trait in the evolution of our business.
This business sustainability strategy and its related performance have resulted in 2022 in the recognition by financial stakeholders and international analysts, who confirmed Saipem's position as sector leader in the most important ESG ratings and sustainability indices, such as the Dow Jones Sustainability Index, which has seen an increase in the evaluation score received by the Company and its leadership for the fifth consecutive year.

Market scenario

The business scenario confirms growing trends in Offshore E&C and Offshore Drilling. Outside of traditional Saipem business, the Offshore Wind represents a potential for market growth which Saipem intends to seize by focusing on low-risk activities, where skills and distinctive assets will represent a success element in the competitive context.

Beyond 2022, with progress in project execution, further efficiencies, and an increasingly selective commercial activity, we expect a return to adjusted EBITDA and cash flow growth and a resumption of the reduction path in net financial debt.

March 14, 2023

On behalf of the Board of Directors

The Chairman	*The Chief Executive Officer-CEO*
Silvia Merlo	Alessandro Puliti

STRUCTURE OF THE SAIPEM GROUP

(subsidiaries)

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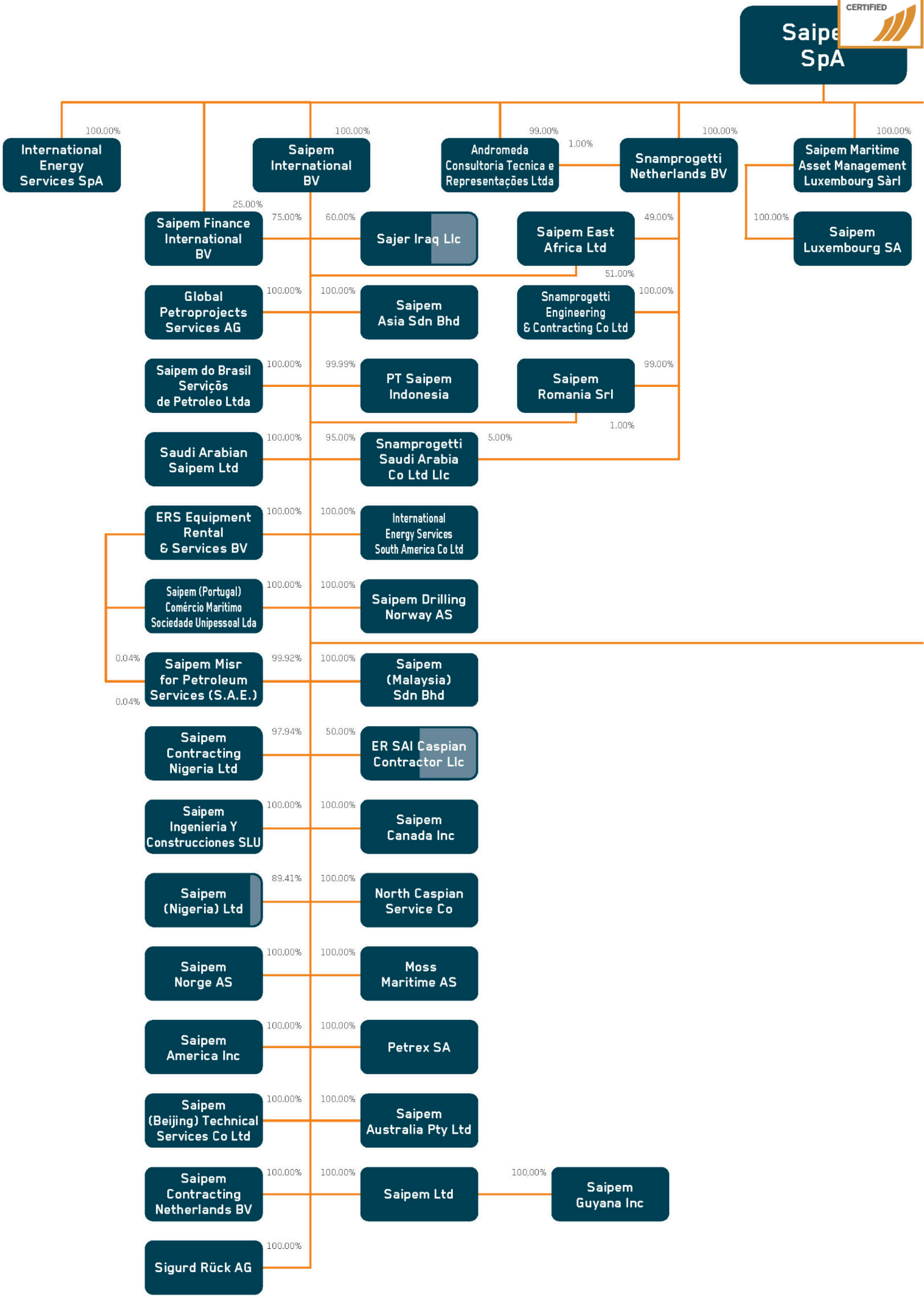
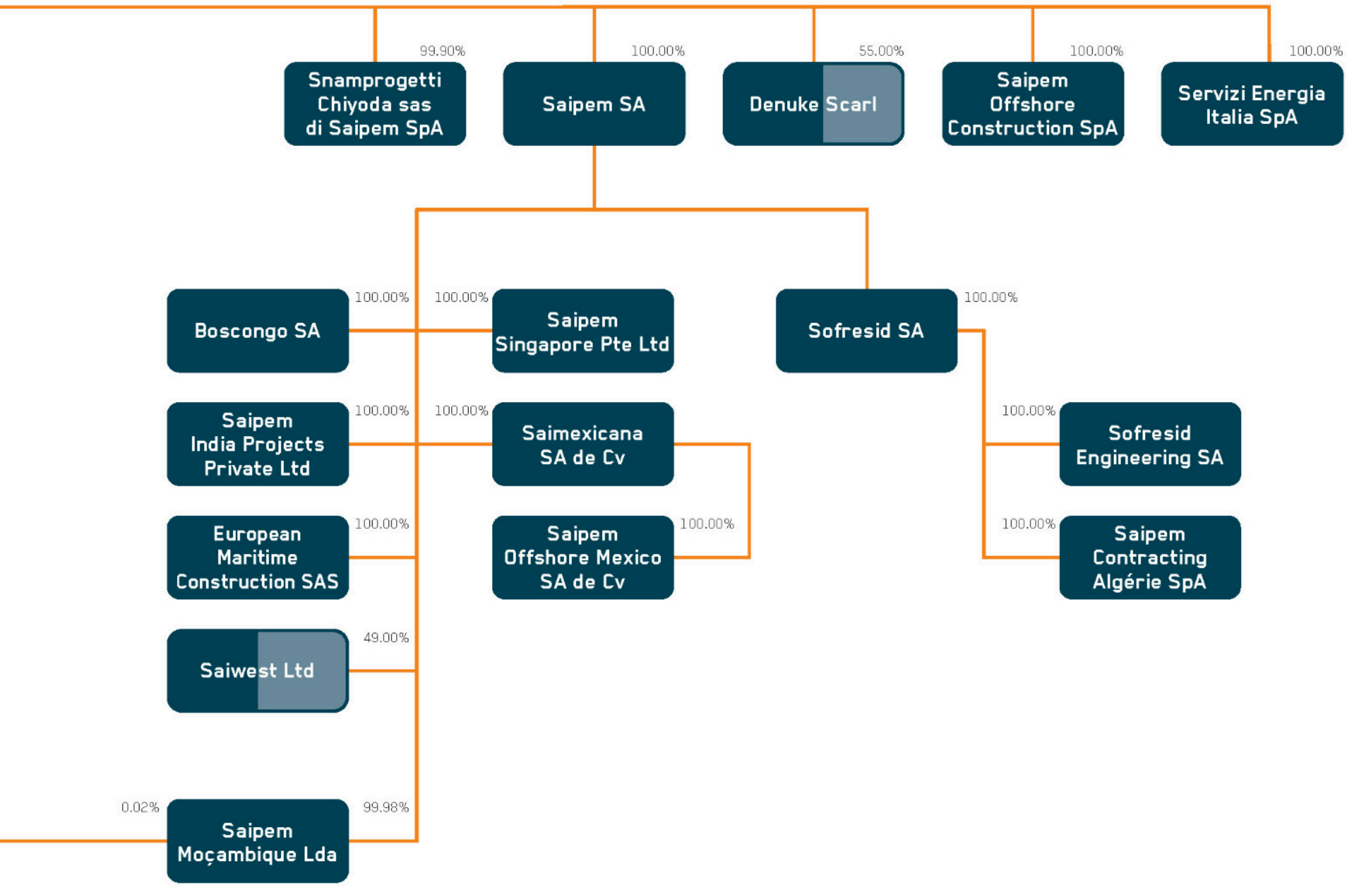




The chart shows only subsidiaries

DIRECTORS' REPORT

SAIPEM SpA SHARE PERFORMANCE

In 2022, equity markets generally performed negatively, with the main indexes reporting substantial losses. The global economic slowdown was accompanied by various factors including, an acceleration of inflation (already at considerable levels during 2021 due to increased logistics and commodity costs following the post-COVID-19 reopenings) the consequent tightening of monetary policies by the world's major central banks, Russia's invasion of Ukraine (causing an energy crisis on the European continent and an increase in global geopolitical instability) and, finally, the continued implementation of lockdown policies in China following new pandemic waves.
The FTSE MIB index closed the year with a loss of 13%, which is lower than the other major European indexes.

In this context, Saipem's share price fell very significantly in 2022. This reduction was due to a number of both exogenous and specific factors that affected the stock heavily, starting with the "backlog review" announced on January 31, 2022. An in-depth analysis of the contracts in the portfolio, in light of the consequences of the pandemic and the increase in the costs of raw materials and logistics, revealed a significant deterioration in the full-life economic margins of certain projects relating to Onshore Engineering & Construction and Offshore Wind Engineering & Construction, with a consequent impact on Saipem's consolidated financial results. As a result, the Company informed the market of the forecast that the statutory financial statements 2021 would close with losses exceeding one third of the share capital.

After recording its highest price of the year on January 26 at €5.12 per share (price adjusted for subsequent share regroupings) and subsequently losing around 30% of its value on the day the backlog review was announced, Saipem's share price then stabilised at around €2.7 until the end of the first half of the year.

On March 24, the Board of Directors approved the Group's consolidated financial statements, the update of the Strategic Plan 2022-2025 and, at the same time, the manoeuvre to strengthen the financial and capital structure of the Company. Among other measures, the package included an indivisible capital increase of €2 billion.
On the same day, the main shareholders of Saipem, Eni and CDP Equity 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.

Furthermore, in anticipation of the capital increase, two share regroupings were carried out, on May 23, 2022 (21 shares for every 100) and June 13, 2022 (1 share for every 10).

On June 1, Saipem announced that it had signed a binding agreement with KCA Deutag for the sale of its entire Onshore Drilling business for $550 million plus a 10% stake in KCAD at the closing of the transaction.

On June 22, 2022, the Board of Directors exercised its authority to increase Saipem's share capital by €2 billion in divisible form through the issuance of 1,974,327,430 ordinary shares to be offered under option to ordinary and savings shareholders at a ratio of 95 new shares for each existing share. The subscription price is set at €1.013 per new share, of which €0.021 as share capital and €0.992 as share premium. The issue price of new shares embedded a discount of around 30% compared to the theoretical ex right price (TERP) of Saipem ordinary shares, calculated on the basis of the reference price of Borsa Italiana SpA for Saipem shares as of June 21, 2022.
The capital increase was completed on July 15, 2022 and as a result the new share capital amounts to €501,669,790.83, divided into 1,995,557,732 ordinary shares and 1,059 no-par value savings shares.
On August 31, 2022, the Board of Directors appointed the General Manager Alessandro Puliti as CEO after the resignation of Francesco Caio.

The capital increase strengthened the Company's financial and capital structure. At the end of the third quarter, net debt fell to €426 million, compared to €1,541 million at the end of 2021.
Saipem's share price reached an annual low of €0.58 on September 20, before embarking on a recovery path from the beginning of October, with the share price consolidating at the €1 threshold in fourth quarter 2022.
The increase in the share price, supported by the financial measures taken to strengthen the financial structure, is attributable to the positive financial results reported in the third quarter, which exceeded market expectations, as well as the slowdown in downward pressure on the stock.
In addition, on October 28, Saipem finalised the first closing of the transaction to sell its onshore drilling assets in the Middle East and Africa to KCA Deutag, for proceeds of $488 million and a 10% stake in KCA Deutag. The assets in Kuwait were transferred in January 2023, while the remaining assets in the Americas, Kazakhstan and Romania are expected to be transferred by the first half of 2023.

At the end of November, Saipem's share price fell slightly, in the context of falling commodity oil prices, which triggered a wave of selling of equity positions in oil and energy related sectors.

On December 5, 2022, Saipem announced the acquisition of the drilling vessel Santorini, a state-of-the-art vessel already part of Saipem's fleets since 2021 through a charter agreement.

In the final weeks of the year, the stock performed positively, supported by a reduction in speculative positioning and increased interest from value funds, with market confidence in Saipem's fundamentals returning.
The stock closed the year at €1.13 per share, up 93% from its September low.

Key Stock Exchange indices and figures

		Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022
Share capital	(€)	2,191,384,693	2,191,384,693	2,191,384,693	2,191,384,693	501,669,790.83
No. of ordinary shares		1,010,966,841	1,010,966,841	1,010,966,841	1,010,966,841	1,995,557,732
No. of savings shares		10,598	10,598	10,598	10,598	1,059
Market capitalisation	(€ million)	3,286	4,408	2,235	1,871	2,195
Gross unitary dividend:						
- ordinary shares	(€)	-	0.01	-	-	-
Price/earnings ratio per share: (1)						
- ordinary shares	(€)	-	367.32	-	-	-
Price/cash flow ratio (*) per share: (1)						
- ordinary shares	(€)	9.69	6.28	16.31	-	16.89
Adjusted price/earnings ratio per share:						
- ordinary shares	(€)	131.43	26.71	-	-	-
Price/cash flow ratio (*) per share:						
- ordinary shares	(€)	6.66	5.64	6.92	-	12.06

(*) Cash flow: net profit plus depreciation and amortisation.
(1) Figures pertain to the consolidated financial statements.

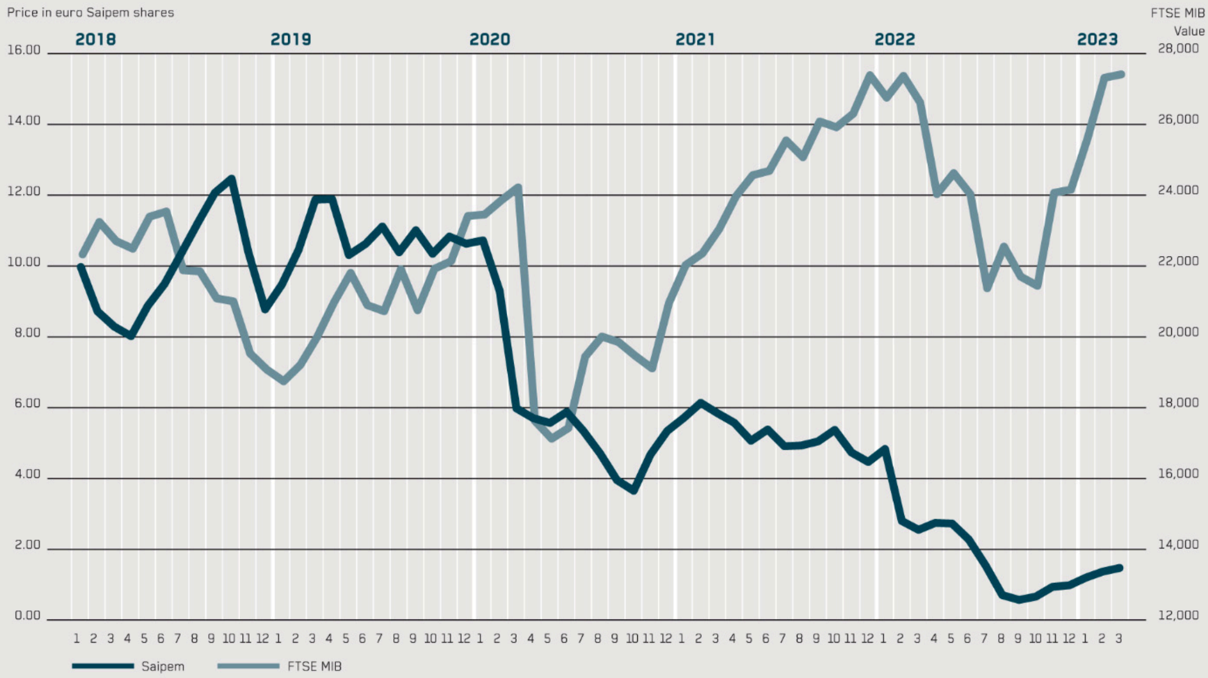
At the end of 2022, Saipem's market capitalisation was approximately €2.2 billion. The stock's liquidity increased significantly, with 4.8 billion shares traded in 2022 (an increase of 45% over 2021) and an average daily number of shares traded of 18.7 million, also higher than 2021 (+46%). Despite an increase in volumes, the counter value of trades was just under €6.5 billion, compared to €7 billion in the previous year.
As for the savings shares, convertible at par into ordinary shares, at the end 2022 there were 1,059. The value, strongly affected by poor liquidity, declined significantly during the year, going from €350 at the beginning of the period to €77 per share at the end of the period.

Listing on the Milan Stock Exchange

(€)	2018	2019	2020	2021	2022
Ordinary shares:					
- maximum	13.76	12.63	11.28	6.66	5.12
- minimum	7.73	8.23	3.42	4.34	0.58
- average	9.97	10.76	5.93	5.30	2.00
- end of the period	8.20	10.93	5.54	4.63	1.13
Savings shares:					
- maximum	418.00	442.00	450.00	450.00	350.00
- minimum	400.00	400.00	420.00	360.00	72.50
- average	402.72	414.28	433.65	418.44	136.68
- end of the period	400.00	420.00	450.00	370.00	77.00

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

SAIPEM AND FTSE MIB - AVERAGE MONTHLY PRICES JANUARY 2018-MARCH 2023



For comparison purposes, all historic prices in the table and graph have been adjusted following the two equity groupings completed in the first half of 2022 linked to the capital increase.
The values shown in the table are not to be considered, for the periods of reference, as indicators of return on equity investment, mainly due to the capital increase on a rights offering completed in July 2022.

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OPERATING REVIEW

Organisational structure

Starting from January 14, 2022, the Company changed its organisational configuration based on four distinct business areas, consistent with the new organisational model, which entails:

- 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 project 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;

To complete the new organisation, in February 2023 the Company established a new business line, Offshore Wind, adding to the four business lines established in January 2022; the current organisational structure is as follows: Asset Based Services, Energy Carriers, Robotics and Industrialized Solutions, Sustainable Infrastructures, and Offshore Wind.

The 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, as well as being centres of excellence in technology and engineering, globally recognised by our customers, were structured as follows to manage the Group's portfolio:

- 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 Industrialized 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;
- Offshore Wind - to consolidate Saipem's role in the offshore wind sector through the unified management and development of the business, with regards to the new opportunities to be pursued in the reference markets.

Organisational structure: reporting

The Company, as a consequence of the above, immediately implemented the organisational initiatives required to strengthen the governance of project acquisition activities; introduced a central commercial function, implementing the rise to the Top Management of key inter-functional valuation and decision-making processes; during 2022 new processes were established for the implementation and/or adequacy of the new reporting structure to the provisions of IFRS 8, to support the new organisational structure.

In particular, a precise definition was put in place for the organisational mechanisms of integration between the new departments and business lines and the related management-accounting-administrative mechanisms, including the interchange between the different business lines of services necessary for the development of individual projects (engineering, assets, etc.), as well as the definition of delivery methods between central services (previously assigned to divisions) and business lines (project control, procurement, commercial), and the assignment of the development of the same product to several business lines in relation to the implementation approaches pursued by each business (one of a kind, modular/scalable, offshore wind, etc.).

Following the establishment of the new organisation, it was possible to assign projects to their new managers. However, the aggregation criterion was such that from the sole aggregation of the economic quantities relating to individual projects it was not possible to produce an EBITDA referring to each business line, and to the definition of quantitative parameters useful to assess performances. During 2022, the Company worked to create a management control system in line with the new organisation, to make reporting information available as required by IFRS 8. The 2023-2026 Strategic Plan was developed in accordance with the new organisational structure.

The information to the market, starting from the first quarter of 2023, in accordance with the provisions of IFRS 8 will be prepared following the reporting segments below:

- Asset Based Services, which will include the Offshore Engineering & Construction and Offshore Wind activities;
- Offshore Drilling; and
- Energy Carriers, which will include the Onshore Engineering & Construction, Sustainable Infrastructures, and Robotics and Industrialized Solutions activities.

The Company, also in order to facilitate the financial market's understanding of the evolution of the economic and financial performance related to the Strategic Plan objectives communicated to the market, during 2022, in continuity with previous years maintains the reporting structure based on the four divisions Offshore Engineering & Construction, Onshore Engineering & Construction and Offshore Drilling; the Onshore Drilling segment, as commented below, will be shown as Discontinued operations.
The operating segments aggregated in the reportable segments set out above have similar economic characteristics; furthermore, the new segments Offshore Wind, Sustainable Infrastructures and Robotics and Industrialized Solutions, do not currently meet any of the quantitative thresholds may be considered reportable, and separately disclosed. The data reaggregated on the basis of the new reporting are substantially in line with what is disclosed in the section financial and economic results of the year.
In the following pages devoted to the description of operating activities, reference will be made where possible to the aforementioned allocation of projects to business lines.

Discontinued operations and non-current assets held for sale

Following the agreement with KCA Deutag ("KCA") for the sale of the Onshore Drilling (DRON) assets, disclosed on June 1, 2022, the sector was marked as "Discounted operation" in accordance with the requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".
On October 28, 2022, the first closing of the sale transaction of the DRON business was completed; in particular, activities in Saudi Arabia, the Congo, the United Arab Emirates and Morocco were sold, collecting an amount of $488 million and obtaining share equal to 10% of class "A" ordinary shares of KCA.
Activities in Kuwait were transferred in January 2023, while the remaining activities in the Americas, Kazakhstan, and Romania will be transferred within the first half of 2023.
Note 30 "Discontinued operations, assets held for sale and directly associated liabilities" of the consolidated financial statements provides detailed economic and financial information on the Discontinued operation.
In addition, on June 27, 2022, Saipem and BW Energy signed a Memorandum of Agreement (MoA) for the sale, for $73 million, of the floating production, storage, and offloading (FPSO) unit Cidade de Vitória, currently owned by Saipem and operated on behalf of Petrobras in the Golfinho field, off the coast of Brazil. Also in accordance with IFRS 5, this asset meets the criteria for classification as held for sale and has been shown separately from other assets on the balance sheet.

Market conditions

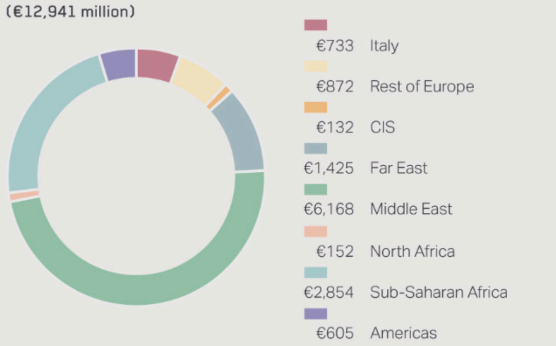
The current reference framework is characterised by a significant recovery trend in Saipem's reference markets, in line with a visible growth in terms of macroeconomic indicators and overall energy demand. According to the International Monetary Fund, in 2022 the world economy grew 3.4% compared to 2021, in line with the average of the pre-pandemic period (2015-2019). The trend was evident despite a few significant factors played a role at a global level, first and foremost the political volatility generated by the prolonged conflict in the Ukraine and the high inflation rates driven also by commodity price evolution.
In this context, the energy sector was one of the most impacted by the 2021 crisis, but in 2022 it showed clear signs of recovery following the recovery in energy demand, and in particular of oil and gas. The rebalancing of market fundamentals has led to a significant increase in hydrocarbon prices, which supported by the instability of the geopolitical context, peaked at over $100 per barrel and later stabilised around $80 per barrel toward the end of the year.
Overall, the signals that emerged during the year have gradually translated into a recovery in investment in the Oil&Gas segment, which in 2022 reached and exceeded pre-COVID figures. This growth, recorded in all geographical areas and in particular in the Middle East, was enough to offset the collapse of activities in Russia and the Ukraine. Apart from inflation dynamics, the need to invest in energy infrastructures contributed to the aforementioned trend. The investment followed two main lines: guaranteeing support to future demand for hydrocarbon, further fuelled by the need to substitute imports of Russian oil products, as well as reducing procurement risks from energy sources in some geographical areas such as Europe.
In an overall recovery framework, the main oil companies maintained a strategy aimed at strengthening their financial structures, and also at diversifying their investment portfolios to better respond to increasing market pressure on energy transition and CO_2 reduction targets.
For further information on the effects of the Russia-Ukraine conflict, please refer to the specific section in "Financial and economic results".

New contracts and backlog

New order acquisitions during 2022 amounted to €12,941 million (€6,952 million in 2021).
Of the total acquisitions, 65% related to the Offshore Engineering & Construction business, 22% to the Onshore Engineering & Construction business, and 13% to Offshore Drilling.
New contracts to be carried out abroad made up 94% of the total; contracts awarded by Eni Group companies were 23% of the overall figure. Orders awarded to Saipem SpA amounted to 44% of the total. In 2022, there were no significant contracts awarded to unconsolidated companies.

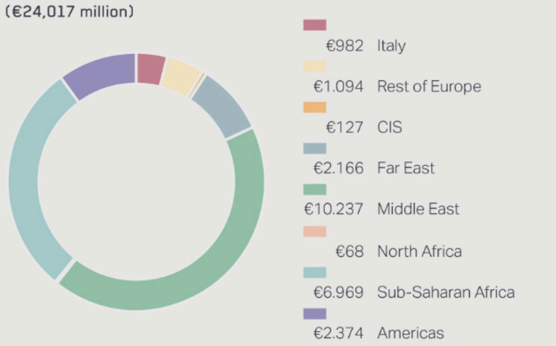
NEW CONTRACTS BY GEOGRAPHIC AREA

(€12,941 million)



ORDER BACKLOG BY GEOGRAPHIC AREA

(€24,017 million)



Saipem Group - Contracts awarded in the year ending on December 31

(€ million)	2021		2022	
	Amount	%	Amount	%
Saipem SpA	1,868	27	5,634	44
Group companies	5,084	73	7,307	56
Total	**6,952**	**100**	**12,941**	**100**
Offshore Engineering & Construction	4,000	58	8,446	65
Onshore Engineering & Construction	2,716	39	2,796	22
Offshore Drilling	236	3	1,699	13
Total	**6,952**	**100**	**12,941**	**100**
Italy	32	1	733	6
Outside Italy	6,920	99	12,208	94
Total	**6,952**	**100**	**12,941**	**100**
Eni Group	413	6	2,924	23
Third parties	6,539	94	10,017	77
Total	**6,952**	**100**	**12,941**	**100**

The remaining backlog as of December 31, 2022, wide and diverse, confirming the Group's focus on the offshore business, both Engineering & Construction and Drilling, amounted to €24,017 million (€21,236 million as of December 31, 2021), of which €10,009 to be completed in 2023 (€4,760 million for Onshore Engineering & Construction, €4,757 million for Offshore Engineering & Construction, and €492 million for Offshore Drilling). The total amount includes the effects of cancellation of the remaining orders of the Moscow Refinery contract in Russia in the amount of €180 million, following termination during the second quarter of 2022.
The breakdown of the backlog by sector is as follows: 45% in the Offshore Engineering & Construction sector, 49% in the Onshore Engineering & Construction sector, and 6% in Offshore Drilling.
96% of orders were on behalf of overseas customers, while orders from Eni Group companies represented 9% of the overall backlog. The parent company Saipem SpA accounted for 30% of the total backlog.
The backlog including non-consolidated companies was €24,376 million (€23,185 million as of December 31, 2021). The non-consolidated backlog was reduced by €800 million during the third quarter of 2022, as a result of the cancellation of the activities falling within the sanctioning framework of the European Union against the Russian Federation.
The remaining backlog as of December 31, 2022 not linked to the price of oil amounted to about 80% of the total Engineering & Construction , while 6% of the backlog resulted from low/zero carbon contracts.

Saipem Group - Backlog as of December 31

(€ million)	2021		2022	
	Amount	%	Amount	%
Saipem SpA	5,415	25	7,186	30
Group companies	15,821	75	16,831	70
Total	**21,236**	**100**	**24,017**	**100**
Offshore Engineering & Construction	7,437	35	10,756	45
Onshore Engineering & Construction	13,439	63	11,767	49
Offshore Drilling	360	2	1,494	6
Total	**21,236**	**100**	**24,017**	**100**
Italy	927	4	982	4
Outside Italy	20,309	96	23,035	96
Total	**21,236**	**100**	**24,017**	**100**
Eni Group	296	1	2,210	9
Third parties	20,940	99	21,807	91
Total	**21,236**	**100**	**24,017**	**100**

Capital expenditure

The **capital expenditure** in 2022, including the purchase of the seventh-generation drillship Santorini, amounted to €523 million (€246 million in 2021), and was as follows:

- for Offshore Engineering & Construction €146 million: extraordinary maintenance works related to the first phase of the repair works on the Saipem 7000 vessel, following the accident on April 14, and maintenance and upgrading works on existing vessels, in particular FDS and FDS 2, Saipem 3000 and FDS, as well as equipment for specific projects;
- for Onshore Engineering & Construction €27 million: purchase and maintenance of equipment;
- for Offshore Drilling €350 million: on top of the aforementioned purchase of the drillship Santorini, maintenance and upgrading of vessels; In particular, during 2022, maintenance was carried out on the semi-submersible platforms Scarabeo 8 and Scarabeo 9, and on the jack-up Perro Negro 8.

To summarise, capital expenditure in 2022 was as follows:

Capital expenditure

(€ million)	2021	2022
Saipem SpA	24	29
Other group companies	222	494
Total	**246**	**523**
Offshore Engineering & Construction	150	146
Onshore Engineering & Construction	20	27
Offshore Drilling	76	350
Total	**246**	**523**

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

OFFSHORE ENGINEERING & CONSTRUCTION

Company information

The Offshore Wind segment will be divided from the Offshore Engineering & Construction Division and merged into the new Offshore Wind business line, while the remaining projects will be merged into the Asset Based Services business line; comments on the projects that are managed by the new business line managers are shown separately below: Asset Based Service and Offshore Wind. The two business lines share the same market conditions, the same assets, vessels and yards of manufacture, and the resources to carry the business out are the same. Specifically, the fleet of vessels is managed in a unified and integrated manner by the Company, taking into account the requirements, operating locations, intervention schedules and contractual obligations of the orders in execution referring (indistinctly) to both Asset Based Services and Offshore Wind.

General overview

The business line Asset Based Services operates in the Offshore sector with a portfolio of skills, assets, and services that allows coverage of a wide range of project types, including development of subsea fields, pipelaying (including large diameters), and installation and lifting of offshore structures. The services offered by the business line cover the entire “life of the field” chain, from customer care in the pre-final investment decision phase to the development of the investment. They include engineering, implementation, installation, maintenance, and modification activities, and ultimately, the decommissioning phase.
The service mentioned above are offered with complementary features, thanks to a fleet that can operate under complex operational and environmental conditions, to a network of construction yards and logistics bases in Nigeria, Angola, Brazil, Indonesia, Guyana, Italy, the United States, and Saudi Arabia; and decades of engineering and project management skills derived from experience in the sector. In particular, as of December 31, 2022, the fleet includes 29 vessels, 26 of which are owned by Saipem and 3 are owned by third parties and managed by Saipem. Among the main vessels are: the Saipem 7000, used for heavy lifting and decommissioning; the pipe-laying vessel Castorone, used for laying large-diameter pipes; the FDS and FDS 2, used for the development of subsea fields; the Saipem Constellation, used for field development activities thanks to its lifting and pipe-laying capabilities for reel-lay of rigid and flexible pipelines; the Saipem Endeavour, used for pipe-laying and lifting. The fleet and management facilities of Asset Based Services also provide support to the Offshore Wind business line for renewable energy activities. The business line, in order to optimise its production processes, pays special attention to technological innovations, automation and digitalisation.
Activities in the Offshore segment are pursued organisationally through one single structures, aimed at the SURF segment and one at Offshore Facilities and Pipeline, with the support of an Asset function dedicated to the management of ships, yards, and business line bases, including the Offshore Drilling fleet with the aim of creating synergies.

Market conditions

In the Oil&Gas market in general we are witnessing, already visible from 2021, a recovery of capital expenditures in Upstream in both deep water and shallow water, with relevant initiatives in the different segments: SURF (Subsea field developments), Trunkline (subsea pipelines for intra-well and onshore oil and gas transportation) and Conventional (offshore platforms and related production and processing facilities). Expectations of recovery of demand in the short to medium term are already materialising in terms of commercial activity and contract acquisition.
Specifically, 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 oil production-related developments, with a significant push also towards the development of non-conventional natural gas fields. Qatar continues to pursue its goal of further growth as a natural gas exporter, including through its own offshore gas fields (such as the North Field) to support increased liquefied natural gas production capacity. The United Arab Emirates is also moving forward with several initiatives, aimed at meeting domestic needs of natural gas requirements for power generation. The conventional market is also experiencing increasing interest from operators in the North and West African areas where various developments, especially gas-related, are being pursued at different stages of progress.
Linked to gas developments, the export and transportation pipeline (Trunkline) market has always been patchy, occasionally featuring projects of considerable size. While some initiatives in Asia-Pacific still have uncertain lead times, several gas transportation infrastructure developments are emerging in the Mediterranean Sea that look promising, even in light of the current geopolitical situation.

The market for subsea developments, which has been among those that have suffered the most in the recent past and has seen several high-risk or less profitable projects delayed or cancelled, is resuming activities while also seeking strategies to reduce costs. Over the past year there have been strong signs of recovery, mainly in Brazil and the Gulf of Mexico, but also in Northern Europe, especially Norway, thanks to the incentives introduced by governments to counteract the effects of the crisis. In Guyana, developments are proceeding at full speed, and there are also signs of imminent recovery in the African market, especially in West Africa, with countries such as Angola, Ivory Coast, Nigeria, and Congo anticipating major developments given the success of recent exploration campaigns.

The offshore wind market continues its growth supported by the considerable interest of investors and operators, despite the critical issues due to the reduced availability of strategic assets and the difficulties of the supply chain to meet development expectations. Commercial and executive activities are expected to increase, in line with the plan scenario, mainly in Europe and to a lesser extent in Asia-Pacific and the United States. Technological developments, partnerships, and robust capital inflows are expected to support the growth of this segment, both in the fixed and floating arena, in the near future and in the long term.

Capital expenditure

Investment activities carried out during the year focused on the execution of works aimed at class reinstatement, adaptation of vessels to international regulations and specific requests of projects in the portfolio and clients. The vessels covered by the activities described above were mainly the Saipem 7000, the FDS and FDS 2 vessels, the lifting vessel S3000, as well as investments for specific projects. Activities were also carried out to prepare and schedule maintenance and retrofitting work to be carried out in 2023.

Orders intake

The most significant new contracts during 2022, related to the Asset Based Services business line, are:

- for Qatargas, the North Field Production Sustainability Offshore Compression Complexes - EPC 2 project offshore the North-East coast of Qatar, which includes the engineering, procurement, manufacturing, and installation of two offshore natural gas compressor stations to support the production in the North Field, including two of the largest compression platforms on steel jackets ever built, interconnection bridges, accommodation modules, and interface modules;
- for Saudi Aramco, four new contracts that include engineering, procurement, construction, and installation of various offshore jackets, bridges, subsea pipelines, composite underwater cables, umbilicals, fibre optic cables, and brownfield modifications;
- 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;
- on behalf of Eni Côte d'Ivoire, a contract for the Baleine Phase 1 project, involving the engineering, procurement, construction and installation (EPCI) of subsea umbilicals, risers and flowlines (SURF) and an onshore pipeline to connect to the distribution network;
- 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;
- for Eni, a contract for the transport and installation of a gas pipeline that will connect the four wells of the Argo and Cassiopea fields to the Sicilian coast;
- for Eni Angola, a contract for engineering, procurement, and construction (EPC) and offshore hook-up and commissioning activities for the development of the Quiluma & Maboqueiro field off the north-west coast of Angola;
- for ExxonMobil Guyana, subject to government authorization, the project for the development of the UARU oil field in the Stabroek block, offshore Guyana, at a depth of around 2,000 metres. The subject of the contract includes the design, fabrication, and installation of submarine structures, risers, flowlines and umbilicals for a large subsea production plant;
- for Petrobel, a contract for the transportation, installation, and pre-commissioning of 170 km of umbilicals for the Zohr field, to be transported and installed between the central control platform (70-metre depth) and the subsea field (1,500-metre depth), by connecting to existing production systems.

Work performed

Below are the main projects of the Asset Based Services business line that were underway or were completed during 2022.

America

In Guyana, for ExxonMobil:

- pipelay and installation activities have been completed for the **Liza Phase 2** project, which included the engineering, procurement, fabrication, and installation of risers, umbilicals, manifolds, flowlines, well connections, and related facilities for the development of the Liza field; the project involved the FDS 2 and Saipem Constellation vessels;
- operations went ahead for the **Payara** project, which included the engineering, procurement, fabrication, and installation of risers, umbilicals, flowlines, well connections, and associated facilities for the development of the Payara and Pacora fields. During the year, the 2022 campaign was completed with the use of the FDS 2 vessel and preparations continued for the 2023 campaign, which involves the use of the Saipem Constellation;
- engineering and procurement activities began on the **Yellowtail** project, the purpose of which is to install umbilicals, risers, and flowlines; installation activities are scheduled for 2024 using the FDS 2 and Saipem Constellation vessels.

Engineering activities proceeded in the Gulf of Mexico for Chevron for the **JSM-4** project, the scope includes 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. Installation activities are planned in 2023.

In Brazil, for Petrobras:

- engineering and procurement activities continued for the **Buzios 5** project, the aim of which includes 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; installation activities are planned in 2023 with the FDS vessel;
- 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. Installation activities are planned in 2024 with the FDS and Saipem Constellation vessels.

In Argentina, for Total, the activities relating to the **Fenix** project started with the laying of a 37-km pipe; the operational activities in 2023 are to be carried out using the vessel Castorone.

Mediterranean

In Egypt, for Petrobel, transport and installation activities were completed for connections to the additional wells requested by the client for the **Zohr** project; the operational activities involved the FDS and Castorone vessels. As part of the same project, work also started on the transport and installation of high and low voltage umbilicals and various subsea facilities, which are scheduled to be completed during 2023.

In Turkey, transport and installation activities for the **Sakarya** project were completed for Turkish Petroleum; the vessels used were the Castoro 10 and the Castorone pipelayer.

In Greece, for Gastrade, the **Alexsandroupolis** project activities started, which will be carried out in 2023 with the use of the Castoro 10 vessel.

In Italy, on behalf of Eni, activities started up as part of the **Cassiopea** project for the transportation and installation of a rigid pipeline, umbilicals and flexible lines, and the construction of a shore approach; installation activities will be carried out in 2023 using the vessels Castoro 10 and Castorone.

Africa

In Angola, for Eni:

- engineering, procurement and fabrication activities continued for the **Agogo Early Phase 2** project for the construction of two production pipelines; during the year, operational activities used the FDS and Saipem Constellation vessels; the latter will be further committed to the project in 2023;
- work started on the **Quiluma and Maboqueiro WP5A** project for the EPC-based construction of a jacket and deck and the execution of the related hook-up and commissioning.

In Mauritania and Senegal, for BP, work continued on the **Tortue** project, the scope of which includes the engineering, procurement, fabrication, installation, hook-up, and commissioning of a breakwater, the associated jetty, and a raised platform for the transport of gas in co-development between Senegal and Mauritania. The structures were built in the Karimun yard and installation activities involved the Saipem Constellation vessel. Hook-up activities will also continue during 2023.

In the Ivory Coast, on behalf of Eni, activities started on the **Baleine SURF phase 1** project for the development of the field of the same name; installation activities are scheduled to take place in 2023 with the involvement of the FDS 2 vessel.

Middle East

In Saudi Arabia, for Saudi Aramco, activities continued under the **Long Term Agreement** signed with the client. The activities carried out during the year mainly involved the deployment of the Castoro 12, Saipem Endeavour, Bautino e Dehe vessels.

In Kuwait, for KJO, activities continued on the **Laying of New Hot Crude Line** project, the scope of which includes the engineering, procurement, construction, installation and start-up of a new crude oil pipeline; installation activities took place in the second half of the year with the deployment of the Saipem Endeavour vessel and will continue in 2023 with the deployment of the Castoro 12 vessel.

In Qatar, for Qatargas, activities continued for the **North Field Production Sustainability** project, including the engineering, procurement, construction, and installation of subsea and onshore pipelines, jackets, wellhead platforms, and supporting activities; the operations deployed the Dehe and Saipem Endeavour vessels.

Caspian Sea

In Azerbaijan:

- for BP, the **ACE (Call-off 002)** and **ACE (Call-off 006)** projects have been completed;
- for Total and Bos Shelf, activities for the **Absheron URF** and **Absheron T&I** projects continued;
- on behalf of Bos Shelf, activities related to the **Umid Babek** project were completed.

Australia

- for Chevron, preparatory work continued on the **Jansz-Io** project, which includes the transport and installation of a subsea compressor station, manifold, field control station, as well as umbilicals and other facilities. The offshore activities will be conducted in two phases. Operations will start in 2024 with the use of the vessel Saipem Constellation;
- for Woodside, preparatory work continued for the **Scarborough** project, which includes the laying of a 400 km large-diameter pipeline; operations will involve the Saipem vessels Endeavour and Castorone and will be carried out during 2023.

Below are the main projects of the Offshore Wind business line that were underway or were completed during 2022.

United Kingdom

- for Neart na Gaoithe, as part of the **NnG Offshore Windfarm** project, at the Saipem base in Karimun, Indonesia, the manufacturing of 54 jackets (52 WTG + 2 OSS) is proceeding, of which 34 have already been completed; while at the Saipem base in Arbatax, the remaining 2 jackets (WTG) are scheduled to be manufactured. The contract with the third-party fabrication yard in Scotland, which had contracted the production of 8 jackets, was concluded. The offshore installation of both jacket substations (OSS) and their topsides, as well as the installation of 10 jackets (WTG) was completed at the operating site. Offshore drilling activities are also underway using the Blue Tern vessel provided by the customer;
- for Subsea 7, as part of the **Seagreen** project, the first offshore campaign of jacket installation has been completed and the second phase of offshore work has begun; through the use of the Saipem 7000 vessel returned to operation after the accident last April 2022;
- for Dogger Bank Offshore Wind Farms, at the Arbatax yard in Italy, two offshore substation **jackets** were completed; the EPC contract is therefore complete minus the load out and sea fastening operations on board the transport vessel that have begun. Under the contract for the installation of the two jackets and their topsides, offshore work will begin in mid-March 2023 with the use of third-party equipment. Two jackets and a topside will be installed in 2023, while the second topside will be installed in April 2024.

France

- for Ailes Marine, part of the Iberdrola group, as part of the **Saint Brieuc OSS** (offshore electrical substation) project, the Saipem 7000 vessel completed work on schedule. The project is therefore complete;
- all 71 concrete foundations (GBS - Gravity Base Structures) were manufactured and installed for EDF Renewables, Enbridge Inc and wpd Offshore as part of the **Fécamp** project. The project is therefore complete;
- for Eoliennes Offshore du Calvados (EDF Renewables, Enbridge Inc and WPD Offshore), **Courseulles** project, the fabrication of 64 monopiles planned to support the wind turbine generators (WTG) was completed, and the fabrication of the transition structures (monopile-WTG) is nearing completion; the construction of the seabed drilling machine, an activity required for the installation of the foundation monopiles, is also underway. Offshore installation is expected to begin in late 2023 using a jack-up type vehicle rented from a third party.

Taiwan

- for Jan De Nul, the manufacture of 32 jackets for the **Formosa II** wind farm in Taiwan was completed at the Karimun yard; with the delivery of the jackets to the customer, the operational activities of the project were completed.

EMARKET SDIR CERTIFIED

Offshore fleet on December 31, 2022

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-deepwater 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 used 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 manufacturing facilities for double and triple joints and pipe storage capacity in cargo holds.
Saipem 3000	Monohull, self-propelled, dynamically positioned lifting vessel, with drilling tower, capable of laying flexible pipes and umbilicals in waters up to 3,000 metres deep 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	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	Castoro 60 Trench/pipelay barge capable of burying pipes of up to 60" diameter in shallow waters.
Castoro 12	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 a 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 *(being phased out)*.
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.
S 600	Launch cargo barge, for structures of up to 30,000 tonnes.

ONSHORE ENGINEERING & CONSTRUCTION

Company information

The Sustainable Infrastructure segment will be divided from the Onshore Engineering & Construction Division and will merge into the new Sustainable Infrastructures business line, while the remaining projects will merge into the Energy Carriers business line so comments on the projects that are managed in the two business lines are shown separately below: Energy Carriers and Sustainable Infrastructures.

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.
In the Sustainable Infrastructure segment, the Saipem Group is mainly active in the design and construction of complex infrastructure projects, especially in the transport sector, such as railway lines and in particular High Speed/High-Capacity lines. These are complex works in terms of engineering and construction requiring an increasing implementation of innovative digital and technological solutions capable of guaranteeing resilience and energy efficiency, and which meet the requirements of the European taxonomy (DNSH principle "Do Not Significant Harm"), the classification system for environmentally sustainable economic activities, capable of meeting the Sustainable Development Goals (SDGs) included in the United Nations 2030 Agenda.

Market conditions

The onshore reference market recorded a significant increase in activity in 2022 compared to 2021, particularly in the upstream (e.g., floaters) and midstream (LNG and regasification) segments. Growth spanned across all geographical areas, except for Russia, with particular visibility in the Saipem Group's main areas of interest, such as the Middle East, Africa, Europe and Asia.
In terms of the ongoing activities in the various markets, the relevance of the midstream and downstream segments strengthened, with several significant developments in the gas monetization and fertiliser sectors in the Americas, Africa, the Middle East and Europe, and in the upstream and petrochemical sectors in the Middle East and Asia. The LNG market, even following the Russia-Ukraine conflict, shows the relaunch of initiatives in the Middle East and in Africa, primary sources for gas supply alternative to Russian gas. Similarly, pipeline activities have resumed in all geographical areas, particularly Europe and the Middle East, Saipem's main areas of interest. In the upstream segment, following the sharp slowdown in the last two years, signs of strong recovery in the Arab Emirates and Saudi Arabia are now visible. In the floaters segment, significant volumes are confirmed in Latin America and Africa.
As far as renewables and green technologies in general (hydrogen, biofuels, biochemistry, and CO_2 capture) are concerned, the visibility of projects in Europe, North Africa, the Middle East, and Asia is increasing.
In the Sustainable Infrastructure sector, Saipem is focusing its activities mainly on the initiatives in Italy included in the National Recovery and Resilience Plan and in the list of strategic works for the development of sustainable mobility, also thanks to the vast experience accumulated over the years in Italy as the leader of the consortia formed for the construction of the Milan-Bologna and Milan-Verona High Speed/High Capacity railway lines.
The Infrastructure segment in Italy confirms, also from a short and medium-term perspective, the positive signals related to the large investments resulting from the National Recovery and Resilience Plan, which is expected to facilitate further developments in the railway and sustainable mobility sector also in the long term.

Capital expenditure

In the Onshore Engineering & Construction sector, the capital expenditures incurred in 2022 are related to the purchase and maintenance of equipment; in addition, in Canada, the testing and start-up phases of the Saint-Felicién plant, which is included in the scope of the CO_2 Solutions technology acquisition, were completed.

Orders intake

The most significant new contracts in 2022 related to the Energy Carriers business line are as follows:
- for Perdaman Chemicals and Fertilizers, in Australia, and in partnership with the local company Clough, the renegotiation of the contract already in the portfolio, for the construction of the urea production plant called Burrup Fertilizer Complex, pending the client's final approval;
- for Coral FLNG SA (JV of Eni and other partners), in Mozambique, an eight-year contract for maintenance services (plus an optional one) of Coral's FLNG unit;
- for New Gas Consortium consisting of two wholly-owned subsidiaries of Azule Energy (Eni Angola Exploration BV and BP Exploration (Angola) Ltd), Sonangol P&P, Chevron, TotalEnergies, in Angola, a contract for the construction of a natural gas processing plant from the "Quiluma e Maboqueiro" field, located off the northwest coast;
- for Eni Côte d'Ivoire Ltd, in the Ivory Coast, a new contract developed on a fast-track basis, which includes the modernisation of the vessel Florence FPSO, with an additional 10 years of Operations and Maintenance services for the vessel, for the development of the "Baleine" oil and gas field located offshore at a depth of 1,200 metres.

Work performed

The following are the largest and most significant projects, related to the Energy Carriers business line, ongoing or completed during 2022.

In Saudi Arabia:
- for Saudi Aramco:
  - the **Hawiyah Gas Plant Expansion** project for the expansion of the Hawiyah gas treatment plant located in the south-eastern part of the Arabian Peninsula is nearing completion;
  - on both EPC contracts (Package 1 & 2) for the **Jazan Integrated Gasification Combined Cycle** project (gasification plant combined with a power cycle for electricity generation), the warranty period was recently concluded, following the previous achievement of Final Mechanical Completion. Currently, both EPC contracts are in the process of removal and demob of offices and accommodations;
  - 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 in the closing phase of the warranty period and related actions;
  - the **South Gas Compression Plants Pipeline Project** is in the midst of mechanical completion, precommissioning and commissioning assistance on some area. This project is related to the development of the Haradh Gas Plant (HdGP) located in the east of the country is in full execution phase, and on some areas it is nearing mechanical completion and pre-commissioning stages. It involves the review of detailed engineering developed by the customer, the procurement of all materials except for the carbon steel line pipe, lined plant lines and related valves supplied by the customer, as well as construction, pre-commissioning and commissioning assistance;
  - civil and mechanic works are underway 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;
  - for the **Berri** project, an EPC contract to increase the capacity of the homonymous field through the construction of new facilities in Abu Ali and Khursaniyah; civil construction, installation of metal structures and equipment, and piping prefabrication at both sites are in progress;
  - the **Jafurah** project which includes the execution based on an EPC Lump Sum of approximately 800 km of various types of pipelines and features within the development programme for the Jafurah gasfield located on the border between Saudi Arabia and Qatar, is at an advanced stage in terms of engineering and material supply activities, while the first pipeline laying activities have started;
- for Petro Rabigh (joint venture between Saudi Aramco and Sumitomo Chemical), the mechanical completion has been reached for the additional works related to the **Utilities and Offsite Facilities** package and the plant is in the commissioning phase by the customer.

In Kuwait:
- for Kuwait Oil Co (KOC), for the **Feed Pipelines for New Refinery** project, the construction, pre-commissioning and commissioning of the plants were completed. The crude-in of products to the new refinery is ongoing. 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), for the **Al-Zour Refinery** progressive activities are underway to complete the construction and partial handover to the customer of the various units included in the contract. The project 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, on behalf of Exxon, preparatory activities for the shutdown of the plant for the completion of construction activities are being completed as part of the **West Qurna I** project. 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 OQ8 (Joint Venture between OQ and Kuwait Petroleum International), as part of the **Duqm Refinery Package 3** project, engineering and procurement activities are completed, and the underground pipeline for transporting oil to the refinery, as well as the oil storage tank farm, are being commissioned, while construction activities related to the storage of refinery products are in their final stage.

In Israel, for the Haifa Group, as part of the **Ammonia Plant** project, engineering and procurement activities are nearly finished, and the first on-site construction activities for the construction of an Ammonia unit at the Mishor Rotem site have started.

In the United Arab Emirates, for ADNOC Sour Gas – a subsidiary of Abu Dhabi National Oil Co (ADNOC) – construction activities are in full swing, and mechanical completion and pre-commissioning activities have started for the **Optimum Shah Gas Expansion (OSGE) & Gas Gathering** project. The contract entails the expansion and strengthening of the already operating Shah plant.

In Indonesia, for BP Berau Ltd, in joint venture with PT Tripatra Engineers and Constructors, PT Tripatra Engineering, PT Chiyoda International Indonesia, Chiyoda Corp and PT Suluh Ardhi Engineering, the main ancillary services started and the construction of the third LNG train for the **Tangguh LNG Expansion** project has been completed. The commissioning of the third LNG train and the completion and commissioning of an LNG jetty and related infrastructure at the Tangguh, Papua site are therefore underway.

In Thailand:
- for PTT LNG Co Ltd (PTTLNG), in joint venture with CTCI Corp, the **Nong Fab LNG** project for the construction of a regasification terminal**,** including storage tanks and jetty for LNG imports, was completed and is awaiting to be formalised by PAC (provisional acceptance certificate). All start-up and performance test activities of the plant (including the 4 subsea tunnels for seawater intake and outfall pipes) have been completed;
- for Thai Oil, in joint venture with Petrofac International (UAE) Llc and Samsung Engineering Co Ltd, 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. Design and procurement activities, as well as fabrication, delivery, piping pre-fabrication and module fabrication in the yards (shipment completion is expected in the coming months) have been completed. The civil works, buildings, underground works, and installation of metal structures are ongoing on site. A significant part of the modules, equipment and reactors have already been transported and installed. In some brown field areas, piping welding and commissioning activities have started.

In Nigeria:
- for Dangote Fertilizer, activities aimed at carrying out Commercial and Performance Tests related to the **Dangote** project for the new ammonia and urea production complex are ongoing. Specifically, the commissioning and start-up activities have also been completed for the second production line (train 2). 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 ongoing, and construction activities (villages, marine works, and foundations) started 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 double 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 Energies E&P Mozambique Area 1 Ltda (which acquired the Anadarko interests during 2019 for the Mozambique LNG project), in a joint venture with McDermott Italia Srl and Mirai Engineering Italy Srl, the **LNG plant** project consisting of the construction of two natural gas liquefaction trains, as well as all necessary infrastructure, 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 customer 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 been cooperating and having contact with the customer to implement 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 Yaatra Africa, 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.

In Angola:
- for Solenova (JV between Sonangol and Eni), engineering, material procurement and construction activities are underway for the construction of a **solar power plant** connected to the National Grid;

- for Eni, engineering and procurement activities are underway for the **Quiluma and Maboqueiro project for the Onshore Gas Treatment Plant**, which involves the construction of a grass roots plant for gas treatment and compression in the northern region of the country. In the third quarter, the activities under the first contract were completed, which included preliminary EPC project activities related to basic and detailed engineering, as well as procurement services for incorporated materials and construction subcontracts.

In Russia, for GazpromNeft, the project for the construction of a **unit for sulphur recovery for the Moscow refinery** was terminated due to the area's geopolitical conditions (Russia-Ukrainian crisis) in line with the measures and sanctions issued by the EU.

In Italy, the **photovoltaic plant in Trecate** was completed for Eni New Energy.

The following are the largest and most significant projects, related to the Sustainable Infrastructure, ongoing during 2022.

In Italy, within the Sustainable Infrastructures business line, for Rete Ferroviaria Italiana as part of the CEPAV 2 Consortium, for the **High-Speed Brescia Est-Verona** project, construction activities are in progress along the whole section. In September, the first section of the Lonato tunnel was completed, which represents an important milestone for the completion of the works and makes it possible to proceed with the work programme for the second section during 2023. The sixth contract (railway equipment contract) has been tendered and will soon be awarded. The 2023 Budget Law (Law No. 197 of December 29, 2022) extended the "aid decree", i.e., it affected Article 26 (12) of Decree-Law No. 50/2022, extending to December 31, 2023 the compensatory mechanism (20% increase on each work progress) provided for in favour of the General Contractors of the Ferrovie dello Stato Group.

Floaters

Saipem-owned assets belonging to the FPSO segment are two: **Cidade de Vitória**, a production, processing, storage, and offloading vessel with the size for 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. It should be noted that as a result of the agreement with BW Energy for the sale of the half Cidade de Vitória that will be finalised upon completion of the operating project, in accordance with IFRS 5, this asset meets the criteria to be classified as held for sale and has been shown separately from other assets in the balance sheet.

Work performed

The biggest and most important projects under way or completed during 2022 were as follows.

In Russia, work is underway on Saipem's exit from the projects that are still underway [**Arctic LNG 2 - GBS**, in joint venture with RHI Russia BV (a subsidiary of Renaissance Heavy Industries Llc), and **Arctic LNG 2 - Topsides**, in joint venture with Technip and NIPI] in full compliance with the sanctions framework.

In the United Arab Emirates, in the Dubai Dry Dock, on behalf of Eni Côte d'Ivoire Ltd, restructuring and transformation activities of the **FPSO Florence 2** are underway in fast -track mode. Once completed, the ship will operate on the Baleine field for the next 10 years offshore the Ivory Coast.

In Brazil:
- for Petroleo Brasileiro (Petrobras), in a joint venture with Daewoo Shipbuilding & Marine Engineering (DSME), engineering and procurement activities are ongoing on the **P-79** project, for the construction of a floating production and storage unit (FPSO) for the development of the Búzios offshore field in Brazil, made in three yards (two in the Far East and one in Brazil);
- for Shell, in joint venture with BW, preliminary engineering activities for the development of the FPSO for the **Gato do Mato** field have concluded. In the latter part of the year, Shell decided not to continue with the next phase of the project due to an overall revalidation of the investment.

In Malaysia, FEED activities for an **LNG floater unit** for Petronas have been completed. The unit has a minimum production capacity of 2 million tonnes of LNG per year.

In Mozambique, maintenance (O&M) services for Coral FLNG SA (JV of Eni and other partners) are underway for **Coral's FLNG** unit, as part of the recently acquired eight-year (plus one optional) contract.

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

In the “Leased FPSO” segment, the following vessels carried out operations during 2022:

- the **FPSO Cidade de Vitória** 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. Throughout the second half of the year, the FPSO remained in shut-down for plant upgrades;
- 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.

OFFSHORE DRILLING

General overview

As of December 2022, Saipem's Offshore Drilling fleet includes 13 vessels, divided as follows: six ultra deep-water/deep-water units for operations at depths of up to 3,600 metres (drillships Saipem 12000, Saipem 10000 and Santorini; semi-submersibles Scarabeo 5, Scarabeo 8 and Scarabeo 9), six high-specification jack-ups for operations at depths of up to 400 feet (Perro Negro 7, Perro Negro 8, Pioneer, Sea Lion 7, Perro Negro 9 and Perro Negro 11) and one standard jack-up for operations at depths of up to 150 feet (Perro Negro 4). All the aforementioned drilling rigs are owned by Saipem, with the exception of the jack-ups Pioneer, Sea Lion 7, Perro Negro 9 and Perro Negro 11.
During the year, several events led to changes in the composition of the Offshore Drilling fleet:
- in March, a lease contract with a purchase option was signed for the jack-up Perro Negro 11, a high specs rig built in the CIMC Raffles yards of Yantai, China (where the Scarabeo 9 and the pipe-laying vessel Castorone were also built). The rig is currently being prepared to operate in the Middle East on a project awarded during the year;
- during July, the disposal for green recycling of the barge Saipem TAD was completed;
- in October and November, the lease contracts with a purchase option were signed for the jack-ups Perro Negro 12 and Perro Negro 13 respectively; both vessels will be delivered to Saipem in the first months of 2023 and will be used for projects in the Middle East awarded during the year, following completion of the preparation process;
- lastly, in December, Saipem exercised the option to purchase the drillship Santorini under the terms and conditions of the lease contract signed in 2021.

During the year, the Offshore Drilling fleet operated in Norway, Egypt (on the Red Seaside and Mediterranean Sea side), West Africa (Angola, Côte d'Ivoire and Ghana), East Africa (Kenya), Mexico, Saudi Arabia, and USA.

Market conditions

In continuity with the previous year, 2022 opened to a general optimism for a gradual recovery of the market, as witnessed by the increase in the tendering activity by clients and the award of new contracts at levels that were unexpected just months before.
In this recovery scenario, utilisation of the offshore drilling vessels showed a growth trend compared to the previous year, with some key areas (e.g. ultra-deep water in the Gulf of Mexico) recording a stable full occupation or (as is the case of shallow water in the Middle East) generating a demand so high that it attracted vessels from other areas. In line with previous years, clients' preference for technologically advanced vessels was again confirmed.
Consistent with the growth scenario described, 12 new vessels started operating during the year, following the disposal of 8 units, obsolete or no longer marketable. As a result, the number of vessels being completed in the shipyards is reduced compared to the previous year, amounting to 42 units (20 jack-ups, 7 semi-submersibles and 15 drillships as of December 2022), of which 3 had a contractual commitment for their use after completion of construction. The expectation for market recovery and the above-mentioned possible impact on the Oil&Gas sector on the medium and long term brought a growing interest around the units under construction by numerous contractors and investors. The progressive entrance on the market of new drilling rigs is expected with significant impact on the offer in the medium term with regards to technologies and average age of the operating fleet.

Orders intake

The most significant acquisitions during the year included:
- for AkerBP, the award of a three-year firm contract plus two options of one year each for the use of the harsh environment semi-submersible **Scarabeo 8** in Norway; the start of operations is planned for the start of 2023, following the contractual obligations already signed for 2022 and the conclusion of the adaptation works to comply with the specific technical requirements of the client;
- for Saudi Aramco:
  - three firm contracts of 5 years each plus an option of two years for the execution of works in Saudi Arabia; the rigs involved are the high specs jack-ups **Perro Negro 8**, **Perro Negro 11** and **Perro Negro 13**;
  - a three-year firm contract plus an option of one year for the execution of works in Saudi Arabia using the jack-up **Perro Negro 12**;
  - the extension of additional five years on the contract relating to the jack-up **Sea Lion 7** initially scheduled to expire at the beginning of 2023;

- for Eni, a six-month firm contract with two options (one of which was exercised) of five months each for activities in Côte d'Ivoire and Ghana with the drillship **Saipem 12000**;
- for Eni, the extension through the exercise of various contractual options for activities in Egypt using the drillship **Saipem 10000**;
- for Petrobel, the extension of two years of the contract relating to the use of the jack-up **Perro Negro 4** for activities in Egypt;
- for Eni, the award of a contract for the construction of four wells firm plus seven optional to be realised in Italy with the use of drillship **Saipem 10000**; the start of activities is planned during 2023;
- for Azule Energy, the award of a contract for the construction of twelve wells firm (for an estimated duration of 26 months) in Angola with the use of the drillship **Saipem 12000**; the start of activities is planned during 2023 in continuity with the aforementioned project in Côte d'Ivoire.

Capital expenditure

The largest investment of 2022, as mentioned above, related to the purchase of the seventh-generation drillship Santorini, by exercising of the option provided for in the lease contract signed in 2021. Thanks to the acquisition of ownership over the Santorini, Saipem strengthened its position in the ultra-deep-water sector, confirming its vocation for projects in remote areas. During the year, activities have also been carried out aimed at the refurbishment and adaptation of vessels to comply with the international regulations and the requirements of clients. Among the rigs involved in the maintenance and adaptation activities required by clients, were in particular the semi-submersible Scarabeo 8 and Scarabeo 9, and the jack-ups Perro Negro 8 and Perro Negro 11.

Work performed

During the year, the fleet was used as follows:

- ultra-deep water/deep water units: the drillship **Saipem 12000** completed offshore activities in Kenya for Eni and started, in continuity for Eni, activities in Côte d'Ivoire and Ghana as part of a contract awarded during the first half of the year; the drillship **Saipem 10000** continued operations in Egypt for Eni; the drillship **Santorini** reached the area in the Gulf of Mexico in February; as the set up operations and acceptance procedures were completed, operations started and are planned until the third quarter of 2023; the semi-submersible **Scarabeo 9** continued the execution of a project in Angola for Eni that was awarded in the previous year; the semi-submersible **Scarabeo 8** continued the operations for Wintershall; subsequently, it undergone refurbishment and preparation for the Aker-BP project awarded during the year; the semi-submersible **Scarabeo 5** continued to work in Angola for Eni until the start of December, when the demobilisation phase begun;
- high specification jack-ups: the unit **Perro Negro 8** continued to remain in winter stand-by in the area of Kirkeness, Norway, as agreed with the client Aurora, awaiting the restart of operations in the Kara Sea in the summer of 2022; the outbreak of the Russian-Ukrainian conflict and the subsequent international sanctions on Russia prevented the continuation of activities as agreed with the client; the rig was assigned to another contract in Saudi Arabia, awarded during the first half-year, and was moved to Bahrain for the necessary preparation; operations started in October; the units **Perro Negro 7**, **Sea Lion 7** and **Perro Negro 9** continued to operate for Saudi Aramco in offshore Saudi Arabia; the unit **Pioneer** continued to operate for Eni in Mexico;
- standard jack-up: **Perro Negro 4** continued to operate in the Red Sea for Petrobel;
- other activities: the tender assisted rig **Saipem TAD** continued to remain in stacking until the finalisation of the sales contract for green recycling in July.

Utilisation of vessels

The main vessel utilisation in 2022 was as follows:

		December 31, 2022	
Vessel	(No. of days)	sold	idle
Semi-submersible platform Scarabeo 5		365	-
Semi-submersible platform Scarabeo 8 (1)		248	117
Semi-submersible platform Scarabeo 9 (2)		292	73
Drillship Saipem 10000		365	-
Drillship Saipem 12000		365	-
Drillship Santorini (3)		365	-
Jack-up Perro Negro 4		365	-
Jack-up Perro Negro 7		365	-
Jack-up Perro Negro 8 (2)		238	127
Jack-up Pioneer (*)		365	-
Jack-up Sea Lion 7 (*)		365	-
Jack-up Perro Negro 9 (*)		365	-
Tender Assisted Drilling Barge (4)		-	210

(1) On non-operational days, rig intended partly for maintenance and preparation works for operating activities and partly remained idle.
(2) On non-operational days, rig intended for maintenance.
(3) Rig acquired initially through a lease contract; option to purchase exercised on December 5 and the definitive transfer of ownership to Saipem completed on December 19.
(4) Rig sold during the year and intended for green recycling.
(*) Leased vessel.

DISCONTINUED OPERATIONS

Onshore Drilling Sale

Following the agreement with KCA Deutag ("KCA") for the sale of the Onshore Drilling (DRON) assets, disclosed on June 1, 2022, the sector was marked as a "Discontinued operation" in accordance with the requirements of IFRS 5 ""Non-current Assets Held for Sale and Discontinued Operations".
Depreciation of non-current assets included in assets held for sale was suspended from the date of such classification (June 1, 2022) and capital expenditure since the same date were recognised in the income statement.
On October 28, 2022, the first closing of the sale transaction of the DRON business was completed; in particular, activities in Saudi Arabia, the Congo, the United Arab Emirates and Morocco were sold, collecting an amount of $488 million and obtaining share equal to 10% of class "A" ordinary shares of KCA.
Activities in Kuwait were transferred on January 31, 2023, while the remaining activities in the Americas, Kazakhstan, and Romania will be transferred within the first half of 2023.
In accordance with the requirements of IFRS 5, the economic results of the DRON sector, including those of the comparative period, are stated separately from Continuing operations in a single line of the income statement and are limited to third-party transactions, as the elisions of intercompany transactions continue to be operated.
Assets and liabilities directly associated with activities in Kuwait, Americas, Kazakhstan and Romania were classified as held for sale.
The Onshore Drilling sale is in line with the 2022-2025 Strategic Plan, with a view to active management of the asset portfolio.
Considering that the above-mentioned transaction will take place in the fourth quarter of 2022, as previously stated, the sector contributes to results as "Discontinued operations" in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". For more information on the application of IFRS 5 and the effects on the present Directors' Report, please see Note 30 "Discontinued operations, assets held for sale and directly associated liabilities" of the consolidated financial statements.

Operational performance of the sector being sold

As of December 31, 2022, the Onshore Drilling fleet net of the assets sold in the first closing of the sale transaction, included 35 units available for operations, in addition to 17 rigs in Venezuela not suitable for use and totally depreciated. The aforementioned fleet will be transferred within the first half of 2023.
In particular, the number of rigs in Latin America as of December 31, 2022 were 30 (unchanged compared to the corresponding period of 2021, not including the 17 rigs in Venezuela), while there are 5 rigs in the Middle East and Europe.

During the year, the areas of operation were Latin America (Peru, Bolivia, Colombia, Ecuador, Argentina and Chile), the Middle East (Saudi Arabia and the United Arab Emirates – until October 28, 2022, date of the sale, and Kuwait – sold at the end of January 2023), and Africa with the Congo and Morocco (until October 28, 2022, date of the sale).

Capital expenditure in 2022 was planned in line with the disposal plan and included interventions aimed at maintaining operational efficiency of the fleet and/or satisfying specific requests by client companies in different geographical areas.

FINANCIAL AND ECONOMIC RESULTS

Going concern

The Board of Directors of Saipem SpA examined, at today's date and in any case during the year, all significant risk factors and uncertainties that had been identified at the time of the approval of the financial statements as of December 31, 2021 in order to assess whether they can be considered to have been overcome. This analysis considered the following facts.

- On July 15, 2022, the subscription of the capital increase was concluded, involving 1,974,327,430 new shares for a total value of €1,999,993,686.59, of which €41,460,876.03 was capital and €1,958,532,810.56 was share premium. Specifically, as of July 11, 2022, option rights had been exercised to subscribe for about 70% of the total number of new shares, of which about 44% were subscribed for by shareholders exercising joint control over the Company. The remaining 30% of unexercised option rights were offered on Euronext Milan in the sessions of July 12 and 13, 2022, during which approximately 9.9% of the total new shares were subscribed. Lastly, pursuant to the underwriting agreement that had been signed as part of the broader Financial Package approved by the Board of Directors on March 24, 2022, always on July 15, 2022, the remaining newly issued shares that had not been subscribed were subscribed by the financial institutions involved in the strengthening Financial Package for a total countervalue of €592,327,964.76.
  On July 18, 2022, the Company repaid the "SACE Facility" for the full amount of €852 million, previously used to repay the “Tranche A” loan of the Liquidity Facility disbursed on April 4, 2022, for an amount of €680 million.
- During 2022, the implementation and achievement of the objectives included in the 2022-2025 Plan continued, particularly with the initiatives to optimise assets, improve liquidity and reduce costs.
  Saipem updated its strategic guidelines presented in March 2022, confirming the positive market momentum and the progressive improvement in the Group's performance; the 2023-2026 Strategic Plan, approved by the Board of Directors on February 27, 2023, confirmed the pursuit of a more balanced risk-return profile.
  Over the 2023-2026 Plan period, it is expected to further increase acquisitions of Offshore activities, characterised by higher margins thanks to the Group's consolidated competitive position, and a development of new segments that will contribute to the increase in volumes of low/zero carbon activities.
  With reference to the organisational structure, the new organisational structure organised into four business lines was implemented: Asset Based Services, Energy Carriers, Robotics and Industrialized Solutions and Sustainable Infrastructures. To complete the new organisation, a new business line Offshore Wind was established in February 2023, in addition to the four business lines established in January 2022.
- As of December 31, 2022, Saipem holds sufficient bonding lines to cover any foreseeable needs for the next 12 months. Moreover, on February 10, 2023, two new credit lines were agreed for a total amount of €860 million, consisting of: (i) a new Revolving Credit Facility of approximately €470 million with a 3 year duration and a back-up function which is not expected to be used; and (ii) a new Senior Unsecured Term Loan of approximately €390 million, 70% of which is guaranteed by SACE, the Italian Export Credit Agency as part of the “Garanzia SupportItalia” scheme. The duration of the loan is approximately five years, with a pre-amortisation period of two years. The effectiveness of the guarantee and the use of the financing are subject to the issuance of a specific decree by the Italian Ministry of Economy and Finance (MEF).
- Thanks also to the above-mentioned financing lines, Saipem has further strengthened its liquidity and financial structure.
  With regard to certain financing agreements that require the observance of the representations and warranties relating to the non-occurrence of the event provided for by Article 2446 of the Italian Civil Code, it should be noted that Saipem has received from each bank the definitive waiver on making any declaration in relation to the event provided for by Article 2446 of the Italian Civil Code in relation to the financial statements for the year ended December 31, 2021.
- Lastly, with reference to ratings, on July 19, 2022, Moody's agency upgraded Saipem's rating from B1 (Negative CreditWatch) to Ba3 (Stable Outlook) and on December 2, 2022, Standard & Poor's agency upgraded Saipem's rating from BB (Positive Outlook) to BB+ (Stable Outlook).

In light of the above-mentioned mitigating actions, with reference to Saipem Group financial and operating position, the Board of Directors of Saipem SpA has determined that there are no material uncertainties that, either individually or in the aggregate, may cast significant doubt upon the ability of the Company and the Group to operate as a going concern. For this reason, the Board of Directors has concluded that all the conditions exist to prepare the consolidated financial statements as of December 31, 2022, using the going concern assumption, maintaining the valuation criteria of a going concern entity, as described in Note 3 to the Consolidated financial statements.

Macroeconomic scenario

The current market environment is characterised by a significant recovery trend in Saipem's key markets, in line with visible growth in both macroeconomic indicators and overall energy demand. However, the emergence of new destabilising events during the course of 2022, such as the war in Ukraine, rising inflation and higher interest rates have increased economic instability at a global level and required further attention by Management in the formulation of accounting estimates and significant judgements. As a result, certain areas of the financial statements, also related to the increased uncertainty in estimates, may be affected by recent macroeconomic events and circumstances.
During 2022, Saipem observed a significant increase in inflation rates that led to a sharp rise in the prices of materials and energy costs, particularly in the first half of the year; in addition, the rise in interest rates affected the discount rates used in impairment testing of non-financial assets which, assuming the same conditions, would have led to a decrease in recoverable amounts.
As regards the trend in oil and natural gas prices, the Company believes that short-term volatility in these prices may have a limited impact on the Group's results given the nature of Saipem's activities, which are characterised by multi-year contracts with execution times of several years, depending on the complexity of the project. In the longer term, the external environment is confirmed to be improving, supported by the multi-year growth cycle that the market is currently undergoing.

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

Direct effects: at present, for Saipem projects involving activities on Russian territory and/or with Russian clients (Arctic LNG 2 GBS in JV with Ronesans - client Arctic LNG 2 - scope of work: EPC; Arctic LNG 2 Topside Facilities in JV with Technip - client Arctic LNG 2 - scope of work EPC), negotiations are underway to finalise the commercial agreements that will lead to the exit in line and in full compliance with the necessary authorisations and timeframes set forth in the EU regulations.
At the time the conflict in Ukraine began, Saipem had two other projects in the Russian Federation: (i) an EPC project for the Moscow Refinery with the client GazpromNeft: a contract which was terminated following the introduction of specific sanctions against GazpromNeft. The project-related outstanding balances were all settled by May 15, 2022, as required by EU Regulations; (ii) a gas drilling project in sub-Arctic waters using the Perro Negro 8 drilling rig, for which the related contract was terminated. The rig is already in the Middle East in preparation for a contract with a local operator.
The consolidated backlog relating to projects in Russia, following the termination of the two contracts, is therefore zero. Following the cancellation in the third quarter of 2022 of non-consolidated projects in Russia amounting to approximately €800 million, the remaining backlog amounts to approximately €251 million (€217 million Arctic LNG 2 - Topside and €34 million Arctic LNG 2 - GBS) and relates to the settlement of agreements still under negotiation.
The Strategic Plan 2023-2026, in line with the previous Plan, does not envisage the acquisition of new contracts in Russia.
Furthermore, the current energy market scenario could encourage the development of new energy infrastructures for the diversification of energy supply in many countries.
It should be noted that the Company uses customer default probabilities based on observable market data and info-provider assessments to quantify expected losses at the closing date; consequently, these data already incorporate the effects of the Russian-Ukrainian conflict.
Following the Russian-Ukrainian 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 the focus was placed. Regarding the above mentioned, it should be noted that there are no activities carried out by Saipem, nor personnel in any Ukrainian territory affected by the conflict.
Indirect effects: 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. Initially, suppliers were prevented from submitting bids because the production plants had become extremely selective in the initiatives to be pursued and did not provide the relevant quotations except to those customers deemed most reliable and financially sound. More recently, the situation has improved, but delivery times have lengthened considerably with a direct impact on the projects in the portfolio.
Saipem does not purchase raw materials directly as its supply chain is long. No direct impacts are expected, but it can be assumed that the availability of steel and nobler metals (nickel, copper, aluminium) will be lower, and there will also be price impacts related to other production factors (e.g., gas and energy), which will also affect 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 carefully monitoring its supply chain to identify and take the necessary mitigating actions in relation to the potential impacts in terms of material and service costs and delivery times resulting from a market

that is still uncertain due to both the instability of the international context and the uncertainty on the possible evolution of raw material costs. Since the start of the crisis, the Company has adjusted its execution strategies and has already started discussions with its customers and in general with the entire supply chain to negotiate risk management and sharing mechanisms to mitigate the impact on work orders in progress and future initiatives.
In addition to the above, our threat intelligence services report an increased cyber threat to operators in the above markets and their supply chain. As of the date of this document, there have been no incidents of cyber-attacks directed against Saipem.
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.
However, Saipem is monitoring the possible impacts of the restrictive measures adopted by the European Union introduced as a result of the conflict in Ukraine, in order to assess their potential repercussions on its business.

Effects of COVID-19

The residual effects of the COVID-19 pandemic continue to have negative consequences on global economy and therefore on Saipem, although attenuated.
Saipem Group continues to carry out an in-depth and constant analysis of the COVID-19 effects, 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 customers 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.
In this context, the Company continues to pay particular attention to managing financial assets with particular regard to: (i) assessment of outstanding credit exposure; and (ii) trading of hedging derivatives to manage any fluctuations in market variables.
During 2022, costs directly attributable to COVID-19 amounted to approximately €28 million.

Group organisation: reporting

The economic and financial results of the Saipem Group in 2022 and previous years compared have been prepared according to the international accounting standards issued by the International Accounting Standards Board and adopted by the European Union (IFRS).
Following the establishment of the new organisation, it was possible to assign projects to their new managers. However, the aggregation criterion was such that from the sole aggregation of the economic quantities relating to individual projects was not possible to produce an EBITDA referring to each business line, and to the definition of quantitative parameters useful to assess performances. During 2022, the Company worked to create a management control system in line with the new organisation, to make reporting information available as required by IFRS 8. The 2023-2026 Strategic Plan was developed in accordance with the new organisational structure.
The information to the market, starting from the first quarter of 2023, in accordance with the provisions of IFRS 8 will be prepared following the reporting segments below:
- Asset Based Services, which will include the Offshore Engineering & Construction and Offshore Wind activities;
- Offshore Drilling; and
- Energy Carriers, which will include the Onshore Engineering & Construction, Sustainable Infrastructures, and Robotics and Industrialized Solutions activities.

The Company, also in order to facilitate the financial market's understanding of the evolution of the economic and financial performance related to the Strategic Plan objectives communicated to the market, during 2022, maintains the reporting structure based on the four divisions Offshore Engineering & Construction, Onshore Engineering & Construction and Offshore Drilling in continuity with the previous years; the Onshore Drilling segment, as commented below, will be shown as Discontinued operations. The operating segments aggregated in the reportable segments set out above have similar economic characteristics, furthermore, the new segments Offshore Wind, Sustainable Infrastructures and Robotics and Industrialized Solutions, do not currently meet any of the quantitative thresholds may be considered reportable, and separately disclosed. The data reaggregated on the basis of the new reporting are substantially in line with what is set out below.

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Operating results (*)

Saipem Group - Income statement (*)

(€ million)	Year 2021	Year 2022	% Ch.
Core business revenue	**6,528**	**9,980**	**52.9**
Other revenue and income	5	9	
Purchases, services, and other costs	(6,662)	(7,822)	
Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(42)	32	
Personnel expenses	(1,553)	(1,656)	
Gross operating profit (EBITDA)	**(1,724)**	**543**	**n.s.**
Depreciation, amortisation and impairment losses	(495)	(445)	
Operating result (EBIT)	**(2,219)**	**98**	**n.s.**
Net financial income (expense)	(137)	(195)	
Net financial income (expense) on equity capital expenditures	9	(65)	
Pre-tax profit (loss)	**(2,347)**	**(162)**	**n.s.**
Income taxes	(59)	(153)	
Profit (loss) before non-controlling interests	**(2,406)**	**(315)**	**n.s.**
Result attributable to non-controlling interests	-	-	
Profit (loss) for the year - Continuing operations	**(2,406)**	**(315)**	**n.s.**
Profit (loss) for the year - Discontinued operations	**(61)**	**106**	**n.s.**
Profit (loss) for the year	**(2,467)**	**(209)**	**n.s.**

(*) The results of the Onshore Drilling segment being divested, have been recognised as Discontinued operations in accordance with the criteria set out in IFRS 5. The comparison periods have been restated.
Revenues and associated profit levels are not consistent over time, as they are influenced not only by market performance but also by climatic conditions and individual project schedules in the Engineering & Construction sector, and by contract expiry and renegotiation timing in the Drilling sector.

The **core business revenue** during 2022 amounted to €9,980 million.
Gross operating profit (EBITDA) is €543 million. Depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets totalled €445 million.
The **operating result (EBIT)** achieved in 2022 is a €98 million profit.
The main variations relating to the income statement items above are detailed below in the analysis by segment.
Net financial income (expense) was negative for €195 million, an increase of €58 million, mainly due to additional charges incurred during the year for the liquidity facility signed to support the financing package.
Net gains (losses) on equity investments was negative for €65 million, due to the result of contracts performed in companies valued with the equity method.
Pre-tax profit amounted to a loss of €162 million. Income taxes amounted to €153 million, compared to €59 million in 2021.
The **net result from Continuing operations** shows a loss of €315 million (loss of €2,406 million in 2021) and compared to the adjusted net result it includes costs for special items for a total of €52 million, of which healthcare emergency for €28 million and reorganisation expenses of €24 million.
In accordance with the requirements of IFRS 5, the economic results of the DRON sector, including those of the comparative period, are stated separately from Continuing operations in a single line of the income statement and are limited to third-party transactions, as the elisions of intercompany transactions continue to be operated.
In detail, the **net result - Discontinued operations** includes:

- the economic performance of activities in Saudi Arabia, the Congo, the United Arab Emirates and Morocco until the sale date (October 28, 2022);
- the results of operations, for the entire period, of the businesses not sold in 2022 (Kuwait, the Americas, Kazakhstan and Romania); and
- the capital gain of €119 million resulting from the positive difference between the sale price and the carrying amount in the financial statement.

The details of the financial statements items impacted by the special items in 2021 and 2022 are as follows:

(€ million)	Year 2021	Year 2022
Operating result (EBIT)	**(2,219)**	**98**
Impairment/write-down and restructuring expenses	545	52
Adjusted operating profit (EBIT)	**(1,674)**	**150**

(€ million)	Year 2021	Year 2022
Profit (loss) for the period	**(2,406)**	**(315)**
Impairment/write-down and restructuring expenses	545	52
Adjusted profit (loss) for the period	**(1,861)**	**(263)**

Adjusted EBIT reconciliation - 2022 EBIT

(€ million)	Offshore E&C	Onshore E&C	Offshore Drilling	Total
Adjusted EBIT 2022	**105**	**(57)**	**102**	**150**
Impairment	-	-	-	-
Impairment losses of current assets	-	-	-	-
Currency depreciation/cost provision [(1)]	(12)	-	-	(12)
Dispute settlements [(1)]	-	-	-	-
Re-organisation expenses [(1)]	5	29	2	36
Costs for COVID-19 healthcare emergency [(1)]	23	4	1	28
Total special items	16	33	3	52
EBIT 2022	**89**	**(90)**	**99**	**98**

(1) Total of €52 million: reconciliation of adjusted EBITDA of €595 million with EBITDA of €543 million.

The impact on net result is equal to impact on EBIT.

Adjusted EBIT reconciliation - 2021 EBIT

(€ million)	Offshore E&C	Onshore E&C	Offshore Drilling	Total
Adjusted EBIT 2021	**(1,215)**	**(506)**	**47**	**(1,674)**
Impairment	-	-	-	-
Impairment losses of current assets	77	18	-	95
Currency depreciation/cost provision [(1)]	29	-	-	29
Dispute settlements [(1)]	-	293	-	293
Re-organisation expenses [(1)]	33	21	2	56
Costs for COVID-19 healthcare emergency [(1)]	50	14	8	72
Total special items	189	346	10	545
EBIT 2021	**(1,404)**	**(852)**	**37**	**(2,219)**

(1) Total of €450 million: reconciliation of adjusted EBITDA of €(1,274) million with EBITDA of €(1,724) million.

Saipem Group - Adjustment income statement

(€ million)	Year 2021	Year 2022	% Ch.
Adjusted core business revenue	**6,528**	**9,980**	**52.9**
Other revenue and income	5	9	
Purchases, services, and other costs	(6,290)	(7,798)	
Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(42)	32	
Personnel and related expenses	(1,475)	(1,628)	
Adjusted gross operating margin (EBITDA)	**(1,274)**	**595**	**n.s.**
Depreciation, amortisation and impairment losses	(400)	(445)	
Adjusted operating profit (EBIT)	**(1,674)**	**150**	**n.s.**
Net financial income (expense)	(137)	(195)	
Net financial income (expense) on equity capital expenditures	9	(65)	
Adjusted pre-tax results	**(1,802)**	**(110)**	**n.s.**
Income taxes	(59)	(153)	
Adjusted profit (loss) before non-controlling interests	**(1,861)**	**(263)**	**n.s.**
Result attributable to non-controlling interests	-	-	
Adjusted net profit (loss) for the year - Continuing operations	**(1,861)**	**(263)**	**n.s.**
Adjusted net profit (loss) for the year - Discontinued operations	**(53)**	**124**	**n.s.**
Adjusted net profit (loss) for the year	**(1,914)**	**(139)**	**n.s.**

Revenues and associated profit levels are not consistent over time, as they are influenced not only by market performance but also by climatic conditions and individual project schedules in the Engineering & Construction sector, and by contract expiry and renegotiation timing in the Drilling sector.

Adjusted operating profit and costs by function

(€ million)	Year 2021	Year 2022	% Ch.
Adjusted core business revenue	**6,528**	**9,980**	**52.9**
Production costs	(7,707)	(9,447)	
Idle costs	(196)	(108)	
Trade receivables	(133)	(115)	
Costs for research and development	(35)	(31)	
Other operating income (expenses)	(6)	4	
General expenses	(125)	(133)	
Adjusted operating profit (EBIT)	**(1,674)**	**150**	**n.s.**

Saipem Group achieved in 2022 a core business revenue of €9,980 million, an increase of 53% compared to 2021; the increase covers all activities, in particular engineering and construction activities impacted in 2021 by the effects of the backlog review.
Production costs, which include direct costs of sales and depreciation of the vessels and equipment used, were in total €9,447 million, an increase of €1,740 million compared to 2021, not consistent with the change in revenues as a result of provisions made following the backlog review and extra costs incurred on some projects in the Engineering & Construction sector recorded in 2021.
Idle costs decreased by €88 million compared to 2021, which was affected by the postponement of some projects due to the COVID-19 pandemic, mainly thanks to an increase in the Offshore fleet activity. Trade receivables amounted to €115 million, a decrease of €18 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 €31 million, showed a slight increase compared to 2021.
General expenses, amounted to €133 million, increased by €8 million compared to 2021 as a result of cost incurred to transfer to the new headquarters and the temporary coexistence of costs of both office buildings.

Offshore Engineering & Construction

(€ million)	Year 2021	Year 2022
Core business revenue	2,848	5,127
Cost of sales	(3,802)	(4,707)
Adjusted gross operating margin (EBITDA)	(954)	420
Depreciation and amortisation	(261)	(315)
Adjusted operating profit (EBIT)	(1,215)	105
Impairment losses and restructuring expenses	(189)	(16)
Operating result (EBIT)	(1,404)	89

Revenues of 2022 amounted to €5,127 million, nearly doubled compared to the corresponding period of 2021, mainly attributable to higher volumes in the Middle East, Sub-Saharan Africa, North Sea, Central and South America, and the rest of Europe.
The cost of sales, amounting to €4,707 million, increased compared to 2021 as a result of the backlog review as detailed below.
Adjusted gross operating margin (EBITDA) in 2022 is positive for €420 million, equal to 8.2% of revenues compared to the negative figure of €954 million in the corresponding period of 2021. The 2021 result was mainly impacted by the operational issues regarding a wind project in the North Sea and by the missed contribution of new contracts in substitution of projects completed in 2020.
Depreciation and amortisation were higher by €54 million compared to 2021, mainly due to the lease of a vessel for the execution of new projects in the Middle East.
The operating result (EBIT) in 2022 was a profit of €89 million, after recognising non-recurring costs for €16 million.

Onshore Engineering & Construction

(€ million)	Year 2021	Year 2022
Adjusted core business revenue	3,286	4,288
Cost of sales	(3,722)	(4,287)
Adjusted gross operating margin (EBITDA)	(436)	1
Depreciation and amortisation	(70)	(58)
Adjusted operating profit (EBIT)	(506)	(57)
Impairment losses and restructuring expenses	(346)	(33)
Operating result (EBIT)	(852)	(90)

Revenues of 2022 amount to €4,288 million, an increase of 30.5% compared to the corresponding period of 2021 due to the effect of higher volumes achieved in the Middle East, South America, and Italy, partly offset by the lower volumes in Russia.
The cost of sales, equal to €4,287 million, was higher compared to the same period of 2021, consistent with the higher volumes the year.
Adjusted gross operating margin (EBITDA) in 2022 is positive for €1 million, equal to the negative figure of €436 million of the corresponding period of 2021, whose margins were affected by the suspension of the LNG contract in Mozambique and by the extra costs following the backlog review.
Depreciation and amortisation amounted to €58 million, down €12 million compared to the corresponding period of 2021, mainly due to the lower depreciation following the impairment of a base in the previous year.
The operating result (EBIT) in 2022 was a loss of €90 million, after recognising the cost of the COVID-19 health emergency for €4 million and restructuring expenses for €29 million.

Offshore Drilling

(€ million)	Year 2021	Year 2022
Core business revenue	394	565
Cost of sales	(278)	(391)
Adjusted gross operating margin (EBITDA)	116	174
Depreciation and amortisation	(69)	(72)
Adjusted operating profit (EBIT)	47	102
Impairment losses and restructuring expenses	(10)	(3)
Operating result (EBIT)	37	99

Revenues in 2022 amounted to €565 million, an increase of 43.4% compared to the corresponding period of 2021, mainly as an effect of the increased contribution of the semi-submersible platform Scarabeo 9, idle for around six months in 2021, of the jack-up Perro Negro 7 and the drillship Saipem 12000, idle due to cyclical maintenance and inactive, respectively, at the end of 2021, as well as the contributions of the drillship Santorini, leased during the fourth quarter of 2021. The improvement is partly offset by the lower contribution of the semi-submersible platform Scarabeo 8 and jack-up Perro Negro 8, idle due to cyclical maintenance during the last quarter of 2022.
The cost of sales, equal to €391 million, was higher compared to the same period of 2021, consistent with the higher volumes in 2022.
Adjusted gross operating margin (EBITDA) in 2022 amounted to €174 million, equal to 30.8% of revenues, compared to €116 million of the corresponding period of 2021, equal to 29.4%, as an effect of the full operation of the fleet.
Depreciation and amortisation amounted to €72 million, approximately in line with the corresponding period of 2021.
The operating result (EBIT) in 2022 was a profit of €99 million, after recognising the cost of the COVID-19 health emergency for €1 million and restructuring expenses for €2 million.

Discontinued operations - Onshore Drilling

(€ million)	Year 2021	Year 2022
Core business revenue	347	476
Cost of sales	(265)	(389)
Adjusted gross operating margin (EBITDA)	82	87
Depreciation and amortisation	(121)	(57)
Adjusted operating profit (EBIT)	(39)	30
Impairment losses and restructuring expenses	(8)	(18)
Operating result (EBIT)	(47)	12

Revenues in 2022 amounted to €476 million and the adjusted EBITDA in 2022 amounted to €87 million. The EBITDA in 2022 amounted to €69 million but does not include charges from the health emergency of €1 million and reorganisation charges of €17 million. Starting from June 1, in accordance with IFRS 5, the detection of depreciation and amortisation was suspended and investments made during the reference period were recognised in the income statement. Assets sold contribute to the result until the date of sale.
The operating result in 2022 amounted to €12 million; financial expenses for €7 million, taxes for €18 million, and the capital gain for €119 million bring the net result from discontinued operations to a profit of €106 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.
The management believes that the proposed template provides useful information for investors because it makes it possible to identify the sources of financial resources (own and leased vessels) and their use in fixed assets and working capital.

(€ million)		Dec. 31, 2021		Dec. 31, 2022
Property, plant and equipment		3,113		2,879
Right-of-use of leased activities		261		258
Net intangible assets		699		691
		4,073		**3,828**
- Offshore Engineering & Construction	*2,597*		*2,541*	
- Onshore Engineering & Construction	*503*		*437*	
- Offshore Drilling	*563*		*850*	
- Onshore Drilling	*410*		-	
Equity investments		127		128
Non-current assets		**4,200**		**3,956**
Net current assets		**(2,070)**		**(1,589)**
Provisions for employee benefits		(238)		(183)
Net assets held for sale		-		**166**
Net capital employed		**1,892**		**2,350**
Equity		326		2,068
Non-controlling interests		25		18
Net financial debt pre-IFRS 16 lease liabilities		1,223		(56)
Lease liabilities		318		320
Net financial debt		**1,541**		**264**
Funding		**1,892**		**2,350**
Leverage before IFRS 16 (net borrowing/equity + non-controlling interests)		**3.48**		**(0.03)**
Leverage post-IFRS 16 (net borrowing/equity + non-controlling interests)		**4.39**		**0.13**
Number of shares issued and outstanding		1,010,977,439		1,995,558,791

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, 2022, stood at €3,956 million, down €244 million compared to 2021. The change derives for €212 million from the recognition in the financial assets (liability) held for the sale of the Onshore Drilling non-current asset and the FPSO Cidade de Vitória and from the closing of the first part of the sale transaction of the Onshore Drilling business; in particular, the sale of activities in Saudi Arabia, the Congo, the United Arab Emirates and Morocco resulted in a reduction of €232 million in non-current assets and the recognition of a 10% non-controlling interest in KCA Deutag for €88 million. Furthermore, at the end of 2022 the business branch delocalised in Rome was sold, resulting in the reduction of the associated goodwill for €3 million. The change also derives from capital expenditure for €550 million, from amortisation for €502 million, from the increase in the final value of the right-of-use of lease assets for €164 million, from devaluations, divestments and scrapping for €33 million, from positive variation of equity investments for €94 million including dividends for €29 million, and from positive net effect from the conversion of financial statements expressed in foreign currency and other variations for €30 million.
Net current assets have decreased by €481 million, of which €125 million relating to Onshore Drilling sale and €75 million recognised in net assets held for sale, going from a negative balance of €2,070 million as of December 31, 2021, to a negative balance of €1,589 million as of December 31, 2022.
Provisions for employee benefits have decreased by €55 million, of which €14 million relating to Onshore Drilling sale and €2 million recognised in net assets held for sale; it amounted to €183 million as of December 31, 2022.
Net assets held for sale amounted to €166 million and included, as mentioned above, non-current assets, net current assets and employee benefits within the Onshore Drilling and FPSO Cidade de Vitória scope, which will be sold in 2023.

(1) For reconciliation with mandatory templates see "Reconciliation of reclassified balance sheets used in the management report with the mandatory financial statements" on page 78.

In light if the above, the **net capital employed** increased by €458 million, standing at €2,350 million as of December 31, 2022 compared to €1,892 million as of December 31, 2021.
Equity, including non-controlling interests, amounts to €2,086 million as of December 31, 2022, an increase of €1,735 million compared to December 31, 2021. The increase is attributable to the completion of the financial package which increased Saipem's capital for a total of €1,918 million net of expenses, partially offset by the net loss for the period of €209 million, the negative effect of the change in the fair value measurement of foreign exchange and commodity hedging derivatives (€33 million), and the positive effect on the net equity due to the exchange differences of financial statements in currencies other than the euro for €59 million.
Net financial debt as of December 31, 2022, before IFRS 16 lease liability effects amounted to €56 million, which recorded a decrease of €1,279 million compared to December 31, 2021 (€1,223 million), mainly due to the capital increase completed in July 2022 for €1,918 million, to the collection of the consideration from the sale of the Onshore Drilling for €493 million and to the result of ordinary operations. Net debt including IFRS 16 lease liability of €320 million amounted to €264 million.

Analyses of net financial debt

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Non-current financial assets	(61)	(65)
Non-current bank loans and borrowings	439	234
Non-current bonds and other financial liabilities	1,993	1,495
Net medium/long-term debt	**2,371**	**1,664**
Cash and cash equivalents	(1,632)	(2,052)
Financial assets measured at fair value through OCI	(59)	(75)
Other current financial assets	(566)	(494)
Current bank loans and borrowings	518	288
Current bonds and other financial liabilities	591	613
Net short-term debt (liquid funds)	**(1,148)**	**(1,720)**
Net debt (liquid funds) pre-IFRS 16	**1,223**	**(56)**
Net current lease liabilities	**117**	**113**
Net non-current lease liabilities	**201**	**207**
Net financial debt (liquid funds)	**1,541**	**264**

Cash and cash equivalents include: (i) cash and cash equivalents of €553 million in current accounts of projects executed in partnership or joint venture; (ii) cash and cash equivalents of €134 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 €690 million.
For information on net debt as required by Consob, Communication No. 5/21 of April 29, 2021, see Note 25 "Analyses of net debt" of the consolidated financial statements.

Statement of comprehensive income

(€ million)	2021	2022
Profit (loss) for the year	**(2,467)**	**(209)**
Other items of comprehensive income		
Items that will not be reclassified subsequently to profit or loss:	*(13)*	*30*
- remeasurement of benefit plans for employees	(16)	40
- 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	-	-
- income tax relating to items that will not be reclassified	3	(10)
Items that may be reclassified subsequently to profit or loss:	*(104)*	*(4)*
- change in the fair value of cash flow hedges	(196)	(52)
- change in the fair value of financial assets, other than equity investments, with effects on OCI	-	(5)
- exchange differences arising from the translation into euro of financial statements currencies other than the euro	47	35
- income tax relating to items that will not be reclassified	45	18
Other items of comprehensive income	**(117)**	**26**
Comprehensive profit (loss) for the year	**(2,584)**	**(183)**
Attributable to:		
- owners of the parent	(2,584)	(185)
- non-controlling interests	-	2

Equity including non-controlling interests

(€ million)	
Equity including non-controlling interest as of January 1, 2022	**351**
Comprehensive result for the year	(183)
Dividends distributed to Saipem shareholders	(9)
Dividends distributed by other subsidiaries	-
Sale (re-purchase) of treasury shares net of fair value of the stock-based incentive plans	7
Purchase of non-controlling interests	-
Share capital increase net of charges	1,918
Other changes	2
Total changes	
Equity including non-controlling interest as of December 31, 2022	**2,086**
Attributable to:	
- owners of the parent	2,068
- non-controlling interests	18

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

	Equity		Profit (loss) for the year	
(€ million)	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022
As reported in Saipem SpA's financial statements	**471**	**2,148**	**(2,382)**	**(256)**
Surplus shareholder equity in the overall results for the year, compared to the book value of the consolidated company shares	(819)	(556)	(224)	225
Consolidation adjustments, net of tax effects for:				
- difference between purchase cost and underlying carrying amount of equity	720	717	(3)	(3)
- elimination of unrealised intra group profits (losses)	(193)	(191)	31	23
- other adjustments	172	(32)	111	(198)
Total equity	**351**	**2,086**	**(2,467)**	**(209)**
Non-controlling interests	(25)	(18)	-	-
As reported in the consolidated financial statements	**326**	**2,068**	**(2,467)**	**(209)**

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.

(€ million)	2021	2022
Profit (loss) for the year - Continuing operations	(2,406)	(315)
Group's profit (loss) for the year - Discontinued operations	(61)	106
Result of the year of other shareholders	-	-
adjustments:		
Depreciation, amortisation and other non-monetary items	367	375
Net (gains) losses on disposals of assets	-	(121)
Dividends, interest and income taxes	173	287
Cash flows generated by operating activities before changes in working capital	**(1,866)**	**226**
Changes in working capital related to operations	2,054	(624)
Dividends received, income taxes paid, interest paid and received	(185)	(244)
Net cash flows from operating activities - Continuing operations	**3**	**(523)**
Net cash flows from operating activities - Discontinued operations	**87**	**46**
Net cash flows from operating activities	**90**	**(477)**
Capital expenditure - Continuing operations	(246)	(523)
Capital expenditure - Discontinued operations	(52)	(27)
Investments in equity, consolidated subsidiaries and business units	-	-
Disposals and partial sales of consolidated equity, business units and property, plant and equipment	14	503
Other changes related to financing activities	1	-
Free cash flows	**(193)**	**(524)**
Net change in receivables and securities held for non-operating purposes	(207)	52
Changes in short and long-term loans and borrowings	498	(919)
Repayments of lease liabilities	(126)	(128)
Sale (purchase) of treasury shares	(15)	-
Cash flow from capital and reserves	(26)	1,918
Changes in consolidation and exchange differences on cash and cash equivalents	14	21
NET CASH FLOWS FOR THE YEAR	**(55)**	**420**
Free cash flows	**(193)**	**(524)**
Repayments of lease liabilities	(126)	(128)
Sale (purchase) of treasury shares	(15)	-
Cash flow from capital and reserves	(26)	1,918
Exchange differences on net debt and other changes	9	13
CHANGE IN NET DEBT PRE-LEASE LIABILITIES	**(351)**	**1,279**
Effect of first-time adoption of IFRS 16	-	-
Financing/closing for the period	(80)	(124)
Repayments of lease liabilities	126	128
Exchange differences and other variations	(10)	(6)
Change in lease liabilities	36	(2)
CHANGE IN NET FINANCIAL DEBT	**(315)**	**1,277**

(2) For reconciliation with the mandatory statements see "Reconciliation of reclassified balance sheets used in the management report with the mandatory financial statements" on page 78.

The **net cash flows from operating activities** negative for €477 million, net of the negative cash flow from net capital expenditure of €550 million, and the positive cash flow from divestments and partial disposals of consolidated participations, business units and tangible assets of €503 million, generated a negative **free cash flows** of €524 million. Cash flow for the year was mainly impacted by the disbursements of the costs accruing in 2021 on the projects under backlog review.
Repayments of lease liabilities generated a negative effect of €128 million; the **cash flow from capital and reserves** was positive for €1,918 million, and is linked to the cash flow generated by the capital increase of the financing package. Exchange differences and other changes on net debt produced a positive effect of €13 million.
Therefore there was a positive change in **net debt pre-lease liabilities** of €1,279 million.
The **lease liabilities** generated an overall negative effect of €2 million, due to the net negative effect of new financing and contract closure for €124 million in the period, to the repayments of lease liabilities for €128 million, and exchange rate differences and other changes for a total of €6 million.
Cash flows generated by operating activities before changes in working capital - Continuing operations, negative for €523 million, results from:
- the loss for the year amounting to €315 million;
- depreciation, amortisation and impairment of tangible and intangible assets for €445 million, the negative valuation of equity investments using the equity method amounting to €65 million, the positive change in provisions for employee benefits amounting to €2 million and exchange rate differences and other negative changes for a total of €109 million;
- from net financial expense of €116 million and income taxes of €171 million.

The negative change in working capital related to operations, for €624 million, was due to the dynamics of financial cash flows of projects under execution.
Dividends received, income taxes paid, interest paid and received during 2022 were negative for €244 million and were mainly related to dividends received, 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 Capital Employed (ROACE) operative

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 year.
No significant investment in progress in the two periods compared were identified.

		Dec. 31, 2021	Dec. 31, 2022
Profit (loss) for the year	(€ million)	(2,467)	(209)
Exclusion of net financial expense (net of tax effects)	(€ million)	137	195
Unlevered profit (loss) for the year	(€ million)	(2,363)	(61)
Net capital employed:	(€ million)		
- at the beginning of the period		4,174	1,892
- at the end of the period		1,892	2,350
Average capital employed, net:	(€ million)	3,033	2,121
ROACE	(%)	**(77.91)**	**(2.88)**
ROACE operative	(%)	**(77.91)**	**(2.88)**

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, 2021	Dec. 31, 2022
Leverage before IFRS 16	3.48	(0.03)
Leverage post-IFRS 16	4.39	0.13

Non-GAAP measures

This section provides the alternative 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 result plus amortisation and depreciation;
- capital expenditure: this indicator is calculated by excluding equity investments from total investments;
- gross operating margin: a useful measure for evaluating the operating performance of the Group as a whole and of the individual business segments, in addition to operating result. The gross operating margin 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 non-current assets, working capital and the provision for employee benefits;
- funding: this is the sum of equity, non-controlling interest and net 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

We have always focused on technological innovation and are currently dedicated to strengthening our competitive position in the Oil&Gas industry while also leading the way in the energy transition through increasingly digitalised tools, technologies and processes that prioritise environmental sustainability from the outset.
Just in this respect, the first part of the present report is devoted to Oil&Gas business innovation activities while the second part is dedicated to the energy transition.
The Oil&Gas initiatives are reported according to the new organisational structure of the Company, namely to the following business lines: Asset Based Services, Robotics & Industrialized Solutions and Energy Carriers.
Most of the innovation activities of the former Offshore Engineering & Construction and Drilling divisions, related to the traditional offshore Oil&Gas business, are now grouped under the new **Asset Based Services** business line.
As regards Pipe laying activities, a very important milestone has been reached concerning the Integrated Acoustic Unit (IAU) equipment that obtained the Statement of Qualified Technology from DNV (the well-known certification institution) for the installation of 30”-36” and 42”-48” diameter pipelines. The IAU allows inspection of potential damages in pipelines in real time during the laying process, notably out-of-roundness, buckles and dents, water intrusion and identification and localisation of obstacles in the pipe. Two versions of the IAU are available; stand-alone unit, to be used if an unexpected anomaly occurs and, integrated with the ILUC (Internal Line Up Clamp) to perform the measurements during normal laying, from the open end of pipeline under construction on vessel firing line.
Additionally, the development of the Hands-Free Lifting Beam for automatic transfer of pipeline section from supply vessel to pipelay vessel is proceeding to hit the deployment on executive projects since 2023, as well as the construction of a prototype.

Concerning Pipeline Technologies, the key factors are the velocity and reliability of operations while assuring at the same time very high product quality. Saipem is making continuous hardware and software improvements on its proprietary welding technologies, such as the Saipem Welding System (SWS), Submerged Arc Welding (SAW) and SPRINT internal plasma remelting technology. A special focus is put on the qualification of enhanced welding procedures to allow greater productivity for the welding of cladded pipelines and for the introduction of new challenges, such as the high strength X80 pipe grade. In terms of Non-Destructive Testing, Automatic Ultrasonic Testing equipment are being modernised to increase the quality of girth weld inspection. Finally, Saipem is following up on advanced automation and digitalisation of its Field Joint Coating operations, with a particular focus on productivity and quality.
Qualification tests for innovative welding and field joint coating procedures and materials, for pipelines transporting fluids with high hydrogen content, have successfully started. These tests will support Saipem readiness for construction of commercial pipelines transporting hydrogen-natural gas mixtures or pure hydrogen. In that respect, Saipem is actively involved in the consolidation and standardisation of the new DNV recommended practice, together with over 30 major players.

Concerning SURF (Subsea, Umbilicals, Risers, Flowline) products, a great focus has been put on the DEH (Direct Electric Heating) PiP (Pipe-in-Pipe), a critical asset to guarantee the best flow assurance. Qualification tests have successfully started in 2022; electrical insulation has also been qualified. Several case studies have been run on behalf of clients (TotalEnergies, Shell and Exxon). Great efforts have been also dedicated to the introduction of plastic liners for water injection lines. A concept is being developed in partnership with TotalEnergies for the extension of plastic liners to production lines. The special design features to address plastic liner deformation, in case of pipeline depressurisation, are being addressed by numerical studies.
Saipem is also reviewing options to decarbonise offshore activities, notably through the incorporation of offshore multi-energy renewable sources, with subsea chemical handling and potential energy storage options following the Wind2Sub patented concept.
The Offshore Drilling business is proceeding in the development of a tool to improve the quality of wells leveraging artificial intelligence. The tool aims at supporting the drillers in detecting those signals that allow the well engineer to maximise well quality. The system has been developed and tested on past project data, and the possibility of collaboration with a client is under consideration.
On another side, given the strong feedback coming from customers and government agencies, the technological feasibility of using electric BOPs (Blow-Out Preventers) and riserless sea drilling operation is also being evaluated.
Finally, opportunities for diversification are being investigated: deep sea mining, CO_2 storage solutions and offshore geothermal (see later in the text).

As regards the **Robotics & Industrialized Solutions** business line several activities are ongoing.

Subsea Factory

Saipem is developing the "Subsea Factory Solutions" industrial platform. This is a new approach to bring process treatment directly on the seabed, close to the injection wells, by reducing the costs associated to risers and flowlines, the significant costs for additional treatment modules installation on existing topsides and frees up valuable space for production or reduces the size of the new topside facilities, allowing also a significant reduction of emissions by simplification of the overall architecture.
The definition of the industrial partners and the supply chain has been completed through a number of specific agreements (with TotalEnergies, Veolia, Siemens, Curtiss-Wright, and other technology providers). This development fits with the "All-Electric" vision for fields, made of subsea infrastructures connected only by electric lines and optical fibres, in place of complex and expensive electro-hydraulic umbilicals which are typically used to deliver control fluid for susbea hydraulic actuators, chemicals and subsea pumps barrier fluid.
The qualification of the SPRINGS™ process for water desulfation and injection (co/owned with TotalEnergies and Veolia) has been successfully completed. The industrialisation of its all-electric subsystems is also close to its completion, pending final tests. Such subsystems have been industrialised with the intention to form the building blocks for the whole Subsea Factory products portfolio. Thanks to the process qualification and to the industrialisation, the technology maturity has progressed, and recognised by operators, to a stage sufficient for being included in conceptual studies for new field developments.
The FLUIDEEP™ technology for subsea storage and injection of chemicals is also at an advanced stage of industrialization and the final qualification tests are currently ongoing.
Saipem has been recently engaged on a study with a client for the utilisation of SPRINGS™ combined with the subsea produced water separation (Spoolsep™) and subsequent treatment, with the view of reducing not only the global cost but also the CO_2 emissions, when compared to a conventional field development scheme.
Saipem has also recently presented SUBGAS, a subsea gas dehydration and dewpointing unit to overcome the flow assurance issues and unlock long subsea Gas tiebacks. SUBGAS avails of the qualified oil and gas separator Vertical Multipipe™ which was previously developed and qualified through multiple Joint Industry Projects (JIPs) for deepwater applications.

Life of Field

Saipem is developing an integrated Digital Twin approach for subsea critical component design and servicing, by incorporating new technologies such as the RIMS ("RIser Monitoring System") for enhanced Life-of-Field. The new technologies for riser monitoring have been successfully qualified and are going to be deployed in Buzios 5 and Buzios 7 projects. Further evolutions (e.g., fibre optics monitoring) are under development.
Regarding subsea remediation services for diver and deepwater diverless applications, Saipem has successfully qualified and obtained a third party (DNV) certification for a mechanical end connector ("Seal & Grip") to allow to replace damaged pipe sections with pipe spools, being the only connector that adopts a full metal-to-metal seal to guarantee permanent repairs of clad and sour service pipelines. Saipem is also qualifying a novel pipeline and spool diverless deepwater repair technology based on Fibre-Reinforced Polymer composite wrapping. Process development and wrapping tape material qualification are ongoing for deep water and high temperature cases.

Subsea robotics

The use of advanced underwater robotics solutions, capable of performing complex inspection tasks automatically and with no subsea human presence, represents a cutting-edge technology in the field of unmanned underwater interventions. We aim to be an active player in this transformation, using some of the more innovative and disruptive subsea robotics in the offshore energy market.
The development of the Hydrone subsea robotic platform is currently focusing on our Hydrone-R, Hydrone-W and FlatFish solutions:

- Hydrone-R received the Spotlight on New Technology Award at the Offshore Technology Conference in May 2021, in recognition of its innovative technology, which is revolutionising the offshore energy sector. The first Hydrone-R vehicle was 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. The first Hydrone-R prototype, complete with automatic docking features, was developed and fully tested, including remote controllability.
- Hydrone-W is a work-class full-electric remotely operated vehicle (ROV) equipped with a revolutionary powertrain and power management system that minimises energy consumption during operations. It is designed to operate from both manned and unmanned platforms controlled from land.
- FlatFish is our underwater drone, conceived to perform complex, autonomous subsea asset inspections without vessel support. This robot can be launched from a topside facility or reside on the seabed inside a subsea ROV garage.

FlatFish will reduce the CO_2 footprint of this type of operation by more than 90% and decrease manning requirements by approximately 70%, offering clients a more cost-effective solution. FlatFish will operate in a complete darkness scenario, with poor or no communications, facing conditions and challenges similar to those encountered by space-rovers. Drones will be able to perform complex navigation tasks, automatically adapting to environmental conditions and newly acquired inspection data, all of which require advanced control and communications techniques informed by Artificial Intelligence.
We are also collaborating with WSense to develop subsea intelligent nodes that can communicate using through-water links to create a distributed network of acquisition nodes integrated with our underwater robotics.

This technology could be applied to traditional Oil&Gas scenarios like monitoring asset integrity or for new fields like monitoring underwater CO_2 storage.
We are also part of the "AIPlan4EU" Horizon 2020 programme, working on creating Artificial Intelligence software for automatic mission planning, to be used on our Hydrone platform. Additionally, we are actively contributing to the Subsea Wireless Group (SWiG), a Joint Industry Project aimed at standardising through-water communication.
To diversify our business, we are working to overcome the technical gaps in extending the use of our proprietary robotics solutions to other energy and environmental markets.
In the defence field, we are continuing to work on developing the SDO-SuRS (Special & Diving Operations - Submarine Rescue Ship) vessel designed to rescue submariners in collaboration with Drass, a leading company in submarine and hyperbaric technology. We were selected by the Italian Navy to equip the SDO SuRS with a state-of-the-art remotely operated vehicle for navigation and control, with a rescue capsule for safe transport of submariners back to the surface. Recently, we were awarded a PNRM project (National Plan for Military Research) to develop an innovative subsea robotics system (Hydrone-D) for mine countermeasures and other defence activities. We are also exploring other non-defence applications for the renewable energy and environmental sectors in order to optimise our expertise in this field.

The **Energy Carriers** business line continues to pursue the monetisation of natural gas with focus on the consolidation and development of processes and technologies aimed at achieving the decarbonisation targets, complying with the energy transition path. In this context, a long-term plan has been defined and related activities are in progress to keep the proprietary technologies at the highest level of competitiveness.
Relevant to the "Snamprogetti™ Urea Technology" for fertilizer production, the ongoing activities include:
- continuing to enlarge our portfolio of high-end solutions with the introduction of the Snamprogetti SuperCups™ trays, for urea reactor, which drastically increase the mixing efficiency of the reactant phases, thus boosting conversion rate of urea synthesis with the aim to significantly reduce the energy footprint of urea production and its CO_2 emissions; several new and "revamped" facilities are adopting the SuperCups technology;
- improving resistance to corrosion and cost reduction through the development of novel construction materials. In this respect, Saipem and Tubacex Innovación have recently developed together a new grade SuperDuplex material for application in the High-Pressure section of Urea plants. The new grade material has been developed for use with traditional construction technique as well as additive manufacturing;
- continuing the development of a Digital Twin for the "Snamprogetti™ Urea" technology. The solution, developed within a frame of partnership between Saipem and Honeywell, will extend Saipem traditional value proposition, integrating the traditional offer as licensor with remote assistance to operation, in order to maximise revenues and minimise carbon footprint;
- an innovative solution for Waste Water Treatment in Ammonia-Urea complexes, the SPELL technology, has been developed by a cooperation with Purammon Ltd. The technology is able to remove nitrogen and organic contaminants through a novel electrochemical process, in compliance with the most stringent environmental regulations. To support the technology demonstration towards the final customers, a mobile containerized demo plant, with max capacity equal to 2 m^3/h has been built. Such asset will be easily moved to different clients' facilities through a plug & play approach to demonstrate the electrochemical technology capabilities. In 2022, Saipem completed the mechanical installation of the pilot in the Ravenna yard and performed the first tests demonstrating the functionality of the cells.

Efforts in the LNG (Liquefied Natural Gas) field are ongoing, also 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. Alternative solutions, designed to suit the current market scenario, including LNG facilities based on the proprietary Liqueflex™ and Liqueflex™ N_2 technologies, have been devised.
The business line is also supporting the final customers in the evaluation of possible solutions targeting greener LNG facilities to further lower carbon emissions in large scale LNG plants.
In association with the LNG technology, Saipem patented a Telescopic Joint named "CASS", consisting in a joint with an innovative design that absorb pipe's thermal contraction in cryogenic application avoiding piping loops, with a consistent optimisation of pipeline routing and related construction costs and plant capex reduction. The innovative joint exploits the principle of telescopic movements, replacing expansion loops and it is applicable to cryogenic pipes but also on hot application.
In relation to High Octane technologies, the identification and investigation of new possible configurations, for etherification unit to reduce energy intensity of the entire process from acquisition to execution.

As previously mentioned, in the second part of this report attention goes to the activities regarding energy transition. In the medium term, targeting progressive decarbonisation of energy and overall CO_2 emissions reduction also in the Hard to Abate sectors, we are pursuing several initiatives that reflect the four main pillars:
1. *Decarbonisation of Carbon-Intensive Industries ("hard to abate").* We aim to continue to produce energy and products using fossil fuels while significantly reducing their associated climate-altering emissions. This applies not only to the Oil&Gas industry but also to other industries that are heavy in carbon and energy usage, such as steel, paper mills and cement.
2. *Renewables.* We are particularly oriented towards offshore renewable energy sources, specifically offshore wind and floating solar parks; their systemic integration might result decisive to allow more independence of the intermittent character of most of renewables, possibly also through the production of hydrogen.

3. *Hydrogen.* We see this both as a low-carbon chemical intermediate and as an energy carrier that can gradually replace natural gas, particularly in applications that are difficult to electrify.
4. *Biomass conversion and circular economy.* We are committed to adopting new models that create value and protect the environment by improving the management of resources, eliminating waste through better design, and maximising the circulation of products.

Decarbonisation of Carbon-Intensive Industries

Carbon is a key ingredient in many industries, including petrochemicals, refining, and other "hard to abate" sectors, such as steel production, where carbon is a main component of any kinds of steels, cement production where CO_2 cycles play a major role in the chemistry, as well as in paper mills, waste treatment plants, etc. All these industries are also known for being highly energy intensive.

Although CO_2 cannot be totally eliminated in these industries, it is important to find the best way to manage it.

Our company has a strong background in Carbon Capture, Utilisation & Storage (CCUS) thanks to capture process technology, and experience in pipeline transportation of fluids over long distances, conversion of CO_2 into chemicals and offshore drilling for CO_2 injection. We are making diversified efforts to assist our clients in reaching their decarbonisation goals and creating a more sustainable industrial model. We also keep consolidating our know-how and technologies to implement CCUS solutions for both onshore and offshore applications.

We have extensive experience in all commercial technologies related to CO_2 capture, we have it covered from A to Z, thanks to our vast knowledge in the ammonia/urea production process and in refineries, including the gasification of tar residues.

Additionally, we are developing our own "CO_2 Solutions by Saipem" technology, which aims to reduce the cost and environmental impact of capturing CO_2 from combustion processes and allows for its sequestration or reuse to create new marketable products. This technology uses an absorption process with a carbonate solution enhanced by a proprietary enzyme that can operate in process conditions. We have already tested this technology on a large scale at a demonstration plant (30 tons per day) in operation at the Resolute Forest Products pulp paper mill in Saint-Félicien, Québec.

We have also entered into a collaboration agreement with Novozymes, a leading biotech company that specialises in enzyme production and optimisation, to improve the enzyme supply chain.

Lastly, we recently completed the industrialisation of Bluenzime™, a modularised system for post-combustion carbon capture that uses our CO_2 Solutions technology, in order to provide our clients with a compact and effective solution that can be brought quickly to the market.

The EU-funded "ACCSESS" innovation project

We are actively participating in the ongoing EU-funded "ACCSESS" innovation project, which began in 2021 and involves 18 European partners. The goal of the project is to demonstrate the capture of CO_2 from flue gases coming from several hard-to-abate industries such as pulp and paper, biomass-fuelled cement production and waste-to-energy.

In 2022, a 2-ton-per-day pilot plant, which was previously designed to be operated with amine solvent, was modified to operate with our CO_2 Solutions technology, which was identified as the leading technology of the ACCSESS project. We successfully started up the Hafslund Oslo Celsio mobile CO_2 capture plant in Klemetsrud using our CO_2 Solutions technology, marking the first important milestone of the project. After the completion of testing in Klemetsrud, the pilot will be moved to the Technology Centre Mongstad to be integrated with a Rotating Packed Bed absorber unit developed by Prospin and constructed by Proceler. This represents the next stage of development of our CO_2 Solutions technology, with the goal of providing the market with a modular, fast and easy-to-build product. From 2023 to 2024, we will conduct CO_2 capture test campaigns at the Stora Enso kraft pulp mill in Skutskär, Sweden, and at the Heidelberg Cement kiln in Górażdże, Poland).

In terms of CO_2 reuse, we are actively identifying all possible technologies to support our clients with potential CO_2 reuse options, particularly in areas where infrastructure for CO_2 collection and transport to storage is not available. To this end, we have signed a Memorandum of Understanding with Tenaris and SIAD to design and build a CO_2 capture unit at the Tenaris plant in Dalmine, Italy.

We are also working to improve our knowledge and capabilities in CO_2 transportation. For example, after having completed the FEED for the offshore pipeline of the Northern Lights project, we are collaborating with the University of Ancona (Italy) to assess the impacts of CO_2 impurities in pipeline flow assurance and review leak detection methods for onshore transportation. We continue to study the applicability of polymeric material in pipeline systems, thanks to our participation in the European funded project "CO_2 EPOC", an R&D project carried out by the Norwegian company SINTEF and promoted by Equinor & Total. We are also collaborating with ETH (the Zurich Polytechnic) to conduct a conceptual study of a pipeline collecting the CO_2 emitted by several industrial sites in Switzerland for Carbon Capture and Storage. Furthermore, we are in the preliminary design stage for a liquefied CO_2 vessel to collect and store CO_2 from various industrial sources.

Other decarbonisation services

To help our clients meet their Net-Zero emission targets, we have created specialised decarbonisation services that address both the emissions generated directly by the client's facilities and those generated throughout its supply chain:

- EmiRed™ is a solution to find the best tech to reduce greenhouse gases in greenfield or brownfield industrial plants. It is both a method and a digital tool resulting from our engineering experience and tech innovation. EmiRed™ calculates a plant's life cycle's direct and indirect costs and emissions from the design stage, allowing for a quick comparison of different decarbonisation scenarios such as energy efficiency, carbon capture, renewables, fuel switching, and methane reduction. EmiRed™ follows the GHG Protocol and is certified by Bureau Veritas, a global leader in assessing QHSE-SA (Quality, Health, Safety, Environment and Social Accountability) risks.
- LCA (Life Cycle Assessment) evaluations, based on the ISO 14040 and ISO 14044 standards, enable reliable, transparent and quantitative assessment of potential environmental impacts of projects, products, processes and integrated systems.

Renewables

We keep investing in the offshore renewable market for both bottom-fixed and floating solutions.
For bottom-fixed solutions, in 2022, we delivered our first Gravity Base Foundations project (Fecamp offshore wind farm in Normandy, France) and installed the first electric substation for the offshore wind farm in Saint-Brieuc, Brittany, France. We are also working on jackets and monopile projects, gaining experience and expertise with all three bottom fixed foundation technologies.
In floating wind, we advanced the development of two concepts, the STAR1 semi-sub and the Hexafloat™, pendulum design, to provide the best solution to the market.
In 2021, we added the STAR1 semi-submersible technology to our floating offshore wind technology portfolio. This is a centred-turbine floater with 3 external columns connected to the central one by submerged pontoon. In 2022, we refined the STAR1 design for large-scale commercial turbines, aiming to reduce weight and fabrication costs to improve the competitiveness of floating wind solutions.
The other technology is the HexaFloat™, a pendular floating wind solution for deep water, connecting a semi-submersible floater to a submerged counterweight with synthetic tendons. This allows the development of floating offshore wind turbines in areas with strong winds that are too deep for traditional fixed foundations.
Additionally, we developed an integrated calculation tool to enhance our design capacity, and we are preparing a Hexafloat demonstration at the Mistral test site (French Mediterranean Sea). We also worked on fabricating floating wind farms with the French Ademe and Corimer organisations, launching the RECIF project, which will start in 2023, to improve execution efficiency, developing specific technological bricks.
Likewise, we developed a floating electrical substation concept with Siemens to meet future market demand and provide a comprehensive offering of offshore wind structures.
All these initiatives aim to optimise costs and minimise risks for these new and complex projects, from design to fabrication and installation.
In the renewables area, the Company is also developing further initiatives:

- in partnership with Equinor, a new concept of "Offshore Floating Solar Park", developed by Moss Maritime, for applications also under severe wave conditions; together with Sintef the two companies have performed tests on a scaled floating solar model. Pilot project is foreseen for 2023;
- as regards offshore geothermal, within the collaboration with Geolog, potential geothermal fields in the Mediterranean Sea are being evaluated using a machine learning approach and comparing the results with existing databases. The goal is to identify areas of interest where an offshore geothermal field could be developed.

Hydrogen

Saipem can design, size and execute industrial plants using green and blue hydrogen technologies for industrial sectors, either the conventional ones based on Hydrogen as a chemical intermediate or those where electrification is not feasible. These include hard-to-abate sectors – where hydrogen can be used either as feedstock for refining, as well as ammonia, methanol, steel, glass, cement production, etc., or as an energy carrier for heavy duty vehicles, rail and maritime transport.
In general, hydrogen technologies also address the need for a resilient energy system that can integrate variable renewable sources and ensure flexibility and supply security. As a result, there is increasing interest in green hydrogen, particularly for integrating contiguous industrial sectors, or "sector coupling".
Saipem provides industrial solutions such as large-scale electrolyser plants for hybrid industrial applications, including those defined by the green ammonia and green hydrogen valley projects.
In September 2022, Saipem and Edison joined together in a special purpose vehicle to implement the Puglia Green Hydrogen Valley project, acquiring 50% and 10% respectively of Alboran Hydrogen Brindisi Srl. The project aims to accelerate the adoption of green hydrogen in the national energy mix, helping Italy and Europe reach their climate neutrality targets by 2050.
The **Puglia Green Hydrogen Valley** project aims to build three green hydrogen production plants in Italy, in Brindisi, Taranto and Cerignola for a total capacity of 220 MW. The plants will be powered by 400 MW of photovoltaic power.
The three plants should produce up to 300 million cubic metres of renewable hydrogen per year at full capacity. The green hydrogen will be used mainly by local industries, including injecting it or blending it with natural gas into local gas networks and/or for sustainable mobility.
The Brindisi project has already begun the authorisation process and will feature a 60 MW electrolyser powered by a dedicated photovoltaic field. The Puglia Green Hydrogen Valley project involves several regional entities,

including the Regional Aqueduct, Appulo Lucane Railways, technological and production districts, and universities like the Politecnico di Bari and the University of Bari, Foggia and Salento.
The project has been submitted for IPCEI (Important Projects of Common European Interest) funding (for the Taranto and Brindisi plants) and IPCEI collaborations agreements were signed with other Hydrogen Green Valley projects for dissemination and common positions on hydrogen ecosystem topics, such as guarantees of origin, safety, permitting, gas grid interoperability, and contracts for difference.
Furthermore, Saipem and Alboran have collaborated since 2021 to develop green hydrogen initiatives in the Mediterranean region, focusing on power to gas applications in Albania and a green ammonia plant in Morocco.
Several further initiatives are under way, such as the Trans Anatolian Pipeline, the Trans Tunisian Pipeline, and the Trans Austria Pipeline, to prepare assets for hydrogen and hydrogen/natural gas onshore pipeline injection and transportation through technical assessment of materials, compression stations and components. Saipem is also heavily involved in the development of offshore pipeline readiness for hydrogen and hydrogen/natural gas and is conducting several studies.
Additionally, Saipem is involved in the preliminary design of liquefied hydrogen transportation vessels from Moss Maritime, and, through Sofresid Engineering, in the local management for harbour infrastructure for hydrogen with the Elemanta concept, a multi-utility barge. A demonstration project is currently being developed.

Biomass conversion and circular economy

The energy landscape drives Saipem to look with increasing interest at the biomass conversion technologies.
In order to extend and consolidate Saipem's technology portfolio in this area, biofuels production processes and technologies, with a focus on second generation bioethanol, have been investigated in depth. In this frame Saipem has signed in 2021 a framework licensing cooperation agreement with Versalis to promote PROESA® technology used to produce sustainable bioethanol and chemicals from lignocellulosic biomass.
The agreement between Saipem and Versalis is providing integrated and technologically advanced solutions for the sustainable production of bioethanol. Saipem is performing the phases of development of the productive systems, from the planning to the realisation. In particular, in 2022 Saipem was involved in activities of commercialization and technology optimisation, capex reduction and future industrial development to make technology increasingly competitive in the market.
Saipem also carries out projects for the refinery conversion, in particular for the production of renewable diesel and SAF (Sustainable Aviation Fuel) from waste oils, also in addition to energy crops not in conflict with the food chain. In these plans Saipem is involved as contractor, also supporting Customers in the technological consolidation.
As far as the circular economy is concerned, the ability to develop innovative solutions for sustainably treating plastic waste and turning it into energy or other valuable products is becoming increasingly crucial.
To this end, we are promoting circular economy models for plastic waste and exploring potential partnerships with waste sorting companies, technology providers and final off-takers in order to build comprehensive chemical recycling plants and improve our offering.
We recently signed an MoU with Quantafuel ASA to collaborate in the industrialisation and construction of chemical recycling plants for waste plastics using Quantafuel's technology. This MoU positions us to market and construct industrial plants specialised in pyrolysis, which turns solid plastic waste into liquid or gaseous products that can be reused as fuel or chemical raw materials for plastic recycling, using Quantafuel's technology under a worldwide license. Additionally, we will offer smart operation and maintenance services, as well as joint performance guarantees for the plants. Based on the agreement, we will develop scalable and modular solutions for waste plastic recycling plants, easily adapted to the specificities of different sites. This technological solution will allow users to increase the use of mixed plastic waste in producing a pyrolysis oil that can be reused for new chemical and plastic production.
We are also investigating and scouting other plastic recycling technologies, particularly in the field of plastic depolymerisation, to establish further partnerships with technology providers.

Intellectual property

Within the complete framework of technology innovation activities, Saipem filed 15 new patent applications in 2022.
Furthermore, Saipem has been assigned the fifth position 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 2021.

HUMAN RESOURCES

Quality

The following activities were developed as part of the definition, implementation and management of the Quality Management System and the related development, measurement, analysis, and continuous improvement processes:
- management and maintenance of the certificates relevant for the Company (ISO 9001);
- formalisation of the new Quality Policy on the basis of changed strategic directions;
- optimisation of processes of Quality Assurance and Quality Control in view of the new organisational set-up, for a more effective, efficient and systematic implementation of the Quality Management System HeadQuaat both permanent and project level. In this area we point out:
  - the redefinition of macro responsibilities for activities related to the Quality process by issuing the new Management System Guideline (MSG);
  - an increased focus on performance monitoring activities, structured collection and analysis of non-conformities, identification of the main causes and definition/monitoring of corrective actions, which led to the issuance of new specific standards;
  - the optimisation of the experience capitalisation process through a new process for the management of lessons learned and the development of a dedicated tool to support it (REFLEX);
  - the remodelling of the customer satisfaction methodology in order to make feedback analysis and management of related improvement actions more effective;
- the identification of innovative digital solutions aimed at simplifying the management of Quality Assurance and Quality Control processes. Some examples include:
  - the finalisation and presentation at the Rail Summit 2022 of a Proof of Concept for the integration of Quality Control data with the BIM model for the Sustainable Infrastructures business line;
  - the application of Computed Radiography on some projects, after testing during 2021;
  - the completion of Phase 1 of the development of the Request for Inspection (RFI) & Quality Check tool, which aims to streamline the management of quality inspections and related certificates on site;
  - the digitisation of the Audit Management process;
- optimisation of services for the management and use of international technical standards at Group level, aimed at meeting business needs and take advantage of the market's potential.

Human Resources Management

The management actions taken during 2022 fit into a complex economic and socio-political context. The beginning of the year was characterised by the Board of Directors' approval of the Company's financial and capital strengthening Package.
The conflict between Ukraine and Russia and its economic and financial implications has been a further element of complexity that has required specific monitoring and management actions with respect to the people involved in the activities in Russia and the Ukrainian personnel.
2022 was a very important year for Saipem in terms of renewal, also in terms of corporate premises. Indeed, after more than sixty years, Saipem left its San Donato Milanese headquarters to move to Milan, in an area strongly interconnected with the rest of the city. The new Headquarter has been set up in the Santa Giulia area, welcoming all employees in the Spark 1 building since July.
The new location is designed to provide Saipem's resources with a more varied, flexible and smart working day-to-day life, and to enable personal and hybrid collaboration. Saipem has provided everyone involved with the necessary tools and the training to understand and embrace the necessary change in behaviour and attitudes that such a broad-spectrum transformation entails on the one hand emphasising the empowerment of its resources, and on the other hand promoting the concept of work-life balance.
The reorganisation of the company premises in the Milan office is one of the tools Saipem has put in place to support the current ever-changing scenario in terms of working methods. Thanks to Saipem's Smart Working model, the use of remote working, which stated in response to the epidemiological emergency, has become a de facto structured agile working mode in some countries such as Italy – thanks also to the trade union agreement signed in 2022 – and France.
This new model will ensure maximum effectiveness of business processes through synergetic use of technology and digitisation.
Proposals have also been made for other locations to implement a structural model of agile working, consistent with best practice in work-life balance.
In this scenario, the digital transition has become for Saipem – together with the ecological one – an enabling factor to handle the ongoing renewal phase.

With the aim of consolidating Saipem people's skills on these issues, the Company and the Italian Trade Unions signed an important agreement in November to submit an application, finalised in December, for access to the "New Skills Fund", promoted by the Ministry of Labour and Social Policies as part of the PNRR (National Recovery and Resilience Plan).
This would allow a large-scale simultaneous upskilling/reskilling plan to be implemented at national level, consistent with the objectives of the strategic plan and business developments, aimed at promoting cultural change and strengthening corporate competitiveness.
In spite of the deteriorated economic and financial scenario of 2022, Saipem worked to maintain its the technical expertise and corporate know-how required to conduct projects. First and foremost, it started a very selective recruitment plan to find and select only people critical to the business and to fill the needs arising from a high voluntary turnover both in Italy and abroad – which characterised the entire 2022, in line with the economic trend of the labour market.
In November, the consensual termination plan for Saipem SpA, pursuant to Article 4 of the Fornero Law, was concluded for the qualitative, quantitative and generational replacement of resources.
Throughout 2022, Saipem also pursued human resource management policies for the structural recovery of efficiency and containment of labour costs as part of the "Cost Reduction Programme". In line with the Programme's objectives, the international mobility policy has been streamlined with the twofold aim of optimising the size of international assignments by giving priority to the operational personnel of the projects and pursuing greater cost efficiency by reshaping some of the company's guidelines, always respecting the conditions of maximum security for expatriate personnel.
In order to support the motivation and level of involvement of expatriate staff, the new guidelines were defined in a more modern key and as more flexible tools in relation to personal and organisational needs. In the Middle East, an area that is particularly relevant in both now and in the future for the company's operations, solutions more in line with market practice were introduced in order to ensure more competitive conditions.
Significant innovations also concerned travel policies, which are important for global companies such as Saipem; the Company introduced measures to ensure travel costs are contained through access to more competitive rates globally and the introduction of a new self-booking procedure. In order to ensure full and more effective operations, special attention was paid to extra-regional, short-term trips to particularly disadvantaged areas.

As part of the transaction to sell Saipem's onshore drilling business to KCA Deutag (KCAD), which affected Saipem during the second half of the year, in order to strengthen its financial and equity position and focus on its core business, local and international personnel in the Middle East have been transferred and divested; the transaction is expected to be completed in 2023 and will also involve the transfer of personnel in South America.
In October 2022, with the aim of optimising engineering and work execution activities for the energy industry, by concentrating them in the company's other locations in Italy, Saipem SpA sold "Rome Engineering Centre" – the business unit, located in Rome – to Eniprogetti SpA. The transaction took place following the joint consultation required by law between the transferor, the transferee and the trade unions, and was concluded with the signing of an agreement between the parties.
At international level, actions continued to optimise branch corporate structures through the streamlining of professional figures belonging to the staff and business support functions. The plan to relaunch the engineering hub in Chennai also took place within Operations.

(units)	Average workforce 2021	Average workforce 2022
Offshore Engineering & Construction	14,525	14,200
Onshore Engineering & Construction	10,633	10,450
Offshore Drilling	1,780	2,105
Onshore Drilling (Discontinued operations)	3,483	3,643
Staff positions	953	996
Total	**31,374**	**31,394**
Italian personnel	5,819	5,496
Other nationalities	25,555	25,898
Total	**31,374**	**31,394**
Italian personnel on open-ended contract	5,706	5,478
Italian personnel on fixed-term contract	113	18
Total	**5,819**	**5,496**

(units)	Dec. 31, 2021	Dec. 31, 2022
No. of engineers	6,290	5,499
Number of employees	32,041	29,529

Compensation

The 2022 Remuneration Policy, which was established by taking into account the Company's delicate balance sheet and financial situation, resulted in choices and guidelines that accompanied the capital and financial strengthening manoeuvre and the programme to reduce structural costs.
The Policy is in line with the adopted governance model and in compliance with the provisions of the Consolidated Finance Act (TUF), the Consob Issuers' Regulations and the Corporate Governance Code; it pursues the priority objective of creating sustainable value in the medium-long term and aligning the interests and motivation of Management with the interests of shareholders and all stakeholders. It also aims to promote the company's mission and values, to attract, motivate and retain people with a high professional and managerial profile with distinctive and critical competencies for Saipem, as well as to stimulate the achievement of the company's strategic objectives and sustainable growth.

The 2022 Remuneration Policy, described in detail in the first section of the "Report on Remuneration Policy and Compensation Paid 2022", was approved by Saipem's Board of Directors on April 11, 2022; it was subsequently submitted for a binding vote by the Shareholders' Meeting on May 17, 2022, registering a 99.97% affirmative vote, an increase compared to the positive trend already recorded in recent years.
Following the assessment of the Company's objectives, the management performance evaluations of 2021 and in light of the economic and financial position of Saipem, the Board of Directors ruled the cancellation of the Long-Term Incentive Plan, with reference to the 2019 allocation, and the non-activation of the Short-Term Incentive Plan related to 2021 performance for the monetary and equity component.

The 2022 Remuneration Policy Guidelines, in accordance with the corporate scenario and objectives, did not provide for share-based variable incentives in favour of the management. However, the Board of Directors reaffirmed the possibility of reintroducing share-based systems in the 2023 Remuneration Policy, in order to pursue constant alignment between the interests of the management and shareholders.
A new element, however, was the introduction of a Short-Term Incentive Plan for the deferral of a portion of the accrued premium, the appreciation or the impairment losses of which is directly linked to the performance of the Saipem share. The Plan cancels and replaces the third and final allocation of the previous Short-Term Variable Incentive Plan 2021-2023 and constituted the only variable management incentive scheme for 2022, against the non-renewal of the share-based Long-Term Variable Incentive Plan that expired in 2021. The new Short-Term Incentive Plan ensures alignment between the performance conditions set out in the system and Saipem's economic-financial priorities, providing for objectives related to the improvement of the financial and capital structure.
During 2022, the deployment of the 2022 corporate targets relating to the Variable Short-Term Incentive Plan has also been carried out according to a top-down process on the entire managerial population, ensuring a process of verification and monitoring of such objectives.
The annual remuneration policy, for the entire workforce, was extremely selective and focused on business areas in order to contain expenditure, while trying to retain the most strategic resources for the company and enhancing their distinctive and decisive contributions to the success of the company's strategy. For non-managerial resources, operating in particular abroad, a specific approach has been adopted that involves the use of targeted and mandatory interventions considering the contractual obligations or regulatory constraints and consistent with the Company's business objectives. In addition, as a result of the overcoming the pandemic scenario and due to renewed business challenges, retention plans and project incentives have been adopted to support the company's strategy and the resources related to functional skills needed to achieve the Strategic Plan objectives and project targets.

Cyber Security

The activities performed by the Cyber Security unit follow a holistic approach involving the security of people, processes and information technology, with the need to cope with the impacts of events such as cyber attacks, geo-political instabilities (e.g., Russia-Ukraine war), industrial espionage, etc.
The organisational placement of Cyber Security, or logical security, within the Security function also meets the requirements of relevant international standards, such as:
- "National Framework for Cybersecurity and Data Protection" (FNCS), modelled on the US "NIST Cybersecurity Framework" standard;
- Standard ISO 27014: 2020 "Governance of information security".

The purpose of this function is to manage corporate cyber security by applying a Cyber Security Model that meets the following requirements: Governance, Detect and Response, Requirements, Resilience and Control, the responsibilities of which were assigned to the corresponding organisational units.
The effectiveness of Saipem's adoption of this model, which is benchmarked, will be reflected in an improvement in its performance indicators in 2022.
Specifically:
- out of 26,662 cyber incidents, no critical cyber incidents were recorded;
- more than 80% of the e-mails addressed to Saipem are malicious;

- the number of "fake" domains referable to Saipem identified by intelligence activities has doubled and is constantly monitored. In more serious cases, the site is taken down and made inaccessible (take down process);
- vulnerability analyses revealed that out of 32,968 identified vulnerabilities, only six were found to be critical and were promptly addressed.

In order to continue to ensure high quality standards in corporate cyber security, Saipem continues to maintain its ISO 27001 "Information Security Management System" certification for the "Cyber Security Incident Monitoring and Management" process.
For the two-year period 2023-2024, the implementation of a massive project, the "Information Security and Data Management" Programme (Programme), is also planned, with the aim of further increasing the level of IT security of application and infrastructure resources and the protection of corporate information and know-how, minimising the risk of critical information resources being lost, compromised or made unavailable.
The Programme will be implemented under the coordination of a steering committee consisting of the heads of the relevant units, including the IT Systems and Cybersecurity Execution and DIGI (Digital Transformation) units.
There are numerous initiatives that make up the Programme and they are summarised below:

- data protection and classification of information;
- implementation of a Digital Identity model;
- IT technology debt remediation activities.

As of 2021, Saipem became part of the Italian "National Cybersecurity Perimeter" and is therefore subject to the fulfilment of requirements set forth in Italian Law No. 133 of 2019 "Urgent Provisions on the Cybersecurity National Perimeter" and subsequent ministerial laws, limited to the assets falling within this area.
A risk assessment was carried out on the IT perimeter of Saipem SpA in according with the Cyber Security Agency's requirements for:
a) the identification of ICT assets covered by the Perimeter;
b) the sending the list of ICT assets in the format produced by the software made available by the Department of Security Information;
c) risk analysis indicating mitigation measures to ensure high levels of network security.
IMO Resolution MSC.428 (98) requires, as from January 1, 2021, ship owners and managers to assess cyber risk and implement relevant containment measures in all areas of their Safety Management System. For this reason, Saipem has updated its Security Management System (SMS) and Ship Security Plan (SSP) to include Cyber Risk Assessments. It has therefore been decided to appoint a Cyber Security Officer on board each vehicle, the Chief Engineering Electrician Manager being the most appropriate candidate to acquire cyber expertise, due to the specific skills of the role.
Cyber attack drills were also performed on board the vessels, according to scenarios and models which have become an integral part of Saipem SpA's emergency and crisis management system.

DIGITAL, ICT SERVICES

During the year, a cost rationalisation and investment optimisation was pursued in the Digital and ICT Services area. This directional approach is aimed at ensuring a balanced evolutionary roadmap that is economically and financially sustainable but capable of supporting the business. In this global context, the company's effort has been maximised in order to ensure the development and adoption of digital solutions and the maintenance of adequate ICT service levels.

To support these management guidelines, in 2022 Saipem:
- confirmed the evolutionary guidelines of the 2021 digital programme, which focus mostly on improving the efficiency of the work processes;
- the ambitious competitiveness programme launched in 2021 continued, which also involved the digital and ICT area, with the objectives, inter alia, to redesign the digital agenda and roadmap in order to align them with Saipem's new strategy and to enable the full integration of the digital needs of staff functions with the relevant vertical business functions;
- 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 put into production several digital solutions to support 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.

With respect to the EPC Integration initiative, which is geared toward cross-process integration in the EPC area, we highlight the continued adoption of already industrialised EPIC digital solutions on new projects (about 20 new adoptions in 2022) and the intensification of the implementation of improvement proposals following the utilisation of adopted applications. At the same time, the development of 3 new solutions was completed, which will be subject to a final test on operational projects in preparation for adoption in 2023. The development phase of the initiative, started at the end of 2021, for the digitalisation of engineering and material management processes also continues, with the prospect of their integration into a single EPC platform.

The main areas addressed by the EPC Integration model can be summarised as follows:
- optimisation of the work process in the engineering stages;
- 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 to support the construction methodology;
- creation of a portal for the interaction with our customers;
- digitalisation of engineering and material management processes;
- further integration of existing digital solutions regarding EPCI projects (e.g., fabrication and construction).

As part of the digitalisation 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).

The paradigm on which this programme of activities is based is to increase levels of governance over the data generated by our managed assets, using advance analytics techniques to support decision-making and efficiency recovery in operations (e.g., fuel management) and sustainability (e.g., greenhouse gas emissions-GHG), on which we intend to measure our transition plan toward Net-Zero goals.

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.
To date, this component is reported to be installed aboard the following assets: Scarabeo 9, Saipem 7000, Castorone, Saipem 10000, FDS, Pioneer, Sea Lion 7, Perro Negro 9, Rig 5913, Perro Negro 7, FDS 2, Saipem

12000, Santorini, Scarabeo 8, Saipem Endeavour. Planning is underway to extend its presence and use on the whole Fleet, which will be completed in 2023.

In this context we were able to achieve a greater level of centrality and control of our data, which gave us the opportunity to start a path to define Saipem's new Data Governance. This path includes, simultaneously, a stream of initiatives in the area of Data Culture.
At the end of 2022, digital solutions addressing the following application areas are industrialised:

- Extended Maintenance in Asset Based Services;
- Predictive Maintenance in Asset Based Services;
- Fuel Consumption Monitoring in Asset Based Services;
- Operation Performance dashboarding in Asset Based Services;
- Non conformity reports dashboarding in Asset Based Services;
- Predictive maintenance in offshore Engineering and Construction;
- Digital operations (activity description checklist, dynamic regional document management system);
- 360 Familiarisation, for the familiarisation of new field staff in a virtual environment with 360 photographs.

The following minimum working solutions have been tested:

- Pipeline Productivity Tool 2.0, for the optimisation of on-board management of pipe-laying in Asset Based Services (formerly Offshore);
- Personal Protection Equipment Lifecycle Management in Asset Based Services (formerly Offshore and Drilling);
- Green House Gas Monitoring: CGT engines to monitor greenhouse gases;
- Gaming HSE, to improve retention of HSE best practices on board plants;
- Virtual reality simulator for vessel.

In addition, work is continuing on the integration and re-platforming of digital pipeline laying tools (PPT, PTS, PLG, WiMap, etc.) to support the hand-over of data from the EPCI Scarborough project and with the goal of being able to create automated digital pipeline twins and enable dry commissioning.

Another stream was initiated, of which several trials have been completed, to proceed with the strengthening of on-board safety management, with the issuance of electronic work permits to operate on certain ships, to be extended to the entire fleet during 2023. Additional remote assistance solutions have also been tested and proposed, increasing flexibility in terms of offshore presence.
Other developments have been implemented on the first offshore drilling assets to better monitor daily activities and facilitate the document management system, and new solutions have also been adopted for managing the structural integrity of vessels and optimising maintenance operations.

In the Corporate area, we have initiated and, in several cases, completed and in the process of adoption several digital initiatives, including:

- started an analysis activity aimed at consolidating processes on a smaller number of software platforms, with the aim of reducing the company's application portfolio;
- started a programme of activities aimed at improving both the native and non-native project-based Cost Control Model, in order to improve both the quality and reliability of managed data flows and the reporting methods to the relevant business functions;
- in Project Control, the integrations with business project data have been launched, which will allow for real-time dashboards to monitor the cash flow;
- started the construction of a portal for the digitalisation of accounting books;
- started the construction of dedicated platforms for staff functions (e.g., Sustainability, HSE, Vendor Management, Insurance, etc.);
- extended the functions of the cloud tool, already adopted, to support the NLP search of documents with integration of Sharepoint and Opentext D2;
- adopted smart working 2.0 and collaboration management tools;
- completed the digitalisation of the new Santa Giulia office building and collection of all useful data for the optimisation of use in terms of both emissions and occupancy;
- finalised the preparation activities relating to the launch of the project for the introduction of a new and more advanced personnel management platform that will allow the centralisation of processes, currently fragmented over a series of other applications that will be consequently discontinued;
- dematerialisation of selected internal authorisation flows;
- adopted a portal dedicated to digital issues and new chatbot-type communication channel (Saipup);
- launched a tool to support financial type control systems (e.g., 231);
- finalised the travel self-booking solution for digitising the travel booking process;
- evolving enterprise architecture activities to support integrations between different technologies, solutions, and data.

Development and testing activities appear to be ongoing for various initiatives in multiple areas, e.g.:
- People Engagement (e.g., new intranet portal, new HR management platform, etc.);
- solution platform 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.);
- digitalisation of information flows in finance and document archives;
- digitalisation and more efficient procurement processes for low-value materials.

It is worth noting that, in the compels market context, it has been possible to ensure the continuity of digital transformation initiatives and to learn about and appreciate new ways of working remotely.
Ongoing path of evolution and 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.
In particular, new container management tools both in cloud and on board vessels (Kubernetes) were taken to production, and the adoption of the new low-code methodology was consolidated. Focus was placed on Machine Learning and DevOps topics.
A programme was started for vessels for the implementation and standardisation of on-board infrastructures and technological architectures, in order to ensure the adoption of the new digital solutions on the whole operating fleet, both those already industrialised and those under development.
The studies at the base of the activity of data sources cataloguing, governance and support to independent consumption (self-service) of data for analysis purpose.

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 **"2022 Corporate Governance and Shareholding Structure Report"** (the "Report") pursuant to Article 123-*a* of the Consolidated Finance Act has been prepared as a separate document, approved by the Board of Directors on March 14, 2023, and published on Saipem's website at www.saipem.com under the section "Governance".
The Report has been compiled according to the criteria of the "Corporate Governance and Shareholding Structure Report format - 9th Edition (January 2023)" 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 2023.
The Report provides a general and complete framework of the corporate governance system adopted by Saipem SpA. 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. A detailed description of the roles, responsibilities and skills attributed to the administration and control bodies of the Company is also provided in the Report.
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 applied for determining the remuneration of Directors are illustrated in the **"Report on Remuneration Policy and Compensation Paid 2023"**, drafted in accordance with Article 123-*ter* of Italian Legislative Decree No. 58/1998 and Article 84-*quater* of the Consob Issuers Regulation. The Report is published in the "Governance" section of Saipem'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 a 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 supporting tools and a strengthening of sharing and awareness, at all levels, of the fact that an adequate identification, assessment, and risk management 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 as of December 31, 2022" document.
Saipem's Integrated Risk Management model identifies, assesses and analyses risks on a six-monthly basis and their integration with project risks that identified, updated and managed by the relevant departments, for the purpose of an overall representation of corporate exposure and critical issues detected, contributing to the analysis of the corporate risk profile.
Risk assessment is performed by Saipem management through Risk Management sessions, i.e., meetings and workshops coordinated by the Integrated Risk Management unit. In particular, risk assessment is performed for the Group, business and staff areas and strategically important subsidiaries, which are identified on the basis of economic-financial and qualitative parameters, 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 which measure the evolution of risk and related mitigation activities.

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 events could have negative effects on the Group's business and operations and on its financial position, performance, and cash flow. Moreover, based on the materiality analysis performed by the Sustainability function (more information on this can be found in the specific detailed section within the "Consolidated Non-Financial Statement"), special attention is paid to ESG (Environment Social Governance) issues, the risk assessment of which is therefore integrated into the overall assessments
For climate-related risks in particular, a quantitative assessment of the size (in financial terms) over the planning is then performed, in accordance with the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD). Risks related to climate change, to which Saipem's activities are intrinsically exposed, can be classified into the following categories:
- physical risks, i.e., risks arising from physically observable climatic phenomena (e.g., flooding of plants, production sites and construction sites, damage incurred due to extreme meteorological conditions, as well as worsening weather and sea conditions in the offshore operating areas);
- transition risks, i.e., risks arising from the transition phase that aims to reduce emissions and thus mitigate the effects of climate change. These risks are classified into: (i) technological risks, meaning insufficient effectiveness in the implementation of the most efficient technologies; this has an impact on operating expenses in the execution of projects and the potential acquisition of projects related to the use of new technologies; (ii) regulatory risks, related to new laws and regulations with which Saipem must readily comply and which may lead to higher operating costs; (iii) reputational risks, in terms of lack of access to credit linked to sustainable initiatives.

Please refer to the Section "Consolidated Non-Financial Statement" for details of climate-related risks.

Regarding the Russian-Ukrainian conflict, which leads to uncertainties and tensions at global level also resulting from the imposition of sanctions of various orders against Russia and Russian entities, the Company reports that it completed two projects in Russia during the first half of 2022. For two other projects, for which joint venture companies outside the scope of consolidation are assignees, negotiations are underway with the client to formally complete the relevant activities in full compliance with EU regulations. Should Saipem and the client not reach an agreement on the consensual termination, Saipem will not continue the activities contractually agreed in any case.

Regarding the Group's operating activity in areas affected by the conflict, the supply chain does not include strategic and/or critical direct supplier on Ukrainian territory, nor are any activities or personnel currently in Ukrainian territories affected by the conflict.
It should also be noted that the Strategic Plan does not include new contracts awarded in Russia, and it is believed that the geopolitical view could require the development of new energy infrastructures for the diversification of energy supply in many countries.

In the current macroeconomic environment, influenced by a combination of residual effects related to the pandemic, inflation and rising interest rates, Saipem also reports that the revenues and, consequently, the Company's margins, both for lump-sum contracts and drilling services, could vary with respect to the estimated amounts due to: (i) variations in the cost of raw materials (e.g., steel, copper, fuels, etc.) and services (e.g., labour costs, logistics, etc.); (ii) unforeseen worsening of geopolitical conditions (including wars or civil unrest); (iii) delays in the process of negotiating new contracts and possible cancellation of commercial initiatives relating to future projects, as well as the cancellation or deferral of on-going projects; (iv) delays and difficulties in obtaining recognition of contractual compensation for the cancellation or deferral of these contracts; (v) the continuation and/or recurrence of the pandemic effects resulting from the COVID-19 health emergency on the value chain; (vi) pressure from customers to renegotiate existing conditions; (vii) delays and difficulties in renewing, before the expiry date and on economically advantageous terms, the existing charter contracts relating to the offshore drilling fleets.
The possible worsening, compared to forecast, of the overall economic situation, also due to the development of the COVID-19 pandemic and the conflict between Russia and Ukraine, could lead the Group to make impairment losses on the assets subject to impairment testing, with significant negative effects on its economic, financial and asset situation.
With reference to changes in the cost of raw materials and services and rising inflation, Saipem is acquiring specific tools to monitor and possibly prevent impacts on the supply chain due to the availability and volatility of commodity prices, and to include reasoned price adjustment formulas in project budgeting.

The following are the main risk factors identified, analysed, assessed, and managed by Saipem management. In preparing the consolidated financial statements, these risks were considered and the possible liability was provided for in an appropriate provision. 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.

List of risks

1. Financial risks
2. Country risks
3. Biological/pandemic risk
4. Risks related to the supply chain
5. Cyber risks
6. Strategic risks and project acquisition risks
7. Project execution risks
8. IT risks
9. Risks associated with legal proceedings (legal, administrative, tax and labour)
10. Risks associated with asset management
11. Risks related to human resources
12. Risks related to health, safety and the environment
13. Risks associated with customer contract management
14. Compliance risks

1. Financial risks

Description and impact

In 2022, the Group embarked on a comprehensive capital and financial strengthening manoeuvre, following the deterioration of the whole-life profit margins of some projects recorded in 2021, which ended in July 2022 with a €2 billion capital increase and a liquidity intervention to cover short-term financing needs. However, liquidity risk remains high because the business may be exposed to cash inflows that are potentially not time-consistent with cash outflows, particularly in the EPC (Engineering, Procurement, Construction) Lump-Sum Turnkey (LSTK) market characterised by lump-sum turnkey contracts. The contractual structure negotiated with the client may indeed require a significant commitment of financial resources both in the initial phase of the contract (for example, to place the orders to suppliers) and later, to support the achievement of contractually agreed milestones at which economic progress can be recorded and invoiced to the client.
In addition, the volatility of market conditions and the instability of the macroeconomic-geopolitical scenario could lead to a deterioration of the financial position of clients and partners involved in the execution of projects. Saipem is therefore exposed to the credit risk arising from the possibility of default by a trading counterparty, i.e. the risk of

delayed and/or non-payment for services rendered on the basis of contractual provisions and of having to meet part or all of the financial obligations of partners.
These dynamics could have significant negative effects on the Group's cash flows, they could cause the deterioration of net working capital and the economic-financial position, and lead to a worsening of the reputation in the industry of reference and in the financial markets.
In addition, the Group is exposed to other financial risks, arising for example from the fluctuations of interest rate (which could lead to higher costs associated with future financing and could affect the Group's result for the year and/or net financial position) or the reduced availability of bank guarantees necessary for the submission of bids and the execution of projects.

Mitigation

The management, control, and reporting of the financial risks are based on the Financial Risk Policy, issued at corporate level with the aim of standardising and coordinating the Group's 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 Saipem'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, right from the negotiation phase, discusses with clients the terms and conditions that protect it in terms of financial exposure (e.g., advanced payments, negotiation of performance bonds) and monitors its contracts (e.g., through stringent procedures for obtaining the necessary the certifications necessary to proceed with invoicing, or through constant verification and reporting to the customer of all contractual or executive variations of the project) in order to maintain positive or neutral cash flows during project execution; in addition, the fluctuation of net working capital is constantly monitored by the Group with the continuous involvement of top management.
In addition, the Company is constantly engaged in monitoring the evolution of the financial markets and in strengthening and increasing partnerships with financial and insurance institutions to mitigate risks and increase guarantees.
The main financial risks identified, monitored, and actively managed by Saipem are further detailed in Note 3 "Accounting policies - Financial risk management" in the Notes to the Consolidated Financial Statements.

2. Country risks

Description and impact

Saipem carries out a significant part of its activities in the Middle East, Sub-Saharan Africa and Latin America, regions in which it is possible to experience a lesser degree of stability from the political, social and economic point of view. Developments in the political framework, economic crises, internal social unrest and conflicts with other countries, increase in the risk of terrorist attacks may could expose the Group and its human and material assets to potential damage, as well as temporarily or permanently impair its ability to operate under economically advantageous conditions and require specific organisational and management measures to ensure, where possible in compliance with Company policies, in order to continue the activities under way in conditions different from those originally planned. Such continuity plans could lead to cost overruns and delays and, consequently, to a negative impact on the margins of projects carried out in these countries.
Other risks related to the activities in those countries include: (i) lack of a stable legislation and uncertainty on the protection of the rights of the foreign company in case of breach of contract by private entities or State entities, including risk of expropriation and nationalisation; (ii) detrimental development or application of laws, regulations, unilateral contractual changes that result in the impairment of assets, forced divestments and expropriations; (iii) various restrictions on construction, drilling, import and export activities; (iv) increases in the taxation applicable; (v internal social conflicts that may lead to acts of sabotage, attacks, violence and similar situations; (vi) acts of terrorism, vandalism or piracy; (vii) lack of or limited insurance cover for country risk, war risk and terrorist attacks (with particular reference to onshore operations), in an insurance market undergoing a "hard market" phase.
Saipem uses agencies that provide security services in the countries in which it operates. Although Saipem carefully selects suppliers and conducts regular training and oversight activities, these agencies may still expose the Group to risks related to the violation of human rights in the performance of security services assigned to them.
Also, the invasion of Ukraine by Russia is causing uncertainties, tensions and criticality in the energy policies of Western countries. Although the developments and future impacts are uncertain and difficult to evaluate, the intensifying of hostilities, geopolitical tensions and commercial war, including the imposition of international economic sanctions on society, banks and Russian individuals, are inevitably causing negative repercussions on the global, international and Italian economies, on the performance of financial markets, and on the Company's sector of activity.

Mitigation

Saipem is committed to constantly and closely monitoring political, social, and economic developments, terrorist threats arising in the countries of interest, both through specialised Group resources and through providers of security services and information analyses.

Saipem is able to periodically assess its exposure to political, social and economic risks in the countries in which it operates – or intends to invest – through an articulated security model inspired by the criteria of prevention, precaution, protection, information, promotion and participation, with the aim of reducing the risk deriving from the actions of individuals or legal entities, which could expose the company and its assets (human, material and reputational) to potential damage.
When Saipem's ability to operate is temporarily compromised, demobilisation from the site is planned following criteria for the protection of personnel and corporate assets that remain in the politically unstable country. If operations are disrupted Saipem will adopt solutions that make the resumption of ordinary activities faster and less costly as soon as favourable conditions are restored.
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. Moreover, for adequate corporate risk management, Saipem has adopted the principles and guidelines provided by the international standard ISO 31000 as a reference.
The Group conducts regular audits of agencies providing security services and organises specific training activities in order to avoid and prevent human rights violations. Moreover, in order to mitigate the risks generated by the 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 its project activities are carried out. Saipem pays utmost attention to industrial relations in the countries in which it operates, strengthening communication with staff and trade unions and reaching/renewing specific agreements with the social partners involved.
With reference to the Russian-Ukrainian conflict, 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; (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.

3. Biological/pandemic risk

Description and impact

Saipem operates in countries where biological agents are present that are potentially harmful to people exposed to them. The situation very much varies and changing over time: in many of the countries of interest over the years there have been more, or less extensive epidemic outbreaks of both diseases already present in the area and imported diseases. The Group's personnel in these countries are therefore potentially exposed to infectious diseases when carrying out their activities.
Over the past three years, the epidemiological scenario has been further complicated by the spread of the COVID-19 pandemic. At present, although several geographical areas are still experiencing epidemic outbreaks, the global situation seems to show a decreasing trend of cases in general and of cases with severe symptoms in particular; the Omicron variant, with its sub-variants, is the most widespread as it is highly contagious and less virulent. Global vaccination coverage is highly variable and, to date, the available data are insufficient to rule out a possible resurgence of the pandemic and the development of further variants. A flare-up of the pandemic could represent a significant risk both in terms of impacts on staff health and possible indirect impacts on the Group's financial results and assets: interruptions, slowdowns and cost increases in project execution and postponement of investment decisions in the affected sectors, disruptions in the supply chain, delay in customer payments, increased risk of litigation (e.g., related to commercial contracts, labour and insurance matters) and complexity of resource turnover due to quarantines and travel restrictions.

Mitigation

Through epidemiological analysis on open sources and data collection on the ground, Saipem is committed to constantly and punctually monitor the occurrence and evolution of all infectious diseases in the countries of interest and to implement timely measures to prevent and respond to outbreaks.
The company runs numerous awareness-raising campaigns among its staff in order to increase risk awareness and knowledge of the most effective prevention measures. Regular hygiene and health inspections are carried out at the operating sites and personal protective equipment and vaccine and chemoprophylaxis measures are made available to the workforce. Control programmes of vector-borne disease are in place at all risk sites. Occupational medicine protocols and the travel medicine service are an effective system for protecting the health of workers, and medical evacuation contracts are a guarantee for the safe evacuation of infected patients.
In relation to the COVID-19 pandemic, Saipem implemented a specific response plan that, through the establishment of the Crisis Unit, took into account the ever-changing guidelines, regulatory changes, best practices and scientific knowledge. The plan provided for the implementation of mitigation measures applied at all levels of the organisation and at all locations (offices, operational sites, vessels, etc.).

4. Risks related to the supply chain

Description and impact

Saipem continues to be exposed to the risk associated with commodity price volatility – i.e., changes in the cost of raw materials such as steel, nickel, copper, fuel, etc. – but also of goods and services used by the Group in the execution of projects. The supply dynamic is characterised by a strong tension on the commodity market, mainly due to an imbalance in the relationship between supply and demand and a strong inflationary drive, compounded by speculative and arbitrage actions in the markets. Materials and goods purchased by the Group require transport and warehousing services in order to reach the operating sites and they too may be subject to delays, limitations on availability and/or price increases, especially in times of high demand.

The Group may not be able to pass on or share these price increases with its clients.

The current market recovery, combined with the uncertainty generated by the Russian-Ukrainian crisis, has led to bottlenecks in some production sectors. Suppliers are finding it difficult to respond to requests in terms of raw material availability, production capacity and delivery times and, in some cases, have become more selective with regard to the initiatives to be pursued as they are unable to enter into contractual commitments with long-term valid quotations. Saipem could therefore run the risk of being unable to source from supply chain operators the materials, goods and services needed to execute the projects and negotiate prices, commercial terms, and delivery times compatible with the needs of the projects.

Finally, Saipem works with a large number of suppliers and subcontractors, spread across different geographies and with different levels of experience, whose performance may in some cases be inadequate with respect to project requirements, resulting in additional costs related to the need to implement plans to meet the client's expectations and possibly causing delays in project implementation and delivery.

Therefore, these supply chain risks could lead to longer times and higher costs, a deterioration of business relations with clients and changes in the financial results, with a negative impact on Saipem's performance.

Mitigation

In order to prevent and mitigate the risks of unavailability and price variability of goods, materials and services, Saipem monitors the impacts on individual projects, in terms of continuity, prices and timing of supplies and suppliers' production capacity, establishing an ongoing dialogue with them. When the conditions are right, the Group defines project-based commercial agreements with suppliers (e.g., pre-agreement) to ensure execution on time and on budget or, alternatively, it agrees with suppliers on price change formulas that can then be accepted in full or in part by its customers.

Lastly, the Company has implemented a structured qualification and selection system geared towards working with reliable suppliers and subcontractors with an established reputation. The performance of suppliers and subcontractors is also constantly monitored and subject to feedback at all stages of the contractual relationship, in order to pursue continuous improvement of the procurement process and project execution.

5. Cyber risks

Description and impact

In its activities in offices and at operational sites, Saipem uses a large number of IT tools of various kinds. Due to a general increase in digitalisation processes, the use of private networks in remote work introduced to contain the COVID-19 pandemic, and the constant increase in cyber threats, the Group's IT systems are increasingly exposed to potential cyber attacks. These cyber attacks could jeopardise business continuity and damage Information Technology (IT) and Operational Technology (OT) systems, as well as result in the loss and/or theft of data and information (including confidential information), causing major effects on business processes and financial, operational, and reputational impacts, particularly on customers.

Furthermore, following the increase in the global cyber threat as a result of the conflict in Ukraine, the Group has experienced, right from the commercial stage, increasing demands from customers for specific cyber security requirements, the availability of which could therefore affect Saipem's competitiveness level. A delay in the compliance with the stringent cyber security requirements demanded by customers and/or authorities (such as the National Cyber Security Agency) could result in the loss of future business opportunities and potential interruptions of projects and activities in the execution phase.

Mitigation

Saipem has implemented measures of governance, response, and monitoring of cyberattacks, as well as compliance processes carried out through the involvement of specialised internal and external personnel and of advanced IT security technologies. Saipem has adopted a cyber security model and follows procedures and protocols based on industry best practices and integrated international standards to meet customers' security requirements (more information can be found in the Section "Digital, ICT Services"). In addition, Saipem implemented a series of actions aimed at strengthening threat detection and cyber incident response activities by adopting a platform capable of providing an external and independent assessment of the Group's cyber security maturity level.

Saipem is also ensuring a constant assessment of cyber risk both for Information Technology (IT) and Operational Technology (OT) and considers the human factor to be one of the main risk factors for an IT system. For this

purpose, it has developed and implemented a cyber awareness plan aimed at increasing the employees' level of preparedness and awareness. In addition, Saipem considers continuous collaboration with key public and private stakeholders to be of paramount importance.
During 2021, the Group obtained the ISO/IEC 27001 certification, for "Cyber security events monitoring and incidents management". This important goal confirms the validity of the model Saipem adopted for Cyber Detection & Response activities, which it makes it possible to proceed in a structured manner in the ongoing improvement of the Company's security system.
In compliance with IMO Resolution MSC.428 (98), Saipem introduced a cyber risk assessment model on board the fleet's vessels, as an integral part of the safety management system, appointing a Cyber Security Officer for each unit.
Cyber attack drills were also performed on board the vessels, according to scenarios and models which are an integral part of Saipem SpA's emergency and crisis management system.
Finally, several audits were carried out with Internal Audit, on the entire Cyber Security process, as well as on the infrastructure and the cloud, with assessments carried out by Microsoft, in continuity with others done in the past by clients to ascertain compliance with contractual cyber security requirements.

6. Strategic risks and project acquisition risks

Description and impact

In defining its strategic guidelines, Saipem assesses macroeconomic, geopolitical, and industrial scenarios, their technological developments, trends in demand in the relevant sectors, also in the light of the requests it receives from its customers, and the evolution of the competitive framework within the reference market. The reference market is also defined by the various mergers and acquisitions, the creation of joint ventures and alliances on a local or international level, of a strategic or commercial nature, and the continuous development and commercialisation of patents and licences by competitors for innovative solutions (frequent, for example, in the area of energy transition and decarbonisation). Therefore, Saipem is exposed to various kinds of risks, linked to its strategic positioning (in relation to competitive positioning vs. market trend), both in conventional services in the energy sector, particularly Oil&Gas, and Infrastructure, and in services related to the energy transition, whose weight is less significant in the short term, but whose trend shows an increasing weight in the medium and long term.
In this context, the situation of the market is characterised by the persistence of different elements of uncertainty that can affect the overall demand of services.
In particular, the global context is visibly influenced by factors deriving both from the Russian-Ukrainian conflict, which could generate more unpredictable fluctuations in energy demand and supply volumes, and in the price of oil and natural gas, and from pre-existing dynamics. These include: (i) the global energy supply/demand balance, and in particular of oil and gas, in relation to the economic cycle and the COVID-19 pandemic; (ii) OPEC's ability and willingness to establish and maintain certain oil extraction levels, and the production forecast of OPEC countries, also as an element of compensation of the export losses from Russia; (iii) the possible return of exports from Iran; (iv) the overall context of the raw material market, that may impact the general economy and the oil and gas demand; (v) market volatility, as well as environmental policies and legislations; (vi) the growing tendency to choose alternative and renewable energy sources. It should also be noted that 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, geopolitical and social factors, changes in demand, technological evolution, energy transition, etc.).
All the above mentioned 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 customer 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. Inadequate forecasts of the evolution of these scenarios, as well as the incorrect or delayed implementation of the identified strategies, may expose the Company to the risk of not being able to implement its Strategic Plan, both in terms of the volume of new acquisitions and related margins, and in terms of revenues and margins of the existing portfolio.
The current scenarios in the field of energy transition involve a gradual shift towards greater use of renewable energy sources, with a lower climate-altering impact than the ones now in use. 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. Saipem believes that 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.

The ability to compete in the new energy transition markets will depend on the achievement of adequate competitive positioning, which can be developed through a number of key factors: (i) creation of new commercial relationships with companies in the field of renewable energy sources and clean technology; (ii) ability to manage new types of projects and clients, different from the traditional ones; (iii) meeting a specific track record in the new markets; and (iv) development of a targeted technology portfolio.
Should the Company be unable to adequately update the technology and assets at its disposal with the aim of aligning the offer of its services with the needs of the market, it may have to modify or reduce its strategic objectives, with a subsequent negative effect on its activities, prospects, and economic, financial and asset situation.

Mitigation
To monitor the trend of demand, Saipem makes use of a capillary organisational structure to cover the areas of interest, and of companies 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.
To ensure a strengthening of its competitive positioning, the Group always strives to go beyond the limits of innovation to create valuable relations with its clients and guide them through the developments of the global energy scenario, while respecting the values and professional ethics of Saipem. To this purpose, Saipem completed an organisational transformation process aimed at defining a structure more oriented towards new products and markets: (i) "asset-centric" (to capture the moment of recovery in the Oil&Gas market); (ii) "offshore wind" (for offshore wind plants); (iii) "energy carriers" (for the low-carbon design or reconversion of complex plants) (iv) "sustainable infrastructures" (for growth in a sector that has become strategic in the new ecosystem of the energy transition and sustainable mobility); and (v) "robotics and industrialized solutions" (for the development of modular, repeatable, scalable plants and monitoring and maintenance services based on digital technologies). The strategy defined for 2023-2026 is characterised by the presence of a dual approach. On the one hand, it aims to traditional sectors, while on the other it has a medium and long-term target of growth in high-tech sectors linked to the energy transition.
The Company management therefore pursues various business opportunities on the basis of diversification with 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, pursuing a gradual business shift to exploit the opportunities offered by the energy transition. Saipem has taken many commercial and strategic steps, on the one hand to strengthen its presence in sectors where it can claim a more competitive positioning (sea construction and drilling), while on the other hand they allow to expand the client portfolio and markets it serves, while also entering new or alternate business sectors such as: (i) rigs for renewable sources (in particular, wind, solar); (ii) carbon capture projects; (iii) production of green hydrogen and its derivatives (e.g., green ammonia, methanol); (iv) plastics recycling; (v) construction of high-speed railway lines; (vi) high value engineering services in the energy industry in general (including renewable energy).
Therefore, apart from the extremely important incremental research and development experience, which continues to be one of the key point in the Company's strategy, Saipem developed a focus on technologies aimed at increasing energy efficiency in operations and technologies in the decarbonisation of energy (more information can be found in the Section "Research and development") and, during 2020, Saipem acquired a proprietary technology for CO_2 capture, continuing 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 digitalisation) 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.
Regarding energy transition, the fight against climate change is at the heart of Saipem's agenda. It represents one of today's greatest challenges for the energy sector and for society as a whole, so much so that it is considered a crucial part of Saipem's business model.
The strategy for fighting climate change is based firstly on the scenario analyses in 2050, drafted to identify the macro-trends and key drivers in the energy sector in terms of service demand, technologies, policies, legislation, socio-political aspects, etc., and in order to understand how these will affect Saipem's business as a whole. 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 strategy for climate change includes a significant commitment to reducing dependence on fossil fuels, offering increasingly sustainable solutions to clients, investing in renewable technologies, and diversifying its activities (i.e., 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).
Saipem is committed to finding solutions in line with market demand, and at the same time, which aim to be the closest to zero in climate-altering emissions. In that regard, as a global service provider, Saipem has taken the important role of enabler of the transition form an economy based on fossil fuels 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. Therefore, 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 energy transition, a growing sector that sees all the great international players increasingly focused on the issues of sustainability, climate change, and reduction of environmental impacts.
For this purpose, Saipem communicated to the market its 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. 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. More information can be found on the company website in the specific "Sustainable Value" section, in the document "Net-Zero Programme - Manifesto and Strategic Lines", published in October 2022, and in the document "Building a Zero Emission Future", published in December 2021.

7. Project execution risks

Description and impact

Saipem operates mainly in the highly competitive services sector for the energy and infrastructure industry. The actual achievability of the margins envisaged in the plan for the four-year period, as well as market and positioning dynamics, may be impacted by an inappropriate assessment of costs, timing and contingency. In particular, the drafting of the offer estimate and the determination of the price are the result of an articulated and punctual estimation exercise that starts from the study of the offer documentation and develops through the engineering activities and the consequent estimation of the need for man-hours in the home-office/worksite and purchases for materials/services, involving the competent company functions. In view of the degree of uncertainty in the estimation, it is further supplemented by risk assessments (so-called contingency). Estimated amounts may vary not only for reasons related to external factors (such as, for example, interruptions in the supply chain, changes in the scope of work implemented by customers, the country's geopolitical situation, etc.), but also due to possible underestimation of operational and business risks and changes in the execution schedules of engineering, procurement and construction activities due to unexpected operational, technical and/or technological complexities, particularly in emerging markets where experience and benchmarks are still in the preliminary stages.
All of these factors can lead to additional costs, delays in execution, non-recognition or delayed recognition of revenues resulting in a reduction of originally estimated margins and a worsening of collections and financial exposure. 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 achieve business results and increase management efficiency and effectiveness, Saipem has started to improve and rationalise its processes and activities, particularly in relation to the acquisition and management of orders and the strengthening of control and risk management.
This has led, for example, to the dematerialisation and digitalisation of some processes in the engineering, procurement, and construction phases, and to an increased focus on some centrally managed activities.
These initiatives were accompanied by a new organisational model based on distinct business lines characterised by different dynamics, objectives and competencies: (i) "asset-based service" (based on a rigorous discipline of optimisation of drilling, vessels and fabrication assets, and focused on key geographies and customers); (ii) "offshore wind" (for the bidding, design and execution activities of offshore wind power plants); (iii) "energy carriers" (for the design of complex plants or their low-carbon reconversion with an increasing focus on the best risk/return balance and with greater attention to margins); (iv) "sustainable infrastructures" (for growth in a sector that has become strategic in the new ecosystem of energy transition and sustainable mobility); and (v) "robotics and industrialized solutions" (for the development of modular, repeatable, scalable plants and monitoring and maintenance services based on digital technologies).

8. IT risks

Description and impact

The Group's operation depends significantly on the use of technologies, assets, patents, and licences it holds, and of IT systems developed through the years. In particular, Saipem considers the technological and digital

component to be particularly relevant for projects in the Robotics & Industrialized Solutions line of business; the focus of these projects focus are innovative products linked to emerging energy transition markets.
Given the rapid and constant technological evolution in these areas, the failure to take advantage of the opportunities linked to the digitalisation and transformation of operational processes and activities (e.g., automation) and the failure to adopt innovative IT solutions could jeopardise the Company's technological, cultural and renewal development and consequently negatively impact the achievement of its short- or long-term objectives (more information is available in the specific “Digital, ICT Services” section).

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 and on the progressive cultural, technological, and digital change. Specifically, initiatives aimed at the dematerialisation and digitalisation of activities continue.
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 a number of technology and service partners in the ICT area with whom it has started a revision of procurement services in a “supply ecosystem” approach, which involves close collaboration and integration of individual supply areas.
Saipem has also set up various ICT business initiatives focused on the progressive digitalisation and automation of business work processes and the enhancement of corporate data and information assets. To this end, 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.

9. Risks associated with legal proceedings (legal, administrative, tax and labour)

Description and impact

In the ordinary course of operations, the Group may take part in disputes which, if not resolved by negotiation, may result in judicial or arbitral proceedings, including lengthy ones that require significant resources, costs and legal expenses.
The Group is currently a party to civil, criminal, administrative and tax proceedings in Italy and abroad. The estimate of expenses that could reasonably be expected and the amount of provisional funds are based on information available at the date of approval of the financial statements or interim financial statements, but may be subject to updates and revisions, including significant revisions of estimates as legal proceedings progress.
Any unfavourable outcome of disputes for the Group – in particular, those with greater media impact – or new disputes (regardless of the outcome) could result in significant repercussion on the Group’s reputation, with a subsequent negative effect on activities, prospects, and the economic, financial and capital situation of Saipem Group.
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 lengthy 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.
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 tax-related risks which could result in disputes in some of those countries (especially in the economies more exposed to the deterioration of oil prices on the international market).

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.
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.

10. Risks associated with asset management

Description and impact

In order to execute EPCI projects, drilling services and other services in the energy industry, the Group has numerous assets (specialised vessels, drilling rigs, FPSOs, equipment, fabrication yards and logistics bases). Any operational performance of these assets that is lower than expected (e.g., due to delayed maintenance, inadequate planning of asset availability windows with respect to the needs of existing and future projects, etc.) could jeopardise the performance of activities, with negative effects on the time and cost of projects being executed and on customer relations.
In addition, should the Company be unable to guarantee the operational performance and/or availability of assets, the Group may have to adjust its targets, with consequent impacts on its business, prospects, reputation, as well as its economic, asset, and financial situation.

Mitigation

Saipem is constantly engaged in maintaining, updating, and renewing its assets with the aim, in order to carry out its business, of adapting its service offering to the current and future needs of the market.
Should proprietary assets not be suitable and/or available to meet project needs, Saipem makes use of third-party vessels under “Long Term Charter” type contracts and external production yards to ensure that activities can be carried out and the objectives of the four-year plan can be achieved.

11. Risks related to human resources

Description and impact

The 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 detail section of the “Corporate Governance and Shareholding Structure Report of Saipem as at December 31, 2022”). Highly specialised individuals, on the other hand, means resources that, on the basis of their skills and experience, are vital to the execution of projects and to the growth and development of Saipem.
The Group’s ability to attract, motivate, and retain qualified resources in all functions and geographic areas represents a crucial success factor. The deterioration of such factor would expose Saipem to the risk of losing resources with a relevant know-how, with a subsequent medium-long term negative effect on activities, prospect, and the economic, financial and capital situation of the Group.
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. Finally, frequent changes in the labour laws of many of the countries in which it operates expose Saipem to various kinds of risks in the management of human resources, due to the volatility and uncertainty of local regulations as the uncertainty of the law in these countries may cause internal inefficiencies and litigation.

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.
Saipem is committed to promoting diversity with specific initiatives focused on the promotion and dissemination of an inclusive culture through its partnership with the “Valore D” association.
Furthermore, the aim of the Remuneration Policy, whose primary tools and objectives are defined in the Report on Remuneration Policy and Compensation Paid 2022, 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 a skill-based innovative model for the management of human capital 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.
Saipem also oversees the international labour markets both through its network of local structures in all countries where it operates and through the Swiss company Global Petroproject Services, which guarantees the recruitment of international personnel worldwide.
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.

12. Risks related to health, safety and the environment

Description and impact

Saipem's activities may potentially expose it to accidents, which may cause negative impacts on the health and safety of people and the environment. 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, the risk of incidents that are detrimental to people's health and to the environment cannot be completely ruled out.
Such events could lead to criminal and/or civil penalties against those responsible and, in some cases, to violations of safety and environmental regulations, also pursuant to the Italian Legislative Decree No. 231/2001. This would lead to costs arising from the fulfilment of obligations under environmental, health and safety laws and regulations, leading to costs related to sanctions against Saipem, not to mention the impact on its image and reputation.
Besides, in order to execute EPCI projects, drilling services and other services in the energy industry, the Group owns numerous assets that are subject to both normal operating risks and catastrophic risks related to weather events and/or natural disasters, which may cause impacts on the safety of people 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, that it has implemented 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 fully exclude the occurrence of incidents on assets or facilities during the execution of works.

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; also, the "Dropped Objects Prevention", "We Want Zero", "Keep Your Hands Safe" (KYHS) and the "Work Safe - No Regrets" campaigns. This latter campaign aims at tackling accidents related to working at heights and was launched in 2022 in response to a negative trend in accidents related to working at heights. The launch of the campaign was supported by a strong video message to make it clear that safety is NOT someone else's responsibility; we are ALL responsible for it. Also ongoing is "Choose Life" a training programme that aims at strengthening leadership and increasing awareness on health and well-being issues, with the objective of encouraging people to choose a healthier lifestyle. The programme addresses three of Saipem's main health risks: cardiovascular diseases, malaria and sexually transmitted diseases. Mental health, one of the main issues of interest for our sector, has been recently added;
- 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 (e.g., substitution of hazardous substances with eco-friendly substances, mapping of areas at greatest risk of spills and identification of appropriate prevention measures) and, if this happens, measures and actions to be implemented to prevent them from spreading;
- the identification of asset-specific maintenance programmes aimed at preventing fluid leaks;
- various campaigns, for instance "WED World Environment Day", aimed at promoting and raising employees' awareness on issues related to the environment, biodiversity and the efficient and sustainable management of all natural resources in general.

In addition, 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.

13. Risks associated with customer contract management

Description and impact

In the execution phase of EPC Lump-Sum Turnkey projects, there may be changes to the contractually agreed work that result in additional costs related to the changes requested by the client (change orders) and/or higher costs incurred for reasons attributable to the client (claims). Saipem and its clients cooperate to find agreements on the additional fees that satisfy both parties to avoid compromising the correct performance of works and delaying the completion of the project. Saipem runs the risk that delays and difficulties in reaching agreement and in the recognition of compensation related to change orders and claims may be a source of delay in payment and cause a deterioration of project margins. Moreover, should Saipem and the client fail to agree on additional fees, the Group could be involved in disputes that could even result in judicial or arbitration proceedings and cause a deterioration in client relations and loss of future business opportunities.

Mitigation

Saipem is constantly striving to maintain solid and positive relations with its clients and, in order to mitigate these risks, it performs checks on standard contractual terms to protect itself in each jurisdiction of reference, negotiating clauses with clients to protect them also against possible geopolitical (sanctions) and macroeconomic (commodity price increases) risks. In addition, Saipem has launched various initiatives aimed at improving efficiency and effectiveness both in the contract negotiation phase, on the basis of a risk appetite defined and approved by the Board of Directors of Saipem SpA, and in the process of preparing the documentation supporting the claim and change order request, for a more timely communication of deviations from contractually agreed work.
Saipem actively participates in industry associations that promote the development and updating of contractual schemes aimed at optimising the balancing of risks, an activity that is particularly relevant with reference to the renewable energy business characterised by technological innovations and non-standardised contractual schemes currently on the market.

14. Compliance risks

Description and impact

Although Saipem conducts its business with loyalty, fairness, transparency, integrity and in full compliance with laws and regulations, it has adopted and constantly updated in Group companies an Internal Control and Risk Management System (SCIGR), a Code of Ethics and a Model pursuant to Italian Legislative Decree No. 231/2001, as well as an organisational, management and control model with reference to Group companies with offices in foreign countries, and carries out periodic audits, conducts contrary to company procedures and regulations or unlawful acts may occur that could have negative effects on the Group's economic and financial situation and reputation.
In addition, during its activities, the Group relies on subcontractors and suppliers who may engage in fraudulent conduct in coordination with employees to the detriment of the Company. Ultimately, the Group operates in several countries with a high rate of fraud and corruption.
Saipem is also exposed to risks related to the protection of information and know-how as, when performing its activities the Company relies on information, data and know-how of a sensitive nature, access to which and dissemination by unauthorised employees or third parties may lead to fraud or illegal activities, with consequent 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

Saipem has developed 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 "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".
In order to facilitate the submission of reports, Saipem makes various communication channels available to employees and stakeholders, including, but not limited to, ordinary mail, yellow boxes, dedicated e-mail boxes, communication tools on the intranet/internet sites of Saipem SpA and its subsidiaries and 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 also using external consultants, considering fraud indicators and red flags, in addition to those specific on suspected offences.
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 it 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. Moreover, in order to mitigate and prevent risks related to possible unethical behaviour by suppliers and subcontractors, Saipem uses various tools, audits and training programmes and requires suppliers, subcontractors and partners to read and accept Model 231, including the Code of Ethics.
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).

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 considers 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 non-maritime 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;
- "Public Offering Security Insurance" ("POSI") policy: covers the liability of the prospectus related to the extraordinary capital increase operation in 2022;
- "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 mitigates risks through reinsurance protection of the underwritten portfolio placed on the market with leading international securities.

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.

ADDITIONAL INFORMATION

Shareholders' Agreement relating to ordinary shares of Saipem SpA

On January 21, 2022, Eni SpA and CDP Industria SpA (now CDP Equity 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, now CDP Equity, and Eni have each contributed 126,401,182 shares, representing approximately 12.503% of Saipem's ordinary share capital).

Short-Term Variable Incentive Plan

On May 17, 2022, has been approved, pursuant to and for the purposes of Article 114-*bis* of Legislative Decree No. 58/1998, the Short-Term Variable Incentive Plan 2022 (the “Plan”) was approved, granting the Board of Directors, and on its behalf the Chairman the powers relating and/or pertaining to the award and implementation of the Plan for the CEO-General Manager, and the Chairman and the CEO-General Manager severally all powers necessary for the implementation of the Plan, including the powers to: (i) allocate the monetary incentive to the General Manager; (ii) approve the Plan Regulations; (iii) define the criteria for identifying the beneficiaries; (iv) any other terms and conditions applicable to the implementation insofar as they do not conflict with the requirements established by the resolution of the shareholders; (v) define any changes to the Plan, through the Plan Regulations, resulting from local legislation applicable to the employment relationship of some beneficiaries, based on the countries where the Plan will be implemented.

Collaboration agreements

On May 30, 2022, Saipem SpA, Havfram Holding AS and HVAS Invest Kappa AS (a holding company controlled by HitecVision) have signed a non-binding agreement to evaluate a potential collaboration in the development and construction of offshore windfarms.
The parties share the common objective to create a wider value proposition by integrating a range of construction and operational services, based on the parties’ respective competences and expertise.
In this context, the cooperation between the HitecVision, a subsidiary of Havfram, and Saipem would build upon Havfram’s agile business model and consolidated expertise in installation of offshore facilities on one side, and Saipem’s offshore wind EPCI capabilities, competences, and assets on the other side.

On July 14, 2022, Saipem and the Saudi construction company, Nasser S. Al Hajri Corp have signed with Aramco an industrial national engineering, procurement, and construction (EPC) champion implementation agreement as part of Namaat Industrial Investment Programs event, for the execution of onshore EPC projects in the Kingdom by a newly established entity (the "EPC National Champion").
The initiative follows the MoU signed and announced in September 2021, under Aramco’s Namaat Investment Industrial Programs, focused on building national champions, creating a robust industrial ecosystem and introducing unique job opportunities.

Regulation on Markets

Article 15 (formerly Article 36) of Consob Regulation on Markets (adopted with Resolution No. 20249 of December 28, 2017): conditions for the listing of shares of companies with control over companies established and regulated under 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, 2022, the regulatory requirements of Article 15 of the Market Regulation apply to the following subsidiaries:
   - Saudi Arabian Saipem Ltd;
   - Snamprogetti Saudi Arabia Co Ltd Llc;
   - PT Saipem Indonesia;
   - 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;
   - Saipem Singapore Pte Ltd;
   - Sigurd Rück AG;
   - Snamprogetti Engineering & Contracting Co Ltd;
   - Global Petroprojects Services AG;
   - Saipem Ltd;
   - Saipem Misr for Petroleum Services (SAE);
   - Saipem Guyana Inc.

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

Disclosure of transactions with related parties

On September 20, 2022, the Board of Directors of Saipem SpA updated, with a favourable and unanimous opinion of the Related Parties Committee, the Management System Guidelines "Transactions with Related Parties and Stakeholders", 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.

Members of the Board, 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, auditors and managers with strategic responsibilities 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.

As of December 31, 2022, 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 Industria SpA and now CDP Equity 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 out by Saipem with related parties essentially concern the exchange of goods, the provision of services, and the provision and use of financial resources, including the stipulation of derivative contracts: these transactions are part of ordinary operations, are regulated at market conditions, i.e. at the conditions that would be 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 43 of the "Notes to the consolidated financial statements".

Business outlook

Saipem has updated its strategic guidelines presented in March 2022, confirming the positive market momentum and the progressive improvement of the Group's operational, economic and financial performance. Consequently, the economic and financial targets have been revised, with the aim to reflect the effects of the sale of the onshore drilling on the projections.

Specifically, with reference to the year 2023, the Company expects:
- revenue over €11 billion;
- Adjusted EBITDA approximately €850 million;

- capex around €450 million, also for the technical investments required to prepare new vessels rented from third parties to meet growing customer demand;
- free cash flow a breakeven;
- positive pre-IFRS 16 net financial position at year-end (post-IFRS 16 net financial position negative by about €500 million).

Events after the reporting period

New credit facilities

On February 13, 2023, Saipem SpA signed two new credit facilities with a pool of leading national and international banks, for a total amount of €860 million. In particular, a senior unsecured Term Loan of approximately €390 million with a duration of about 5 years, guaranteed for 70% by SACE, and a Revolving Credit Facility of approximately €470 million with a duration of 3 years, which is not expected to be used.

Valorisation of Onshore Drilling

As part of the agreement to sell Onshore Drilling to KCA Deutag signed on June 1, 2022, which resulted in the first closing on October 28, 2022, the Kuwait operations were transferred at the end of January 2023.

New contracts

On January 20, 2023, Saipem was awarded two Engineering & Construction offshore contracts for a total amount of approximately $900 million. The first contract – in partnership with Aker Solutions do Brasil – was awarded by TotalEnergies for the development project of LAPA Southwest (LAPA SW), a deep-water oil field in the Santos basin, in the South Atlantic. The scope of work includes engineering, procurement, construction and installation (EPCI) of underwater umbilicals, risers and flowlines (SURF), as well as submarine production systems.
The second contract was awarded by Equinor for the Irpa Pipeline project. The deep-water project in the Norwegian Sea, which includes the installation of a 80 km pipe-in-pipe line connecting the Irpa field submarine production model to the existing Aasta Hansteen platform.
On March 1, 2023, Saipem was awarded a drilling contract offshore the Ivory Coast by the Eni Côte d'Ivoire Ltd and Petroci joint venture valued at $400 million. The contract includes the use of the seventh-generation drillship Deep Value Driller, one of the most modern in the world, for which Saipem has entered into a charter agreement with the company Deep Value Driller.
On March 3, 2023, Rete Ferroviaria Italiana (RFI, Gruppo FS Italiane, the Italian Railway Network) announced the award to the consortium formed by Impresa Pizzarotti & C and Saipem of the works for the construction of the railway link and the High Speed/High-Capacity station in Florence. The total value of the contract is over €1 billion. With a share of about €551 million, Pizzarotti is the consortium leader, while Saipem's share amounts to about €529 million. The work involves the construction of a new railway line of approximately 7 kilometres underground with two parallel tunnels, on average about 20 metres deep, completed with two terminal sections above ground, to the north between the stations of Firenze Castello and Firenze Rifredi, and to the south near the station of Firenze Campo di Marte.

Collaboration agreements

On February 22, 2023, Eni Sustainable Mobility and Saipem signed a Memorandum of Understanding (MoU) with the aim of using biogenic fuels on Saipem's drilling and construction vessels, with particular reference to operations in the Mediterranean Sea area.
On February 23, 2023, Saipem and Seaway 7 announced that they have entered into a commercial collaboration agreement to jointly identify, propose and execute offshore wind projects on fixed foundations.
Saipem and Seaway 7 will pursue projects selected on the basis of the two companies' complementary combination of their respective assets, technologies, products, and expertise, and when they can generate significant synergies for our customers while improving the profitability of their investments.

Long-Term Variable Incentive Plan 2023-2025

On March 14, 2023, the Board of Directors, has also resolved, following a proposal of the Compensation and Nomination Committee and after a favourable opinion from the Board of Statutory Auditors pursuant to Article 2389(3) of the Civil Code, to submit for approval the proposal of adoption of the Long-term Variable Incentive Plan 2023-2025 ("the Plan") to the next General Shareholders' Meeting, which includes the award of Saipem ordinary shares, free-of-charge, subject to the achievement of performance targets.

Authorisation to buy-back treasury shares at the service of the Long-term Variable Incentive Plan

Following the proposal of the Compensation and Nomination Committee, on March 14, 2023, the Board of Directors resolved to submit to the Shareholders' Meeting a proposal for authorisation of the buy-back of treasury shares up to a maximum of 37,000,000 ordinary shares, and in any case, up to the overall maximum amount of €59,300,000 to be allocated to the 2023 attribution of the Long-Term Incentive Plan 2023-2025, upon approval of the Plan itself by the General Shareholders' Meeting.
Authorisation for the buy-back of treasury shares are requested for a period of eighteen months from the date of resolution of the Shareholders' Meeting.

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.

Relocation of registered office

On October 27, 2022, the Board of Directors of the Company, by virtue of the powers granted by Article 20 of the Articles of Association, decided to transfer the registered office of Saipem SpA from San Donato Milanese, Via Martiri di Cefalonia, 67, to Milan, Via Luigi Russolo, 5. An announcement will be made of the registration of this change with the Company Registry and of the publication of the updated Articles of Association.

Reconciliation of reclassified statement of financial position, income statement and statement of cash flows with the mandatory templates

Reclassified statement of financial position

(€ million)	Dec. 31, 2021		Dec. 31, 2022	
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		3,113		2,879
Note 15 - Property, plant and equipment	*3,113*		*2,879*	
B) Net intangible assets		699		691
Note 16 - Intangible assets	*699*		*691*	
C) Right-of-use of lease assets		261		258
Note 17 - Right-of-use of lease assets	*261*		*258*	
D) Equity investments		127		128
Note 18 - Equity investments	*157*		*229*	
Reclassified from F) - provisions for losses of investees	*(30)*		*(101)*	
E) Working capital		(747)		(542)
Note 9 - Other current financial assets	*567*		*495*	
Reclassified to M) - loan assets not related to operations	*(566)*		*(494)*	
Note 10 - Trade receivables and other assets	*2,251*		*2,182*	
Note 11 - Inventories	*258*		*211*	
Note 12 - Contract assets	*1,320*		*1,860*	
Note 13 - Current and non-current income tax assets	*295*		*318*	
Note 13 - Other current income tax assets	*196*		*141*	
Note 14 - Other current assets	*231*		*272*	
Note 20 - Other non-current assets	*37*		*30*	
Note 19 - Deferred tax assets	*329*		*345*	
Note 21 - Trade payables and other liabilities	*(2,651)*		*(2,907)*	
Note 22 - Contract liabilities	*(2,517)*		*(2,613)*	
Note 13 - Current and non-current tax liabilities	*(84)*		*(109)*	
Note 13 - Other current tax liabilities	*(192)*		*(161)*	
Note 23 - Other current liabilities	*(186)*		*(107)*	
Note 28 - Other non-current liabilities	*(30)*		*(2)*	
Note 19 - Deferred tax liabilities	*(5)*		*(3)*	
F) Provisions for risks and charges		(1,323)		(1,047)
Note 26 - Provisions for risks and charges	*(1,353)*		*(1,148)*	
Reclassified to D) - provisions for losses of investees	*30*		*101*	
G) Provisions for employee benefits		(238)		(183)
Note 27 - Provisions for employee benefits	*(238)*		*(183)*	
H) Assets held for sale		-		166
Note 30 - Discontinued operations and liabilities directly related to assets held for sale	*-*		*166*	
EMPLOYED CAPITAL, NET		**1,892**		**2,350**
I) Equity		326		2,068
Note 31 - Equity	*326*		*2,068*	
L) Non-controlling interests		25		18
Note 31 - Equity	*25*		*18*	
M) Net financial debt pre-lease liabilities		1,223		(56)
Note 7 - Cash and cash equivalents	*(1,632)*		*(2,052)*	
Note 8 - Financial assets measured at fair value through OCI	*(59)*		*(75)*	
Note 9 - Other non-current financial assets	*(61)*		*(65)*	
Note 24 - Current financial liabilities	*412*		*159*	
Note 24 - Non-current financial liabilities	*2,432*		*1,729*	
Note 24 - Current portion of non-current financial liabilities	*697*		*742*	
Reclassified from E) - financial receivables for non-operating purposes (Note 9)	*(566)*		*(494)*	
N) Lease liabilities		318		320
Note 17 - Net lease liabilities	*318*		*320*	
O) Net financial debt		1,541		264
FUNDING		**1,892**		**2,350**

Reclassified income statement

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

- the items "financial income" (€1,008 million), "financial expense" (-€1,075 million) and "derivatives" (-€128 million), which are indicated separately in the mandatory template, are stated under the item "Net financial expense" (€195 million) in the reclassified income statement.

The other items are directly attributable to the mandatory financial statements .

Items of the reclassified statement of cash flows

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

- the items "amortisation" (€441 million), "net impairment losses of tangible and intangible assets" (€4 million), "other changes" (-€109 million), "changes in employee benefits" (-€26 million) and "effect of accounting using the equity method" (€65 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" (€375 million);
- the items "income taxes" (€171 million), "interest expense" (€127 million) and "interest income" (-€11 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" (€287 million);
- the items regarding "trade receivables" (€7 million), changes in "inventories" (-€13 million), "provisions for risk and charges" (-€289 million), "trade payables" (€567 million), "other contract assets and liabilities" (-€451 million) and "other assets and liabilities" (-€445 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" (-€624 million);
- the items "interests received" (€8 million), "dividends received" (€29 million), "income taxes paid net of refunds of tax credits" (-€165 million) and "interest paid" (-€116 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" (-€244 million);
- the items relating to capital expenditures in "property, plant and equipment" (-€540 million) and "intangible assets" (-€10 million), indicated separately and included in cash flows from investing activities in the mandatory template, are shown net under the item "capital expenditure" (-€550 million);
- the items "increase in non-current loans and borrowings" (€1,330 million), "increase (decrease) in current loans and borrowings" (-€263 million) and "decrease in non-current loans and borrowings" (-€1,986 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" (-€919 million).

The other items are directly attributable to the mandatory financial statements .

EMARKET SDIR CERTIFIED

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) key risk indicator as a metric to measure the likelihood that the combined possibility of an event and its consequences will exceed the organisation's risk appetite and have a profoundly negative impact on the organisation's ability to succeed.
- **Leverage** measures a company's level of indebtedness, calculated as the ratio between net financial debt and equity including non-controlling interests.
- **Long-Only funds** active long-only equity managers have strategies characterised by being able to realise a gain only if the underlying market rises: if the latter falls, they can only limit their losses through a reduction in exposure and optimal (but not always feasible) stock selection.
- **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 position 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** a vessel equipped with a heavy-lift crane capable of maintaining a defined position with respect to a certain reference system with high precision by means of thrusters (propellers), 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) combined vessel, dynamically positioned, multi-purpose crane and subsea pipeline laying capability.
- **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 Pipeline 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 seaworthy 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** (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. An LTI is 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** 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.
- **Pig** piece of equipment used to clean, descale and survey a pipeline internally.
- **Piggyback 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.
- **Pipe Tracking System** (PTS) an electronic system used to ensure the full traceability of the components of subsea pipes installed on a project.
- **Piping and Instrumentation Diagram** (P&ID) diagram showing all plant equipment, piping and instrumentation with associated shut-down and safety valves.
- **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.
- **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 seawater directly on the seabed.
- **SURF** (Subsea, Umbilical, Risers, Flowlines) facilities, pipelines and equipment connecting the well or subsea system to a floating unit.
- **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.
- **Tender Assisted Drilling unit** (TAD) an offshore platform complete with drilling tower, connected to a drilling support tender vessel housing all necessary ancillary infrastructures.
- **Tendons** pulling cables used on tension leg platforms to ensure platform stability during operations.
- **Tension Leg Platform** (TLP) 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.
- **Termination for Convenience** the right to unilaterally terminate the contract at any time provided they pay the agreed termination fee to do so (cd. "termination fee").
- **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.
- **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 regarding issues indicated by the regulation, namely environmental, social, personnel-related, human rights issues, as well as the fight against active and passive corruption. 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.

GRI 2-3
GRI 2-5
GRI 2-12
GRI 2-13
GRI 2-14

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, 2022. Information on the Company, activities and countries of operation are included in the section "Company profile and key operations" of the present document and in the "Directors' Report".

The document is drawn up in accordance with Global Reporting Initiative (GRI) Standards, used as reporting standards in accordance with the Legislative Decree No. 254/2016 (see the "GRI Content Index" section). The sector standard GRI 11 "Oil and Gas Sector 2021" is also applied as main business activity, also taken into account for the determination of material themes and information reported.

In order to guarantee 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 14, 2023 and published on the website within the timeframe provided by the legislation. The NFS is drafted by the Central Sustainability function, in cooperation with all central 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 Remuneration Policy and Compensation Paid" 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 and stakeholder inclusiveness, as described in section "Materiality analysis and content definition", and is to be intended as a tool within an organic system of documents, synergistic and complementary, used by the

Company to inform its stakeholders. The preparation of the document has taken into account and reports on the wider context of sustainability in which the Company operates, in terms of value chain, of future scenarios, and of sustainable development targets at a global level. The document aims at providing Company's stakeholders with complete information, balanced against expectations, timely and comparable over time and within the sector, as well as accurate and reliable; this is possible through dedicated information collection and management tools and a specific internal control system. The method of representation of qualitative and quantitative information was chosen to provide a document immediately clear and understandable. With reference to the data of 2020 and 2021 reported in this document, there are no changes compared to what was previously published. The section entitled "GRI Content Index" contains details of the performance indicators reported in accordance with the adopted guidelines.

With regards to the reporting principles mentioned above, it should be noted that the performance indicators are collected yearly and the reporting is carried out over the three years 2020-2022, 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, with the purpose to enable correct interpretation of the information and a full overview for all the stakeholders interested in the evolution of Saipem's performance. Any changes in the collection methods from the previous year are suitably indicated in the document.

For the fourth consecutive year Saipem renewed its commitment to disclosure following recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board, integrating them in the NFS document.
The information given in the NFS refers to the topics provided for in the decree, and to the 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 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.

Saipem developed an articulate reporting and disclosure system to respond to stakeholders from different categories and geographical areas. In order to provide more detailed information on the issues that are of greatest interest to the Company's stakeholders, since 2006 Saipem has been publishing an annual Sustainability Report which has a more communicative language and approach. The document is available on the institutional website, along with other issue-specific documents, which we refer the reader to where necessary. 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.

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 cyber security 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, section 10 of Legislative Decree No. 254/2016 and of the "Global Reporting Initiative Sustainability Reporting Standards" ("GRI Standards"), identified as reporting standards. The limited assurance did not apply the directives provided by the SASB and information required by EU Regulation 2020/852 on EU Taxonomy as reported in section "Sustainable activities according to the European Taxonomy". The revision is carried out according to the procedures indicated in the section "Independent Auditors' Report" of this document. The Shareholders' Meeting of May 3, 2018, resolved to appoint KPMG SpA as the independent auditors from 2019 to 2027.

Materiality analysis and content definition

The NFS reports on the areas laid down in Legislative Decree 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's stakeholders, as described below.
As established by the provisions of the GRI Standards and in accordance with Saipem procedures, the Company implements a consultation and analysis process on material topics 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 direct 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 developments on sustainability topics for the reference industry, in consideration also of emerging topics and global trends, and then update the overall set of Saipem's sustainability topics.	Survey administered to representatives of all corporate stakeholder categories (2,291 respondents): clients, business partners, trade associations, investors, insurance companies, NGOs, representatives of local communities, authority representatives, vendors and Saipem employees). The results of the survey were integrated with analyses relating to: relevant topics for clients, competitors and companies in the energy sector; regulations; online news.	Consultation, through surveys, of Saipem's senior management and members of the Board of Directors.	Identification of the 17 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. Sharing of the results with the board's Sustainability, Scenarios and Governance Committee-internal council and the Control and Risk Committee. Validation by the Board of Directors.

The analysis conducted in accordance with the GRI Standards 2021 and the provisions of the Corporate Sustainability Reporting Directive (EU Regulation 2022/2464 of December 14, 2022), which entails an assessment from an impact and financial perspective, 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 important and reasonably likely to affect its value beyond what is already recognised in financial reporting.

The analysis took into account Saipem's business, the evolution of its business model and strategy, and the operational and sustainability context in order to update the list of ESG topics relating to the Company's business. Based on assessments of standards and regulatory developments, both mandatory and optional, on reference sector's benchmarks and on emerging topics on a global level, the Company involved a wide selection of stakeholders in the prioritisation of selection of topics on the basis of their impact, as assessed by them.
A detailed representation of the main impacts determined by Saipem's operations and their significance can be found in the "Stakeholder engagement" section of the 2022 Sustainability Report. The present document details the management of the aforementioned impacts through a representation of management systems and performances reached in the company's operations.

The materiality analysis is based on a calculation model that gives scores to the different components of the survey and allows to draw up a list of topics with a gradient score. Topics identified as "material" for the year include those with a higher score and are selected taking into account also those with a lower score. In particular, it should be noted that the following topics identified as material in 2021, obtained scores only slightly lower than in 2022: use of alternative fuels; control and reduction of non-GHG emissions.
The final results were shared preliminarily with the Sustainability, Scenarios and Governance Committee and with the Audit and Risk Committee, and validated by the Board of Directors, whose members participated in the materiality analysis during the meeting of January 25, 2023.
The topics that emerged from the materiality analysis become the basis for the update of the Saipem Sustainability Plan, that is taken into consideration for the definition of the four-year strategic plan and company targets and provide useful elements for the integrated risk management process.

The following table represents material topics defined during 2022 with the relating commitments by Saipem based on its Vision, Mission, Corporate Policies and Management System Guidelines.

Material topic 2022	Commitment
Climate change mitigation strategy	Saipem Net-Zero: > 50% reduction in Scope 1 and 2 emissions by 2035 (based on 2018 GHG emissions); > Carbon Neutrality for Scope 2 emissions by 2025.
Renewables	Becoming an increasingly significant actor in the renewable energy market, with a focus on technologies close to the core business: offshore wind, solar photovoltaic, integrated bio-refineries, and waste-to-energy projects.
GHG emissions and energy	Optimising energy consumption, using the best available technology and increasing operational efficiency.
Water management	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.
Disaster management, recovery and relief	Reducing and mitigating the environmental risk associated to oil and chemical spills, guaranteeing the adoption of appropriate prevention and recovery measures.
Health and Safety along the value chain	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 our management system, in line with the highest international standards and through digital transformation and innovation of 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. Cooperating with vendors to contribute to the development of their own business sustainability and to reduce/minimise sustainability risks within the supply chain.
Public health risks	Maximum attention to identifying and assessing risks relating to people's health, in order to adopt quick and effective mitigation measures. Protecting the health of staff and all people influenced by the company's activities, taking into account both activities in execution and planned, and specific criticalities or vulnerabilities in operational scenarios.
Human and labour rights along the value chain	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.
Diversity, equity and inclusion	Promoting the creation of an inclusive company culture.
Sustainable employment	Maintaining an alignment between employee skills and business requirements and improving the Company's image as a way to retain and attract talented people.
Cybersecurity	Building and developing an integrated security model fully embedded in business processes and aligned with company 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.
Business diversification	Gradual diversification of core business, also through the creation of dedicated business lines towards Robotics sectors, as well as Industrialised Solutions and Sustainable Infrastructures.
Board effectiveness on ESG governance	Implementing the commitment to the Company's sustainable success as stated in the Corporate Governance Code, maintaining adequate rules and procedures for effective functioning of the entity, with the main objective to ensure adequate skills and expertise of all its members throughout the areas of responsibility.
Data privacy management	Maintain an IT security model based on a preventive and defensive security strategy that minimises physical and IT security risks.
Local communities engagement and development	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.
Anti-corruption & bribery	Operating in conformity with the best ethical business practices.

Reporting boundary

As prescribed by Italian Legislative Decree No. 254/2016, the NFS contains the information and performance indicators for Saipem SpA and the fully consolidated subsidiaries in the "Annual Report", as described in the "Structure of the Saipem Group" section, for countries listed in the "Countries in which Saipem operates" section. Any changes in the reporting boundary from the previous year are described in the “Principles of consolidation” section of the “Annual Report”. It should be noted that on October 28, 2022, the first closing of the sale transaction of the Onshore Drilling business to KCA Deutag was finalised, following the agreement disclosed on June 1, 2022. The transaction was in line with the additional actions of the 2022-2025 Strategic Plan, with a view to active asset portfolio management. Saipem completed the sale to KCA Deutag of almost all onshore drilling activities in the Middle East and Africa, for a price of $488 million and 10% KCA Deutag shares; the sale of remaining activities is planned for 2023.

In some contexts there are deviations from the consolidation scope defined above, in any case guaranteeing the criterion of significant impact, as defined in section “Materiality analysis and content definition”. As regards the security 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 Legislative Decree 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 “full consolidated” 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”.

The reporting process for the indicators reported in the present document is based on a capillary collection per single site/operational project, with peculiarities given by the management model of the topics to which they refer, in order to allow consistent and complete monitoring and control by the responsible functions of the different areas and at all hierarchical and geographical levels. Those indicators that by characteristics inherent to their management model have an exclusively central origin of data, are here excluded.

For a description of the risks identified by the Company in relation to the five areas for discussion laid down in Legislative Decree 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 Integrated Risk Management system and that of its subsidiaries.

TOPICS ADDRESSED IN THE NFS 2022/RISKS DESCRIBED IN THE "RISK MANAGEMENT“ SECTION OF THE DIRECTORS' REPORT	Related to strategies and project acquisition	Related to project execution	Related to asset management	Related to health, safety and the environment	Related to the supply chain and partnerships	Related to the country and external context	Compliance risks	Cyber risks and data protection	Risks related to human resources
Health and Safety along the value chain				■	■	■			
Climate change mitigation strategy	■	■	■	■	■				
Renewables	■								
Anti-corruption & bribery					■		■		
GHG emissions and energy	■								
Human and labour rights along the value chain				■	■				
Climate change adaptation	■			■					
Cybersecurity								■	
Public health risks				■		■			
Diversity, equity and inclusion						■			■
Business diversification	■	■							■
Water management				■					
Board effectiveness on ESG governance									
Data privacy management								■	
Sustainable employment				■					■
Local community engagement and development				■	■	■			
Disaster management, recovery and relief	■			■		■			

LEGISLATIVE DECREE NO. 254/MATERIAL TOPICS/GRI STANDARD/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 2022 NFS	Discussion in other documents
Company management and organisation model Article 3.1, subsection a	Board effectiveness on ESG governance.	GRI 2: General Disclosures 2021 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 2022.
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	Climate change mitigation strategy. GHG emissions and energy. Climate change adaptation. Renewables. Water resource management. Disaster management, recovery and relief.	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. The contribution to climate change mitigation and mitigation strategies. Air emissions control & reduction (non GHG).	"Transitioning toward Net-Zero" chapter of the 2022 Sustainability Report.
Human resources management Article 3.2, subsection d Impacts on health and safety Article 3.2, subsection c	Sustainable employment. Public health risks. Human and labour rights along the value chain. Local communities engagement and development. Cybersecurity. Board effectiveness on ESG Governance. Diversity, equity and inclusion.	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 413: Local Communities 2016		Safety. Health. Competencies and knowledge.	"Valuing people" and "Diversity, equity & inclusion" chapters of the 2022 Sustainability Report.
Social aspects Article 3.2, subsection d	Business diversification.	GRI 201: Economic performance 2016 GRI 202: Market Presence 2016 GRI 203: Indirect Economic Impacts 2016 GRI 207: Tax 2019 GRI 308: Vendor Environmental Assessment 2016 GRI 414: Vendor Social Assessment 2016		Creation of sustainable value over time. Ethical supply chain management. Security practices.	"Partnering at the local level to create value" and "Sustainable supply chain" chapters of the 2022 Sustainability Report.
Respect for human rights Article 3.2, subsection e	Human and labour rights along the value chain.	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.	"Human and labour rights at Saipem", "Valuing people" and "Sustainable supply chain" chapters of the 2022 Sustainability Report.
Fighting corruption Article 3.2, subsection f	Anti-corruption and bribery	GRI 205: Anti-corruption 2016 GRI 415: Public policy 2016		Fighting corruption.	

Control activities on non-financial reporting

Saipem's non-financial reporting system is based on specific procedures that define roles, responsibilities, tasks and information flows. In addition, the Company avails of specific IT systems, which are constantly evolving with a view to continuous improvement, set up to make the process as efficient and robust as possible.

An internal attestation process has also been developed whereby clearly identified data handlers formalise 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.
In addition, for the purpose of further strengthening the reliability, timeliness, and completeness of the reporting process, Saipem has developed an internal control system over non-financial reporting.
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 over 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 through quantitative assessments (identification of relevant Group companies and significant 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 over non-financial reporting is prepared, describing the main findings of line and independent monitoring activities. In 2022, 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.

In order to further strengthen the effectiveness of operating ESG processes, an additional control tool was recently developed. In 2021 and 2022, the Internal Audit Function updated its work programmes, planned for audits targeting companies and some processes, 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 are carried out on a sample of companies and/or processes included in the annual audit plan approved by the Board of Directors.
The analyses conducted, the results of which were presented to the Audit 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.

SAIPEM'S BUSINESS

Company profile and key operations

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

The Saipem Group is a provider of global solutions for the energy and infrastructure sectors, operating in over 70 countries, with 9 fabrication yards, an offshore fleet of 29 vessels at the end of 2022, of which 26 owned and 3 owned by third parties but operated by Saipem, and 13 drilling rigs, of which 9 owned by Saipem. For details about the events recorded in the year leading to changes in the fleet composition compared to the previous year, please see the "Director's Report". 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 the 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. The section "Organisational structure" of the present Annual Report lays out the Group's organisational configuration.
Additional information on the company profile and the operations by business division is available in the "Organisational structure" section of the Annual Report and in the "Issuer's profile" section of the Corporate Governance and Shareholding Structure Report 2022.

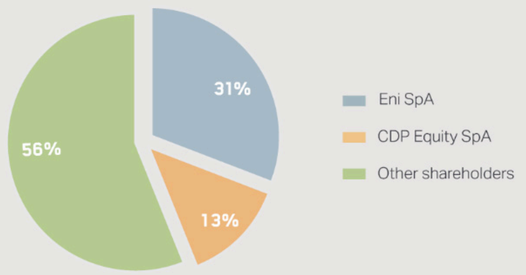
Metrics of operational activities in the year	Unit of measurement	2022
Total backlog [a]	(€ million)	24,017

(a) Does not include Onshore Drilling.

Shareholding

Saipem is a company subject to the joint control of Eni SpA and CDP Equity SpA. As of December 31, 2022, the share capital of Saipem SpA amounted to €501,669,790.83, broken down into No. 1,995,557,732 ordinary share and No. 1,059 savings shares, none with a nominal amount. Based on information available and communication received pursuing Consob Resolution 11971/1999 (Issuers' Regulation), as of December 31, 2022, 31.19% of the share capital of Saipem SpA was owned by Eni SpA, 12.82% is owned by Cassa Depositi e Prestiti (CDP) SpA, a company controlled by the Italian Ministry of Economy and Finance, through the subsidiary CDP Equity SpA, while the remaining is distributed among private shareholders, none of which holds a share equal or greater then 3%.

SAIPEM SpA SHAREHOLDING



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 46 of the Notes to the consolidated financial statements "Business outlook and events after the reporting year - Effects of the Russian-Ukrainian crisis: EU restrictive measures and sanctions".

The current reference framework is characterised by a significant recovery trend in Saipem's reference markets, in line with a visible growth in terms of macroeconomic indicators and overall energy demand. According to the International Monetary Fund, in 2022 the world economy grew 3.4% compared to 2021, in

line with the average of the pre-pandemic period (2015-2019). The trend was evident despite a few significant factors playing a role at a global level, first and foremost the political volatility generated by the prolonged conflict in the Ukraine and the high inflation rates driven also by commodity price evolution.
In this context, the energy sector, among the most impacted by the crisis in 2021, showed clear signs of recovery in 2022 thanks to an increased demand for energy, oil and gas in particular. The rebalancing of market fundamentals has led to a significant increase in hydrocarbon prices, which supported by the instability of the geopolitical context, peaked at over $100 per barrel in the first half-year and later stabilised around $80 per barrel toward the end of the year. Overall, the signals that emerged during the year have gradually translated into a recovery in investment in the Oil&Gas segment, which in 2022 reached and exceeded pre-COVID figures. This growth, recorded in all geographical areas and in particular in the Middle East, was enough to offset the collapse of activities in Russia and Ukraine. Apart from inflation dynamics, the need to invest in energy infrastructures contributed to the aforementioned trend. The investment followed two main lines: guaranteeing support to future demand for hydrocarbon, further fuelled by the need to substitute imports of Russian oil products, as well as reducing procurement risks from energy sources in some geographical areas such as Europe. In an overall recovery framework, the main oil companies maintained a strategy aimed at strengthening their financial structures, and also at diversifying their investment portfolios to better respond to increasing market pressure on energy transition and CO_2 reduction targets.

The expectations for the Oil&Gas sector in coming years are positive in different regions (for example, 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 and Offshore Drilling, to the Onshore E&C market, diversified between upstream, midstream and downstream activities. An increasing focus will be placed on the traditional Offshore Construction markets, historically more attractive and for which Saipem holds unique assets in the industry. In the Offshore Wind market, a multi-phase strategy is being developed starting from an initial focus on opportunities for Saipem to enhance its own distinctive skills, then consolidate its presence while developing fully on the market in the upcoming years. In the Onshore Construction market, a selective commercial approach will continue, focusing on energy transition from natural gas to CO_2 and maintaining a strong focus on the optimal execution of projects and de-risking of the portfolio. A growing contribution will come from modular solutions and to sustainable infrastructures by two 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 an evolving 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, chemical recycling of plastics and floating wind);
- innovative robotic solutions (e.g. subsea 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 with 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 (including green and blue solutions), 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. The market is also expected to open up in sectors other than oil and gas, such as hard-to-abate electricity, steel and cement production;
- hydrogen and new energy carriers (such as ammonia and methanol), primarily if produced from zero-impact energy sources. This market is also expected to grow strongly over the coming decades;
- chemical recycling market of plastic, both through depolymerisation and plastic-to-liquid conversion, with dedicated technological development initiatives;
- offshore wind, for which significant investments are foreseen by operators, requiring an ever-growing need for skills and competencies along the whole value chain. In addition, Saipem will continue to invest in the

development of offshore wind technologies, focusing on the proprietary technologies Star 1 and Hexafloat.

Moreover, thanks to a recently signed agreement with Eni Sustainable Mobility, Saipem will promote the use of biofuels on its offshore construction and drilling fleet, to reduce significantly its carbon footprint during operations.
Finally, specific attention has also focused on the smart and sustainable infrastructure market, in particular those with a high technological and sustainable content associated with the Italian National Recovery and Resilience Plan (NRRP). 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.

SASB IF-EN-410b.1
SASB IF-EN-410b.3

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 (2020/852) 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.

Identification of Taxonomy-eligible activities

With reference to the Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021, Saipem has identified a series of eligible economic activities, as part of the portfolio of activities carried out by Saipem (current and potential).
As an engineering and construction company, Saipem has an important role in supporting its customers also in the design and construction of plants and structures in line with environmental sustainability requirements. Therefore, in accordance with the aforementioned Delegated Regulation point (37), some Saipem activities have been included as they enable the client's activity. This is, for example, the case of "Production of anhydrous ammonia", for which Saipem has a proprietary technology that improves the efficiency of urea plants, but also the analysis and feasibility studies carried out in various areas falling within the eligibility classification for Taxonomy.

During 2022, Saipem carried out a series of projects for its clients that can be classified as eligible economic activities according to the European taxonomy, as they substantially contribute to the mitigation of climate change. The main ones are detailed below:

Taxonomy eligible activities	Saipem projects
3.6 Manufacture of other low carbon technologies	Carbon capture and other low carbon technologies projects
3.10 Manufacture of hydrogen	Hydrogen projects
3.15 Manufacture of anhydrous ammonia	Ammonia and urea projects
4.1 Electricity generation using solar photovoltaic technology	Photovoltaic projects
4.3 Electricity generation from wind power	Offshore wind farms projects
4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids	Biogas plant/bioenergy projects
5.1 Construction, extension and operation of water collection, treatment and supply systems	Water pipe construction projects
5.9 Material recovery from non-hazardous waste	Circularity projects and recovery of materials
6.14 Infrastructure for rail transport	Rail infrastructure construction projects

In addition, Saipem carries out engineering and construction projects in the natural gas sector, which represents around 50% of revenues. Saipem's involvement in the sector concerns the natural gas value chain (extraction, treatment, storage, transportation, etc.), which is excluded from the Commission Delegated Regulation (EU) 2022/1214 on gas and nuclear, for which the eligible activities are exclusively those of electricity production (ref. "4.29 Electricity generation from fossil gaseous fuels - Construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels"). Therefore, with reference to information in Article 8, sections 6 and 7 of the Commission Delegated Regulation (EU) 2021/2178 which envisages the use of models given in Annex XII for communication of activities linked to nuclear and fossil fuels, it should be noted that all models were excluded as they do not represent the Company's activities.

Analysis of alignment to Taxonomy

For the main projects, an analysis of alignment with the technical screening criteria envisaged by the Delegated Regulation (EU) 2021/2139 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.

The alignment analysis was carried out on a project-base, by assessing specific applicable criteria, verifying the alignment of the project through the collection of specific data, analysing project documentation with reference to Environmental and Social Impact Assessment (ESIA) and other technical documents which were collected to support the assessment. The analysis was carried out by the competent corporate and project functions, among which the Environment, Sustainability, Engineering, etc., function and with the direct involvement of the Project Manager/Director.

Minimum safeguards

With regards to minimum social safeguards, in accordance with EU Regulation 2020/852, the detail analysis was carried out with a self-assessment through an analysis of documents and business procedures, in order to guarantee alignment between Saipem operations and the OCSE Guidelines for multinational enterprises, the United Nations Guiding principles on business and human rights, and the ILO core conventions.

EU Taxonomy reporting

This Taxonomy notice is prepared in line with the EU Regulation 2020/852 and the related applicable delegated acts. The tables below include the information required by Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021 for Saipem's assets currently aligned with or eligible for the Taxonomy. The figure on aligned and eligible activities in the previous year (2021) is also reported as a comparison, in the last column as year N-1.

TABLE 1. PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2022 (*)

				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)	Proportion of turnover aligned to Taxonomy (year N)	Proportion of turnover aligned to Taxonomy (year N-1)
		(€ k)	(%)	(%)	(%)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	A	(%)	(%)
A. TAXONOMY-ELIGIBLE ACTIVITIES															
A.1 Environmentally sustainable activities (Taxonomy-aligned)															
Electricity generation using solar photovoltaic technology	4.1	35,343	0.36	0.36	0.00	Y	Y	Y	Y	Y	Y	Y	-	0.36	0.00
Electricity generation from wind power	4.3	687,449	6.89	6.89	0.00	Y	Y	Y	Y	Y	Y	Y	-	6.89	5.52
Infrastructure for rail transport	6.14	294,698	2.95	2.95	0.00	Y	Y	Y	Y	Y	Y	Y	A	2.95	2.91
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1,017,490**	**10.20**	**10.20**	**0.00**									**10.20**	**8.43**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
Manufacture of other low carbon technologies	3.6	4,686	0.05												
Manufacture of hydrogen	3.10	2,430	0.02												
Manufacture of anhydrous ammonia	3.15	86,054	0.86												
Electricity generation from wind power	4.3	890	0.01												
Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13	1,142	0.01												
Construction, extension and operation of water collection, treatment and supply systems	5.1	1,990	0.02												
Material recovery from non-hazardous waste	5.9	1,124	0.01												
Other (**)		2,416	0.02												
Turnover of Taxonomy-eligible but not environmentally sustainable activities (Not Taxonomy-aligned activities) (A.2)		**100,732**	**1.00**											**1.00**	**0.83**
Total (A.1+A.2)		**1,118,222**	**11.20**											**11.20**	**9.26**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES															
Turnover of Taxonomy-non-eligible activities (B)		**8,861,624**	**88.80**												
Total (A+B)		**9,979,846**													

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

(**) Other eligible activities include: 3.1 Fabrication of technology for renewable energies; 3.2 Manufacture of equipment for; production and use of hydrogen; 3.3 Manufacture of low carbon technologies for transport; 4.4 Electricity generation from ocean energy technologies; 4.14 Transmission and distribution networks for renewable and low-carbon gases; 5.11 Transport of CO_2; 5.12 Underground permanent geological storage of CO_2; 6.12 Retrofitting of sea and coastal freight and passenger water transport; 6.16 Infrastructure enabling low carbon water transport; 9.1 Close to market research, development and innovation.

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TABLE 2. PROPORTION OF CAPEX FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2022 (*)

				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	Proportion of aligned CapEx (year N)	Proportion of CapEx aligned to Taxonomy (year N Taxonomy -1)
		(€ 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	53,054	7.73	7.73	0.00	Y	Y	Y	Y	Y	Y	Y	7.73	3.58
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**53,054**	**7.73**	**7.73**	**0.00**								**7.73**	**3.58**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)														
Installation, maintenance and repair of energy efficiency equipment	7.3	928	0.14											
Installation, maintenance and repair of technology for renewable energies	7.6	43	0.01											
Purchase and ownership of buildings	7.7	67,557	9.84											
Close to market research, development and innovation	9.1	1,772	0.26											
CapEx of Taxonomy-eligible but not environmentally sustainable activities (Not Taxonomy-aligned activities) (A.2)		**70,300**	**10.25**										**10.25**	**1.29**
Total (A.1+A.2)		**123,354**	**17.98**										**17.98**	**4.87**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES														
CapEx of Taxonomy-non-eligible activities (B)		**562,736**	**82.02**											
Total (A+B)		**686,090**												

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

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TABLE 3. PROPORTION OF OPEX FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2022 (*)

				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)**	**Proportion of OpEx aligned to Taxonomy (year N)**	**Proportion of OpEx aligned to Taxonomy (year N-1)**
		(€ k)	(%)	(%)	(%)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	A	(%)	(%)
A. TAXONOMY-ELIGIBLE ACTIVITIES															
A.1 Environmentally sustainable activities (Taxonomy-aligned)															
Electricity generation using solar photovoltaic technology	4.1	35	0.00	0.00	0.00	Y	Y	Y	Y	Y	Y	Y	-	0.00	0.00
Electricity generation from wind power	4.3	285,185	23.60	23.60	0.00	Y	Y	Y	Y	Y	Y	Y	-	23.60	12.44
Infrastructure for rail transport	6.14	7,226	0.60	0.60	0.00	Y	Y	Y	Y	Y	Y	Y	A	0.60	1.02
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**292,446**	**24.20**	**24.20**	**0.00**									**24.20**	**13.46**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
Manufacture of other low carbon technologies	3.6	155	0.01												
Manufacture of hydrogen	3.10	505	0.04												
Manufacture of anhydrous ammonia	3.15	2,309	0.19												
Electricity generation using solar photovoltaic technology	4.1	145	0.01												
Electricity generation from wind power	4.3	5,368	0.45												
Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13	363	0.03												
Transmission and distribution networks for renewable and low-carbon gases	4.14	440	0.04												
Construction, extension and operation of water collection, treatment and supply systems	5.1	83	0.01												
Solutions based on data for the reduction in GHG emissions	8.2	221	0.02												
Close to market research, development and innovation	9.1	2,667	0.22												
Research, development and innovation for direct air capture of CO_2	9.2	163	0.01												
Other (**)		53	0.00												
OpEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		**12,472**	**1.03**											**1.03**	**1.31**
Total (A.1+A.2)		**304,918**	**25.23**											**25.23**	**14.77**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES															
OpEX of Taxonomy-non-eligible activities (B)		**903,389**	**74.77**												
Total (A+B)		**1,208,307**													

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

(**) Other eligible activities include: 3.2 Manufacture of equipment for the production and use of hydrogen: 4.6 Electricity generation from geothermal energy; 5.9 Material recovery from non-hazardous waste.

Accounting policy

The following KPIs were calculated in accordance with the requirements of the Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021.

The turnover KPIs were determined as follows:

- **denominator:** the core business revenues (reference to income statement) and
- **numerator:** the revenues of the eligible and/or aligned projects.

The CapEx KPIs were determined as follows:

- **denominator:** the additions to ROU, tangible and intangible assets during 2022 (reference to Note 15 “Property, plant and equipment”, Note 16 “Intangible assets” and Note 17 “Right-of-Use assets, lease assets and lease liabilities”) and
- **numerator:** the part of the mentioned additions referred to:
  - assets or processes associated with eligible and aligned projects or
  - taxonomy-related CapEx initiatives of the Technology Plan (CapEx Plan) or
  - CapEx initiatives of the Net-Zero plan applied to corporate assets.

OpEx KPIs, which must include research and development direct costs not capitalised, short-term lease, maintenance and repair of assets and any other direct expense related to daily maintenance of property,

plant and equipment needed to ensure the continuous and effective operation of these assets, 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:
  - assets or processes associated with eligible and aligned projects or
  - taxonomy-related OpEx initiatives of the Technology Plan (CapEx Plan) or
  - OpEx initiatives of the Net-Zero plan.

The short-term lease costs include also the components related to Lease variable payments and low value lease, which pertain to the same cost nature.
The maintenance and repair costs of assets were quantified using the specific approach for each Saipem Business Line so as to allow these costs identification in the most coherent and effective way considering the peculiarity of each performed activity.
The Taxonomy-related KPIs were calculated on related project or job basis for each Taxonomy-eligible economic activity.
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.
The percentage of turnover aligned on the turnover eligible for the taxonomy is 91%.

Breakdown of CapEx KPI numerator by accounting category.

Accounting category	Percentage share
Additions to property, plant and equipment	45.2
Additions to intangible assets, including:	0
- related to business combinations	0
Additions to capitalised right-of-use assets	54.8

Breakdown of CapEx KPI numerator according to classification provided in Delegated Regulation (EU) 2021/2178.

Type	Percentage share
Related to assets or processes that are associated with Taxonomy-eligible or aligned economic activities	97.8
Part of a plan to expand Taxonomy-aligned economic activities (CapEx plan)	1.4
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)	0.8

The percentage of capital expenditure (CapEx) aligned on the capital expenditures (CapEx) eligible for the taxonomy is 43%.

Breakdown of OpEx KPI numerator.

Main expenses	Percentage share
Short-term lease	88.1
Maintenance and repair of assets	8.7
Net-Zero plan	0.1
R&D (part of Technology Plan)	4.1

The percentage of operational expenditure (OpEx) aligned on the operational expenditures (OpEx) eligible for the taxonomy is 96%.

CapEx Plan

Saipem Taxonomy-related CapEx plan is a part of the Group Technology plan which aims to expand the Taxonomy-aligned economic activities.
The Plan is the document that sets out the short, medium and long-term technology innovation activities aiming to respond to Saipem's business needs for the four-year reference period. At the same time it presents the strategic framework and the strategic innovation directives adopted, the four-year spending

and investment plan (with particular focus on the first year of the plan), collaborations with third parties to achieve the plan's objectives and the existing ones, the results achieved in the previous technology plan.
The approval of the Saipem Group's Four-Year Technological Plan coincides with the approval of the Group Strategic Plan, of which the Technological Plan is a part, and with which it is aligned on the main directives.
The processes for the approval of the Technological Plan are set out in relevant regulatory documents.
The technological innovation proposals identified are selected on the basis of the criteria listed below:
- business strategies/opportunities;
- market analysis;
- technical-economic evaluation of the chosen option and comparison with the alternatives;
- technology portfolio analysis;
- technology checks (Intellectual Property strategy);
- Identification and availability of the required resources.

The 2023-2026 Technological Plan confirms the dual strategy of the Company which sees its technological investments concentrated on the one hand on maintaining our competitiveness in the Oil&Gas sector, and on the other hand on the frontier of the Energy Transition with increasingly digital means, technologies and processes oriented since their conception to environmental sustainability.
Depending on the specific type of projects and investments, the effort is divided between Research & Development (OpEx) and Technological Investments (CapEx) The Company has undertaken various actions towards the Energy Transition with a strategy characterized by 4 main pillars:
1. Decarbonisation of "Hard to Abate" industries, with the production of energy/products, always starting from fossil resources, but with a sharp reduction in emissions having an impact on climate. This refers not only to the Oil&Gas industry, but also to other sectors such as steel, cement, paper mills, etc.
2. Renewables: offshore renewable energies are the most relevant for Saipem, specifically offshore wind and floating solar parks; their systemic integration can be decisive to allow greater independence from their intermittent nature, possibly also through hydrogen production.
3. Hydrogen: it can act both as a low-carbon chemical intermediate and as an energy carrier, which could gradually replace Natural Gas over time, especially for all those applications that are difficult to electrify.
4. Biomass Conversion and Circular Economy: developing new models that create value and safeguard the environment by improving the management of resources, eliminating waste and maximising the circulation of products.

The four areas are closely interconnected and overlapping is very frequent.
The main objective of the Technological Plan is to bring to full development the various technological solutions identified in the previous plans for the various sectors, so as to be ready for their full commercialisation by the end of the Plan.
The total Taxonomy-related CapEx during 2022 is about €2 million while the value for the entire period of the plan (2023-2026) is €46 million.

Company management and organisation model

In 2022, with the aim to promptly respond to market challenges, Saipem adopted an operating and corporate governance model aimed on the one hand at overseeing traditional products and on the other hand at diversifying the offer in the sustainable infrastructure and energy transition sector. Going beyond the divisional model, on January 14, 2022 Saipem therefore assumed a functional organisational configuration that aims to promote a "One Saipem" culture, integration between businesses, greater efficiency and cost reduction, based on:
- centralised organisation of staff structures and the commercial function, aimed at maximising efficiency levels;
- identification of four distinct Business Lines, each with specific dynamics, objectives and skills for the technical and economic development of offers and the management of the projects acquired in the assigned business sector:
  - Asset Based Services: development of asset-based projects and services in the drilling and offshore sector;
  - Energy Carriers: design and construction of complex plants or their low carbon reconversion;
  - Robotics and Industrialized Solutions: development of modular, repeatable, scalable plants and monitoring and maintenance services based on digital technologies;
  - Sustainable Infrastructures: strategic sector in the new ecosystem of energy transition and sustainable mobility.

During the year, in accordance with the compliance requirements and governance principles, the following main organisational interventions were developed:
- establishment of an independent Integrated Risk Management Function to ensure optimal management and overview of company risks;
- formalisation of the Technology & Innovation Function to ensure greater supervision of technological opportunities and broaden the Company's technological vision in the medium-long term;

- integration of Project Control and Financial Advisory activities and the related responsibilities within the Chief Financial Officer Function, whose structure is reorganised with the aim of maximising current synergies and redefining the coordination and control model of the global AFC network overseeing the business;
- integration of Digital and IT and Supply Chain activities in a central function;
- in the context of the General Counsel structure: (i) centralisation of contract management activities, both in the commercial and executive phases, guaranteeing the concentration of legal and contractual activities and negotiation support in a single function; (ii) allocation of management activities for institutional relations, legislative and regulatory affairs;
- updating of the organisational structure of the Onshore Drilling business, with reference to the operation in progress for the sale of the related assets and consequent revision of the organisational structures abroad;
- development, within the Offshore business and Operations and Maintenance, of measures to optimise organisational structures aimed at the continuous search for effectiveness, efficiency and operational flexibility, both in Italy and abroad.

In order to ensure full implementation of the new organisation, actions were finally launched in 2022 aimed at developing the underlying operational structure, focusing on critical and significant issues enabling the new operating model, as well as on the consequent adaptation of the Regulatory System:
- worldwide implementation of a regional model consistent with the governance principles underlying the new organisation and which pursues the Group's management and business objectives;
- alignment of the organisational configuration of the various subsidiaries and branches of the Group to the new corporate structure and the Group's strategic plan;
- finalisation of the organisational-management mechanisms for the integration between the new central functions and the Business Lines, and for the exchange of services necessary for the development of individual projects (engineering, assets, etc.) between the various Business Lines;
- review of operational methods in processes, prioritising those critical and relevant to the development of business and corporate governance (commercial, supply chain, project control, risk management and contract management).

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RESULTS AND OBJECTIVES

The section summarises the 2022 results referring to the objectives set, also including the objectives of the first Saipem Sustainability Plan approved by the Board of Directors on July 12, 2022. The sections of the NFS or of the Sustainability Report in which performances and actions relating to the results achieved are described in detail are indicated below.

The "Energy for a sustainable future" Sustainability Plan covers the four-year period 2022-2025 and was drawn up with the aim of implementing an integrated strategy that combines the business and financial objectives of the Plan with a set of ESG factors. It sets out the commitments undertaken by the Company in the Sustainability Policy in terms of qualitative and quantitative objectives measurable over time, as a way of creating value for all stakeholders in the short and long term. The objectives defined in the Plan contribute to the achievement of the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda, in particular to 12 SDGs which are more pertinent to Saipem's business and in line with the Group's strategic guidelines.

The Plan is divided into 12 strategic ESG areas, indicating specific objectives and related implementation programs for each: Net-Zero, Biodiversity, Carbon Neutral project, Human Capital, Diversity and Inclusion, Health and Safety, Local Impact, Supply Chain, Business Ethics, Cybersecurity, Risk Management, Innovation.

The following table shows with the indication [Incentive scheme] the **objectives within which the targets of the management's short and long-term variable incentive plan were defined.**

ENVIRONMENT AREA

SAIPEM MATERIAL TOPIC

CLIMATE CHANGE MITIGATION STRATEGY
GHG EMISSIONS AND ENERGY
WATER MANAGEMENT
RENEWABLES
CLIMATE CHANGE ADAPTATION
DISASTER MANAGEMENT, RECOVERY AND RELIEF

CONTRIBUTION TO THE SDGS

7 AFFORDABLE AND CLEAN ENERGY · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION · 14 LIFE BELOW WATER · 15 LIFE ON LAND

2022 Goal	2022 Results	Status	Ref.
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.	Implemented a tool for estimating GHG emissions from the supply chain; 358 relevant suppliers were involved. 3 market surveys were carried out on 21 relevant commodity codes out of 36 (58%) involving 90 international suppliers.	■	SR page 86
Evaluation of Science-Based Targets initiative (SBTi) membership.	Completed a preliminary assessment for joining SBTi, with analysis of requirements and identification of actions to be implemented in the short term to align with SBT.	■	
Adoption of internal carbon pricing.	Adopted an Internal Carbon Price Fee to finance climate-related initiatives.	■	page 146
Exploration of offsetting and insetting initiatives.	The different offsetting and insetting initiatives were analysed and certain significant, applicable ones were identified for Saipem that will be implemented as of 2023.	■	page 144 SR page 40
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).	38.19 kt CO_2 eq GHG emissions avoided due to energy management initiatives in 2022, target achieved for the year.	■	pages 147-149 SR page 42
Increase the number of sites connected to the power grid using 100% renewable energy (target 6 new sites).	6 new sites signed 100% renewable electricity, contracts with a guarantee of origin in Italy, France and Scotland.	■	SR page 43
Finalise the definition of intensity KPIs for each business line.	Defined and measured specific intensity KPIs per business line.	■	
Use of Sustainable Aviation Fuel (SAF) for a pilot project with an identified airline.	Signed an agreement with an airline for the purchase of a share of SAF in order to reduce a portion of the Scope 3 emissions produced by air travel undertaken by Saipem personnel with the airline.	■	SR page 58

2022 Goal	2022 Results	Status	Ref.
Establish site-specific targets for water reuse; evaluate existing best practices to be implemented at site/project level, reduce water consumption at the corporate headquarters in Milan (expected 50% reduction in water consumption).	Specific goals were defined (for example for hydrotesting and use of domestic water) and best practices were identified and collected, shared with all operating sites. The new Saipem headquarters in Milan is characterised by highly efficient use of water and by a rainwater reuse system. During its occupation in 2022 (the last 4 months), and together with the partial closure of the old headquarters, it has already led to savings in the withdrawal of fresh water equal to approximately 20% of the entire Group and 50% considering the specific site.	■ (green)	page 155 SR pages 49-50
Establish site-specific targets for waste reuse, evaluate existing best practices to be implemented at site/project level, extend single-use plastic ban for catering activities at project sites, no single-use plastic of bottle and cup distribution in the new corporate headquarters.	Specific waste recycling goals were established (on the recycling percentage and waste types recycled) and best practices were identified and collected, shared with all operating sites. Single-use plastic is not used on board offshore vessels for catering needs. In addition, on the FDS 2 vessel, it was possible to significantly reduce the use of plastic bottles thanks to the water purification system and the dispensers installed on the points of greatest interest (i.e., canteen, coffee break areas). In addition, with a view to the progressive elimination of plastic used in the office, dispensed by vending machines, single-use plastic bottles and cups will be withdrawn in the new company headquarters and approximately 5,000 steel water bottles will be distributed to employees in Italy.	■ (green)	SR pages 49-50
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.	Carried out 2 mappings and risk assessments on two drilling vessels.	■ (orange)	SR page 47
Assessment on at least 2 offshore vessels to evaluate the possibility of replacing mineral oil with biodegradable oils.	An assessment was carried out on two different pieces of equipment used on board offshore vessels to assess whether biodegradable oils could be used.	■ (green)	SR page 42
Risk assessment of spills and presence of hazardous substances for the new headquarters.	The risk assessment is in progress and it will be completed in 2023.	■ (orange)	

2023-2026 GOALS

- **GHG emissions avoided thanks to energy management initiatives (38 kt of CO_2 eq for 2023 and 138 kt of CO_2 eq for the period 2023-2025)** [Incentive scheme]**;**
- **GHG emissions compensated thanks to Saipem's offsetting strategy (250 kt of CO_2 eq for the period 2023-2025)** [Incentive scheme]**;**
- **Assess introduction of an internal carbon price shadow in investment decision-making processes (2023);**
- **Carbon Neutrality for Scope 2 by 2025: activate the purchase of 100% renewable energy, preferably certified, in all offices, where applicable (also including the I-REC certificates) and the offsetting of the residual emissions;**
- **Systematise the mapping of operating sites in areas sensitive to biodiversity (2023);**
- **Map the operating sites of the main suppliers in biodiversity sensitive areas (2025);**
- **Continue of spill mapping and risk analysis with 2 new Oil Spill Mapping and Risk Assessment in the ABSER Business Line (2023);**
- **Continue efforts to reduce waste and increase the types of recyclable waste sent for recycling (2026).**

PEOPLE AREA

SAIPEM MATERIAL TOPIC

HEALTH AND SAFETY ALONG THE VALUE CHAIN
PUBLIC HEALTH RISKS
DIVERSITY, EQUITY AND INCLUSION
SUSTAINABLE EMPLOYMENT

CONTRIBUTION TO THE SDGS

3 GOOD HEALTH AND WELL-BEING · 4 QUALITY EDUCATION · 5 GENDER EQUALITY · 8 DECENT WORK AND ECONOMIC GROWTH · 10 REDUCED INEQUALITIES

2022 Goal	2022 Results	Status	Ref.
Do not exceed a value of 0.42 TRIFR and 0.97 for HLFR for the Group (employees + subcontractors).	The TRIFR as a whole was 0.36 for 2022 while HLFR was 0.88.		page 165 SR page 65
Launch of a new initiative focusing on mental health of employees.	On the 2022 Global Mental Health Day, Saipem launched a programme entitled "Choose Life", aimed at increasing our people's awareness of health and wellness, in order to encourage them to make better choices with a greater positive impact on their lives. More specifically, the programme focussed on mental health, now critical in the reference industry. 7,000 people were involved through workshops and e-learning.		page 166 SR page 66
Involvement of Top Management in an LIHS workshop in 2022.	100% of Top Management were involved through a workshop organised in December 2022, in order to align new management on the values and philosophy of the Leadership in Health & Safety programme and update the Health and Safety vision of Saipem.		page 166 SR page 64
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.	More than 23,000 employees were vaccinated against COVID in 2022.		SR page 71
Continue the weekly information campaign throughout the year until the end of the pandemic (target: 50 bulletins) and update management guidelines and information material where necessary to ensure up-to-date management of COVID-19.	50 bulletins were issued on COVID and 16 on monkey pox.		SR page 71
Continue to promote an inclusive culture through specific initiatives to develop skills, enhance diversity, and guarantee equal opportunities in order to attract candidates with diversified skills.	Attainment of ISO 30415 - Human Resource Management Diversity and Inclusion attestation Issue of the "Diversity, Equality and Inclusion" Policy. 5 scholarships awarded to engineering students from Trieste University. Increase the number of secondary schools involved in the Sinergia programme (4 schools). Partnerships finalised with 4 universities.		page 177 SR page 52; SR page 60

2023-2026 GOALS

- **Maintain a TRIFR and HLFR no greater than the 5-year average for each year until 2026. For 2023, the average of the last 5 years of the TRIFR corresponds to 0.43 and stands at 0.98 for HLFR** [Incentive scheme]**;**
- **Maintain a TRIFR and HLFR for subcontractors no greater than the 5-year average for each year until 2026. For 2023, the average of the last 5 years of the TRIFR corresponds to 0.32 and stands at 0.57 for HLFR[1];**
- **Implement innovative actions to further strengthen the safety performance: such as the Fire Prevention Campaign (2023);**
- **Implementation of the Digital Permit to Work on board 30% of the Saipem fleet (2025);**
- **Launch initiatives for employee health on the following topics: mental health, cardiovascular risk prevention and healthy eating (2023-2026);**
- **Extend application of telemedicine services (2023-2026);**
- **Set-up Smartclinics for the Fano and Arbatax sites (2023-2026);**
- **Definition of a set of KPIs on Diversity & Inclusion to guarantee the ongoing monitoring of that topic (2023);**
- **Prepare a feasibility study for a "Global Employment Guideline" (2023);**
- **Increase the number of women with STEM backgrounds employed by Saipem SpA by 2025** [Incentive scheme]**;**
- **Obtain Gender Parity certification in line with Italian Reference Practice No. 215:2022 (2023);**
- **Maintain ISO 30415 - Human Resource Management Diversity and Inclusion attestation (2023);**
- **Adopt a Gender Equality criterion in the recruitment process for structural positions (2025)** [Incentive scheme]**;**
- **Implement a job rotation programme for recent graduates to ensure they make experience in Control and Compliance Functions (2025)** [Incentive scheme]**;**
- **Launch the "Fondo Nuove Competenze" training project directed at Saipem SpA employees (2023).**

(1) As regards the HLFR data of subcontractors, the history is calculated starting from the 2020 data.

VALUE CREATION AREA

SAIPEM MATERIAL TOPIC

ANTI-CORRUPTION & BRIBERY
HUMAN AND LABOUR RIGHTS ALONG THE VALUE CHAIN
CYBERSECURITY
BUSINESS DIVERSIFICATION
BOARD EFFECTIVENESS ON ESG GOVERNANCE
DATA PRIVACY MANAGEMENT
LOCAL COMMUNITIES ENGAGEMENT AND DEVELOPMENT

CONTRIBUTION TO THE SDGS

2022 Goal	2022 Results	Status	Ref.
Training programme on compliance for all "at risk" countries: 100% coverage of the countries included in the training Plan for Anti-Corruption and 231 Compliance.	The training activity was carried out in the identified countries according to the Training Plan.		page 130
Human rights risk assessment on 100% of the main construction sites.	The 19 main companies operating in high risk countries mapped the risks on human and labour rights. In addition, another 17 companies operating in countries classified as non-high risk also completed the risk mapping.		page 126
Implementation and enforcement of a vendor code of conduct.	Vendor Code of Conduct was published in March 2022; in the qualification process, all vendors undertake to comply with the Code.		page 125
Improve monitoring of supplier-related emissions for specific commodity codes and assess the possible impact of ESG requirements on suppliers.	Implemented a tool for estimating GHG emissions of the supply chain; 358 relevant suppliers were involved. Moreover, 3 market surveys were carried out covering 21 relevant commodity codes out of 36 (58%) involving about 90 international suppliers. Finally, the Open-es platform was adopted for acquisition of supplier ESG information. 1,146 were registered in the platform in 2022.		page 145 SR page 86
Achieving SA8000 social accountability certification for Saipem SpA.	Saipem SpA attained SA8000 certification in April 2022, reconfirmed by a periodic audit on October 2022.		page 125 SR page 52
Maintain the detection and response process in accordance with ISO/IEC 27001.	The certification was confirmed during the year with a positive surveillance audit.		page 127 SR page 93
Keep on integrating systems like the Identity Governance solution and the PIM solution into security platform; implementation of a breach attack simulation solution; integration of a Hardware Security Module for the protection of keys and certificates used for data encryption.	The IG and PIM solutions were installed in some applications and integration will continue in the cybersecurity programme for 2023-2024; an attack simulation solution was implemented; integration of a Security Model was completed.		SR page 93
Selection and implementation of a Network Behaviour Analysis solution on at least 1 vessel to better protect the OT environment; reinforce the IT security requirements on supply chain and verify the compliance of suppliers through dedicated audits (target: 2 audits); simulation of phishing campaigns (target: 3 simulations of phishing campaigns).	The NBA was included in the 2023-2024 cybersecurity programme; IT security requirements for the Supply Chain were established, audits are scheduled for 2023; a solution was prepared for the launch of phishing campaigns.		SR page 92
Continue to develop, industrialise and adopt digital solutions in business and staff areas.	Development and application of digital solutions for asset efficiency (e.g. FDS 2).		SR page 66

2022 Goal	2022 Results	Status	Ref.
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:	27 business development initiatives on technologies linked to energy transition (wind, solar, hydrogen, CCUS, circular economy, etc.) and about 20 new technologies analysed.	■	page 195 SR pages 96-101
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.	27 initiatives for local communities in 11 different countries were implemented in 2022, involving more than 230 thousand beneficiaries. Company volunteer initiatives were implemented at 4 different sites in Italy.	■	page 115 SR pages 74-78 82-83

2023-2026 GOALS

- **Extend the number of suppliers registered on Open-es platform and strengthen information and data available on the platform (2023-2026);**
- **Extend the number of suppliers registered on the platform for the measurement of the GHG emissions of suppliers and strengthen information and data available on the platform (2023-2026);**
- **Increase awareness on human and labour rights issues with Saipem's main contractors (2023);**
- **Conduct (desktop) audits on Saipem suppliers on human and labour rights (2023);**
- **Strengthen skills on sustainability in the Supply Chain function through specific training (2024);**
- **Carry out new market surveys to identify possible environmental requirements applicable to procurement processes (2023-2026);**
- **Strengthen the supplier qualification process on ESG issues when updating the company qualification system (2024);**
- **Continue the training activity on Anti-Corruption and 231 Compliance for at risk personnel, with 100% coverage of the countries included in the training plan (2023)** [Incentive scheme]**;**
- **Maintain the "detection and response" process in accordance with ISO/IEC 27001 with the confirmation of the certification (2023);**
- **Continue the public health initiatives, for example those linked to preventing malaria and promotion and awareness of health topics (2023);**
- **Develop a method for effective identification of territorial initiatives (2023);**
- **Implement of an initiative for the protection of biodiversity ("Sea Bin initiative" pilot project) (2023).**

■ Target reached
■ Target partially reached or in progress
SR: Sustainability Report 2022

RELATIONS WITH STAKEHOLDERS

GRI 2-29

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 involved, promoting positive and mutually beneficial 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 website.
In 2022, claims emerging from the stakeholder engagement process converged into 17 material topics: health and safety along the value chain; climate change mitigation strategy; renewables; anti-corruption & bribery; GHG emissions and energy; human and labour rights along the value chain; climate change adaptation; cybersecurity; public health risks; diversity, equity and inclusion; business; water management; Board effectiveness on ESG governance; data privacy management; sustainable employment; local communities engagement and development; disaster management, recovery and relief.

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 "Quick guide to our reporting system" of the 2022 Sustainability Report.

The following sections detail the engagement approach that the Company has towards all categories of stakeholders, in terms of commitment, relational methods and actions taken during 2022.

Relations with the financial community

The Company is committed to maintaining a continuous dialogue with its financial community, to which it guarantees maximum transparency and fair access to confidential information.
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 constant interaction with financial interlocutors, also through periodic road shows and specific meetings, always guaranteeing transparency and fair access to information. Individual shareholders can liaise directly with the Company Secretariat.

During 2022, 5 roadshows were held with the financial community, including 1 roadshow relating to the capital increase, and around 200 contacts were made with analysts and portfolio managers. This year, Saipem interacted on sustainability topics with 16 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.
The Company is also committed to developing and maintaining long-term relationships with insurers and banks, with whom it communicates on security and loss prevention initiatives and their results in order to secure competitive terms and conditions. The risk transfer process identifies the insurance capacities for appropriately covering our risk profile and exposures.

ACTIONS TAKEN

- Organisation of 5 road shows, 1 of which related to the capital increase, for a total of 15 days.
- Engagement activities with 16 financial stakeholders on ESG topics.
- Approximately 1,100 people took part in four conference calls and webcasts on the quarterly and yearly financial results.
- 24 financial stakeholders involved in the Saipem materiality analysis.
- Periodic publication of information through press releases and presentations.

ESG rating and indexes

ESG analysts monitor Saipem's performance in relation to environmental, social and governance criteria. The positioning obtained in the main ratings during 2022 is one of leadership in 4 ratings and in all other cases

well above the average of the reference sector, testifying to a distinctive commitment to the sustainability of its business. "Engagement with the financial community: ESG recognition" section of the 2022 Sustainability Report provides more details on indexes and analysis on the sector.
In particular, we note the inclusion of Saipem for the sixth consecutive year in the Dow Jones Sustainability Index (World and Europe) with the highest score in the Energy Equipment Services sector (79 compared to the sector average of 23), following the Corporate Sustainability Assessment conducted by S&P Global. Also confirmed in the FTSE Russell and FTSE4Good Indexes, in which it has been included since March 2010, as best in the sector (score of 4.2 compared to the average of 2.6).
Furthermore, in January 2023 Saipem was included for the first time among the companies in the Bloomberg Gender-Equality Index (GEI). Out of the 484 companies included worldwide, 21 of which are Italian, 20 belong to the energy sector.

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. In addition to constant reporting and frequent meetings on operational projects, specific customer satisfaction monitoring and analysis systems are implemented in each business line, to improve Saipem's operational management and performance in meeting the needs of clients and maintaining closer relations with them. Relationship with clients is aimed at understanding their requirements and expectations from the perspective of solution providers and with a focus on energy transition, including through defining partnerships and collaborations.

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 2022, 14 operating projects were involved in a direct assessment, with a response rate of 48%. 93% of interviewees expressed satisfaction for Saipem's conduct (i.e.: they assigned an overall score greater than or equal to 6 on a scale of 0 to 10), while 50% of interviewees stated that they were completely satisfied with the company's activities (i.e.: they assigned an overall score of 9 or higher on a scale of 0 to 10).
During 2022, 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 300 colleagues, was further developed to enable the listening of clients and improve relationships. Specifically, the implementation of a new digital management function of the Project Customer Satisfaction process described above has begun (it will end in March 2023), with the possibility of configuring questionnaires based on the peculiarities of the Business Line and of the specific project, with automatic return and logging of responses and multi-dimensional display of analytics.

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 among the Italian public informed by 2,000 surveys, carried out by a third party, a leader in the field of reputation management.
- 10 clients 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 roles 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 Public Affairs function 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 more than 70 countries, Saipem collaborates and maintains close relations with the Italian diplomatic network, engaging in a constant dialogue with the Ministry of Foreign Affairs and International Cooperation and with foreign diplomatic institutions in Italy.
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, culture and sustainable development. The results and benefits of the initiatives implemented are monitored through rigorous due diligence processes.

Saipem is convinced that it can implement its business model in a sustainable way by balancing market needs with those of local stakeholders, maintaining a transparent dialogue with public and private institutions and entities operating in the various local areas.

With this in mind, Saipem believes it is important to make its operations and its achievements in industry known to institutions. In 2022, the year in which there was a recovery in face-to-face interactions globally, Saipem participated in various institutional meetings and international round-tables, including the GIAC (Gas Industry Advisory Committee), also attending the COP27.
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. (As part of this project, Saipem contributed to the activity of the representative organisations (ANCE) aimed at confirming some legislative provisions to protect general contractors).
In addition to direct involvement in specific events, during 2022, Saipem collaborated with the Ministry of Ecological Transition and the Ministry of Economic Development, participating in round-tables and technical discussions on projects of national interest in which it is involved.
At an international level, the signing ceremony of the strategic Memorandum of Understanding (MoU) was held in June 2022 which formalises Saipem's cooperation with the Empresa Nacional de Hidrocarbonetos (ENH) for the monetisation of domestic gas from the Mozambique LNG project. This collaboration confirms Saipem's commitment to generating value also for the benefit of the communities of the countries in which it operates, with particular attention to knowledge transfer, job creation and business opportunities for local suppliers and support to government authorities in the planning of regional projects.

Saipem is a member of more than 100 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 country or sector of reference, also guaranteeing opportunities for trade promotion and discussion with other companies and support scientific research in the sectors in which Saipem operates. Saipem is one of the founders of the Italian National Association of Plant Engineering (ANIMP) and with the renewal of its offices during the year, it confirmed its presence on the Association's Board of Directors. 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. In 2022, Saipem joined AIS (Association of Sustainable Infrastructures) within which it is active in the various working groups that deal with the promotion of innovative and sustainable construction methods and techniques. As part of these works, the "Sustainable Construction Site" Position Paper was published by the association: its guidelines constitute the format of the sustainable construction site, which Saipem intends to promote and negotiate among its main clients.

Saipem is also a member of various industrial association, such as 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 and to the Ambrosetti Forum.
In addition, Saipem is a member of the World Energy Council (WEC) Italy, in which it holds a Vice Presidency, and of various associations and networks active on the energy transition issue.

ACTIONS TAKEN

- In 2022, the Saipem Group was an active member of 114 national and international business and trade associations.
- In particular, the parent company is a member of 56 associations and organisations, including: ANIMP (Italian Association of industrial plants), Assorisorse, Confindustria, Assolombarda, IADC (International

Association of Drilling Contractors), IMCA (International Maritime Contractors Association), UN Global Compact, WEF (World Economic Forum), WEC (World Energy Council), Windeurope.
- In 2022, Saipem involved ten representatives of business associations as relevant stakeholders in its materiality analysis.
- Total membership fees spent in 2022 amount to €1.18 million. Among the main memberships, we highlight the one (33%) to the industrial associations, and specifically to Assolombarda, aimed at receiving support mainly in the management of industrial relations, also at a local level, and getting updates on operational issues in the sector, as well as increasing knowledge of the company and its services to the entire industrial association system. Moreover, we highlight the membership (14%) to the World Economic Forum aimed mainly at strengthening the relationship with the highest levels of the most important stakeholders at an international level (companies, government and civil society), and with associations active in the energy transition (11%).
- Furthermore, the Company actively participates in the Gas Industry Advisory Committee and its Technical, Economic and Regulatory sub-committees, within the international organisation of 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.

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.
Furthermore, Saipem takes part in the Norwegian Solar Energy Cluster, which aims to foster cooperation and support the development of solar energy skills. It is also participates in other associations and networks active on the energy transition issue, such as the Global Carbon Capture & Storage Institute (GCCSI), and the associations Wind Europe, CO_2 Value Europe and Hydrogen Europe and, through the latter, the European public initiative Clean Hydrogen Alliance.
Since 2016, Saipem has been a member of the United Nations Global Compact, the largest strategic corporate citizenship initiative in the world. As part of its collaboration with the Italian network, Saipem contributed to the Position Paper "Sustainable Supply Chains: Responsibilities and Opportunities for Businesses" developed by the Italian Network of the UNGC, with the contribution of over 30 member companies. The Paper focuses on the sustainable management of supply chains. It identifies challenges and opportunities by focusing on three main areas: reduction of Scope 3 emissions; the promotion and protection of human rights and decent work; and the management of negative externalities through circular solutions.
Saipem's experience on the development and application of the SOCE (Saipem Offshore Carbon Estimation) model for the assessment of GHG emissions along the entire value chain of a project has been described in the Paper as one of the best practices reported.
Starting from the end of 2022, Saipem is cooperating with One Ocean Foundation by supporting the refinement and deepening of the first assessment tool for companies on issues related to ocean protection, the Ocean Disclosure Initiative (ODI), an initiative of One Ocean Foundation developed in collaboration with SDA Bocconi School of Management, McKinsey & Company and CSIC (Consejo Superior de Investigaciones Científicas). The ODI is a framework and a scientific methodology which, through a system of guidelines and metrics, aims to support companies in declaring the direct and indirect pressures on marine ecosystems, the related risks and their strategic responses.
Since 2020, Saipem has acquired the status of Supporter of the Task Force on Climate-related Financial Disclosure (TCFD) by adopting the recommendations to ensure complete disclosure of climate issues in line with stakeholder demands. Since 2018, Saipem has published a document on the Climate in accordance with the recommendations of the TCFD. Starting from this year, climate information is fully integrated in this non-financial statement (ref. chapter "Contribution to mitigating climate change").

Employees

In its relationship with its employees, the Company's priority commitment is to recruit and retain talented people, promoting their development, motivation and skills, guaranteeing safe and healthy workplaces, and stable relations with trade unions in order to maintain an open and collaborative dialogue. The Company is committed to supporting people’s diversity and inclusion in all their forms. Actions aimed at promoting equity are a priority for Saipem and a duty towards company population.

ACTIONS TAKEN

- Employee engagement initiatives, including the 6 Deep In Saipem workshops (more than 700 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.).
- Corporate volunteering initiatives (Park Litter and Beach Litter activities in collaboration with Legambiente at 4 key sites in Italy).
- Raising awareness on D&I issues in partnership with the Valore D Association.
- More than 2,000 employees and senior managers involved in the Saipem materiality analysis.

Local authorities and governments

Saipem promotes dialogue with institutions, governments, local authorities and with organised representatives of civil society in all the countries in which it operates, for the implementation of initiatives to support its business and create value locally.

ACTIONS TAKEN

- Institutional relations and pro-active cooperation to jointly implement local development programmes.
- Contacts with regions and local authorities in the context of development projects in the Italian Hydrogen valleys;
- 6 representatives of local authorities involved in the Saipem materiality analysis.
- In 2022, 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, apart from those provided by specific laws or by the applicable national bargaining agreements.

Local communities

The Company is committed to contribute to the progress of the local communities, to the social, economic and cultural development and improvement of their living conditions. Each operating company or project adopts a targeted approach that takes into account the role of the company and the specific context in which it operates, adopting for this purpose an open and transparent dialogue with the communities living in the host territories.
Local communities are actively involved in the implementation of local development projects and the Company provides proactive support in crisis and emergency situations.

ACTIONS TAKEN

- 27 development initiatives for local communities in 11 countries (Angola, Saudi Arabia, Azerbaijan, Brazil, India, Indonesia, Italy, Kazakhstan, Nigeria, Peru, Senegal) which reached a total of more than 230,000 beneficiaries. The sum of €595,000 was invested in these initiatives.
- Provide support with disease control (e.g., Malaria Control Programme in Angola).
- HSE awareness events involving local communities (in Angola, Azerbaijan and Senegal).
- Promoting environmental awareness and the importance of conservation of the environment and pollution reduction (e.g. in Saudi Arabia, Azerbaijan, Indonesia, Senegal).
- Improving the well-being of local communities and promoting their economic development (e.g. in 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 Angola, Italy, Indonesia, Brazil, Nigeria, Kazakhstan, etc.).
- Partnerships and agreements with research centres and universities for sharing knowledge and the joint development of technological innovations.
- 20 representatives of local universities, institutions and associations involved in the Saipem materiality analysis.

Local organisations and NGOs

The Company is committed to providing adequate information to local and non-governmental organisations interested in Saipem operations. The regular publication of information, objectives and results on topics of interest through Saipem's institutional channels is the main and most extensively tool used. It is also of interest to Saipem, with a view to creating shared value and local development, to facilitate and participate in development projects. In order to identify and implement them, it has to interact with organisations of proven experience and integrity with whom to establish short- and medium-term collaborative relationships.

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

Saipem believes in sharing sustainable value along its entire supply chain. The relationship with its suppliers is based on mutual trust and ethical behaviour, in order to have a strong and reliable supply chain. From this point of view, the Company is committed to developing and maintaining long-term relationships with its suppliers, whose reliability from a technical, financial, organisational and ethical point of view is guaranteed by a structured evaluation and management process.

Suppliers are also proactively involved in HSE initiatives, such as environmental awareness campaigns or safety programmes, in order to concretely support the sustainable development of their supply chain.

ACTIONS TAKEN

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

Future generations

Saipem is committed to the education and training of the new generations through investments in the local system and in education programmes in the contexts in which the company operates.

Our commitment to young talent takes the form of opportunities to join the company, and personal and professional growth through empowerment and tutoring initiatives, as well as support in career guidance and the dissemination of corporate culture.

Moreover, the Company is committed to building a concrete and lasting partnership with schools and universities, encouraging the integration of knowledge with work experience.

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. Synergy programme and Barcolana Job Fair in Italy).
- Partnerships with many universities in countries where we operate (e.g., Archimedes 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).
- Participation and support in the 20th edition of the Premio Socialis: recognition for the best Italian degree theses on CSR and sustainable development issues.

GOVERNANCE, RESPONSIBLE MANAGEMENT AND BUSINESS ETHICS

Saipem is an internationally oriented industrial group which, because of its size and the importance of its activities, plays a significant role in the marketplace, for the economic development and for the well-being of the individuals who work or collaborate with Saipem and of the communities where it is present.
The Company undertakes to maintain and strengthen a governance system in line with international best practice standards, able to deal with the complex situations in which Saipem operates, and with the challenges it faces for sustainable development, in accordance with mandatory principles defined in the Code of Ethics.
The Code of Ethics, integral part of the 231 Model, clearly defines, in compliance with the provisions of Law, the values that Saipem recognises and accepts, as well as the responsibilities the Company assumes both internally and externally. It demands correctness, loyalty, integrity and transparency in operations, behaviour, working methods and relations with other parties inside and outside the Group.
In order for it to be understood in a widespread manner, the Code is disseminated and promoted through various tools, including specific training and translation into the languages of the countries in which Saipem operates, and then published on the corporate website.
More information is available in the "Code of Ethics" section of the Corporate Governance and Shareholding Structure Report and in the subsequent sections of this chapter.

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 Audit 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 Audit 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 2-9
GRI 405-1

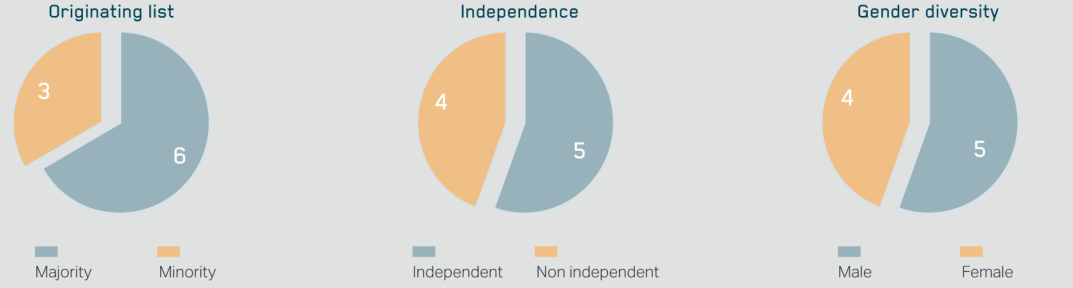
The Board of Directors was appointed by the Shareholders' Meeting on April 30, 2021 for three financial years and will expire on the date of the Meeting called for the approval of the financial statements for the year ending December 31, 2023. The appointment of Directors occurs pursuant to Article 19 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.
It should be noted that, on August 31, 2022, following the resignation of Pier Francesco Ragni (notified on August 19, 2022), the Company's Board of Directors appointed Alessandro Puliti as Director to replace him, by co-opting pursuant to and for the purposes of the Article 2386, first paragraph, of the Civil Code.
Also during the meeting of August 31, 2022, the then Chief Executive Officer Francesco Caio resigned with immediate effect and the Board of Directors therefore appointed Alessandro Puliti as Chief Executive Officer, former General Manager of the Company.
In light of the above, the composition of the Board of Directors had to be integrated and the number of its members brought to nine, as set by the Shareholders' Meeting on April 30, 2021. On October 26, 2022, the Board of Directors therefore appointed by co-optation, pursuant to Article 2386, first paragraph, of the Civil

Code, Davide Manunta as non-executive and non-independent Director. Mr. Manunta was also appointed member of the Sustainability, Scenarios and Governance Committee.
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, based on a proposal 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 current composition competences related to evaluations and decisions linked to sustainability issues, connected to the exercise of company business and its dynamics of interaction with all stakeholders.

The Board, 77% of which is made up of members over 50 years of age and 23% 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 induction 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, off-site as well, a "Board Induction" programme (that can be off-site as well), 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:

- September 19-21, 2022: guided tour of the Saipem 10000 vessel in Egypt;
- November 14, 2022: induction session on Offshore E&C and Offshore Drilling businesses;
- December 12, 2022: guided tour of the Saipem FDS vessel in Genoa;
- December 13, 2022: induction session on the Offshore wind sector;
- an induction session was held in the first months of 2023, with regard to the topic of Carbon Capture and Storage (January 25, 2023).

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), the Related Parties Committee (made up entirely of mostly independent non-executive directors) and the Sustainability, Scenarios and Governance Committee (made up of four non-executive directors, two of which are independent directors and chaired by the Chairman of Saipem). The Sustainability, Scenarios and Governance 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, 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 CEO promote sustainability issues, including environmental, social and governance (ESG) matters, within the Board of Directors 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.

Further details on the composition, appointment, responsibilities, activities and formation of the Board of Directors and internal Committees can be found in the section "Corporate Governance and Shareholding Structure Report 2022".

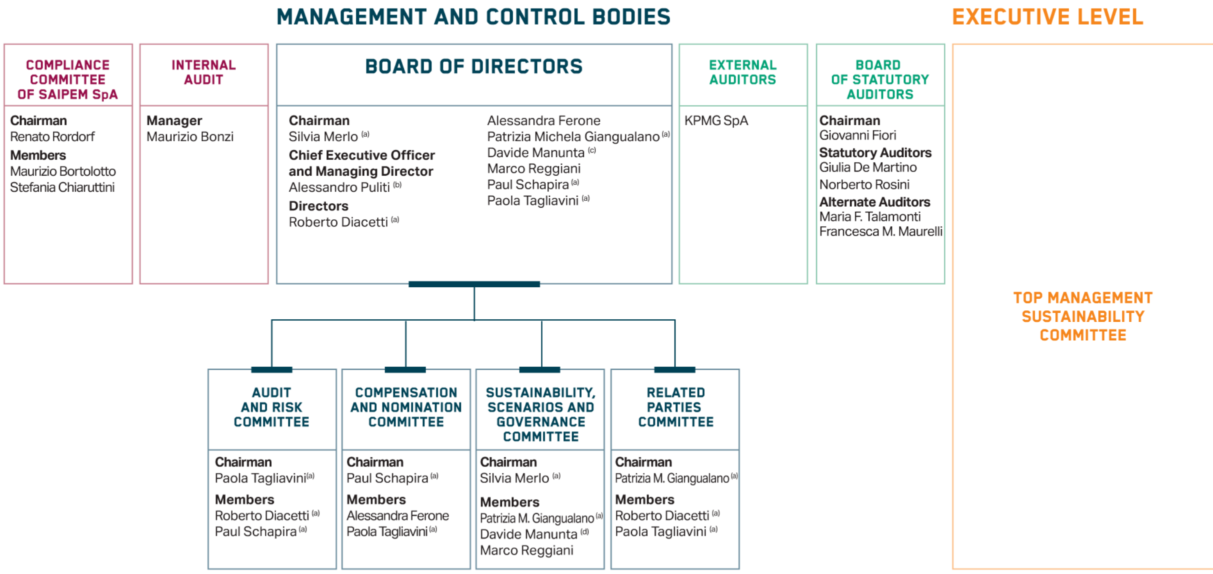
Since 2007, Saipem has set up a Sustainability Committee, a body comprising top management and chaired by the Chief Executive Officer and General Manager. The Sustainability Committee has the task of drafting sustainability policy guidelines and strategies for subsequent review by the Board's Sustainability, Scenarios and Governance Committee, and also provides indications and directives for the sustainability planning and reporting process.

Incentive system

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 2022 Plan, which is described in detail in the "Report on Remuneration Policy and Compensation Paid 2023", following on from the previous year, attention will be confirmed for objectives relating to ESG issues.
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 for Scope 2 by 2025 is paramount.

THE MAIN SUSTAINABILITY TOPICS FACED BY THE BOARD OF DIRECTORS IN 2022

- 2021 Consolidated non-financial statement and the 2021 Sustainability Report, including the validation of the results of the 2022 materiality analysis;
- Remuneration Report and definition of objectives for the next year, which include business sustainability objectives;
- 2022-2025 Sustainability Plan;
- Saipem Group Policy on HSES "Health, Safety, Environment and Security Policy of the Saipem Group";
- Modern Slavery Statement 2021 in accordance with the UK "Modern Slavery Act";
- Diversity, Equality & Inclusion Policy.



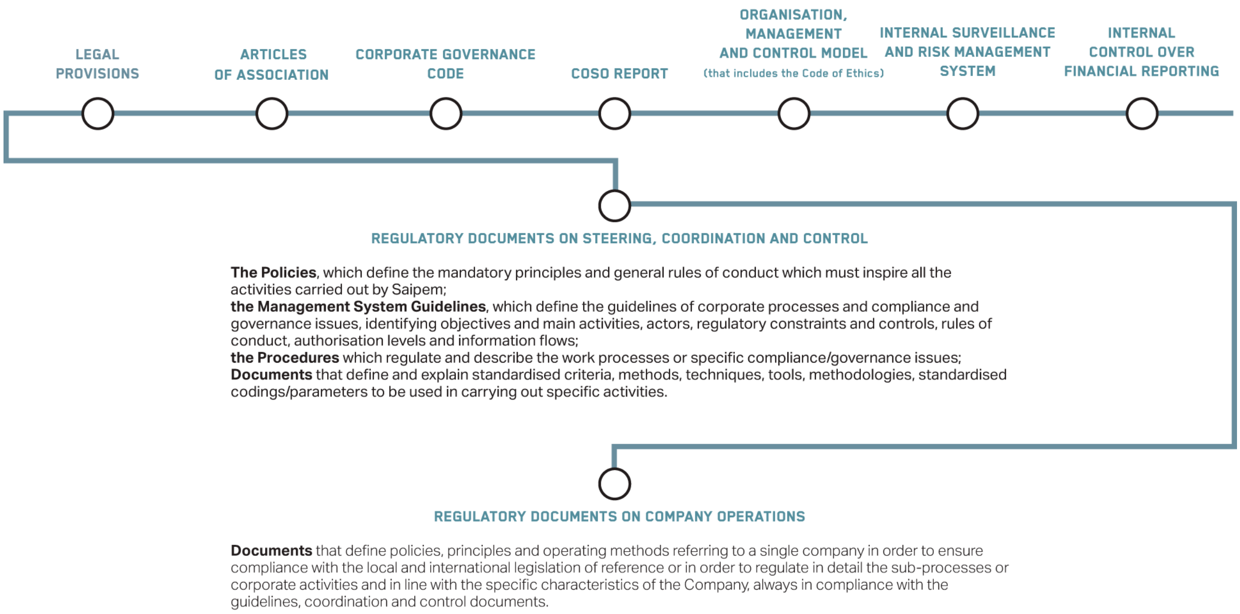
(a) Independent. (b) Coopted in date August 31, 2022. (c) Coopted in date October 26, 2022.
(d) Appointed in date October 26, 2022 as member of Sustainability, Scenarios and Governance Committee.

The Organisation, Management and Control Model of Saipem SpA

Main regulatory instruments, guidelines and management models on the topics of Legislative Decree No. 254/2016

With a view to allow the concrete implementation of what is stated in the mission and to guarantee integrity, transparency, correctness and effectiveness of its processes, Saipem adopts rules for the performance of corporate activities and the exercise of powers, ensuring compliance with the general principles of traceability and segregation.
Saipem Regulatory System is a dynamic system that provides for continuous improvement in accordance with the evolution of the internal and external context and is based on a process logic. Therefore, regardless of the placement of the activities in Saipem's organisational and corporate structure, all activities are traced back to a map of transversal processes and/or topics.
Through its Regulatory System, Saipem promotes the integration of compliance principles within corporate processes. The regulatory documents contain the minimum control principles that the people involved in the regulated process are required to comply with in order to operate in conformity with current laws and regulations.
The entire body of Saipem legislation is based on and is consistent with a general reference framework which includes: legal provisions, Articles of Association, Corporate Governance Code, CoSO Report, Organisation, Management and Control Model (which includes the Code of Ethics), Internal Control and Risk Management System and Internal Control System over Financial Reporting.

Each Company in the Group has a Regulatory System that is divided into two macro categories of documents:
- regulatory documents playing a role of guidance, coordination and control issued by Saipem SpA which, subject to formal implementation, also apply to subsidiaries;
- regulatory documents describing corporate operations issued by Saipem SpA and its subsidiaries that apply to individual companies that handle their issue.



The regulatory documents in force are published on the corporate intranet site and disseminated to the employees of Saipem SpA and the concerned subsidiaries. Some regulatory documents are also published on the website www.saipem.com.

"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.

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.

Most recently, in July 2022, 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 July 26, 2022, the Board of Directors 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 of the Italian Penal 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, No. 105 "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";
- EU Law No. 238 of December 23, 2021, "Provisions for fulfilling the obligations arising from Italy being part of the European Union";
- Law No. 22 of March 9, 2022, "Provisions related to crimes against cultural heritage";
- Law No. 25 of March 28, 2022, "Conversion into law, with amendments, of the Decree-law No. 4 of January 27, 2022, containing urgent measures related to the support to businesses and economic operators, work, health and local services, connected to the COVID-19 emergency, as well as to contain the effects of price increases in the electricity sector".

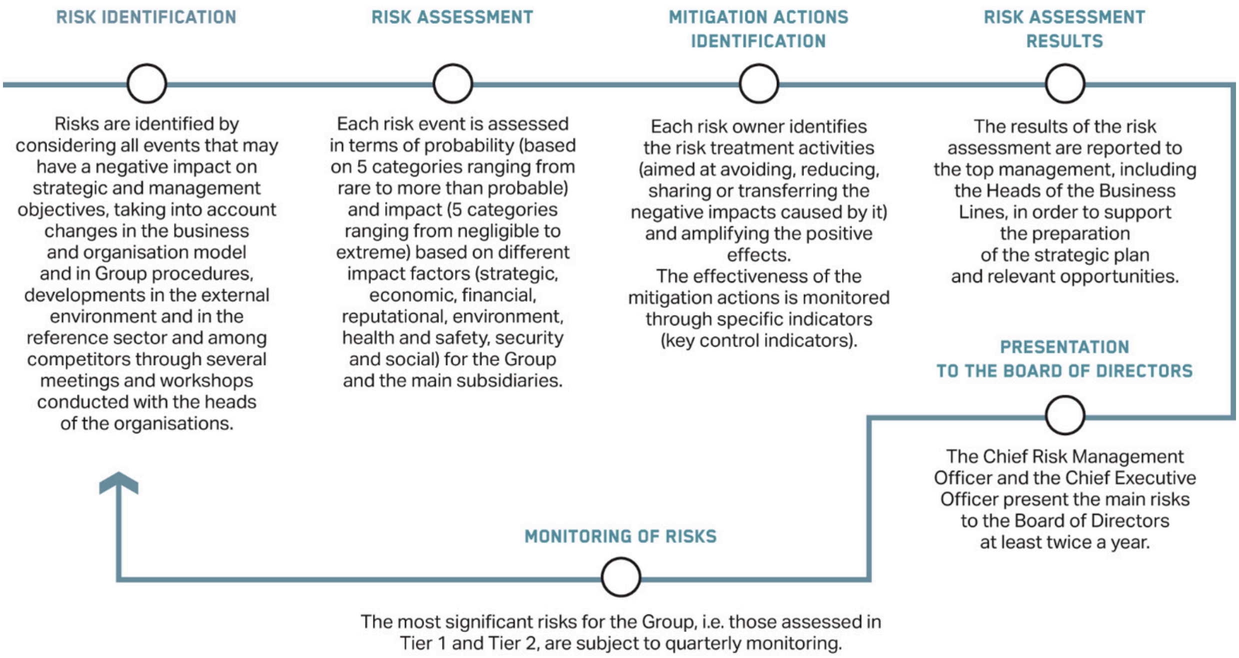
Risk management approach

The process of risk identification and assessment is implemented both at company level and at project level.

At company level, Integrated Risk Management, developed in accordance with the "CoSO Report" reference framework and national and international best practices, involves the identification, assessment and analysis of risks. It provides an assessment of the strategic, external and operational risk events at Corporate, Business Lines and Subsidiaries level and the monitoring of the Top Risks, supplying an update of the risk profile for Saipem in relation to strategic and management objectives. The risk assessment is regularly performed and updated on a six-month basis through several meetings and workshops conducted with the managers of the organisations.

A process has been established for monitoring the main risks of the Group on a quarterly basis through specific risk and control indicators, which make it possible to monitor the evolution of the risk and the effectiveness of the related mitigation activities.

Integrated Risk Management process



Events that involve risks

As described in the "Risk management" section, 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.

List of risks

1. Financial risks
2. Country risk
3. Biological/pandemic risk
4. Risks related to the supply chain
5. Cyber risks
6. Strategic risks and project acquisition risks
7. Project execution risks
8. IT risks
9. Risks associated with legal proceedings (legal, administrative, tax and labour)
10. Risks related to asset management
11. Risks related to human resources
12. HSE risks
13. Risks related to customer contract management
14. Compliance risks

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 operates within the framework of the United Nations Universal Declaration of Human Rights, the ILO Fundamental Conventions, the OECD Convention for Multinational Enterprises, the Guiding Principles on Business and Human Rights and the principles of the United Nations Global Compact.
In 2016, Saipem joined the United Nations Global Compact, further strengthening its principles on major issues such as respect for human and labour rights, environmental protection and the fight against corruption, integrated into strategies, policies and procedures, as well as in daily operations of society.

In 2020, the Chief Executive Officer signed the "CEO Guide to Human Rights" drawn up by the World Business Council on Sustainable Development (WBCSD), the international call to action addressed to top management on human rights issues.
Since 2016, Saipem has published the Modern Slavery Statement every year, in compliance with the UK Modern Slavery Act, to describe the processes and measures adopted to identify and manage the risks associated to modern slavery and human trafficking in operations and along the supply chain.

Saipem's commitment is expressed in company policies and procedures which are in line with international labour regulations and guidelines, as well as with the labour laws of the countries in which it operates.

Protection of human rights in Saipem's policies

Saipem's Code of Ethics sanctions the rejection of any form of discrimination, corruption, forced or child labour. The code promotes human rights and the safeguarding of the dignity, freedom and equality of human beings, including the protection of labour rights and freedom of trade union membership and health and safety. Saipem's Code of Ethics strictly requires that there is no workplace harassment and protects against any form of discrimination, whether based on gender, ethnicity, religious beliefs, age, marital status or any other aspect. The Code of Ethics applies to all of Saipem's population, as well as to third parties with whom Saipem collaborates.
The Sustainability Policy reinforces Saipem's commitment to promoting and respecting human and labour rights together with the protection of health, security and personal safety which are non-negotiable values for the company, and which suppliers, customers and subcontractors must subscribe to work with our Company.
Saipem's Human Rights Policy details the specific areas in which the commitment to protect human rights takes place, with particular reference to the protection of workers' dignity, also within the supply chain, the relationship with local communities, and security management.

Saipem's approach to human rights

Saipem's commitment and management model on this aspect is organised on the most significant business areas and activities, according to the risks and impacts on human and labour rights (HLR), in line with international standards.

Country risk analysis on human and labour rights (HLR)

Operating in more than 70 countries with different social, economic and cultural contexts, it is essential for Saipem to analyse the potential risks associated with activities in the various local contexts. Therefore, for each country in which Saipem operates, a specific analysis is carried out based on a study of the legislation in force and the state of ratification of ILO fundamental conventions relating to: child labour, forced labour, non-discrimination in employment and occupation, freedom of association and collective bargaining. Further information on the country is taken from studies and analyses carried out by international organisations and NGOs (e.g. ITUC, Human Rights Watch) dealing with labour rights and human trafficking.
Based on the results of the analysis, the countries are classified in relation to human and labour rights risks into four distinct risk categories: high, medium, moderate and low. Saipem uses this classification for the supplier qualification process, the identification of high-risk suppliers for possible audits, as well as for the operational human and labour rights due diligence as described in the following section.
Based on this analysis, 44% of Saipem's main operating companies are based in high-risk countries, while the remaining 56% are located in medium-, moderate- and low-risk countries.

Due Diligence on human rights at operational sites (HLR risk register)

Starting from 2021, Saipem has introduced a system for identifying and assessing human and labour rights risks through a special register that allows for the identification and classification of the risks that the Company can generate during operations and define actions to mitigate such risks. The risk register also integrates the country risk assessment in order to highlight any risks.

Following the first application of the register in 2021, during 2022 the tool was revised with a view to strengthening the methodology and alignment with the requirements of the "OECD Due Diligence Guidance for Responsible Business Conduct".

Compared to 2021, in 2022 the implementation of the HLR risk register started in all countries where Saipem's operating activities can generate a significant impact on the issue. The implementation of the tool was based on two criteria: the level of country risk and the significance of Saipem's presence, in terms of employees on site. A total of 43 Saipem companies and branches operating in 37 countries were invited to complete the register.

To ensure correct implementation of the process, a guideline was drawn up and training sessions were held with the support of human resources functions of the operating companies and branches involved. A total of 46 meeting sessions were organised.

At the end of 2022, all relevant operating companies in high-risk countries had carried out a risk mapping.

The main identified risks include freedom of association, respect for working hours and overtime, protection of health and safety and decent work at supplier premises, discrimination and security of personnel in certain contexts.

Based on the results of the risk assessment and to mitigate the potential impacts, a series of actions already carried out in 2022 or planned for 2023 were identified; they were then reported in the action plan for each operating company. Among the actions undertaken are the training and awareness-raising activities on multiculturalism, the promotion of the use of the whistleblowing procedure, in the event of violation of the Saipem principles, audit at supplier and employment agency premises, the strengthening of relations with local communities, and training of security personnel.

Human rights on the workplace

In April 2022, Saipem SpA obtained SA 8000 Social Accountability International (SAI) certification confirming the application of a social responsibility management system in the context of human rights, workers' rights and their well-being within the company. The SA 8000 certification, issued by DNV, an international leader in the sector, is an international global ethical certification of a voluntary nature which commits companies to also monitor their supply chains, triggering a virtuous circle throughout it. This certification guarantees compliance to the best international guidelines and ethical rules defined by leading world organisations on the protection of human and labour rights, such as the ILO (International Labour Organisation) and related UN conventions.

Obtaining it represents an important confirmation of Saipem's commitment to sustainability in a process of continuous improvement, particularly in some essential areas such as respect for human rights, respect for labour law, protection against child exploitation and guarantees of health and safety in the workplace, freedom of association and the right to collective bargaining along the entire value chain of the company's activity.

Other information relating to people management and industrial relations is included in the specific chapters.

Global Petroprojects Services (GPS AG) is a wholly owned subsidiary within the Saipem Group which has held a license for international recruitment and supply of personnel services since 1994, and is also an agent of Seafarer's Recruitment and Placement Services in compliance with ILO MLC 2006. GPS AG is a human resources centre of excellence providing a complex range of work-related services. GPS AG is supported by local employment agencies which are continuously monitored to verify how they manage sensitive processes such as hiring practices. This monitoring includes a documentary check of the technical capabilities in advance of the provision of services, inspections at supplier premises and/or remotely, as well as telephone interviews with personnel recruited through said agencies. In 2022, 2 audits were carried out on already qualified suppliers in relation to the contractual terms and conditions agreed for the provision of the service, and the documentary assessment of the technical capabilities of 240 potential new HR service suppliers were carried out. In addition, 26 international workers recruited with the support of agencies, but with an employment contract with GPS AG, were interviewed by telephone, outside their workplace, to gather their opinion on the management of their recruitment and other administrative practices. There were no reports of behaviour contrary to human and labour rights. In 2022 GPS AG created a further tool to monitor and understand the level of satisfaction of international staff in an agile way, with the intention of both establishing and facilitating communication with those workers who are less proficient in the English language, and possibly directing them towards the correct interlocutor. At the end of the first year of implementation of the tool, a staff satisfaction level of over 97% was recorded. The provision of training to agencies via e-learning on Saipem's ethical principles also continued. During 2022, 10 agencies were involved.

Human rights through the supply chain

As extensively described in the "A sustainable supply chain" chapter, the sustainability issues of interest to suppliers include respect for workers' rights and their protection also in terms of health and safety.
In 2022 Saipem issued the Vendor Code of Conduct, also published on the corporate website, a document aligned with the Code of Ethics and Saipem corporate policies. The document, mandatory for all suppliers, defines Saipem's expectations regarding ethical principles and the protection of human rights in order to guarantee decent working conditions for all workers, in line with local laws and the principles defined by the International Labour Organization (ILO), prohibiting any form of child labour and forced or compulsory labour, human trafficking, any form of slavery, discrimination and harassment.
A total of 3 human and labour rights audits were performed in 2022, of which 2 at subcontractors and 1 at a material supplier. The audits highlighted areas for improvement in the management of workers, working hours and training of staff on internal grievance processes. Based on the results of the audits, specific corrective actions have been initiated.

Security and human rights

Saipem is committed to adopting preventive measures aimed at reducing 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. Saipem manages relations with local security forces to ensure a shared commitment to human rights, as well as the adoption of rules of engagement that limit the use of force and the impact on local communities. Before signing a contract, due diligence of suppliers of security systems and services is performed to verify if there are indicators linked to the violation of human rights. In 2010, Saipem introduced clauses relating to respect for human rights in contracts with these suppliers and failure to comply with the clauses will result in the termination of the contract.

Collaborations and training activities

Collaboration continued in 2022 within Building Responsibly (BR), a coalition of leading engineering and construction companies working together to raise the bar in promoting workers' rights and well-being across the sector. Saipem actively participated in the BR meetings sharing the human and labour rights risk register, the first results of its implementation in 2021, the lessons learned and further steps to improve the process.
As part of the internal communication campaign on Saipem's participation in the United Nations Global Compact, a series of articles were published in "Orizzonti", the company newspaper, with the aim of raising awareness and informing colleagues about the principles of the Global Compact and about how they are applied in Saipem: the first article was on the occasion of the anniversary of Saipem's accession to the United Nations Global Compact and was published in October. Subsequently, in November and December, two new articles were published respectively on the principles of environmental protection and on human and labour rights. The campaign is expected to continue throughout 2023 to address the principle of anti-corruption and possible other in-depth information.
As part of the SA8000 certification process, Saipem carried out a training course in 2022 for employees operating in Italy, with the aim of providing information on the requirements and the SA8000 management system. The training program covers all the requirements of SA8000 and allows a better understanding of all labour rights issues and how they can be managed, eliminated or mitigated and the whistleblowing reporting system. In 2022, a total of 2,877 employees were trained (51% of total enrolments).
To ensure the dissemination of Saipem's human rights and labour principles in operational projects, a training program on the principles of human rights and decent work for HSE trainers was launched in November 2022, with the aim of sharing knowledge and awareness of these issues. The course included information regarding legislative updates on the subject, the principles of the Saipem Code of Ethics and the commitments to promote and protect human rights, human rights risks and impacts, including those relating to personnel health and safety. The course also made it possible to provide HSE trainers with the materials and information necessary to enrich the HSE induction course, which is provided to all personnel at operational and project sites (including subcontractor workers), regarding the principles of human rights of Saipem and the reporting process. The course involved 22 participants from various Saipem operating sites, including the United Arab Emirates, Saudi Arabia, Azerbaijan, Angola, India and Nigeria.

Saipem has launched an e-learning training program in 2020, specifically dedicated to people who work in Security functions. Training includes a specific focus on ethics and compliance, including respecting and promoting human rights. In 2022, a total of 19 people completed the training (129 from 2020). During 2023, the training activity should continue for the rest of the population involved.

Since 2016, Saipem has implemented a training program on "human rights and the supply chain" to train Saipem's procurement functions, mainly Vendor Management and Post Order. The training envisages a focus on international standards and internal policies, the actions that can be implemented and the role of employees on these issues. The training aims to instruct employees who interact directly with vendors on the importance of reporting serious situations they may observe during visits to vendors. Training is provided through an e-learning platform. In the period 2016-2022, a total of 811 employees were trained, covering the entire population of Post-Order functions. Starting in 2020, the training is available to all new hires in the functions concerned.

RISKS COVERED BY ITALIAN LEGISLATIVE DECREE NO. 254/2016: HUMAN RIGHTS

	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. Moreover, Saipem organises specific training courses for personnel (both internal and external) engaged in security services.

GRI 410-1

Security practices

The Saipem Security model is based on a correct analysis of what we refer 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 2022, three training campaigns on these topics continued. During their course three editions, open all throughout the year and 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) were carried out.

The cyber security performances for 2022 are shown below. Specifically:
- out of 32,256 cyber incidents, no critical cyber incidents were recorded;
- more than 80% of the e-mails addressed to Saipem were identified as malicious;
- the number of "fake" domains referable to Saipem identified by intelligence activities has doubled and is constantly monitored. In more serious cases, the site is taken down and made inaccessible (take down process);
- vulnerability analyses revealed that out of 32,968 identified vulnerabilities, only 6 were found to be critical and were promptly addressed.

Saipem's CyberSecurity Model is also subject to positioning assessments (benchmark) and in 2022 Saipem improved its performance indicators.
Saipem continues to maintain its ISO 27001 "Information Security Management System" certification for the "Cyber Security Incident Monitoring and Management" process.
For the two-year period 2023-2024, the implementation of a massive project, the "Information Security and Data Management" Programme (Programme), is planned, with the aim of further increasing the level of IT security of application and infrastructure resources and the protection of corporate information and know-how, minimising the risk of critical information resources being lost, compromised or made unavailable. The Programme will be implemented under the coordination of a Steering Committee consisting of the heads of the relevant units, including the IT Systems and Cybersecurity Execution and Digital departments. There are numerous initiatives that make up the Programme and they are summarised below:
- data protection and classification of information;
- implementation of a Digital Identity model;
- IT technology debt remediation activities.

As of June 2021, Saipem became part of the Italian "National Cybersecurity Perimeter" and is therefore subject to the fulfilment of requirements set forth in Italian Law No. 133 of 2019 "Urgent Provisions on the Cybersecurity National Perimeter" and subsequent ministerial laws, limited to the assets falling within this area.
A risk assessment was carried out on the IT perimeter of Saipem SpA in accordance with the Cyber Security Agency's requirements for: (i) the identification of the ICT assets falling within the perimeter; (ii) sending the list of ICT Assets in the format produced by the software made available to the DIS (Dipartimento delle Informazioni per la Sicurezza – the Italian Department of Information for Security); (iii) Risk Analysis with an indication of the mitigation measures aimed at guaranteeing high levels of network security.
IMO Resolution MSC.428 (98) requires ship owners and managers to assess cyber risk and implement relevant containment measures in all areas of their Safety Management System, as from January 1, 2021. For this reason, Saipem has updated its Security Management System (SMS) and Ship Security Plan (SSP) to include Cyber Risk Assessments. Cyber Security Officers have also been appointed (one on board each vessel). They correspond to the Chief Engineering Electrician Managers, who, thanks to their professional training, are suitable for acquiring cyber skills.
Cyber attack drills were also performed on board the vessels, according to scenarios and models which are an integral part of Saipem SpA's emergency and crisis management system.
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 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.
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, are constantly updated. 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's and Third-Party's Security providers.
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 and it aims to provide Pretravelling 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.

Data Privacy Management

In compliance with the Data Protection Regulation (EU Regulation 2016/679, better known as GDPR), the Saipem SpA Data Privacy Management function is responsible for carrying out all the activities required to comply with the relevant legislation and related macro-trends.
The Data Privacy Management system aims to reduce risks and develop a single framework for all company operations that manage data to which privacy laws apply, i.e. a global and uniform Data Privacy Management System, applicable to the entire Saipem SpA.
The Company has adopted the "Privacy and Data Protection" Management System Guideline aimed at disseminating fundamental information on Privacy and Data Protection and regulating the management process, in a way to ensure that the Processing of Personal Data takes place in such a way as to ensure full respect for the rights and freedoms of the data subjects. The document regulates the roles and responsibilities, as well as the obligations to be fulfilled on the matter pursuant to current legislation.

In addition, the Company has adopted three different Group Standard Procedures covering the three key areas of data management, data protection and data communication and transfer.
Finally, additional criteria were adopted on risk analysis for the rights and freedom of data subjects, methodologies for assessing the impacts and analysis on the severity of data breaches, as well as training and awareness on the subject, monitoring and reporting programs and tools, to ensure continuous improvement of the activities.

Saipem carries out various assessments as Data Controller and Data Processor through a register of data processing activities both as Data Controller and as Data Processor, where all the information useful for mapping all the processes concerning the processing of data. A risk assessment is also performed on all processes involving data processing by adopting specific security measures to protect the personal data processed. Furthermore, the Company has adopted a specific risk assessment methodology regarding the rights and freedom of data subjects.

According to Article 25 of the GDPR, Saipem has carried out a specific assessment for all new initiatives in order to comply with the principles of privacy by default/by design.

The Company, pursuant to Articles 33 and 34 of the GDPR, manages the data breach by following a specific procedure that also involves the Cyber security team and the DPO. Furthermore, the Company has adopted a specific methodology to assess the severity of a personal data.

According to Article 28 of the GDPR, a data protection agreement has been adopted with all suppliers who process personal data on behalf of the Data Controller. In addition, there is a process to assess the adequacy of the Data Processor before he or she initiates the actual processing of data on behalf of the Company.
In addition to the various corporate figures with responsibility for data processing, specific awareness training on the protection of personal data is provided to all personnel, such as classroom courses for corporate management, privacy representatives and those responsible for processing activities, and e-learning training for all employees authorized to process personal data.

RISKS COVERED BY ITALIAN LEGISLATIVE DECREE NO. 254/2016: FIGHT AGAINST CORRUPTION

	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. Furthermore, Saipem is engaged in training activities on ethical issues, including anti-corruption, and the "231 Model", focusing particularly on personnel at risk. 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 who may engage in fraudulent activities, possibly evaluating their suspension.

GRI 205-2
GRI 205-3
GRI 415-1

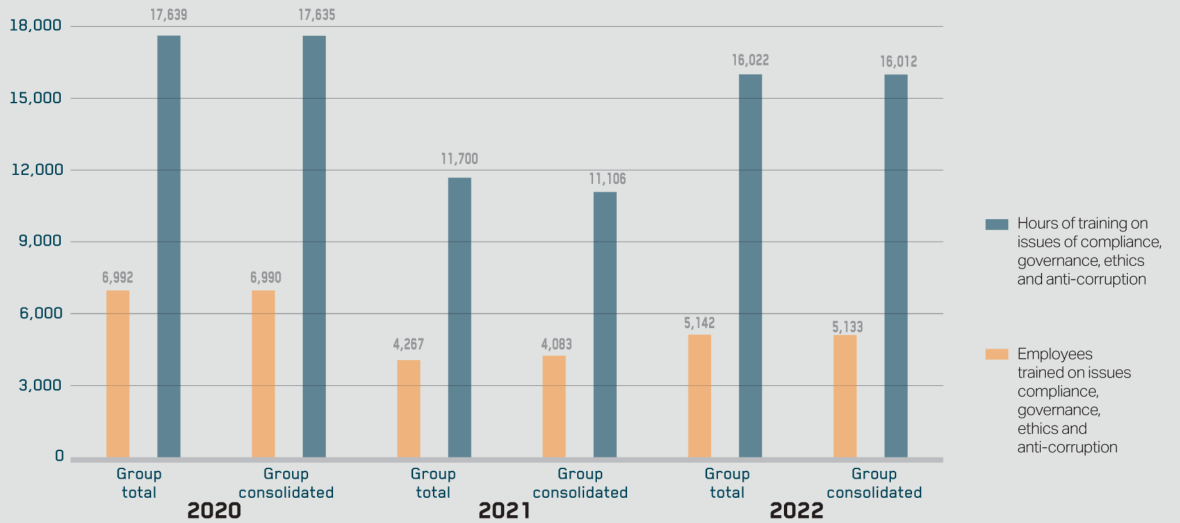
Fighting corruption

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 "*bribes, illegitimate favours, collusion, requests for personal or career benefits for oneself or others, either directly or through third parties, are prohibited without any exception*".
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 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 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 2022, 17% of employees for the full consolidated perimeter and 16% for the Group perimeter was trained on these issues, up respectively by 4% and 5% compared to the previous year, considering the hours of training supplied in these areas was 16,022 for the Group perimeter (15,996 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 with a view to verifyng 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 2022, 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 requests compliance by 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	2022 Group total	2022 Full consolidated
Employees who have received training on compliance [(1)]						
For category of employees						
Blue Collars	18	18	33	22	72	72
White Collars	4,702	4,700	2,578	2,447	3,177	3,171
Managers	2,081	2,081	1,486	1,444	1,711	1,708
Senior Managers	191	191	170	170	182	182
For geographical area						
Americas	450	450	189	189	247	247
CIS	188	188	2	1	175	175
Europe	4,017	4,017	2,823	2,810	2,888	2,887
Middle East	1,120	1,118	678	634	713	709
North Africa	87	87	35	35	24	24
Sub-Saharan Africa	683	683	400	273	248	243
Far East	447	447	141	141	848	848

(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 employees, directors, officers, auditing companies of Saipem SpA 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 as a way 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 files were opened in 2022: 5 whistleblowing report files on discrimination issues, of which 2 are still open and the remaining 3 are closed; 1 whistleblowing report file on local communities issues, already closed; 29 whistleblowing report files on workers' rights issues, of which 3 are still open and the remaining 26 are closed; 24 whistleblowing report files on mobbing/harassment issues, of which 10 still open and the remaining 14 are closed. All 59 cases were transmitted to the pertinent company bodies (Board of Auditors of Saipem SpA, Supervisory Board of Saipem SpA and the Compliance Committees of the companies affected by the reports).

With regard to the discrimination issues, with reference to the 3 closed cases, in 2 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, violation was confirmed in 1 case. The corrective action identified consisted in terminating the employment relationship with the reported subject.

(No.)	2020	2021	2022
Number of cases reported			
Total, of which:	158	158	137
- founded or partially founded	43	40	26
- unfounded	115	93	91
- open	-	25	20

(No.)	2020	2021	2022
Files on cases of discrimination			
Total, of which:	9	2	5
- founded or partially founded	1	-	1
- unfounded	8	2	2
- 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:	21	35	24
- founded or partially founded	6	11	6
- unfounded	15	12	8
- open	-	12	10
Files in relation other to workers' rights			
Total, of which:	28	22	29
- founded or partially founded	2	2	6
- unfounded	26	18	20
- open	-	2	3

The data is updated as of December 31, 2022.
(*) 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 of workers' rights, with reference to the 26 closed cases, in 19 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 6 cases and in 1 case, though without violation, corrective action was taken. The corrective actions were as follows: evaluation of various disciplinary measures, regularisation of anomalous situations relating to remuneration, evaluation of measures towards suppliers, awareness-raising activities for employees aimed at compliance with internal procedures and the review of procedures and internal forms.
It should also be noted that 2 workers' rights cases reported in 2021 were closed in 2022; they were still open at the time of the last reporting. Of the 2 report files closed, 1 was found to be without grounds and no corrective actions were taken, while 1 was confirmed as a violation. The corrective actions identified were the following: evaluation of various disciplinary measures, regularisation of the anomalous situation relating to remuneration and revision of internal forms.

In the area of mobbing/harassment, the competent company bodies dismissed 7 of the 14 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 6 cases and corrective actions were implemented even in the absence of violations in 1 case. The following corrective actions were taken: assessment of various types of disciplinary measures, awareness-raising activities in order to maintain a suitable working environment and to comply with, and to set up yellow boxes also accessible to vendors employees.
Of the 12 cases that were closed, 6 were unfounded, while in 4 cases the violation was confirmed and in 2 cases, despite the absence of violations, corrective actions were identified. The following corrective actions were taken: assessment of various types of disciplinary measures, awareness-raising activities in order to maintain a suitable working environment and attendance to leadership trainings.

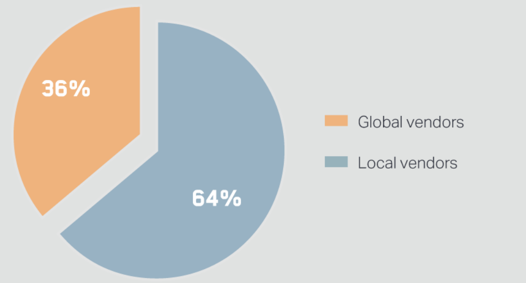
As regards issues on the relations with local communities, with reference to the closed case, the competent company bodies decided to dismiss it on the basis of the investigations carried out, deeming that there was no violation of the Code of Ethics with reference to the facts reported.

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 are available in the "Directors' Report" of the Annual Report, specifically in the chapters "Offshore Engineering & Construction", "Onshore Engineering & Construction", "Offshore Drilling" and "Discontinued operations".

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 2022 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)	2021 (**)	2022 (**)
Core business revenue	6,528	9,980
Other revenue and income	5	11
Financial income	304	1,008
Derivative financial instruments	(112)	(128)
Net reversals (impairment losses) on trade receivables and other assets	(42)	32
Other operating income (expense)	2	7
Gains (losses) on equity investments	9	(65)
(Gross) economic value generated	**6,694**	**10,845**
Depreciation, amortisation, and impairment losses	(495)	(445)
Economic value generated (net of depreciation, amortisation and impairment losses)	**6,199**	**10,400**
Economic value distributed	**8,605**	**10,715**
- of which Operating expenses (purchases, services and other costs)	6,664	7,830
- of which Wages and employee benefits (personnel expenses)	1,553	1,656
- of which to the Community (*)	-	1
- of which Capital providers (interest on loans)	329	1,075
- of which to the Public Administration (taxes)	59	153
Economic value retained in the Group on continuing operations	(2,406)	(315)
Economic value of discontinued operations (**)	(61)	106
Economic value retained in the group	**(2,467)**	**(209)**

(*) 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 (€0.4 million in 2021; €0.6 million in 2022).
(**) Reclassification due to discontinued operations with sale of the Onshore Drilling business. Please refer to the "Discontinued operations" section of the Director's Report for further information.

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 2021 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 – with the aim 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: Non-related parties	Revenues: Related parties	Revenues: Total	Profits (Losses) before income taxes	Income taxes paid (based on cash accounting)	Accrued income tax - current year	Number of employees (units)
Gap between tax rates							
Americas							
range 20%<x<25% total (1)	183.2	66.5	249.7	55.8	6.7	9.6	964
range x>25% total (2)	214.1	27.1	241.2	(111.8)	2.2	0.5	1,580
Total Americas	**397.4**	**93.6**	**490.9**	**(56.0)**	**8.9**	**10.1**	**2,544**

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

CIS							
range 20%<x<25% total (1)	232.0	18.6	250.6	32.4	17.5	13.1	1,500
Total CIS	**232.0**	**18.6**	**250.6**	**32.4**	**17.5**	**13.1**	**1,500**

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

Europe							
range x<10% total (1)	85.5	272.2	357.7	(219.9)	(6.1)	2.5	399
range 10%<x<15% total (2)	23.9	2.0	25.9	2.9	3.3	2.8	159
range 15%<x<20% total (3)	56.5	292.7	349.2	16.9	3.9	3.1	1,086
range 20%<x<25% total (4)	2,355.7	548.5	2,904.2	(2,696.7)	17.1	15.6	5,198
range x>25% total (5)	690.0	184.3	874.4	(771.0)	11.8	18.1	1,675
Total Europe	**3,211.6**	**1,299.7**	**4,511.3**	**(3,667.8)**	**29.9**	**42.2**	**8,517**

(1) Includes: Portugal.
(2) Includes: Bulgaria, Cyprus, Albania, Serbia.
(3) Includes: Croatia, Romania, Luxembourg, UK, Switzerland.
(4) Includes: Norway, Spain, Italy, Netherlands, Austria.
(5) Includes: France. Most of the taxes in this cluster are income taxes applied abroad

Far East							
range 15%<x<20% total (1)	18.6	9.9	28.5	(19.1)	0.0	0.0	464
range 20%<x<25% total (2)	260.9	372.2	633.1	(10.9)	15.6	16.7	6,442
range x>25% total (3)	10.7	9.5	20.2	(5.9)	0.0	0.0	9
Total Far East:	**290.2**	**391.7**	**681.9**	**(35.9)**	**15.6**	**16.7**	**6,915**

(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)	25.5	84.0	109.5	(38.1)	0.0	0.0	1,382
range 10%<x<15% total (2)	697.3	0.0	697.3	(27.5)	0.5	0.7	1,667
range 20%<x<25% total (3)	1,056.1	128.5	1,184.6	(144.5)	12.9	3.2	5,622
range x>25% total (4)	23.1	0.0	23.1	(3.3)	0.0	1.7	81
Total Middle East	**1,802.0**	**212.5**	**2,014.5**	**(213.5)**	**13.5**	**5.58**	**8,752**

(1) Includes: United Arab Emirates.
(2) Includes: Oman, Kuwait, Qatar.
(3) Includes: Saudi Arabia.
(4) Includes: Iraq.

North Africa							
range 20%<x<25% total (1)	52.0	28.5	80.5	(66)	0.4	0.2	91
range x>25% total (2)	0.2	0.0	0.2	0.2	0.0	0.0	0
Total North Africa	**52.2**	**28.5**	**80.7**	**(66)**	**0.4**	**0.2**	**91**

(1) Includes: Egypt, Tunisia, Libya, Algeria.
(2) Includes: Morocco.

Sub-Saharan Africa							
range x>25% total (1)	457.3	48.0	505.3	(59.2)	21.2	7.2	4,446
Total Sub-Saharan Africa	**457.3**	**48.0**	**505.3**	**(59.2)**	**21.2**	**7.2**	**4,446**

(1) Includes: Senegal, Congo, Nigeria, Mozambique, Angola, Ghana, Mauritania and Equatorial Guinea. 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	**6,442.7**	**2,092.6**	**8,535.3**	**(4,066.2)**	**107.0**	**95.0**	**32,765**

During 2022, the Company revised and updated the Group Tax Policy with the aim to integrate the guidelines and key principles that inspire corporate operations in the management of the tax variable.

The document, renamed Tax Strategy and drafted in compliance with the Code of Ethics and Group Sustainability Policy, is based on principles of honesty and integrity, compliance with national and international tax regulations, transparency in relations with the tax authority and creation of sustainable value over time.

The Tax Strategy, approved by the CEO of Saipem SpA and implemented by its subsidiaries, intends to guarantee the correct and timely payment of taxes due by law, the execution of tax obligations and the containment of tax risk, that is the risk of operating in violation of tax laws or in contrast with the principles or purposes of the tax law.

To guarantee the implementation of these principles and goals, 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.

Further information on the Tax Strategy is available on the corporate website.

In order to strengthen the Internal Control and Risk Management System and ensure correct and continuous management of taxation, the Tax Control Framework (TCF) was implemented and adopted, in line with the principles and guidelines contained in the Group Tax Strategy. This system, entered into operation starting from 2022 for Saipem SpA and with the aim of extending it to the most significant Group companies, 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 Strategy.

The Tax Control Framework is characterised by the following essential elements:
- process for detecting and measuring tax risks;
- internal controls to monitor the tax risks identified;
- monitoring procedures to identify any deficiencies or errors in the functioning of the model;
- the various roles and responsibilities;
- information flows between corporate functions and reporting to top management on the results of the monitoring activities carried out and on the measures to remedy any deficiencies.

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, whose results are periodically reported to the control bodies through a specific report.

Finally, Saipem SpA reserves the right to evaluate, by 2023, access to the enhanced cooperation regime (Adempimento Collaborativo) with the Italian Revenue Agency.

Sustainable development partnerships

In 2022, 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, as well as some already active in the field and which gave interesting results during the year:
- With regard to the development of the "Saipem CO_2 Solutions" proprietary technology, Saipem is actively participating in the "ACCSESS" innovation project, funded by the European Community, which started in 2021 and involves 18 European partners. The project is demonstrating the possibility of capturing CO_2 from gaseous effluents from various hard-to-abate industries such as paper mills, cement and waste treatment plants. Hafslund Oslo Celsio's mobile CO_2 capture plant in Klemetsrud was started up with CO_2 Solutions technology.
- Saipem is also active and focused on identifying all possible opportunities and technologies for the reuse of CO_2, especially where transport and storage infrastructures are not available. In this respect, Tenaris, Saipem and SIAD have signed this year a MoU (Memorandum of Understanding) to start the design of a CO_2 capture unit, to be built at the Tenaris plant in Dalmine (Italy).
- In the field of marine wind technologies, Saipem is engaged in the development of floating substations in collaboration with Siemens Energy. The two companies have signed a MoU for the joint development of a cutting-edge technological solution. It is a 500 MW high-voltage alternating current (HVAC) floating electrical substation for use in offshore wind farms.

- Saipem is also participating, together with a number of other partners, in the "FLOATECH" programme, 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.
- Still in the field of the development of innovative technologies for floating wind power, together with the National Research Council (CNR) at the Naples site, Saipem is preparing a second test campaign, scheduled for early 2023, on a version of HexaFloat™ in reduced scale 1:7 with the aim of testing an even more representative installation sequence and acquiring further data by operating in real marine conditions.
- Finally, Saipem is also participating to several projects, led by France Energies Marines and CITEPH (French Energy Innovation Programme) covering design, mooring, testing, monitoring and operation & maintenance of floating wind foundations.
- In the offshore geothermal field, in the context of the collaboration with Geolog, potential geothermal fields are being evaluated in the Mediterranean area, using a "machine learning" approach and comparing the results with existing databases. The goal is to identify areas of interest where an offshore geothermal field can be developed.
- In September 2022, Saipem and Edison further joined forces in the Puglia Green Hydrogen Valley project, acquiring respectively 50% and 10% of Alboran Hydrogen Brindisi Srl. The project aims at helping the acceleration of the spread of green hydrogen in the national energy mix in order to reach the Italian and European targets of climate neutrality by 2050.
- As to circular economy, Saipem and Quantafuel ASA have signed a MoU to collaborate on the industrialisation and construction of chemical recycling plants for plastic waste based on the design and process technology developed by Quantafuel.
- Regarding the Hydrone robotic platform, the Company has an ongoing collaboration with WSense for the development of intelligent submarine units that act as intelligent communication nodes, also able to communicate with each other through underwater channels (e.g. optical and acoustic channels) strongly integrated with Saipem's subsea robotic systems.
- 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 platform.

Supply chain management

GRI 2-6
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.
Saipem's business is characterised by a highly complex global supply chain, covering different geographical areas and different industrial sectors. To date, the Group has more than 22,000 qualified suppliers, of which over 6,000 were qualified in 2022, with a prevalence (32%) of suppliers belonging to the European area. In over 70 years of business in numerous countries in the world, Saipem has created a consistent network of partners and vendors; more than 6,000 vendors have worked with Saipem for at least 10 years.
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 approximately 1,000 are classified as critical categories, i.e. deemed essential for the development of the Company's core business. In 2022, those most represented in terms of amount purchased are related to mechanical assembly, chartering of vessels, purchase of package systems for ballast water treatment, construction of onshore pipelines, personnel services. During the year, purchases were made mainly from vendors located in Europe, Middle East and Central Asia.

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.

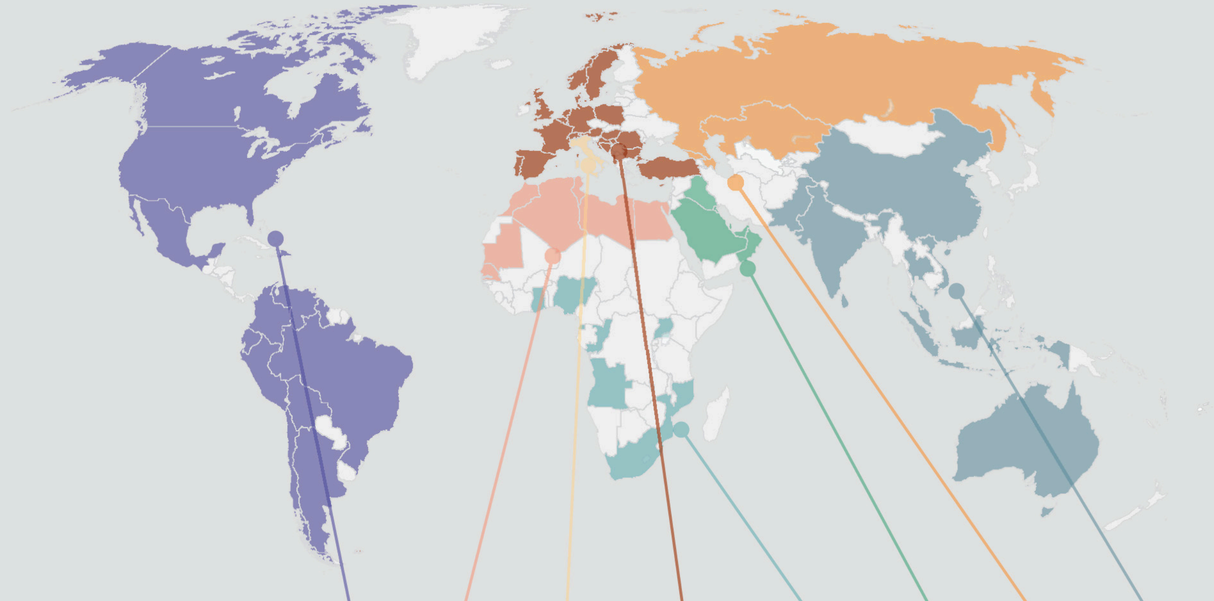
The supply chain process

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.

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	635	28	72	49	1,117	878	40	36
Local vendors (**)	239	14	189	925	823	1,996	163	783
% of expenditure for operating projects at a local level on total	27%	33%	73%	95%	42%	69%	80%	96%

(*) Estimated monetary value of payments made to vendors in 2022.
The amount spent in the year not due to operational projects (property investments, personnel costs and other operating costs) is €2,513 million.
(**) Local vendors means entities that have their registered offices in countries included in the geographical area indicated.

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 involved in the internal strategic discussion on issues related to climate change and its implications on corporate strategy and programmes.

The sustainability/ESG objectives for 2022 included in the Short-Term Variable Incentive Plan envisaged a climate change-related objective of reducing greenhouse gas emissions for the year, as part of the broader Net-Zero programme.
This objective was achieved with approximately 38.19 kt of CO_2 eq avoided thanks to the implementation of energy efficiency and saving initiatives, as described in the "GHG Emissions" section of this document.
For 2023, as described in the "Report on Remuneration Policy and Compensation Paid 2023", the climate objectives are included in both the Short- and Long-Term Incentive Plan.

Climate-related risks

The climate-related risk analysis process is integrated into Saipem's risk assessment and governance, described in the chapter "Approach to risk management".
The Company's operations are inherently exposed to both physical and transition risks from climate change.

Risk category		Climate-related risks included
HSE risks	→	Physical risk - acute
Strategic risks and project acquisition and execution risks	→	Transition risks - technology and legislation
Strategic risks	→	Transition risk - reputation

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

Types of risks	Risk	Risk description	Evaluation	Financial impact	Impact magnitude*	Mitigation measures
Physical risk: > acute	Accidents in operations, assets and transport	Accidents/significant impacts that may occur on strategic assets and operational projects due to meteorological events	Time horizon: > short and medium term Likelihood: > moderate	This risk may lead to impacts in terms of increased operating costs, delays in operational activities and erosion of project margins.	Significant	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	Project complexity (technical novelty/scope of work)	Risk in the execution of new projects to support the energy transition (offshore wind project)	Time horizon: > short and medium term Likelihood: > moderate	Increased operational costs in project execution, delays in operational projects and erosion of project margins.	Significant	Sharing of best practices and lessons learnt, development of contractual clauses to protect business specificities, training and development of personnel skills.
Transition risk: >Technology	Technology innovation	Loss of business opportunities for energy transition projects related to new technologies	Time horizon: > short and medium term Likelihood: > unlikely	Loss of business opportunities.	Significant	Analysis and identification of market and technological trends. Benchmarking and alignment of Saipem with the open innovation efforts of clients and competitors. Strategic partnership. Innovation spending on energy transition technologies.
Transition risk: > Regulatory	Emerging sustainability trends	Impacts on business activities deriving from the evolution of regulatory framework (e.g., carbon tax, ETS, etc.)	Time horizon: > medium term Likelihood: > likely	Erosion of project margins due to increased operating costs related to CO_2 emission fees and cost of supplies.	Negligible	Monitoring of GHG emissions regulation, launch of Net-Zero programme, implementation of initiatives to increase energy efficiency, regular maintenance and upgrade of Saipem's assets to continuously improve environmental performance, involvement of suppliers on emission reduction strategies.
Transition risk: > Reputation	Emerging sustainability trends	Lack of access to subsidised credit support for ESG initiatives.	Time horizon: > medium term Likelihood: > likely	Impacts on the cost of capital.	Negligible	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.

(*) The Magnitude ranges are 5: Negligible, Significant, Relevant, Very relevant and Extreme. The estimated likelihood ranges are 5: Rare, Unlikely, Moderate, Likely and More Than Likely. The entity of the economic-financial impact is estimated considering the time horizon of the Strategic Plan.

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	Impact magnitude*	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.	Relevant	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 (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.	Significant	Creation of a new business line focused on offshore wind. 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	Impact associated with the existing backlog and potential new acquisitions related to infrastructure projects in the strategic plan horizon.	Significant	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 vessels, 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.	Negligible	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 Magnitude ranges are 5: Negligible, Significant, Relevant, Very relevant and Extreme. The estimated likelihood ranges are 5: Rare, Unlikely, Moderate, Likely and More Than Likely. The entity of the economic-financial impact is estimated considering the time horizon of the Strategic Plan.

The strategy of mitigating risks and maximising opportunities focuses on two main pillars:
- expand the range of climate-friendly solutions and support clients' decarbonisation process;
- improve the efficiency of Saipem's assets and operations to reduce its greenhouse gas emissions.

Analysis of the climate-related scenario

Saipem is aware that climate change may have a significant direct and indirect impact on its business operations. Due to the nature of these impacts, the effect can be analysed in the short-, medium- (range of the strategic plan) 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, in formulating its strategies, considers a series of scenarios provided by a third party (S&P Global), which include various forecasts of temperature increases by 2100, starting from the Net-Zero scenarios (+1.5 °C) up to those with a high climatic impact (+2.9 °C). The analysis of the scenarios presented 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).

Our strategy to support decarbonisation and the energy transition

SASB EM-SV-110A.2

As indicated in the chapter on the development of the market scenario and strategy, hydrocarbons are expected to continue to provide an important contribution to the energy mix in the medium-term, to then mark a gradual decline in the longer term (with likely accelerated timing for oil compared to natural gas in the different scenarios). In this context, large-scale investments in oil and 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 including 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 as "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.

Saipem's Net-Zero programme

Saipem's Net-Zero Programme, within the broader Sustainability Plan, aims to achieve **Net-Zero of Scope 3 emissions by 2050**.
Furthermore, the programme has identified two specific long-term objectives:
- 50% reduction in Scope 1 and 2 emissions by 2035 (based on 2018 GHG emissions);
- Carbon neutrality for Scope 2 emissions by 2025.

The Net-Zero Programme involves various corporate functions both at Group level and at Business Line level which contribute to achieving the stated objectives. The cross-functional working groups participating in the programme have been created by bringing together extensive skills and knowledge, and the implementation plan is transversal to the entire Group and to the corporate functions involved in its implementation. Like the

Strategic Plan, the Sustainability Plan is valid for four years and can be updated. Based on a medium-long term systemic vision, it identifies long-term actions that could be implemented.

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 are updated following current and future developments of the context, such as 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.
Saipem's approach to Net-Zero is irreversible and systematic, aiming for continuous improvement both internally and along the value chain. Saipem aspires to create "change agents", both inside and outside its organization, involving its clients, suppliers and all the players in its value chain.
The reduction activities envisaged by the Net-Zero Programme refer to Scope 1, Scope 2 and Scope 3 emissions, according to the methods described below and the principles set out in the document "Manifesto and Strategic Guidelines" which can be consulted on the institutional website.

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 Facilities).
Retrofit: Phase I, increasing the energy efficiency of Saipem's operations through the use of the best available technologies (2018-2030).
Renewal: Phase II, replacing assets with innovative assets that are more energy efficient and with lower GHG emissions, thanks also to digitalisation and, for example, unmanned operations (2030-2040).
Renewables/CCS: Phase III of massive use of renewable energies and technologies, both traditional and advanced (such as marine and floating solar energy), and possible application of Carbon Capture and Storage technologies on assets (2040-2050).

Furthermore, Scope 1 and 2 emissions will also be reduced thanks to:
- use of alternative fuels: replacing fossil fuels with low carbon-emission fuels, such as the use of HVO biodiesel instead of fossil fuels;
- electrification: switching from electricity generation with fuel-powered generators to grid power where possible.

To meet the Scope 2 target, priority will be given to the following criteria, in order of importance:
1. energy saving and efficiency;
2. renewable energy from the grid or self-produced;
3. offsetting residual emissions after all the measures above have been implemented.

Energy flows and consumption will also be constantly monitored.

Regarding the offsetting of residual emissions, Saipem intends to invest in offsetting projects through Nature Based Solutions, with a positive impact on several key issues such as biodiversity, the protection of critical ecosystems, local communities and natural resources.

Planned actions for the reduction of Scope 3 emissions

With regard to Scope 3, Saipem will support clients, suppliers and different players in the value chain on their decarbonisation path, acting as a facilitator of low impact strategies and technologies in terms of greenhouse gas emissions while playing a key role in the energy transition. The ultimate aim is to set reduction targets as soon as possible, in the context of the Net-Zero Programme, in eligible areas of Scope 3, over which a certain degree of control can be exercised, such as mobility and supply chain.

In this regard, in the context of the Net-Zero Programme within the Sustainability, Saipem is working to offer clients "Carbon Neutral" construction sites or projects, introducing, in synergy with the clients themselves, technical measures of efficiency and reduction in emissions, self-produced renewable energy and energy from the network, all completed by insetting and offsetting projects, for the compensation of residual emissions.

Regarding the supply chain, a specific Workstream was identified with the aim of strengthening:
- the monitoring of ESG performance in the supply chain; to this end, Saipem has adopted the Open-es platform;
- the sustainability requirements in the purchase of goods and services that impact Scope 1 and 2;
- the monitoring of Scope 3 emissions related to the supply chain (in terms of perimeter and granularity), in order to define its reduction targets.

(Further information is available in the "Sustainable supply chain" chapter of the 2022 Sustainability Report).

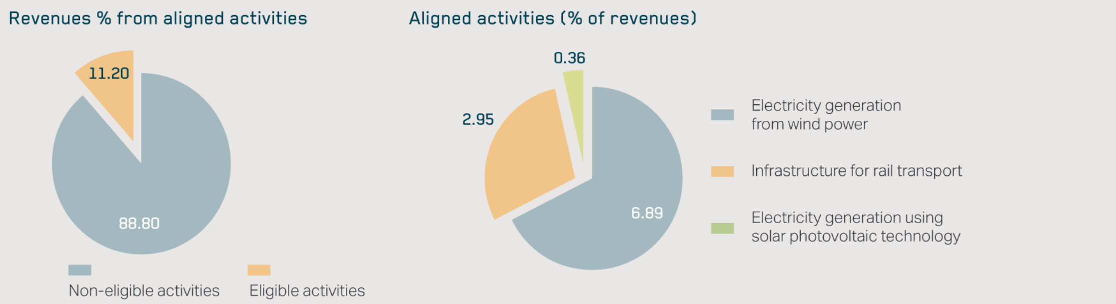
Management of climate-related risks and opportunities

Income from product or services supporting the transition to low-carbon economy

The EU Taxonomy for sustainable activities is a classification system established by the European Union to identify which activities and investments are environmentally sustainable.

As reported in the paragraph "Sustainable activities according to the EU Taxonomy", Saipem reports the information in accordance with EU Regulation 2020/852 on taxonomy. Below are the KPIs for the eligible activities aligned with the Taxonomy for the climate change mitigation objective.

SUSTAINABLE ACTIVITIES ACCORDING TO THE EUROPEAN TAXONOMY



11.20% of revenues comes from economic activities eligible for the taxonomy, of which 91% are aligned to the taxonomy.

Investments in R&D of low carbon products/services

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.

Within the overall framework of technology innovation activities, Saipem filed 15 new patent applications in 2022, 6 of which for new decarbonisation technologies. In total, Saipem has a portfolio of 2,508 patents and new patent applications.

€27 MLN

AMOUNT SPENT ON DECARBONISATION R&D AND TECHNOLOGY APPLICATION

15

NEW PATENT APPLICATION, OF WHICH 6 FILED FOR ENERGY DECARBONISATION TECHNOLOGIES

14

ENERGY DECARBONISATION PROJECTS AND 2 DIVERSIFICATION PROJECTS

Proportion of remuneration linked to climatic considerations

The sustainability objectives for 2022 included in the company's short-term variable incentive plan include a target linked to actions relating to the climate change topic (with a weight of 5%).

The sustainability objective relating to climate change and concerning the reduction of greenhouse gas emissions in the year, as part of the broader Net-Zero Programme, was achieved with an overall saving of 38.19 kt of CO_2 eq thanks to the implementation of energy efficiency and energy saving initiatives. The objective was part of the company's short-term variable incentive plan, with a weighting of 5%.

Also the 2023 Remuneration Policy confirms the growing attention paid by Saipem to sustainability goals and support for the strengthening of climate policies, consistent with the orientation consolidated at international level including, in particular, the Paris Agreement. In this context, for 2023, the climate targets are included in both the Short- and Long-Term Incentive Plan, as described in the "Report on the Remuneration Policy and Compensation Paid 2023".

Internal carbon pricing

During the year, an Internal Carbon Price Fee was adopted based on the annual emissions of Saipem Business Lines, with the aim of financing specific climate-related initiatives (such as, for example, participation in Sustainable Aviation Fuel programmes, the maintenance of ESG platforms for supplier data management).

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GHG monitoring

Energy consumption

Direct energy consumption in 2022 increased by approximately 18% compared to 2021 for the Group perimeter, remaining mostly constant with respect to hours worked (-2.4%), in line with the increase in activities after the pandemic period in 2020-2021. In particular, the sites with most consumption were the Tangguh LNG Expansion Project (91 ktoe) and Arctic LNG 2 (44 ktoe) and the vessels Saipem 7000 (55 ktoe), Castorone (41 ktoe), Saipem FDS 2 (38 ktoe) Saipem 12000 (35 ktoe), Scarabeo 12000 (33 ktoe).

In this context, direct fuel consumption increased compared to 2021, confirming the increase in the operations of the various assets during the year.

We highlight that from 2020, vessels in the fleet no longer use Heavy Fuel Oil and Intermediate Fuel Oil, so the consumption for these two fuels is no longer reported. In fact, from January 1, 2020 the limit to 0.5% (previously 3.5%) of the sulphur content in fuels used on board vessels outside the areas designated for emission control, known as "IMO 2020" and mandatory for the amendment to Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL). Within specific areas designated for emission control the limits were more stringent, i.e. 0.1% of sulphur content.

The slight reduction in electricity consumption is mainly attributable to the interruption of activities related to the Arctic LNG 2 project, which was mainly powered by the electricity grid.

A further reason for the slight reduction is the continuous implementation, in the context of the Net-Zero Programme, of initiatives aimed at reducing energy consumption and, consequently, CO_2 emissions. In 2022, these initiatives led to a reduction in energy consumption of 560,248 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 to reduce wastes), a better energy management in offshore rigs (Saipem 12000 and Scarabeo 8), an increase in the efficiency of "accommodation camps" in onshore projects, etc.

Further information can be found in the chapter "Transitioning toward Net-Zero" in the 2022 Sustainability Report.

Starting from 2022, total energy consumption includes that relating to biofuels and the purchase of heat, as envisaged by the revision of the methodology for estimating emissions into the atmosphere issued by the Saipem Group in 2022.

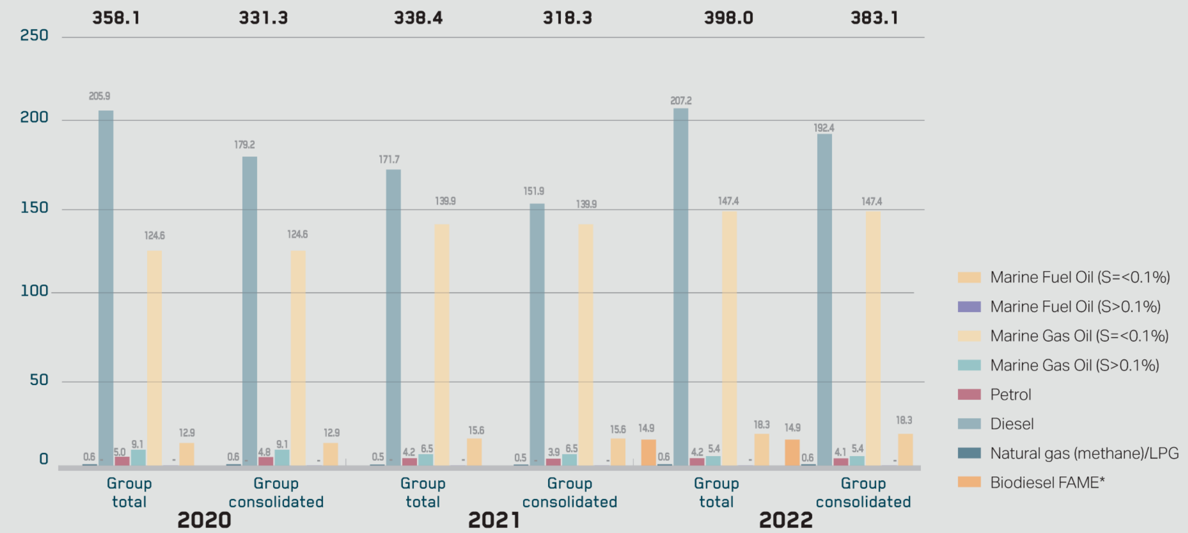
		2020		2021		2022	
		Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Total indirect consumption of energy	(MWh)	**55,097**	**44,687**	**71,868**	**37,975**	**78,551**	**45,760**
Electricity consumed	(MWh)	54,797	44,387	71,569	37,676	68,120	35,329
Thermal energy consumed (*)	(MWh)	-	-	-	-	10,066	10,066
Electricity produced from renewable sources	(MWh)	299.6	299.6	298.9	298.9	365.2	365.2

(*) Category introduced in 2022.

		2020		2021		2022	
		Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Total direct consumption of energy	(TJ)	**14,992**	**13,870**	**14,171**	**13,325**	**16,665**	**16,041**
Total indirect consumption of energy	(TJ)	**531**	**430**	**692**	**366**	**696**	**380**
Total consumption of energy	(TJ)	**15,523**	**14,300**	**14,863**	**13,691**	**17,361**	**16,421**
Energy intensity	(TJ/ Mln €)	2.1	-	2.1	-	1.7	-

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)



(*) Category introduced in 2022.

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GRI 305-2
GRI 305-3
GRI 305-4
GRI 305-5

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GHG emissions

Energy consumption data are used to calculate GHG emissions. 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 and in 2022, with an extension of the field of application of the method, and in particular by extending the emission categories of Scope 3 emissions in 2022.
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 and thermal 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 and thermal energy;
  - water supply and disposal;
  - procurement of materials and waste disposal;
  - shipment of materials;
  - hotel accommodation during business trips;
  - travel by air and by land for business trips;
  - leased assets;
  - commuting in permanent sites.

The latest revision of the methodology, completed in 2022, included:
- updating of emission factors for each company reported category for Scope 1, 2 and 3;
- recording of the use of biofuels in Scope 1 and for air travel;
- recording of GHG emission offsetting.
- 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 accounting with the reporting of emissions deriving from the purchase of heat;
- the expansion of Scope 3 with the inclusion of new categories of indirect emissions and greater precision for the calculation of procurement of materials.

The methodology for the quantification of Scope 1, 2 and 3 GHG emissions is aligned with UNI EN ISO 14064-1 for the applicable parts. Scope 1 emissions were calculated by adopting the emission factors listed in the document "EMEP/EEA Air Pollutant Emission Inventory Guidebook 2019" and in the DEFRA database. The location-based Scope 2 emissions were calculated using the emission factors of the IEA (International Energy Agency) and the DEFRA database[3]. Scope 3 emissions were calculated using the DEFRA database and IEA (International Energy Agency) emission factors.

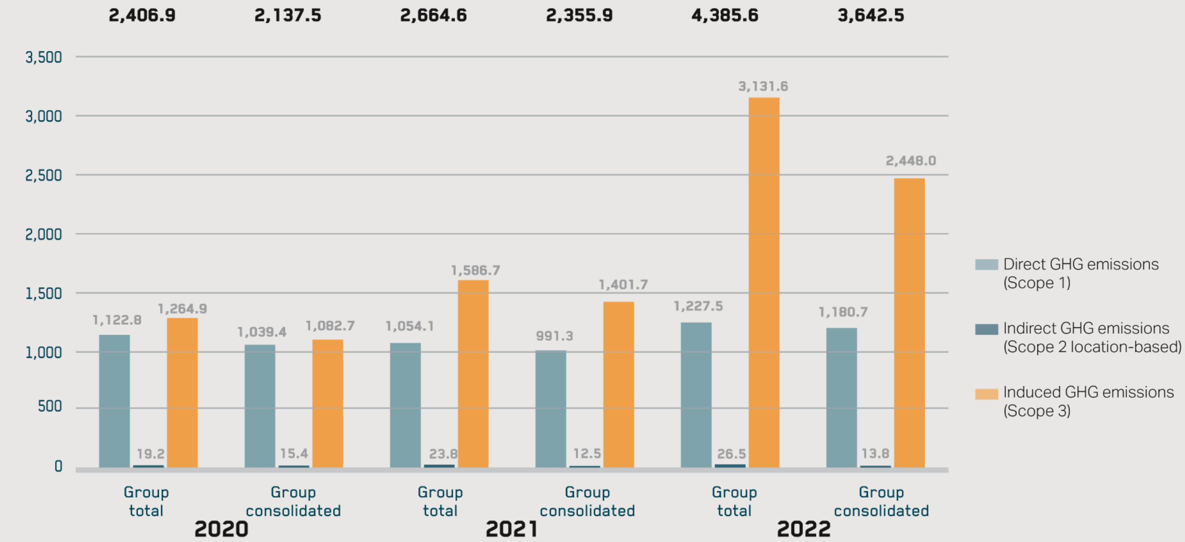
(3) UK Department for Environment, Food & Rural Affairs.

In 2022, Saipem recorded a GHG intensity of 125.7 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).
In 2022, there was a general increase in Scope 3 emissions (97%), mainly due to:

- expansion of the product categories for the calculation of the procurement of materials connected to project activities, +104% of emissions for the Group perimeter (78% of the Group total) and integration of the Scope 3 category relating to leased assets (7.4% of the Group total);
- increase in fuel consumption, direct and indirect, +18% of emissions for the Group perimeter (9.5% of the Group total).

The significant percentage of Scope 3 emissions attributable to the procurement of materials confirms the need to continuously improve forecasts for emissions related to the supply chain, to pursue reduction objectives.
Through the energy saving initiatives in 2022, CO_2 eq savings of 38,194 tonnes were achieved at Group level.

EMISSIONS (kt CO_2 eq)



Scope 1 emissions were calculated by adopting the emission factors listed in the document "EMEP/EEA Air Pollutant Emission Inventory Guidebook 2019" and in the DEFRA database. The location-based Scope 2 emissions were calculated using the emission factors of the IEA (International Energy Agency) and the DEFRA database. Scope 3 emissions were calculated using the DEFRA database and IEA (International Energy Agency) emission factors.
In the calculation of direct GHG emissions (Scope 1 emissions) and indirect GHG emissions (Scope 2 location-based) the following gases are included: CO_2, CH_4, N_2O.

	2020		2021		2022	
(kt CO_2 eq)	Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Market-based Scope 2 emissions	21.5	20.0	21.6	10.9	24.1	11.8

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

Scope 3 GHG emissions by category

	2022	
(kt CO_2 eq)	Group total	Full consolidated
Procurement of goods and services	2440	1,784
Fuel and energy related assets	296	280
Leased assets	233	233
Waste disposal	59	54
Upstream transportation and distribution	45	39
Business trips	48	48
Other (*)	10	10

(*) Other includes home-work travel at permanent locations, overnight stays in hotels, water supply and treatment.

Year	Savings goals	Savings achieved
2022	36.30 kt of CO_2 eq	38.19 kt of CO_2 eq
2021	36.50 kt of CO_2 eq	36.98 kt of CO_2 eq
2020	17.8 kt of CO_2 eq	26.69 kt of CO_2 eq
2019	6 kt of CO_2 eq	18.85 kt of CO_2 eq

PROTECTING THE ENVIRONMENT AND MINIMISING ENVIRONMENTAL IMPACTS

Environmental management policies and system

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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.

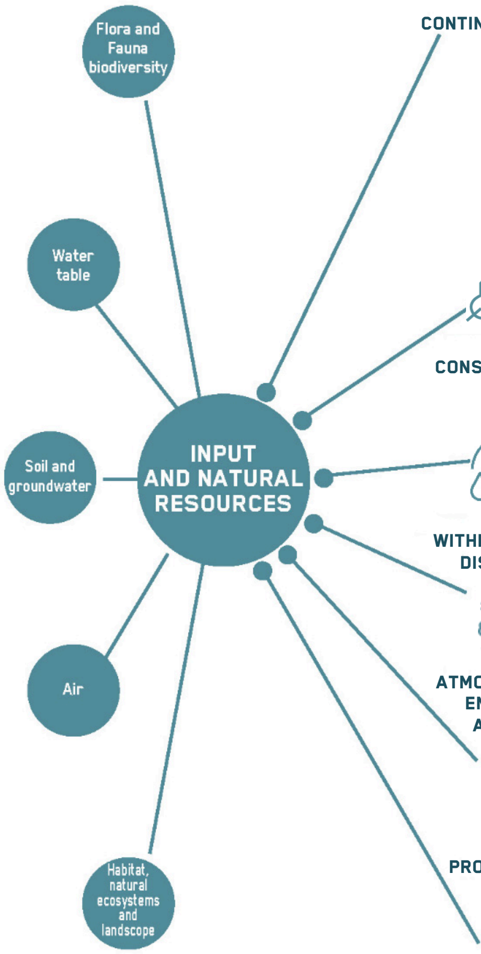
In identifying, assessing and managing environmental and social impacts tied to business management, both potential and actual, Saipem is guided by international regulations, principles, shared approaches and internationally recognised recommendations adopted in the industry including UN Global Compact 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 reported in the Saipem Group HSE Policy, the Company undertakes to prevent potential environmental impacts caused by its activities and to use energy and other natural resources efficiently, "by adopting measures aimed at preventing injuries, negative impacts on health and damage to assets, prevent and mitigate pollution and contamination, while also proactively participating in the appropriate management of natural resources, in the protection of biodiversity, the restoration of ecosystems in the places where we work and the effective management of waste".

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 take into account 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 2022 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 • Mapping activities on vessels in order to push the use of biodegradable products, whenever the equipment allows it.
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 quantity and danger; recycle • Waste valorisation practices • Recycling programmes • Suitable waste storage areas • Efficient waste management equipment • Reduction of the use of disposable plastic • 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

	Risks identified by the Company	Summary of adopted risk mitigation measures
Disaster management, recovery and relief	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).
Diversification of company activities	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. 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).
Climate change GHG and energy emissions Climate change mitigation strategy	Loss of competitiveness of assets because of changes to laws legislative 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.
Water resource management	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.

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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 2022, 545 spill response drills were carried out, far beyond the set target of 447 drills.
- *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.

		2020		2021		2022	
		Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Number of spills							
Total	(No.)	106	38	38	37	18	18
Spills of chemical substances	(No.)	7	4	-	-	2	2
Spills of oily substances	(No.)	79	23	27	26	9	9
Spills of biodegradable substances (*)	(No.)	7	7	8	8	4	4
Spills of drilling muds (*)	(No.)	3	3	2	2	3	3
Spills of wastewater (*)	(No.)	10	1	1	1	-	-
Volume of spills							
Total	(m^3)	13.04	6.22	3.10	3.10	7.85	7.85
Spills of chemical substances	(m^3)	3.09	3.08	0.00	0.00	0.04	0.04
Spills of oily substances	(m^3)	0.43	0.15	0.33	0.32	2.17	2.17
Spills of biodegradable substances (*)	(m^3)	2.42	2.42	2.20	2.20	0.15	0.15
Spills of drilling muds (*)	(m^3)	0.52	0.52	0.54	0.54	5.5	5.5
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 18 total spills in 2022, 4 were less than 10 litres. The 4 main spills concerned the Saipem 7000 vessel (2,000 litres) and 2 onshore rigs: Rig 5864 (2 spills: 318 and 3,180 litres) and Rig PTX-30 (2,000 litres).
The volume of spills in 2022 attributable to the Group perimeter recorded an increase of 153% compared to 2021.
Among the most significant events of 2022, we also report:

- 1 spill of 2,000 litres due to a biodegradable oil leak on the Saipem 7000 vessel during maintenance operations performed underwater;
- 1 spill of 3,180 litres during a transfer of drilling mud from 1 tank to another due to a valve not fully closed at Rig 5864;
- spill of 2,000 litres due to a drilling mud leak during a tank cleaning activity at the PTX-30 Rig.

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.

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GRI 303-2
GRI 303-3
GRI 303-4
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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, 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.

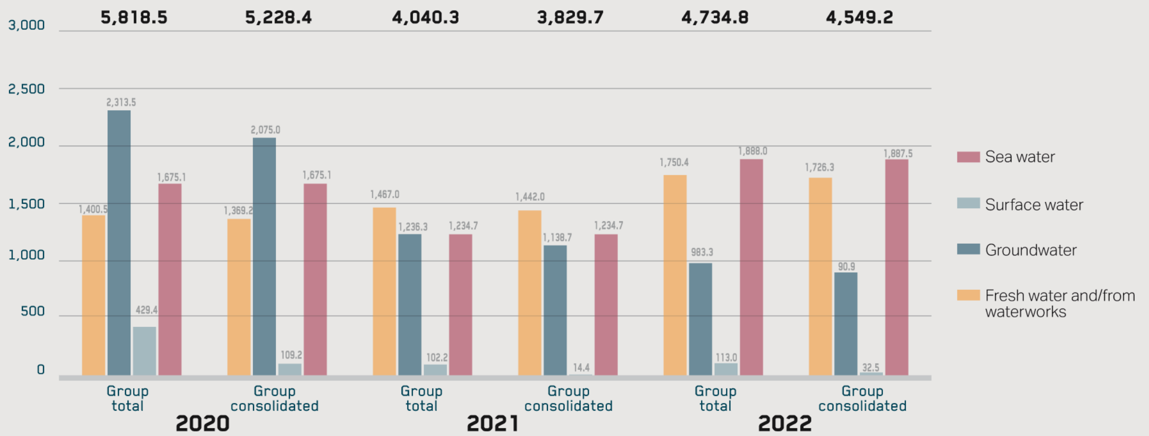
Normally the waste water treated can be reused for dust abatement, irrigation, hydrotesting (in accordance with specific regulatory limits). Furthermore, potable and non-potable water systems are separated in the design of logistics bases, sites and fields.

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 in 2019, Saipem has chosen to go beyond legal requirements and implement Yard Energy and Water Efficiency Management Plans (YEWEMP) within its fabrication yards, based on the same concept introduced by the IMO for ships (MARPOL annex 6) 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 also in the commercial offer phase to quantify 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 YEWEMP, i.e. Ambriz (Angola), Arbatax (Italy), Karimun (Indonesia) and SCNL (Nigeria). In 2022 the above-mentioned 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 or timing of the lights to reduce consumption in the Arbatax manufacturing site.
In the Energy Carrier Business Line, since 2022, measures have been implemented (e.g. aerators in shower heads; water toilet tank banks; new washing machines with lower water consumption, etc.) to obtain significant water savings for the Marjan pack 10 Project and Berri Project (Saudi Arabia). In fact, these measures had emerged from TCF (Temporary Construction Facilities) feasibility studies for energy efficiency; in fact, in both studies there are the aforementioned measures which will lead to an estimated water saving, depending on the peak attendance in the respective base camps, of around 18,000 litres per day for the Berri Project (peak of 600 people) and around 14,000 litres per day for Marjan Project (peak of 450 people).
Every year Saipem celebrates the World Water Day (March 22) as a further opportunity for raising awareness and launching initiatives on this topic addressed to both its employees and local stakeholders.
Furthermore, the initiatives carried out in the local communities are yet another opportunity for 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.

EMARKET SDIR CERTIFIED

WATER WITHDRAWALS

(10^3 m^3)



The total water withdrawals correspond to the total water consumption in the reporting year.

		2020		2021		2022	
		Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Recycled and re-used water							
Re-used water	(10^3 m^3)	802.5	802.5	447.8	447.8	298	298
	(%)	14	15	11	12	6	7

Wastewater discharged

	2020		2021		2022	
(10^3 m^3)	Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Total water discharged, of which:	**2,780.8**	**2,628.6**	**2,238**	**2,138**	**2,786**	**2,704**
- water discharged into the sewer systems	240.4	175.7	176	171	194	189
- water discharged into bodies of surface water	1,040.3	1,040.3	919	897	1,090	1,090
- water discharged into the sea	1,500.0	1,412.6	1,143	1,071	1,502	1,425

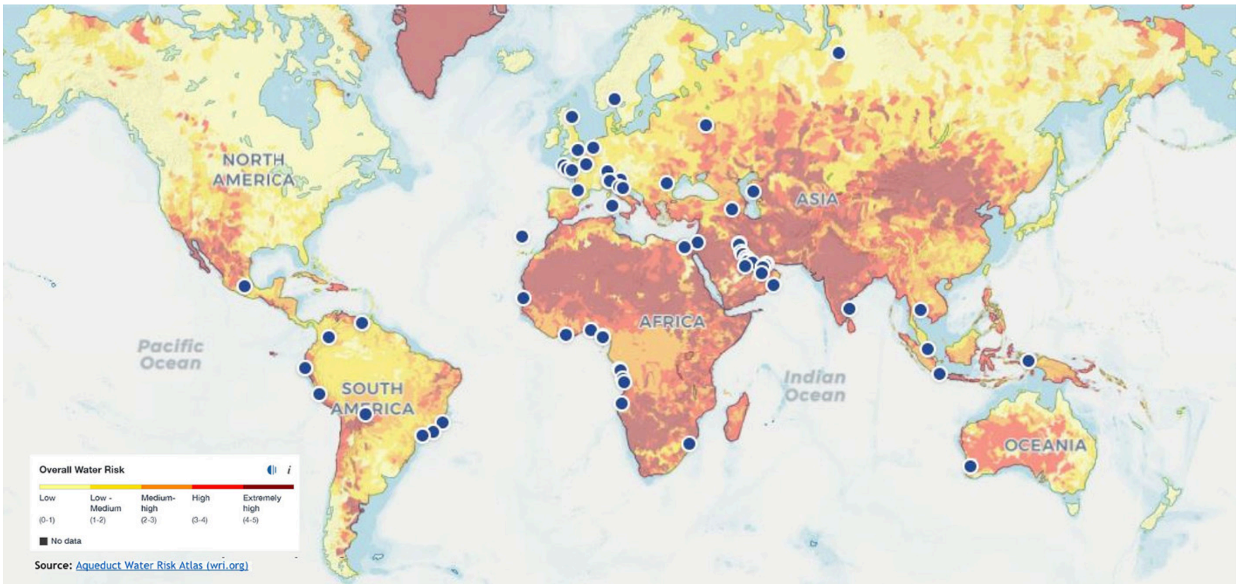
Compared to the total water withdrawals for the year, it should be noted that, excluding groundwater, the withdrawal of fresh water represents 39% of the total withdrawals for the Group perimeter and 39% for the full consolidated perimeter, while the salt water represents 40% within the Group perimeter and 41% for the full consolidated perimeter.
Water consumption increased by 17% compared to 2021 for the Group perimeter (and by 19% for the full consolidated perimeter), mainly as a result of the sharp increase in the withdrawal of sea water given by the increase in offshore activities.
In particular, the following are recorded:

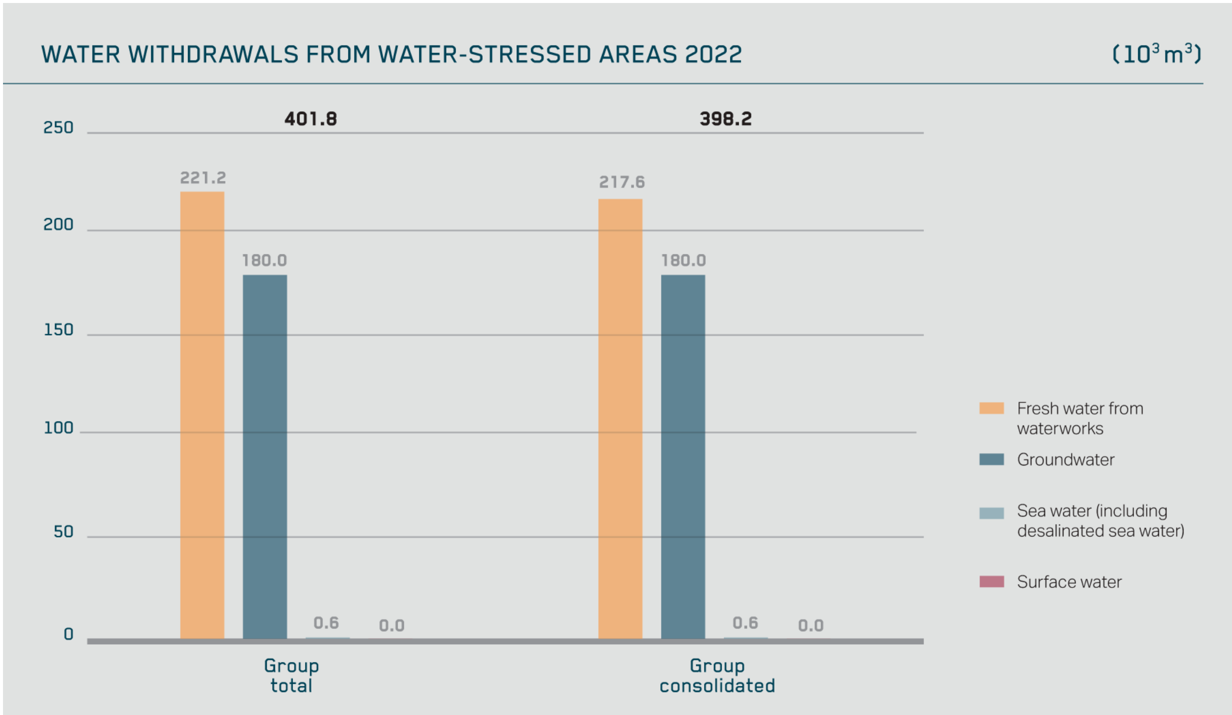
- an increase in fresh water withdrawals from the public network, mainly due to the onshore Marjan Increment Programme PKG-10 (Saudi Arabia) and Optimum Shah Gas Expansion (OSGE) (United Arab Emirates) projects;
- a reduction in water withdrawals from the subsoil with a consequent increase in fresh water withdrawals from the public network, due to the change in the water withdrawal source for the activities at Dammam Base Drilling (Dammam Camp) (Saudi Arabia), consequent to the closure of a withdrawal well;
- an increase in water withdrawals from surface water bodies, mainly due to the onshore plants Rig PTX-5845, Rig PTX-5861, Rig 5918, AZ 5857 and the activities of the Petromar Ambriz Yard (Angola);
- an increase in seawater withdrawals, mainly due to the increased use in the BP Tangguh Expansion - LNG EPC onshore project (Indonesia).

It should be noted that although there has been a general increase in water consumption, the new Saipem headquarters, Spark1 in Milan, is characterised by high efficiency in the use of water and by a rainwater reuse system which, in 2022 presence only (last 4 months), together with the partial closure of the old headquarters, has led to savings in the withdrawal of fresh water of around 20% for the whole Group.

Water discharges reported 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.





Wastewater in water-stressed areas (*)

	2022	
(10^3 m^3)	Group total	Full consolidated
Total discharged water, of which:	**401.0**	**391.9**
- water discharged into the sewer systems	69.88	60.78
- water discharged into bodies of surface water	20.04	20.04
- water discharged into the sea	311.07	311.07

(*) Category introduced in 2022.

GRI 305-7

Preserving the air quality

The company policy to reduce GHG emissions and the objectives of the Net-Zero Programme also have a strong impact on the reduction of other atmospheric pollutants, as they are a consequence of energy consumption, and will allow a clear reduction of atmospheric pollutants in the medium-long term.

The trend of pollutant emissions follows the trend of energy consumption, which is increasing. This is due to the increase of operations after the contraction during the pandemic.

Air pollutant emissions

	2020		2021		2022	
(t)	Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
NO_X	13,338	12,326	12,415	11,762	14,849	14,399
SO_2	571	545	542	523	607	593
CO	5,989	5,618	5,231	4,798	5,726	5,471
NMVOC	922	837	840	782	1,005	965
PM_{10}	516	465	477	442	576	550

Despite the increase in pollutant emissions in 2022 (compared to 2021 emissions), the energy efficiency and saving measures described in the section "Energy efficiency" have made it possible to achieve reductions also for the emissions of other atmospheric pollutants such as NO_x, SO_2, CO, NMVOC and PM_{10}.

Reduction in pollutant emissions

	2020		2021		2022	
(t)	Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
NO_X	319.9	316.7	426.9	426.9	433.5	433.5
SO_2	15.4	15.4	16.9	16.9	13.7	11.6
CO	50.3	49.8	121.2	121.2	146.5	146.5
NMVOC	17.1	17.0	24.2	24.2	25.3	25.3
PM_{10}	10.2	10.1	13.6	13.6	13.9	13.9

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.).
Saipem is aware that waste characteristics, quantity and dangerousness may also vary according to the type, progress and factors, such as geographical aspects, in which the project is carried out. The approach is therefore to try to reduce the production of hazardous waste as much as possible and maximise recycling both in terms of categories and quantities.
In 2022, there was a slight increase in waste of 5% for the Group perimeter (3% for the full consolidated perimeter) compared to 2021, mainly due to the significant increase in waste generated in the onshore Marjan Increment Program PKG-10 (Saudi Arabia) project and specifically wastewater disposed of as non-hazardous waste.
Compared to 2021, there is a decrease in hazardous waste produced by -13%, while an increase of 8% in the production of non-hazardous waste. In general, compared to 2021, there was a 7% reduction in the quantity of recycled waste for the Group perimeter (6% for the full consolidated perimeter), mainly due to the onshore PTTLNG Nong Fab LNG Receiving Terminal project (in Thailand), following a reduction in the waste production from earth and rock excavation and dredging materials that were sent for recycling in 2021.

(kt)	2020 Group total	2020 Full consolidated	2021 Group total	2021 Full consolidated	2022 Group total	2022 Full consolidated
Total weight of waste produced, of which:	**1,057.9**	**943.1**	**811.9**	**743.5**	**851.7**	**762.5**
- hazardous waste disposed of in landfill sites	10.3	10.3	10.9	10.4	19.2	18.5
- hazardous waste incinerated in external plants	1.3	0.5	2.0	2.0	0.6	0.6
- hazardous waste incinerated in Saipem plants (*)	0.5	0.5	0.8	0.8	0.7	0.7
- recycled hazardous waste	13.9	13.8	15.2	15.1	2.6	2.5
- hazardous waste disposed of in other structures	215.6	182.4	108.9	108.8	97.4	97.4
- non-hazardous waste disposed of in landfill sites	321.0	279.4	261.8	252.6	220.2	210.3
- non-hazardous waste incinerated in external plants	0.6	0.3	0.2	0.1	0.05	0.04
- non-hazardous waste incinerated in Saipem plants (*)	1.4	1.4	1.7	1.7	2.6	2.6
- recycled non-hazardous waste	152.9	146.3	90.6	86.1	95.6	92.9
- non-hazardous waste disposed of in other structures (**)	340.4	308.1	319.9	265.8	412.7	337.1

All waste, with the exception of the incinerated category, is processed in plants that are external to the Company's sites.
(*) We report 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 over 70 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 Group'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 maximizing 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 worked-man hours and relations with the local community have implemented these systems to guarantee effective communication with the communities.

SOCIAL ASPECTS	CULTURE AND LIFESTYLES	DEMOGRAPHICS	WELL-BEING INFRASTRUCTURES SOCIAL	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		

Relations with the local context

Saipem is committed to establishing relations with its local stakeholders based on correctness and transparency 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 specific area. This presence is divided between: long-term presence where the Company owns fabrication yards or other operating structures that allow structured 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 specific 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 and 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 the 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 terms of economic, employment and human capital development.

GRI 202-2

Local employment

	2020		2021		2022	
(%)	Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Local employees	79	76	79	75	72	70
Local managers	49	48	50	50	55	54

EMARKET SDIR CERTIFIED

A sustainable supply chain

GRI 308-1
GRI 412-2

The vendor management system, described in the "Supply chain management" section of this document, was structured to guarantee that vendors 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, of the Vendor Code of Conduct, 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 supply 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 2022, the number of VERCs drawn up amounted to 3,096, of which 1,732 drawn up as part of the qualification processes managed during the year, 1,275 for the issuance of purchase documents, 89 for other reasons.
The downward trend compared to previous years is motivated by a review of the Counterparty Risk Assessment process, as part of the optimisation of the processes launched on the supply chain, which led to the streamlining of the VERC drafting activities, while maintaining constantly rigid checks before any activity related to suppliers.
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 2022, 578 suppliers were assessed on HSE issues and 446 were assessed on labour rights 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. Due to the ongoing restrictions related to the COVID 19 pandemic, only 4 qualification audits and 1 audit with a specific focus on human and labour rights were performed during 2022, for which a corrective action plan was prepared for the areas for improvement highlighted during the audit. A further 2 audits were performed for the specific purpose of verifying issues related to human and labour rights, during the contract execution phase. Other more informal checks were carried out by the Post-Order function team, trained with a special e-learning course since 2016 on human and labour rights issues, by means of checklists prepared to collect any observations that emerged during visits to the plants of suppliers to investigate on child labour, forced labour, discrimination, compensation and hours worked, including overtime. In 2022, 101 new checklists were filled in.
During the bid and contract execution phases, further controls are performed, 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 (HSE) issues, 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.
In March 2022, the Vendor Code of Conduct was introduced, a document that describes Saipem's minimum requirements and expectations towards its suppliers, including contractors, suppliers of materials and services, their employees and their sub-suppliers. These requirements encompass issues related to ethics and compliance, human rights and modern slavery, health, safety, environment protection, local communities, information and data protection, the process of reporting violations and non-compliance.
As of the introduction date, 20% of qualified suppliers have signed the Code: it is estimated that all qualified suppliers will subscribe to it within the next three years.
Periodic training sessions with vendors are also organised to discuss HSE issues.
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 2022, 1,372 feedback surveys on vendor performances were compiled and published, of which 81% with a positive outcome and 8% with a neutral outcome.

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

		2020	2021	2022
Active vendors	(No.)	23,696	23,585	22,311
Qualified vendors	(No.)	6,859	7,226	6,393
Vendors qualified in the year working in countries with a high risk of human and labour rights breaches, total of which:	(No.)	2,553	3,121	2,807
- for critical qualifications (*)(**)	(No.)	-	-	573
- for non-critical commodity codes (*)	(No.)	-	-	2,234
Vendors working in countries with a high risk of human and labour rights breaches, assessed on the issue	(No.)	504	598	446
Vendors qualified in the year for activities considered at HSE risk	(%)	9	9	9
Vendors assessed on HSE issues	(No.)	585	595	578

It must be stated that the numbers in the table are representative both for the total perimeter of the Group and the full consolidated perimeter, because a vendor qualified at corporate level can potentially work with all the entities in the Group.
(*) Category introduced in 2022.
(**) 94% of the target vendors qualified in the year, operating in countries at high risk of violation of human and workers' rights, were assessed on labour rights compliance. A list of countries at high risk of violating human and labour rights is drawn up annually; for 2022 these countries are distributed in the various geographical areas with the following percentages: 10% America, 39% Africa, 10% CIS, 3% Europe, 15% Middle East and 23% Oceania and Asia.

SAFEGUARDING THE HEALTH AND SAFETY OF PEOPLE

GRI 403-1
GRI 403-7

The health and 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 "Integrity in our operations" Policy.
The health and safety of people are constantly monitored, assessed and guaranteed through a management system that integrates health, safety, security and environment, which meets the international standards and current legislation. Also it covers all employees and subcontractors working in sites managed by the Group for the execution of all operational projects. On the basis of the various organisational levels and the sampling established by the audit programme, Saipem's HSE management system is monitored annually, through internal audit activities, in order to verify the process performance and compliance with the reference standards applicable in safety and environment. The Company carries out internal audits regarding HSE on: HSE management system, compliance with the HSE legislative provisions. These audits involved operating companies, operating sites (including the fleet) and subcontractors. In 2022, more than 100 internal safety and environmental audits were conducted to monitor Saipem's management system and that of subcontractors. During the year, Saipem also continued its process aimed at ensuring high health and safety standards for all its personnel, achieving significant improvements. Following the periodic audit by the accredited third-party certification body, the ISO 45001 and ISO 14001 certifications were 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 guarantee of the homogeneous and systematic approach to the management of processes.

People safety

SASB EM-SV-320a.1
SASB EM-SV-000.D
SASB IF-EN-320a.1

Saipem's commitment to people safety has led the Company to be considered today among the "Best in Class" companies in its reference sectors[4].
Every year Saipem defines a plan of safety objectives for the whole Group linked to the incentive plans for senior managers for the areas of competence.
For the year 2022, these goals included:

- continuously guarantee the adequacy of the HSE management system, also with a view to modernising operating processes towards the complete digitisation of HSE reporting activities for better and more detailed data analysis;
- confirm the maintenance of the ISO 45001 (Occupational health and safety management system) and ISO 14001 (Environmental management system) certificates;
- obtain SA 8000 Social Accountability International (SAI) certification confirming the application of a social responsibility management system in the context of human rights, workers' rights and their well-being within the company;
- 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 matrix (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.

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.
Internal policies define particularly stringent and rigorous criteria for safeguarding people's safety; they are also valid in various local operating contexts still characterised by a regulatory system on the subject still under evolution. 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);

(4) OGP - International Association Of Oil & Gas Producers, IADC, International Pipeline & Offshore Contractors Association, IMCA International Marine Contractors Association, IPLOCA - International Pipeline & Offshore Contractors Association, and numerous competitors.

- 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 16 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.

EMARKET SDIR CERTIFIED

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.
Injury with high-impact consequences at work (High-consequence work-related injury): injury with more than 180 days lost.
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.
Events high-level (HL): Any work-related event that, under slightly different circumstances, could have resulted in LTI or fatalities. Accidents with potential consequences on people > L3.
High-level event frequency events: calculated as No. HL Events per hours worked) x 1,000,000).

		2020		2021		2022	
		Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Worked Man-hours							
Total, of which:	(million hours)	206.3	186.6	199.7	173.9	237.8	215.9
Man-hours employees	(million hours)	83.5	72.5	90.8	76.4	98.4	86.7
Man-hours subcontractors	(million hours)	122.9	114.1	108.9	97.4	139.4	129.2
Lost Time Injury (LTI)							
Total, of which:	(No.)	26	23	37	37	38	36
Employees	(No.)	16	14	27	27	24	23
Subcontractors	(number)	10	9	10	10	14	13
Of which fatal accidents:							
Total, of which:	(No.)	2	2	-	-	1	1
Employees	(No.)	-	-	-	-	-	-
Subcontractors	(number)	2	2	-	-	1	1
High-consequences work-related injury [(a)]							
Total, of which:	(No.)	3	2	4	4	4	4
Employees	(No.)	1	1	3	3	4	4
Subcontractors	(No.)	2	1	1	1	-	-
Of which with disabilities:							
Total, of which:	(No.)	3	2	4	4	2	2
Employees	(No.)	1	1	3	3	2	2
Subcontractors	(No.)	2	1	1	1	-	-
Days lost [(a)]							
Total, of which:	(No.)	1,164	1,106	3,153	3,153	2,405	2,390
Employees	(No.)	824	785	2,486	2,486	1,757	1,754
Subcontractors	(No.)	340	321	667	667	648	636
Severity Rate [(a)]							
Total, of which:	(ratio)	0.006	0.006	0.016	0.018	0.010	0.011
Employees	(ratio)	0.010	0.011	0.027	0.033	0.017	0.020
Subcontractors	(ratio)	0.003	0.003	0.006	0.007	0.005	0.005
Total Recordable Incidents (TRI)							
Total, of which:	(No.)	75	68	74	73	103	98
Employees	(No.)	38	35	46	46	53	50
Subcontractors	(No.)	37	33	28	27	50	48
Absenteeism rate of employees	(%)	3.98	4.03	5.6	5.7	5.5	5.4
Fatal Accident Frequency Rate (FTLFR)							
Total, of which:	(ratio)	0.97	1.07	-	-	0.42	0.46
Employees	(ratio)	-	-	-	-	-	-
Subcontractors	(ratio)	1.63	1.75	-	-	0.72	0.77
LTI Frequency Rate (LTIFR)							
Total, of which:	(ratio)	0.13	0.12	0.19	0.21	0.16	0.17
Employees	(ratio)	0.19	0.19	0.30	0.35	0.24	0.27
Subcontractors	(ratio)	0.08	0.08	0.09	0.10	0.10	0.10
High-consequence work-related injuries Frequency Rate (HCWRFR)							
Total, of which:	(ratio)	0.015	0.011	0.020	0.023	0.017	0.019
Employees	(ratio)	0.012	0.014	0.033	0.039	0.041	0.046
Subcontractors	(ratio)	0.016	0.009	0.009	0.010	-	-
Total Recordable Incident Frequency Rate (TRIFR)							
Total, of which:	(ratio)	0.36	0.36	0.37	0.42	0.43	0.45
Employees	(ratio)	0.46	0.48	0.51	0.60	0.54	0.58
Subcontractors	(ratio)	0.30	0.29	0.26	0.28	0.36	0.37
High-Level Event Frequency Rate (HLFR) [(b)]							
Total, of which:	(ratio)			0.76	0.83	0.88	0.92
Employees	(ratio)			1.26	1.26	1.21	1.29
Subcontractors	(ratio)			0.46	0.50	0.65	0.67

(a) Updated 2021 data based on the number of days lost during 2022 for accidents that occurred in 2021.
(b) Category introduced in 2021.

The TRIFR of 0.43 recorded in 2022 is slightly higher than that of 2021 (0.37), while the LTIFR decreased from 0.19 (2021) to 0.16 (2022).
Furthermore, in 2022, a fatal accident occurred during ordinary maintenance activities on board a Saipem vessel which involved a subcontractor worker. The person involved was working in an inaccessible area of the J-lay Tower, at a height of several meters, when the thinner he used caught fire. The flames spread to the safety devices he was wearing, causing them to break and the operator falling from a height.

The investigation process identified deficiencies in three main areas: planning of work activities, management of work permits and analysis of the dangers deriving from possible interferences and coordination in the field.

As regards the identified mitigation and prevention actions, these concerned the revision of the process of issuing work permits with a system digitisation plan, the organisation of awareness-raising activities on the handling of chemical substances on board and an improvement in inspections in the field.

In addition to the fatal accident, in 2022 there were two injuries defined as HCWR[5] (High Consequences Work Related) which caused two permanent partial disabilities.
One of the two accidents resulted in the partial amputation of the little finger of the worker's hand, caused by the fall of a piece of equipment during lifting activities; the other due to the worker falling from a height caused by the collapse of a part of the scaffolding.
From investigation results, it can be seen that the preventive and protective actions identified ensure accurate technical/operational training for the execution of specific activities and reinforce 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.

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Leadership in safety and HSE culture

With regard to the initiatives promoted by Saipem on the dissemination of a safety culture within the organisation, the main actions carried out in 2022 were:
- promotion of the Leadership in Health and Safety (LiHS) programme, with the aim of transmitting safe behaviour throughout the organisation and a strong focus on leadership development at all managerial levels;
- a special edition of the Leadership in Health & Safety workshop organised on December 2, 2022 for Saipem's Top Management, aimed at aligning on the new Health & Safety Vision;
- continuous implementation of the Life-Saving Rules campaign which has the general objective of improving the knowledge and skills necessary for personnel to work in safety;
- launch of a new "Work Safe - No Regrets" campaign to prevent accidents related to working at height, also following the increase in injuries direct consequence of this activity recorded in 2022. The campaign, requested by Top Management, aims to promote the adoption of safe behaviours in working at height throughout the organisation and completes Saipem's Life-Saving Rules initiative;
- The promotion 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 was implemented both in the traditional way (presence or online workshops) and as an e-learning path;
- Saipem Safety Day: a 24-hour streaming marathon on health and safety to celebrate the World Day for Safety and Health at Work on April 28, 2022, with multilingual programming and numerous contents of a technical, managerial, cultural and emotional nature. The event, designed primarily for Saipem’s staff, was also open by invitation to Saipem’s stakeholders (clients, partners, suppliers, institutions, etc.) to engage and create cooperation on these issues. The event saw more than 80 speakers, 25 connections with operational sites, 13 safety moments, distributed over 24 hours, which reached an audience of almost 1,000 people;
- Sharing Love for Health and Safety: the annual competition to celebrate April 28 - World Day for Health and Safety at Work, now in its tenth and latest edition, focused on the "WEARSAFE" challenge, i.e. the concept of being safe by wearing suitable PPE;
- continuous delivery of the HSE “Train the Trainer”: to ensure the continual improvement of the training provided by our family of HSE trainers, the “Train the Trainer” is being provided regularly (in 2022, it consisted of 3 sessions involving 33 trainers) and its main focus is to increase participants' knowledge of training design, delivery methods and internal resources essential for HSE training, as well as the HSE registration and reporting process;
- the goal of the new community of HSE trainers and LiHS programme facilitators is to create an active and involved community, facilitating exclusive contents aimed at improving their technical, communication, and training delivery skills, allowing them to connect with colleagues and share their knowledge.
- the improvement of IT tools to support HSE staff, to facilitate KPI reporting processes, consolidate the HSE audit process, and facilitate data analysis in order to identify areas for improvement.
- the revision and dissemination of new training packages also in e-learning format to reach the entire Saipem population in a detailed and uniform manner.

Finally, there are also many initiatives carried out by the Saipem LHS Foundation, which has been active for twelve years with the mission of increasing the culture of health and safety in industry and society.

(5) 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).

At the beginning of 2022, the LHS Foundation launched a series of interconnected initiatives, aimed both at promoting an increasingly widespread culture of health and safety in Italy, and at inviting Italian entities – institutions, companies, media, associations, and citizens – to work towards the same goal.
To this end, the dissemination of the "Goal 18" communication campaign continued - it symbolically adds safety culture as the eighteenth element to the list of 17 Goals for a sustainable future included in the UN Agenda 2030 - with the publication of a Manifesto which lists the 10 fundamental principles of the safety culture, shared and signed by over 450 stakeholders. In addition, the campaign's target, i.e. the 50% reduction in fatal accidents at work by 2030, has also been adopted as a primary objective by organisations such as the HSE Summit, the national summit of the major trade associations and foundations in the HSE sector.
Again with a view to joining forces and networking, the LHS Foundation supported the creation and launch of the "HSE System" project; a network that aims to bring together representatives of large companies to share experiences in the HSE field and promote the dissemination of know-how along the supply chain, in coordination with the representative entities of the production system.
Providing a coherent picture of the situation of safety culture in Italy, stimulating debate among interest groups, proposing intervention strategies, and drawing the attention of the media and public opinion to these issues are the main objectives of the recently launched Osservatorio sulla Leadership in Salute e Sicurezza (Observatory on Leadership in Health and Safety), which counts on the scientific advice of several experts and the collaboration of the Catholic University of Milan.
The involvement of citizens, students and workers is also fundamental through the "Italia Loves Security" project, based on the interactive platform www.italialovessicurezza.it, which aims to inspire people to act responsibly and safely every day, becoming increasingly aware of the value of security, in every aspect of life. This year more than 125,000 people have joined the campaign launched for the World Day for Safety and Health at Work of the April 28.
Finally, as in previous years, the LHS Foundation continues to develop projects for schools and young people, in the belief that raising awareness and educating children is the actual key to building a safer world. In particular, in addition to the workshops and shows offered in primary schools also in collaboration with partners such as the Red Cross, LILT (Italian League for the Fight against Cancer) and the Rossolevante theatre company, in 2022 the offer for the public was extended to high school students. In this occasion, two new formats "Improsafe" and "The thin line" were designed: the first is a show that uses the art of theatrical improvisation to involve the public on safety issues, the second consists in the commented projection of a documentary film that makes us reflect on the consequences of lacking a risk prevention culture. Both initiatives will come alive in 2023 and will be disseminated throughout the Italian national territory.

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.

During the year, Saipem continued to invest significant resources in training its staff on HSE issues through campaigns and ad hoc programmes, with the aim to increase workers' awareness of the risks associated with work activities. Among the most critical in terms of risk assessment are working at height, working in confined spaces, simultaneous operations and other activities that may involve objects falling from heights.

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.
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 all offered services and operations. For this purpose, it adopts a proactive approach in the mitigation of risks as an integral part of its management and business activities, from the initial design phases.

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

Employee health

As described in the "Integrity in our operations" Policy, 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 Organisation) 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.

		2020		2021		2022	
		Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Occupational diseases reported	(No.)	15	10	9	9	6	6
Occupational disease rate	(ratio)	0.07	0.05	0.05	0.05	0.03	0.03

Occupational Health and Medicine

The SARS-CoV2 virus also characterised 2022 by engaging the company medical service in the complex health management generated by the spread of the virus through epidemic waves. Their effects manifested themselves to different extents between geographical areas, showing the severity of the pandemic at the local level, and generating different responses depending on the health policy adopted by the affected countries.
The exceptional scenario prompted the need to redefine the priorities of the company's health service and all the company resources.
The year was mainly characterised by the constant decline in the number of infections, thanks to the massive vaccination campaign and internal communication initiatives which also made it possible to reduce the transmission/circulation of the infectious agent. The activity is reported directly to the Medical Director who is a member of the company Crisis Unit and allows to have operational instructions ready through the publication of internal memos and regular bulletins on the development and status of the pandemic which are sent to the Business Line Health Managers and HR Managers.
At the same time, all activities related to health and medical surveillance continued in Italy and abroad in compliance with Italian legislation, company standards and sector guidelines.

A medical Working Group is also in operation for the management of “complex suitability” for “fragile” and “vulnerable” workers.
In the same way, information and awareness-raising activities are guaranteed through Travel medicine that provides all workers who travel with advance recommendations on vaccinations and essential behaviour for their destination countries, including specific information on COVID-19.
The presence of Saipem Clinics in working contexts in Italy and abroad fulfils the desire not only to support employees, but also to create proximity services that integrate the offer on the territory, with specific attention to the possible needs of Saipem people both in the workplace and personally.
The intention to ensure high standards of health and safety to all its personnel is once again confirmed is the WHP (Workplace Health Promotion) programme organised with ATS Milano and Regione Lombardia to maintain the status of “Workplace that promotes health” obtained in recent years.
The long-standing 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. Regarding Health, attention remains high on innovation processes such as Digital Health, which is a programme encompassing all the tools provided by the health team to facilitate diagnostic processes and distance clinical monitoring for employees. These activities ensured that the control measures for the risk of infection were suitable in terms of the development of the pandemic, the working conditions and the characteristics of the workforce during the critical periods of the emergency. 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, to ensure Saipem resources a safe and protected work environment.

HUMAN CAPITAL

Human resource policies and management

GRI 404-1
GRI 404-3

Professional knowledge is confirmed as a fundamental element for long-term sustainable growth and it is at the heart of Saipem's people management and development policies. A heritage to be safeguarded, valued and increased for operational excellence and project performance. The increasingly volatile business context and the entry into a, energy transition phase make skill monitoring and their constant updating a key to the company's competitive advantage. Saipem believes that its people are the crucial factor for the very existence of the company and their dedication, proactivity and professionalism is essential to achieve the company objectives.

Competences and knowledge

2022 was characterised by the evolution of the organisational paradigm, both for working methods and collaboration and for a discontinued corporate strategy compared to the past.
In this context, Saipem has chosen to invest in people upskilling and reskilling actions, to align them with the organisational and market choices made by the company.
A new "Behavioural Model" is being defined, it will guide the skills, behaviours and competences of those who work within the Company, merging corporate culture, mission and values together. The new model will be the driver of policies and actions aimed at human capital, from attraction policies to the management and enhancement of skills, and will lay the foundations for a career path consistent with people's abilities and expectations.

Among the most important innovations of the Model there will be:
- the integration of a specific set of skill relating to "Inclusion", to underline the attention that each employee places on the enhancement of diversity and inclusion;
- the identification of "Safety" as a common thread that has always accompanied all people's behaviour and which must become a crucial and distinctive trait of the Company;
- the proactive attitude and collaboration, distinctive characteristics of those who work in Saipem and correctly interpret its team spirit.

The Model must be shared and understood by all Saipem people, as a consequence its development and definition phase follows a "bottom up" logic through the active involvement, in several phases, of employees from all over the world, of different seniority and representatives of all corporate functions. The dissemination of the new Behavioural Model will be supported by dedicated training courses, with the objective of promoting greater day by day internalisation, understanding and application of the Model.
Saipem has decided to apply to access the New Skills Fund, taking the opportunity to create a large-scale and entirely digital training course, which is divided into a series of engaging, effective and easily accessible webinars. The goal is to define a shared culture and language on ecological and digital transition issues, in support of the corporate strategy and the business in which the Company operates, also responding in a concrete way to the need expressed by Saipem people in the engagement survey of 2021, when 57% of respondents indicated training as a priority.

The initiative, promoted by the Italian Ministry of Labour and Social Policies within the framework of the PNRR (National Recovery and Resilience Plan or Recovery Plan), will allow the Company to maintain its effectiveness and competitiveness by expanding and driving Saipem people's skill in line with the business objectives described in the strategic plan.
According to the above, the topics covered by the plan are:
- Digital transformation;
- Sustainability & Green (Energy Transition);
- Innovation;
- Project Management culture and agility.

In support of the updating of the company know-how, the Internal Academy initiatives also continued and in particular the "Deep in" thematic seminars, with meetings having projects as the main focus, and the aim to create awareness and disseminate corporate culture on the various Saipem businesses. The meetings were destined to the entire corporate population worldwide and delivered via highly interactive live platforms.

One of the distinctive and characterising skills in Saipem is Project Management, whose development and enhancement are at the heart of the new PM Academy, which synergically integrates all internal and external training initiatives.
In fact, the first "PM Takeaways" training course was provided in the last part of the year, which saw the participation of around 70 employees. The first course organised in collaboration with MIP Politecnico di Milano and ANIMP (Italian Association of Industrial Plant Engineering) preparatory to the PM certification was successfully concluded.

Saipem's international Training Centres have also contributed to stimulating and enhancing project management skills.
In particular, the first sessions dedicated to Project Managers of the PM Leading in Action course were held at the Schiedam Training Centre (the Netherlands), aimed at consolidating managerial skills applied to projects, through a learning methodology based on highly interactive simulations and case studies.

The centrality of Saipem people is also reflected in the creation of shared value for all stakeholders, both internal and external.
This push also took shape in 2022 when Saipem activated various talent attraction initiatives, with the aim of defining an interconnected ecosystem between companies and educational institutions (universities, high schools and technical schools) and favouring a path to skill increase, useful for Saipem business, particularly in the field of green economy.

The scope of collaboration and existing relationships with Italian educational institutions (universities and high schools) were expanded: new strategic partnerships with important centres such as La Sapienza University of Rome, the Polytechnic of Bari, the IUAV University of Venice, the University of Bologna, the University of Pavia and the Federico II University of Naples were signed.

The synergistic relationship with the Politecnico di Milano has seen Saipem involved in various initiatives, such as the project for training and professional orientation of students through training meetings on the technical and transversal skills essential to work (Virtual Round Tables), as well as events with focus on gender diversity with the aim of promoting the company as an equal opportunity employer and focusing attention on female leadership.
Also noteworthy is the recent signing of a partnership agreement with the Polytechnic University of the Marche Region which provides for Saipem's involvement in the definition of a new course of study (three-year degree in "Engineering for industrial sustainability" and a master's degree in English in "Green industrial engineering") on sustainability topics and energy transition, and its contribution as a financing sponsor.
Finally, the collaboration with the University of Trieste continues for 5 scholarships named in memory of a highly skilled Saipem professional: Egidio Palliotto. The initiative aims to give new generations a closer look on the skills and attitudes necessary to address the new challenges of the future.
Saipem is still committed to the professional guidance of young generations, with the consolidated Sinergia programme launched in 2011 which, in accordance with the PCTO (school-work alternation) projects, provides for collaboration with technical schools for the training on business subjects directly given by Saipem teachers. The Saipem faculty held PCTO training courses (paths for transversal skills and orientation) integrating blended teaching methods and expanded training for students with modules on sustainability and digital transformation. The topics covered during the Sinergia programme aim to develop a "work culture" in young people by describing daily working life at Saipem, ranging from more institutional topics such as the company organisation, Health and Safety, up to new ones coming from the business, such as the role of energy and its transformation.
Through a pool of company Role Models, Saipem also promotes specific sector initiatives at higher education institutions of other national universities, aimed at enhancing STEM disciplines and guiding students in their schooling choices.

In 2022, the Company recorded a 16% increase for the full consolidated perimeter (10% in the Group perimeter), compared to 2021, in the total hours of training provided to employees at Group level.
For the Group perimeter, training was provided to 32,627 employees (100% of employees). In detail, the number of male employees who attended at least one training course was 27,806 for the full consolidated perimeter and 29,505 for the Group perimeter, while the number of female employees who attended at least one training course, in 2022, is equal to 3,065 for the full consolidated perimeter and 3,122 for the Group perimeter.
As regards the enjoyment of training courses by professional category, in 2022 it is noted that 13,287 blue collars attended at least one training course for the full consolidated perimeter (14,651 for the Group perimeter), 12,833 white collars (13,194 for the Group perimeter), 4,256 managers (4,284 for the Group perimeter) and 377 senior managers for both perimeters.

As regards HSE training, the Group provided a total of 1,639,540 hours of training for the full consolidated perimeter (an increase of 20% compared to 2021) and 1,736,199 hours of training for the Group perimeter, an increase of 14% compared to 2021. This increase is mainly attributable to the higher number of hours of HSE training provided to subcontractors, for which there is an increase of 45% for the full consolidated perimeter (34% for the Group perimeter) compared to 2021. On the other hand, there was a decrease in the hours of HSE training provided to employees; this decrease is equal to 14% for the full consolidated perimeter (16% for the Group perimeter). In particular, 307,354 hours of HSE training were delivered to blue collars in the Group perimeter (294,013 for the full consolidated perimeter), 171,010 hours to white collars (167,152 for the full consolidated perimeter), 30,324 hours of training to managers in the Group perimeter (30,207 for the full consolidated perimeter) and finally, to senior managers 1,514 hours of HSE training for both perimeters.

In terms of number of participants, for the Group perimeter 14,566 blue collars (13,205 for the full consolidated perimeter) took part in at least one HSE training course, 11,110 white collars in the Group perimeter (10,772 in the full consolidated perimeter), 3,502 managers in the Group perimeter (3,482 in the fully consolidated perimeter), finally 272 senior managers for both perimeters.

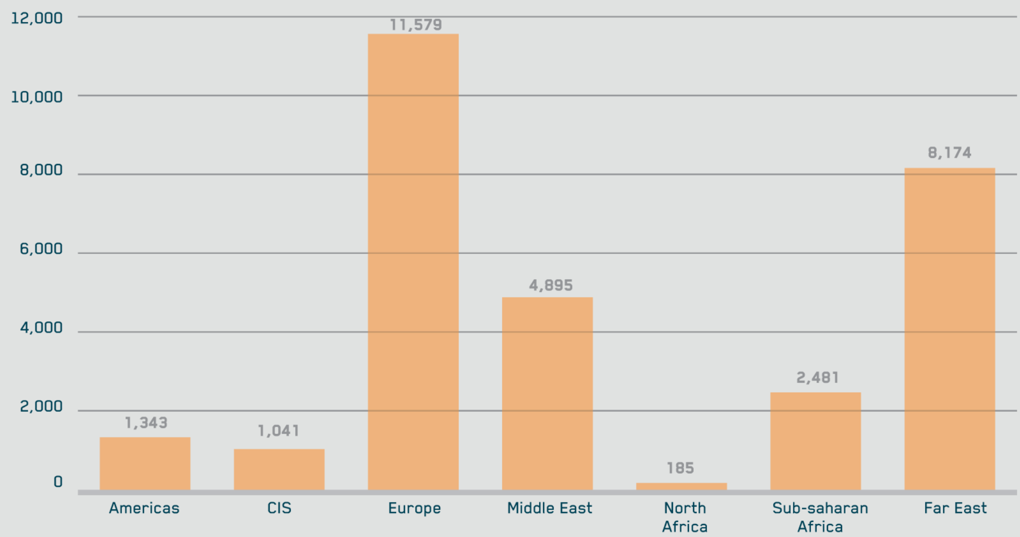
In 2022, the average hours of training per capita decreased by 9% for the full consolidated perimeter, and by 2% for the Group perimeter. In 2022, on average, every employee attended 20.9 hours of training for the full consolidated perimeter (and 19.6 hours at the Group perimeter) and, specifically, on average, each male employee participated in 20.6 hours for the full consolidated perimeter (22 for the Group perimeter), while each female employee participated in 12.1 hours of training for the full consolidated perimeter (11.6 hours for the Group perimeter). Lastly, with regard to the average use of training hours by employees by professional category, senior managers attended an average of 12.9 hours of training for the Group perimeter (12.9 for the full consolidated perimeter), managers 16.0 hours for the Group perimeter (16.1 for the full consolidated perimeter), white collars 17.6 for the Group perimeter (17.8 for the full consolidated perimeter) and blue collars 22.5 hours of training for the Group perimeter (23.8 for the full consolidated perimeter).

Finally, with regard to the indicators relating to documents for performance evaluation, in 2022 for the Group perimeter, 11,823 documents were prepared (corresponding to a coverage of 37%) and 11,278 for the full consolidated perimeter (corresponding to 38% of the company population), compared to 16,132 documents prepared in 2021 (corresponding to a coverage of 42%). The reduction in the data is mainly due to a decrease in the number of performance evaluation documents prepared for resources situated in India, Norway, Saudi Arabia and Nigeria.
Specifically, the percentage of assessed employees is equal to 67% of women for the full consolidated perimeter (65% for the Group perimeter) and 35% of men for the full consolidated perimeter (33% for the Group perimeter).

		2020		2021		2022	
		Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Training [a]							
Total hours of training, of which:	(hours)	1,454,873	1,333,510	1,688,917	1,526,040	1,861,565	1,764,803
- HSE (employees and subcontractors), of which:	(hours)	1,307,265	1,190,562	1,524,528	1,368,562	1,736,139	1,639,540
- employees	(hours)	508,312	444,569	611,829	576,822	511,179	493,829
- subcontractors	(hours)	-	-	-	-	1,224,960	1,145,711
. managerial potential and skills	(hours)	8,993	8,941	13,706	13,694	10,694	10,669
. professional technical skills	(hours)	138,605	134,008	150,683	143,784	114,732	114,594
Total direct training costs [b]	(mln €)	2.64	2.64	7.88	7.12	n.a.	n.a.
Performance evaluation							
Employees subject to performance assessment	(No.)	17,915	17,915	16,132	16,111	11,823	11,278
Senior Managers	(No.)	379	379	404	404	364	364
Managers	(No.)	3,261	3,261	2,960	2,960	3,138	3,085
White Collar	(No.)	9,812	9,812	9,290	9,273	6,751	6,398
Blue Collar	(No.)	4,463	4,463	3,478	3,474	1,570	1,431
Percentage of employees subject to performance assessment out of the total	(%)	51	61	42	50	37	38

(a) Please note that the figures relate to Companies in which personnel are employed and not seconded.
(b) Data not available in 2022.

HSE TRAINING PARTICIPANTS BY GEOGRAPHIC AREA 2022 (No.)



GRI 2-7
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 voluntary exits and the average resources in the year. For the year 2022, the population involved in the sale of part of the Onshore Drilling Business and the engineering centre in Rome was excluded from the calculation perimeter.

The overall turnover rate recorded an increase compared to 2021, reaching 41% in 2022 (27% for the full consolidated perimeter), a value that remains at a significant level due to the nature of Saipem's business which, being a contractor company, works on large projects that have variable durations (from a few months to years) in different geographical areas. Considering the specific circumstance, the qualitative and quantitative sizing of Saipem's human capital is therefore subject to a natural fluctuation that is connected to the various operational phases of projects and to the cyclical nature of client investments. In particular, for the year 2022, the closure of projects in Russia has led to a significant increase in overall turnover.
Consistently with the total turnover, the overall turnover of both the male and female corporate population also recorded an increase compared to 2021, respectively by 29% for the male population for the Group perimeter and by 18% for the full consolidated perimeter; 44% for the female population in the Group perimeter and 36% in the full consolidated perimeter. On the other hand, voluntary turnover, unlike the overall turnover, is in line with the previous year, settling at 10% for the total perimeter of the Group; it is up 47% in the full consolidated perimeter.

The percentages of total and voluntary turnover (for the Group perimeter) broken down by age, in 2022, are as follows:

(%)	Total turnover	Voluntary turnover
Employees under 30 years of age	86	20
Employees aged between 30 and 50	37	10
Employees over 50 years of age	26	5

The total number of workers who are not Saipem employees and who worked at Saipem sites in 2022 was estimated at the end of the year at 47,360 for the Group perimeter and 46,677 for the full consolidated perimeter. In particular, 40,409 subcontractors for the Group perimeter (40,142 for the full consolidated perimeter), with a peak in September of 45,983 for the Group perimeter (43,319 for the full consolidated perimeter), and 6,951 agency personnel (6,535 for the full consolidated perimeter).
The figure for subcontractors was estimated on the basis of the number of hours worked compared to the number of average daily working hours considered for the type of activity performed.

Risks associated with human resource management

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

	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, activities 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]

		2020		2021		2022	
		Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Total employees at period end	(No.)	35,023	29,522	38,806	32,041	32,377	29,583
Employee categories							
Senior Managers	(No.)	400	388	409	394	375	366
	(%)	1.1	1.3	1	1.2	1.2	1.2
Managers	(No.)	4,574	4,344	4,812	4,632	4,769	4,605
	(%)	13.1	14.7	12.4	14.5	1.2	15.6
White Collar	(No.)	17,559	15,849	18,258	16,113	15,781	14,692
	(%)	50.1	53.7	47.0	50.3	48.7	50.0
Blue Collar	(No.)	12,490	8,941	15,327	10,902	11,452	9,920
	(%)	35.7	30.3	39.5	34.0	35.4	33.5
Type of contract							
Employees with full-time contracts	(No.)	34,871	29,370	38,642	31,877	32,231	29,437
Employees recruited through an agency	(No.)	3,672	3,421	7,137	5,967	6,951	6,535
Employees on permanent contracts	(No.)	16,088	14,840	15,779	14,779	15,719	14,789
Employees on fixed term contracts	(No.)	18,935	14,682	23,027	17,262	16,658	14,794
Turnover							
Total turnover(2)	(%)	32	32	28	22	41	27
Voluntary turnover(3)	(%)	4.6	4	10	5	10	10

(1) Please note that the figures relate to Companies in which employees are seconded and not where they are directly employed. Furthermore, it is specified that there are no employees with non-guaranteed hours.
To integrate the data relating to the year 2022 for the Group perimeter please find below the percentage of employees with a permanent contract for the following geographical areas: Americas 54%, CIS 19%, Europe 76%, Middle East 23%, North Africa 26%, Sub-Saharan Africa 52%, Far East 43%. As regards the breakdown by gender, however, it should be noted that the number of female resources with permanent contracts is equal to 2,828, a slight decrease compared to 2021 (2,997). As regards employees with fixed-term contracts, the following numbers were recorded by geographical area in 2022: Americas 46%, CIS 81%, Europe 24%, Middle East 77%, North Africa 74%, Sub-Saharan Africa 48%, Far East 57%. Also in this case the number of women with this type of contract is down compared to 2021 (610 in 2022, against 940 in 2021). In all geographical areas in which Saipem operates there is a prevalence of permanent contracts. In particular, the percentage is equal to 100% in each geographical area, with the only exceptions of the Americas (99.7%), Europe (98.6%) and Sub-Saharan Africa (99.9%). The trend in the number of female employees is also confirmed as decreasing in this case (3,326 in 2022, against 3,806 in 2021), in line with that recorded for resources with part-time contracts (112 in 2022, against 131 in 2021).
(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.

As regards the breakdown into age groups by category of employee, Senior Managers over 50 make up the largest part of the category, i.e. 61% (also for the full consolidated perimeter), those between 30 and 50 amount to 30% (39% for the full consolidated perimeter), while there are no Senior Manager employees in the <30 bracket.
As regards the category of Managers, the over 50 account for 37% of the category (36% for the full consolidated perimeter), those between 30 and 50 64% (also for the full consolidated perimeter) and in the <30 bracket 0.06% (0.05% for the full consolidated perimeter).
The White Collar category has 14% in the over 50 range (also for the full consolidated perimeter), 75% in the range between 30 and 50 (76% for the full consolidated perimeter) and in the <30 range 10% (11% for full consolidated perimeter).
The Blue Collar category has 15% in the over 50 range (also for the full consolidated perimeter), 73% in the range between 30 and 50 (74% for the full consolidated perimeter) and in the <30 range 12% (11% for full consolidated perimeter).
New hires, in 2022, amounted to 10,102, of which 7% women, 93% men. 26% of new hires fall in the under 30 age group, 9% in the over 50 age group and, the higher quota is 65% in the 30-50 age group. Compared to the distribution in geographical areas, the Middle East recorded the highest number of new hires, whose percentage of the total stands at 29%, at 21% in Africa, at 15% in the Americas and CIS, finally at 11% in Europe and 9% in the Far East.

Industrial relations

During 2022, the Company's has been continuously in contact with Trade Unions, given the particular and complex situation and the uncertainty of the external context combined with a significant deterioration of the main economic and financial indicators, thus further strengthening communication and sharing of information with their representatives. In fact, accurate and constant updates were provided regarding specific discussion tables expressly set up, both on the progress of the competitiveness and efficiency recovery programme and on the capital increase.

This discussion was actualised on a transnational level through the work carried out by the European Work Council (EWC). A regular communication channel was established to provide precise and updated

information on the trend of the economic-financial situation of the Company and the consequent process of redesigning the operational and organisational model. Therefore three extraordinary meetings of the EWC Select Committee and one plenary meeting took place, aimed at providing insights into the 2022-2025 Strategic Plan and further information on the main corporate organisational changes.
Interlocutions with foreign trade unions led to the start-up and partial completion of the renewal process of collective agreements concerning various countries (including in particular Angola, Brazil, Indonesia, Nigeria and Peru), in order to ensure a better alignment of salary levels with the evolution of the reference market scenarios. More specifically, with regard to the Offshore Drilling sector, a local agreement was negotiated in Norway governing relations between the Company and the local trade union representatives, and integrating the national collective agreement with the trade union organisation SAFE effective in January 2022.

In Italy, relations with trade unions led in July 2022 to the signing, together with the other companies in the sector, of the agreement for the renewal of the Energy and Oil National Collective Labour Agreement. The quality of the industrial relations model developed in this sector in recent years, in a complex and uncertain scenario, has made it possible to quickly achieve the definition of the agreement. From a regulatory point of view, given the already advanced contractual model achieved, limited adjustments have been introduced, in line with the evolution of the reference regulatory framework.

From an economic point of view, in a market scenario characterised by strong inflation levels, a system was defined aimed at guaranteeing the safeguarding of the real value of wages. The agreement on the Participation Bonus for the year 2022 (liquidation in 2023) was also signed, and it mainly focused on achieving the company profitability indexes. In order to guarantee a greater balance between the monetary and non-monetary components of the bonus, the option to redeem part of it as welfare services was confirmed.

Saipem and the trade unions have also maintained an intense and constant dialogue on training, considered as an effective tool for increasing skills, essential for the development of the company and the employees. In November 2022, the Company and the Italian Trade Unions agreed on the strategic importance of training, a strong boost to the energy, digital and ecological transition and an absolute value to increase productivity, and signed an important agreement to be able to obtain state subsidies for training through the "Fondo Nuove Competenze".
The purpose of the New Skills Fund is in fact to raise the level of human capital, offering workers the opportunity to acquire new or better skills and to avail themselves of useful tools to adapt to the new conditions of the labour market, and supporting companies in the adapting process to new organisational and production models.
Saipem is also the first company in the energy and oil sector to have set up, in the wake of the provisions of the renewed CCNL, a "Corporate Joint Institution" (IPA) to effectively share with the trade unions company needs in terms of training, making a very important step towards a radical cultural change.
This process of sharing and the bilateral vision on a national corporate level took shape during the second half of 2022 with the signing of trade union agreements concerning financed trainings for 2023, through access to inter-professional funds. Furthermore the works of the two bilateral commissions (Companies/Trade Unions), set up following the provisions of two important trade union agreements signed in 2022, have been started and they concern structural agile work and business trips of specific nature and duration.

With particular reference to agile work, the trade union agreements signed in Italy and in France have allowed Saipem to avail of an innovative and advanced work model, strongly shared by the trade unions, aimed at strengthening employee accountability and orientation to results, and at the same time, ensuring greater flexibility and balance between work and personal life At a national level, in the view of pursuing both the objectives of structural cost rationalisation and containment, and to ensure more effective work planning and organisation, trade union agreements were also stipulated for each office, aimed at promoting the use of residual holiday and leaves (Individual Hour Account - COI), provided for by the current Energy and Oil Collective Agreement.

In the Offshore E&C context, discussions with the Trade Unions led to achieve further important agreements both at a national level - with the stipulation of an additional agreement, aimed at systematising the definition and implementation of some tools relating to the daily activities of maritime personnel including insurance-related aspects - and at the transnational level - where negotiations have been started with the "International Transport Workers' Federation" (ITF) for the renewal of two agreements: the collective agreement defining employment conditions of international personnel working on vessels of the Saipem fleet, and the Special Agreement already signed.
In the Energy Carrier context, the effective and constant dialogue with the trade unions led to the signing of a memorandum of agreement for the sale of the Rome Engineering Centre, allowing Saipem to finalise the optimisation of engineering and execution of projects for the energy sector on the Italian territory.

Saipem guarantees its employees, based on the specific local circumstances, different types and modes of benefits that include supplementary pension funds, additional health funds, mobility support services and policies, initiatives in the field of welfare and family support policies, catering and training courses aimed at ensuring more effective integration within the socio-cultural context of reference. These benefits, when envisaged and based on the country/society/local legislation in force, today are applied to the specific reference population regardless of the type of contract (temporary/permanent), except for those particular services where the time scale of performance delivery may not be compatible with the duration of the contract.

		2020		2021		2022	
		Group total	Full consolidated	Group total	Full consolidated	Group total	Full consolidated
Employees covered by collective bargaining agreements	(%)	39	44	46	46	50	52
Strikes	(No.)	168	168	248	248	63	63

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

Equal treatment and enhancement of differences

Saipem is still committed to support diversity, equity and inclusion values by adopting measures aimed at creating a work environment that recognises and values uniqueness. In particular, during 2022, Saipem translated the Diversity, Equity & Inclusion strategy into concrete actions as evidence of its real commitment, formally and officially confirmed in November by the issue of the Diversity, Equality & Inclusion Policy. The Policy, adopted at Group level, is the corporate statement that expresses authentic and concrete responsibility through contents and commitments, then transformed into concrete actions to be implemented in the daily corporate activities and processes. The commitments and values promoted through the Policy have represented a significant motivation and drive during the review of the Human Resources procedures, redefining the process guidelines and methods based on the Policy principles.

In November 2022, Saipem also reaches a new important milestone, obtaining the attestation according to the international standard ISO 30415:2021 on "Human Resource Management Diversity and Inclusion" from the DNV body, demonstrating the effectiveness of the actions undertaken to create an inclusive environment at work.

Also in November 2022, Snamprogetti Saudi Arabia Co Ltd obtained the Mowaamah certification: it is part of the programmes of the Saudi Arabian Ministry of Labour and Social Development and aims at developing and supporting working environments and promoting the employment of people with disabilities, so that they can enter the labour market. Such programmes represent a unique experience that intends to stimulate companies to pay more attention to the working environment for people with disabilities with positive results on company performance. For Saipem, this certification represents further tool to allow people with disabilities in the Kingdom of Saudi Arabia to benefit of adequate job and education opportunities, favouring their integration as active members of society and providing them with all the tools to achieve success and independence.

During the year, Saipem continued to promote and support diversity and inclusion values: a firm commitment that requires constant contribution of the entire organisation, also in terms of conscious and unconscious behaviours of each individual person, behaviours that sometimes need to be guided, oriented to develop greater awareness and knowledge. It is with this spirit that Saipem has invested in the promotion of various training activities in collaboration with the "Valore D" Association of which it is a supporting member: such training consists of mentoring courses, training events, sharing labs and talks accessible to all its people.

Since July 2022, three e-learning courses have also been delivered, respectively on the following topics: Unconscious Bias, Gender Harassment and Disability. The promotion of these awareness initiatives, some international days or events at universities, in line with the communication plan defined by the Diversity & Inclusion Department, were accompanied by the digital publication of seven articles issued on the Diversity, Equity and Inclusion channel, in the company magazine "Orizzonti".

Saipem also wanted to demonstrate its commitment to fight against violence against women by joining the UNESCO campaign "Orange the World: End violence against women now". Therefore, on November 25, the International Day for the Elimination of Violence against Women, Saipem has launched the internal Wear Orange campaign, inviting all employees of the Italian offices to wear an orange clothing item or accessory.

Saipem's strong commitment to supporting diversity and inclusion values was also demonstrated through the "Diversity & Inclusion: women at Saipem" webinar promoted in two virtual Career Days at the Politecnico and Bocconi Universities in Milan. The webinar, managed by the Diversity & Inclusion Department, together with two testimonials from company Role Models, described the company's commitment to building a work environment capable of enhancing diversity, of empowering women employees, and developing paths in STEM disciplines.

During the year, the Diversity & Inclusion Department was also involved in the update of Saipem's website with a section entirely dedicated to DE&I issues. Once finalised, the channel will represent a further tool for sharing concrete commitment and actions that Saipem intends to implement in favour of an inclusive and

meritocratic environment for its people, guaranteeing them opportunities for personal and professional development.
In support of the DE&I corporate objectives and strategy, in line with the international scene (United Nations Global Compact's 2030 Agenda), Saipem participated in international working groups – including the Target Gender Equality promoted by the UN Global Compact D&I Observatory – with the aim of promoting a benchmark with international companies to define objectives towards the respect of gender equality and support of women's empowerment. This context also includes participation in indexes, such as Dow Jones, Bloomberg and the Inclusion Impact Index, as well as the monitoring of KPIs that Saipem defined during the year with a view to improvement. In particular, Saipem was included for the first time in Bloomberg's Gender Equality Index (GEI), an internationally accredited index for measuring gender equality in listed companies with over one billion dollar market capitalisation. The inclusion in the index was obtained thanks to the score Saipem achieved in the evaluation of its commitment to promote gender equity through the development of dedicated policies and strategies.

As regards gender, women represent 11% of the work force (in line with the data for the Group perimeter). For age distribution, 9% of employees are less than 30 years old (13% for the Group and for the full consolidated perimeter), 73% are between 30 and 50 (72% for the Group perimeter) and 19% are over 50 (18% for the Group perimeter).
In terms of the distribution by professional categories, women represent 1% of Blue Collar and 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 24% (23% compared to the Group perimeter), a figure which is 3 percentage points higher than the previous year for the Group perimeter and 2 percentage points for the full consolidated perimeter compared to the previous year. With regard to the senior management, 3 of the 14 first reports to the CEO are women, as specified below:

Date	Executive Men	Executives No. Men	% of Executives Men	Executives Women	Executives No. Women	% of Executives Women
December 31, 2022	M. Bonzi P. Calcagnini S. Chini M. Branchi F. Botta P. Albini F. Abbà M. Toninelli C. Bottaro G. Secchi M. Piasere	11	79	S. L. Rasini L. Cortis O. Stella	3	21

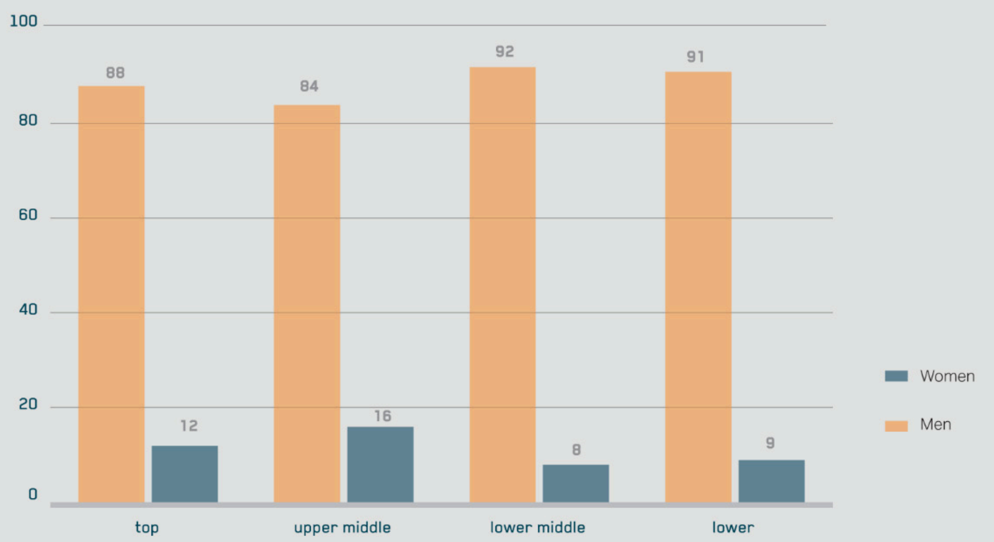
Saipem guarantees its employees, based on the specific local circumstances, different types and modes of benefits that include supplementary pension funds, additional health funds, mobility support services and policies, initiatives in the field of welfare and family support policies, catering and training courses aimed at ensuring more effective integration within the socio-cultural context of reference. These benefits, when envisaged and based on the country/society/local legislation in force, today are applied to the whole specific reference population regardless of the type of contract (temporary/permanent), except for those specific services where the time scale of performance delivery may not be compatible with the duration of the contract.

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, the principle of equal pay for equal work", in all the countries in which it operates.
The salary gender pay gap indicator for the Senior Manager category reached 90% in 2022 (both for the full consolidated perimeter and for the Group perimeter), showing an improvement of 3 percentage points compared to 2021. For Middle Managers, the indicator has a value of 90% for the full consolidated perimeter, with an increase of 1 percentage point compared to 2021, and of 91% for the Group perimeter, with an improvement of 2 percentage points compared to 2021. For White Collars a value of 84% was reached for the full consolidated perimeter and 85% for the Group perimeter, both showing a slight decrease 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 90% (for both the full consolidated and Group perimeter), which represents an improvement of 2 percentage points compared to 2021; for Middle Managers 91% for the Group perimeter and 90% for the full consolidated perimeter, with an improvement of 5 percentage points for both compared to 2021 for the Group perimeter; for White Collar workers the value is 84 percentage

points for the full consolidated perimeter, while it is 85% for the Group perimeter, a slight decrease of 2% compared to the previous year.
The figure for the average gender pay gap is -6%, an improvement compared to 2021 (-7%). The indicator 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.

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: 9% in the lower quartile and 16% and 8% respectively in the upper middle and lower middle quartiles.

DISTRIBUTION OF GENDER REMUNERATION IN QUARTILES (%)



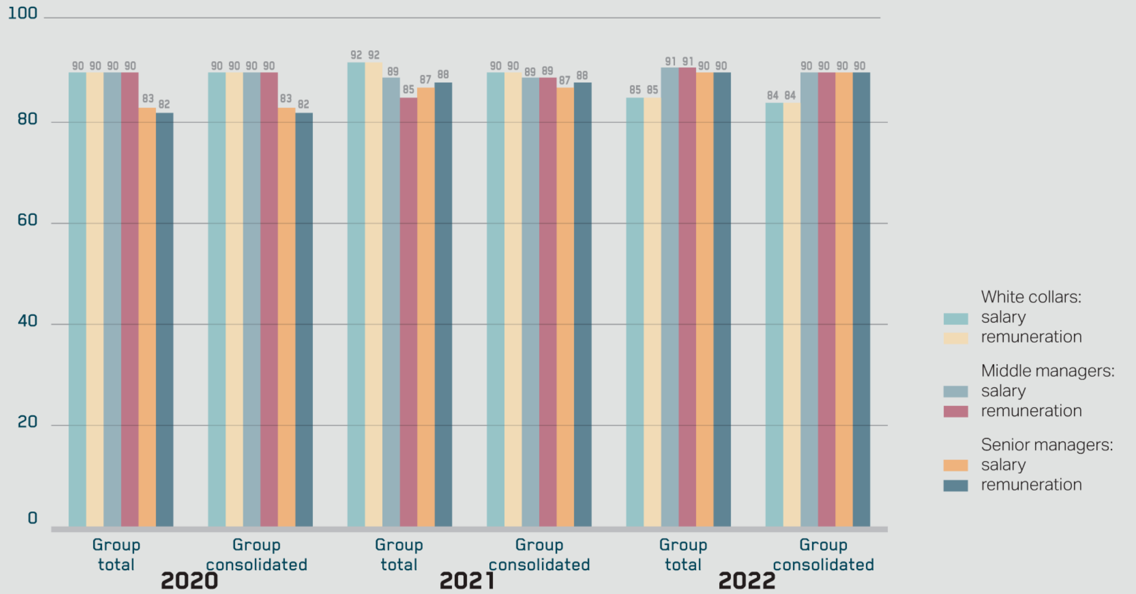
These figures refer to the sum of men and women in the above remuneration quartiles of each of the companies in the perimeter.
We also report that, the ratio between the overall remuneration of the CEO and the overall average remuneration of employees (full-time employees) of Saipem SpA: in 2022, this figure was 31, while in 2021 it was 15 and in 2020 it was 25.
The ratio between the total remuneration of the Chief Executive Officer-CEO and the average total remuneration of employees (full-time employees) of Saipem SpA is instead 36 in 2022.
Finally, the annual variation between the overall remuneration of the CEO and the overall remuneration of the population (full-time employees) of Saipem SpA is as follows: 15.

Finally, taking as a reference the personnel hired in Saipem SpA in 2022 in the lowest category (Cat. 3 - CREA 3), it appears that the female remuneration is in line with the provisions of the CCNL valid in the recruitment year, while the male remuneration turns out to be slightly higher (+5.9%) than the contractual minimums, in consideration of the variety of roles covered by the professionals in question.

Further information on remuneration (fixed and variable), severance payments, bonuses and clawback regulations for members of the Board of Directors, Statutory Auditors, the Chief Executive Officer-General Manager and Senior Managers are available in the document "Report on Remuneration Policy and Compensation Paid 2023".

EMARKET SDIR CERTIFIED

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.

(No.)	2020 Group total	2020 Full consolidated	2021 Group total	2021 Full consolidated	2022 Group total	2022 Full consolidated
Female presence						
Female employment, by geographical area:	3,964	3,572	3,937	3,524	3,438	3,248
Americas	363	363	348	348	363	363
CIS	398	227	456	220	144	143
Europe	2,162	2,057	2,019	1,972	1,843	1,802
Middle East	213	210	248	245	273	269
North Africa	31	31	25	25	16	16
Sub-Saharan Africa	293	181	307	181	390	246
Far East	504	503	534	533	409	409
Female leadership						
Female Senior Managers	26	26	33	33	31	31
Female Managers	727	698	774	753	774	750

To supplement the data relating to the year 2022 in the Group perimeter, please note that 97% of female employees have a full-time contract with the exception of Europe (94%) and sub-Saharan Africa (99%) and, with regard to the type of contract, female employees with a permanent contract are distributed in the geographical areas as follows: Americas 74%, CIS 7%, Europe 97%, Middle East 71%, North Africa 31%, Sub-Saharan Africa 74%, Far East 66%.

The table below also provides a complete view of Saipem's employee data:

(No.)	2020 Group total	2020 Full consolidated	2021 Group total	2021 Full consolidated	2022 Group total	2022 Full consolidated
Age ranges						
Employees under 30 years of age	4,793	3,421	5,346	3,574	3,054	2,660
of which women	582	507	548	462	399	373
of which men:	4,211	2,914	4,798	3,112	2,655	2,287
Employees aged between 30 and 50	24,962	21,275	27,558	23,077	23,443	21,448
of which women	2,828	2,542	2,801	2,501	2,465	2,318
of which men:	22,134	18,733	24,757	20,576	20,978	19,130
Employees over 50 years of age	5,268	4,826	5,902	5,390	5,880	5,475
of which women	554	523	588	561	574	557
of which men:	4,714	4,303	5,314	4,829	5,306	4,918
Employees with disabilities	160	160	195	193	378	384
Multiculturalism						
Number of nationalities represented in the employee population	129	127	130	128	129	129

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 2022, Saipem had 520 employees (539 if we refer to the Group perimeter), 302 men (303 considering the Group perimeter) and 218 women (236 considering the Group perimeter), who made use of parental leave for a total of 17,192 days (20,433 referring to the Group perimeter). In this context one should note, in the same period, the return to work from parental leave of 507 employees (513 at Group level), 296 men (number unchanged compared to the Group perimeter) and 211 women (217 at Group level), with a return rate from parental leave in the same year of 98% for the full consolidated perimeter (95% at Group level). Gender break down results in 98% for men (in both perimeters) and 97% for women (92% in the full consolidated perimeter).

Innovation in people management

The extensive Digital Transformation project launched in Saipem in 2021, as a strategic driver of evolution and change, continued in 2022 with actions aimed, on the one hand, at developing skills for digital tools adoption, and on the other at disseminating an agile working culture capable of supporting the introduction and implementation of new ways of working.

To support the change, a training programme was designed and launched to support agile work, with the goal of developing the digital mindset necessary to manage relationships with colleagues, activities, and professional challenges in an agile way. At the same time, it offered helpful tools to develop new work routines and new relationships with colleagues and Smart Leaders, enhancing the autonomy and individual responsibility in reaching team goals.

In this new work model is embedded the important project of reorganisation of workspaces at the Santa Giulia Headquarters. This is an overall rethinking of workplace functionalities, designed to support the evolution of the Smart Working model and shaped so it puts people at the centre of corporate spaces. Saipem studied innovative solutions to optimise and manage spaces, seizing the opportunities that came with a relocation, introducing the concept of Smart Building, offering more people-based services and encouraging the use of public transport thanks to a better position and the signing of agreements to encourage a mobility as "green" and sustainable as possible.
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.

With regard to digital transformation in the HR area, the corporate commitment translates into the possibility of availing of tools that allow the Saipem a deeper knowledge of people, integrate data, share information for increasingly effective and efficient management of its people. In the first half-year, a re-engineering project of the processes of the Human Resources Department was started, with the goal of implementing a management model that allows a unified and integrated vision of key processes of HR, Management, Timesheet, Travel Management, Payroll and Analytics.

In charge of enabling this integration will be the new Human Capital Management, which Saipem is currently implementing and that will precisely have the aim of promoting greater integration of HR processes and of their connected data, and of adopting innovative solutions.

GRI CONTENT INDEX

Reference documents
NFS22: Consolidated Non-Financial Statement 2022
AR22: Annual Report 2022
SR22: Sustainability Report 2022
CG22: Corporate Governance and Shareholding Structure Report 2022
RP23: Report on Remuneration Policy and Compensation Paid 2023

Statement of use	Saipem SpA has reported in accordance with the GRI Standards for the period from January 1, 2022-December 31, 2022
GRI 1 used	GRI 1 - Foundation - 2021
Applicable GRI Sector Standard(s)	GRI 11: Oil and Gas Sector 2021

General disclosures

GRI Standard/Other source	Disclosure	Location	Requirement(s) Omitted/Reason /Explanation
GRI 2: General Disclosures 2021	2-1 Organisational details	Cover (RF22).	
	2-2 Entities included in the organisation's sustainability reporting	"Scope of consolidation as of December 31, 2022", pages 223-227 (AR22).	
	2-3 Reporting period, frequency and contact point	"Methodology, principles and reporting criteria", pages 85-91 (NFS22); "Scope of consolidation as of December 31, 2022", pages 223-227 (AR22); "Changes in the consolidation scope", page 228 (AR22). Inside back cover (AR22).	
	2-4 Information restatement	n.a.	
	2-5 External Assurance	"Methodology, principles and reporting criteria", pages 85-91 (NFS22).	
	2-6 Reporting period, frequency and contact point	"Saipem Business - Company profile and key operations", page 92 (NFS22); "Social policies and management", pages 153-154 (NFS22).	
	2-7 Employees	"Workforce trend", pages 167-169 (NFS22).	
	2-8 Workers who are not employees	"Workforce trend", pages 167-169 (NFS22).	
	2-9 Governance structure and composition	"Governance, responsible management and business ethics", pages 112-134 (NFS22); "Sustainability Model", pages 13-15 (CG22).	
	2-10 Nomination and selection of the highest governance body	"Governance, responsible management and business ethics", pages 112-134 (NFS22); "Board of Directors", pages 21-33 (CG22).	
	2-11 Chair of the highest governance body	"Governance, responsible management and business ethics", pages 112-134 (NFS22); "Board of Directors", pages 21-33 (CG22).	
	2-12 Role of the highest governance body in overseeing the management of impacts	"Methodology, principles and reporting criteria", pages 85-91 (NFS22); "Governance, responsible management and business ethics", pages 112-134 (NFS22); "Board of Directors", pages 21-33 (CG22).	
	2-13 Role of the highest governance body in overseeing the management of impacts	"Executive Directors", pages 31-32 (CG22); "Board of Directors' role", pages 21-24 (CG22); "Functions of the Board of Directors (pursuant to Article 123-*bis*, paragraph 2, letter d), of Legislative Decree No. 58/1998)", pages 29-30 (CG22); "Methodology, principles and reporting criteria", pages 85-91 (NFS22).	
	2-14 Role of the highest governance body in sustainability reporting	"Methodology, principles and reporting criteria", pages 85-91 (NFS22); "Governance of business sustainability", pages 112-114 (NFS22); "Governance, responsible management and business ethics", pages 112-134 (NFS22).	
	2-15 Conflicts of interest	"Governance, responsible management and business ethics", pages 112-134 (NFS22); "Board of Directors", pages 21-33 (CG22).	
	2-16 Communication of critical concerns	"Reporting suspected violations", pages 126-127 (NFS22).	
	2-17 Collective knowledge of the highest governance body	"Functioning of the Board of Directors (pursuant to Article 123-*bis*, paragraph 2, letter d), of Legislative Decree No. 58/1998)", pages 29-30 (CG22); "Board of Directors", pages 21-33 (CG22).	

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General disclosures

GRI Standard/Other source	Disclosure	Location	Requirement(s) Omitted/Reason /Explanation
GRI 2: General Disclosures 2021	2-18 Evaluation of the performance of the highest governance body	"Governance, responsible management and business ethics", pages 112-134 (NFS22); "Board review and succession of Directors - Nomination Committee", pages 36-39 (CG22).	
	2-19 Remuneration policies	"Governance, responsible management and business ethics", pages 112-134 (NFS22); "Incentive system", page 114 (NFS22); "Contribution to mitigating climate change", pages 135-143 (NFS22); "Saipem's Net-Zero programme", pages 138-142 (NFS22); "Equal treatment and enhancement of differences", pages 171-175 (NFS22); "Section II - Compensation paid and other information", pages 34-52 (RP23).	
	2-20 Process to determine remuneration	"Governance, responsible management and business ethics", pages 112-134 (NFS22); "Section II - Compensation paid and other information", pages 34-52 (RP23).	
	2-21 Annual total compensation ratio	"Equal treatment and enhancement of differences", pages 171-175 (NFS22).	2-21.a partial disclosure: Saipem reports the indicator by calculating the median annual total remuneration for Saipem SpA only and undertakes to extend the reporting scope progressively in the coming reporting cycles. 2-21.b partial disclosure: Saipem reports information by calculating the average of the total employee remuneration since the figure on the median, for the year 2021, is not available.
	2-22 Statement on sustainable development strategy	"Letter to the shareholders", pages 2-4 (AR22); "Development of the market scenario and strategy", pages 92-94 (NFS22); "Model 231 (including the Code of Ethics)", pages 115-116 (NFS22) ; "Letters to stakeholders", pages II-1 (SR22).	
	2-23 Policy commitments	"Company management and organisation model", pages 99-100 (NFS22); "Governance of business sustainability", pages 112-114 (NFS22); "Protecting the environment and minimising environmental impacts", pages 144-152 (NFS22); "Safeguarding the health and safety of people", pages 157-163 (NFS22); "Results and objectives", pages 101-105 (NFS22); "How Saipem's business model creates value", page 128 (NFS22); "Equal treatment and enhancement of differences", pages 171-175 (NFS22).	
	2-24 Embedding policy commitments	"Company management and organisation model", pages 99-100 (NFS22); "Governance of business sustainability", pages 112-114 (NFS22); "Protecting the environment and minimising environmental impacts", pages 144-152 (NFS22); "Safeguarding the health and safety of people", pages 157-163 (NFS22); "Results and objectives", pages 101-105 (NFS22); "How Saipem's business model creates value", page 128 (NFS22); "Equal treatment and enhancement of differences", pages 171-175 (NFS22); "A sustainable supply chain", pages 155-156 (NFS22).	
	2-25 Processes to remediate negative impacts	"Business ethics", pages 118-121 (NFS22); "Asset integrity", page 161 (NFS22); "Spill prevention and response", pages 146-147 (NFS22); "Social policies and management", pages 153-154 (NFS22).	
	2-26 Mechanisms for seeking advice and raising concerns	"Model 231 (including the Code of Ethics)", pages 115-116 (NFS22); "Reporting suspected violations", pages 126-127 (NFS22).	
	2-27 Compliance with laws and regulations	"Company management and organisation model", pages 99-100 (NFS22); "Legal proceeding", pages 265-280 (AR22).	

General disclosures

GRI Standard/Other source	Disclosure	Location	Requirement(s) Omitted/Reason /Explanation
GRI 2: General Disclosures 2021	2-28 Professional affiliations	"Relations with institutions and trade associations", pages 107-109 (NFS22).	
	2-29 Stakeholder Engagement Approach	"Relations with stakeholders", pages 106-111 (NFS22); "Relations with the financial community", pages 106-107 (NFS22); "Relations with clients", page 107 (NFS22); "Relations with institutions and trade associations", pages 107-109 (NFS22); "Employees", pages 109-110 (NFS22); "Local authorities and governments", page 110 (NFS22); "Local communities", page 110 (NFS22); "Local organisations and NGOs", pages 110-111 (NFS22); "Vendors", page 111 (NFS22); "Future generations", page 111 (NFS22).	
	2.30 Collective agreements	"Industrial relations", pages 169-171 (NFS22); "Business ethics", pages 118-121 (NFS22).	

MATERIAL TOPICS

GRI Standard	Disclosure	Location	Requirement(s) Omitted/Reason /Explanation	GRI Sector Standard Ref. No.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	"Materiality analysis and content definition", pages 86-88 (NFS22); "Materiality analysis", pages 24-29 (SR22).		
	3-2 List of material topics	"Materiality analysis and content definition", pages 86-88 (NFS22); "Materiality analysis", pages 24-29 (SR22).		
Economic performance (Material topics: Business diversification; Board effectiveness on ESG governance; Climate change adaptation; Climate change mitigation strategy)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Economic value generated and distributed", page 128 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.2.1 11.14.1 11.21.1
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	"Economic value generated and distributed", page 128 (NFS22).		11.14.2 11.21.2
	201-2 Financial implications and other risks and opportunities resulting from climate change	"Climate-related risks", pages 135-136 NFS22); "Climate-related opportunities", pages 137-138 (NFS22).		11.2.2
	201-3 Defined benefit plan obligations and other retirement plans	Note 27 "Employee benefits", pages 250-255 (AR22); "Stock-based incentive plans", pages 282-287 (AR22).		-
	201-4: Financial assistance received from government	Note 47 "Obligations regarding transparency and disclosure. Italian Law August 4, 2017, No. 124 (Article 1, sections 125-129), page 310 (AR22); "How Saipem's business model creates value", page 128 (NFS22).		11.21.3
Market presence (Material topic: Diversity, equity and inclusion)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Equal treatment and enhancement of differences", pages 171-175 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.11.1 11.14.1
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	"Equal treatment and enhancement of differences", pages 171-175 (NFS22).	Partial disclosure: Saipem reports information only for Saipem SpA and undertakes to extend the reporting scope to the Group's most significant sites progressively in the coming reporting cycles.	-
	202-2 Proportion of senior management hired from the local community	"Local presence", page 154 (NFS22).		11.11.2 11.14.3
Indirect economic impacts (Material topic: Business diversification; Board effectiveness on ESG governance)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Economic value generated and distributed", page 128 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.14.1

MATERIAL TOPICS

GRI Standard	Disclosure	Location	Requirement(s) Omitted/Reason /Explanation	GRI Sector Standard Ref. No.
Indirect economic impacts (Material topic: Business diversification; Board effectiveness on ESG governance)				
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	"Economic value generated and distributed", page 128 (NFS22); "Relations with stakeholders", pages 106-111 (NFS22).		11.14.4
	203-2: Significant indirect economic impacts	"Economic value generated and distributed", page 128 (NFS22).		11.14.5
Procurement practices (Material topic: Business diversification)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Supply chain management", pages 132-134 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.14.1
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	"Supply chain management", pages 132-134 (NFS22).		11.14.6
Anti-corruption (Material topic: Anti-corruption & bribery)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Fighting corruption", pages 124-126 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.20.1
GRI 205: Anti-corruption 2016	205-1 Transactions assessed to determine risks related to corruption	"Risk management", pages 60-73 (AR22); "A sustainable supply chain", pages 155-156 (NFS22).		11.20.2
	205-2 Communication and training on anti-corruption regulations and procedures	"Fighting corruption", pages 124-126 (NFS22); "A sustainable supply chain", pages 155-156 (NFS22); "Governance of business sustainability", pages 112-114 (NFS22); "Board of Directors' induction", page 30 (CG22).		11.20.3
	205-3 Confirmed incidents of corruption and measures taken	"Fighting corruption", pages 124-126 (NFS22).		11.20.4
Anti-competitive behaviour (Material topic: Business diversification; Board effectiveness on ESG governance)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Legal proceeding", pages 265-280 (AR22); "Materiality analysis", pages 24-29 (SR22).		11.19.1
GRI 206: Anticompetitive behaviour 2016	206-1 Lawsuits related to anti-competitive behaviour, trust activities and monopolistic practices	"Legal proceeding", pages 265-280 (AR22). There are no pending or completed legal actions during the reporting period concerning anti-competitive behaviour and violations of anti-trust and anti-monopoly in which the organisation has been identified as a participant.		11.19.2
Tax (Material topic: Business diversification; Board effectiveness on ESG governance)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Tax transparency", pages 129-131 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.21.1
GRI 207: Taxes 2019	207-1 Approach to taxes	"Tax transparency", pages 129-131 (NFS22).		11.21.4
	207-2 Tax governance, control and risk management	"Tax transparency", pages 129-131 (NFS22).		11.21.5
	207-3 Stakeholder engagement and management of concerns related to tax	"Tax transparency", pages 129-131 (NFS22).		11.21.6
	207-4 Country-by-country reporting	"Tax transparency", pages 129-131 (NFS22).		11.21.7

MATERIAL TOPICS

GRI Standard	Disclosure	Location	Requirement(s) Omitted/Reason /Explanation	GRI Sector Standard Ref. No.
Energy (Material topic: GHG emissions and energy; Climate change mitigation strategy; Climate change adaptation)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"GHG emissions", pages 142-143 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.1.1
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	"GHG emissions", pages 142-143 (NFS22).		11.1.2
	302-2 Energy consumption outside the organisation	"GHG emissions", pages 142-143 (NFS22).	Saipem undertakes to report the information progressively during the next reporting cycles.	11.1.3
	302-3: Energy intensity	"GHG emissions", pages 142-143 (NFS22).		11.1.4
	302-4: Reduction of energy consumption	"GHG emissions", pages 142-143 (NFS22).		-
Water and effluents (Material topic: Water management)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Water resource management", pages 147-150 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.6.1
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	"Water resource management", pages 147-150 (NFS22).		11.6.2
	303-2 Management of water discharge-related impacts	"Water resource management", pages 147-150 (NFS22).		11.6.3
	303-3: Water withdrawal	"Water resource management", pages 147-150 (NFS22).		11.6.4
	303-4 Water discharge	"Water resource management", pages 147-150 (NFS22).	Information on the division into drinking water (≤1,000 mg/l of total dissolved solid particles) and other water (>1,000 mg/l of total dissolved solid particles) is not currently available.	11.6.5
	303-5 Water consumption	"Water resource management", pages 147-150 (NFS22).		11.6.6
Biodiversity				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Environmental management policies and system", pages 144-146 (NFS22); "Biodiversity and environmental protection", pages 44-51 (SR22).		11.4.1
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	"Biodiversity and environmental protection", pages 44-51 (SR22).	Information not available: the Company has defined among the Objectives of the 2023-2026 Sustainability Plan the systematisation of the mapping of both its operating sites and those of the main suppliers in fragile areas for biodiversity.	11.4.2
	304-2 Significant impacts of activities, products, and services on biodiversity	"Biodiversity and environmental protection", pages 44-51 (SR22).		11.4.3
	304-3 Habitats protected or restored	"Biodiversity and environmental protection", pages 44-51 (SR22).		11.4.4
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	"Biodiversity and environmental protection", pages 44-51 (SR22).		11.4.5

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MATERIAL TOPICS

GRI Standard	Disclosure	Location	Requirement(s) Omitted/Reason /Explanation	GRI Sector Standard Ref. No.
Emissions (Material topic: GHG emissions and energy)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"GHG emissions", pages 142-143 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.1.1 11.2.1 11.3.1
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emission	"GHG emissions", pages 142-143 (NFS22).		11.1.5
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	"GHG emissions", pages 142-143 (NFS22).		11.1.6
	305- 3 Other indirect (Scope 3) GHG emissions	"GHG emissions", pages 142-143 (NFS22).		11.1.7
	305-4 GHG emissions intensity	"GHG emissions", pages 142-143 (NFS22).		11.1.8
	305-5 Reduction of GHG emissions	"GHG emissions", pages 142-143 (NFS22).		11.2.3
	305-7 Nitrogen oxides (NO_x), sulphur oxides (SO_x), and other significant air emissions	"Preserving the air quality", pages 150-151 (NFS22).		11.3.2
Waste				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Waste management", pages 151-152 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.5.1
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	"Waste management", pages 151-152 (NFS22).		11.5.2
	306-2 Management of significant waste-related impacts	"Waste management", pages 151-152 (NFS22).		11.5.3
	306-3 Waste generated	"Waste management", pages 151-152 (NFS22).		11.5.4
	306-4 Waste diverted from disposal	"Waste management", pages 151-152 (NFS22).		11.5.5
	306-5 Waste directed to disposal	"Waste management", pages 151-152 (NFS22).		11.5.6
Water discharge and waste (Material topic: Disaster management, recovery & relief)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Spill prevention and response", pages 146-147 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.8.1
GRI 306: Effluents and Waste 2016	306-3 Significant spills	"Spill prevention and response", pages 146-147 (NFS22).		11.8.2
Supplier environmental assessment (Material topic: Climate change mitigation strategy; Climate change adaptation; Board effectiveness on ESG governance)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"A sustainable supply chain", pages 155-156 (NFS22); "Materiality analysis", pages 24-29 (SR22).		-
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	"A sustainable supply chain", pages 155-156 (NFS22).		-
	308-2 Negative environmental impacts in the supply chain and actions taken	"A sustainable supply chain", pages 155-156 (NFS22).		-

MATERIAL TOPICS

GRI Standard	Disclosure	Location	Requirement(s) Omitted/Reason /Explanation	GRI Sector Standard Ref. No.
Employment (Material topic: Sustainable employment)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Equal treatment and enhancement of differences", pages 171-175 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.10.1 11.11.1
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	"Workforce trend", pages 167-169 (NFS22).		11.10.2
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	"Equal treatment and enhancement of differences", pages 171-175 (NFS22).		11.10.3
	401-3 Parental leave	"Equal treatment and enhancement of differences", pages 171-175 (NFS22).	The Company undertakes to report on the indicator within the next three reporting cycles.	11.10.4 11.11.3
Labour/management relations (Material topic: Sustainable employment)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Human resources - Quality", page 52 (AR22); "Human resources - Human Resources Management", pages 52-53 (AR22); "Materiality analysis", pages 24-29 (SR22).		11.7.1 11.10.1
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	"Human resources - Quality", page 52 (AR22); "Human resources - Human Resources Management", pages 52-53 (AR22).		11.7.2 11.10.5
Occupational health and safety (Material topic: Health and safety along the value chain)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Safeguarding the health and safety of people", pages 157-163 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.9.1
GRI 403: Occupational Health and Safety 2018	403-1 Occupational Health & Safety Management System	"Safeguarding the health and safety of people", pages 157-163 (NFS22).		11.9.2
	403-2 Hazard identification, risk assessment, and incident investigation	"Safeguarding the health and safety of people", pages 157-163 (NFS22); "Reporting suspected violations", pages 126-127 (NFS22).		11.9.3
	403-3 Occupational health services	"Employee health", pages 161-163 (NFS22).		11.9.4
	403-4 Worker participation, consultation, and communication on occupational health and safety	"Safeguarding the health and safety of people", pages 157-163 (NFS22).		11.9.5
	403-5 Worker training on occupational health and safety	"Safeguarding the health and safety of people", pages 157-163 (NFS22); "HSE training", page 161 (NFS22).		11.9.6
	403-6 Promotion of worker health	"Employee health", pages 161-163 (NFS22).		11.9.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	"Safeguarding the health and safety of people", pages 157-163 (NFS22).		11.9.8
	403-8 Workers covered by an occupational health and safety management system	"Safeguarding the health and safety of people", pages 157-163 (NFS22).		11.9.9
	403-9: Work-related injuries	"Safeguarding the health and safety of people", pages 157-163 (NFS22).		11.9.10
	403-10 Professional diseases	"Employee health", pages 161-163 (NFS22).		11.9.11

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MATERIAL TOPICS

GRI Standard	Disclosure	Location	Requirement(s) Omitted/Reason /Explanation	GRI Sector Standard Ref. No.
Training and education (Material topic: Sustainable employment)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Human resources", pages 52-55 (AR22); "Human capital", pages 164-175 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.7.1 11.10.1 11.11.1
GRI 404: A130 Training and Education 2016	404-1 Average hours of training per year per employee	"Human resources", pages 52-55 (AR22); "Human capital", pages 164-175 (NFS22).		11.10.6 11.11.4
	404-2 Programs for upgrading employee skills and transition assistance programs	"Human resources", pages 52-55 (AR22); "Human capital", pages 164-175 (NFS22).		11.7.3 11.10.7
	404-3 Percentage of employees receiving regular performance and career development reviews	"Human resources", pages 52-55 (AR22); "Human capital", pages 164-175 (NFS22).		-
Diversity and equal opportunity (Material topic: Diversity, equity and inclusion)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Workforce trend", pages 167-169 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.11.1
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	"Governance of business sustainability", pages 112-114 (NFS22); "Workforce trend", pages 167-169 (NFS22); "Equal treatment and enhancement of differences", pages 171-175 (NFS22).		11.11.5
	405-2 Ratio of basic salary and remuneration of women to men	"Equal treatment and enhancement of differences", pages 171-175 (NFS22).		11.11.6
Non-discrimination (Material topic: Diversity, equity and inclusion)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Reporting suspected violations", pages 126-127 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.11.1
GRI 406: Non-discrimination 2016	406-1: Incidents of discrimination and corrective actions taken	"Reporting suspected violations", pages 126-127 (NFS22).		11.11.7
Freedom of association and collective bargaining (Material topic: Human and labour rights along the value chain; Data privacy management)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Business ethics", pages 118-121 (NFS22); "Respect of human rights", page 118 (NFS22); "Human capital", pages 164-175 (NFS22); "A sustainable supply chain", pages 155-156 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.13.1
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	"Business ethics", pages 118-121 (NFS22); "Respect of human rights", page 118 (NFS22); "Human capital", pages 164-175 (NFS22); "A sustainable supply chain", pages 155-156 (NFS22).		11.13.2
Child labour (Material topic: Human and labour rights along the value chain)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Business ethics", pages 118-121 (NFS22); "Materiality analysis", pages 24-29 (SR22).		-
GRI 408: Child labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	"Business ethics", pages 118-121 (NFS22); "Respect of human rights", page 118 (NFS22).		-

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MATERIAL TOPICS

GRI Standard	Disclosure	Location	Requirement(s) Omitted/Reason /Explanation	GRI Sector Standard Ref. No.
Forced or compulsory labour (Material topic: Human and labour rights along the value chain)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Business ethics", pages 118-121 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.12.1
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	"Business ethics", pages 118-121 (NFS22); "Respect of human rights", page 118 (NFS22).		11.12.2
Security practices (Material topic: Human and labour rights along the value chain)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Security practices", pages 121-123 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.18.1
GRI 410: Security practices 2016	410-1 Security personnel trained in human rights policies or procedures	"Security practices", pages 121-123 (NFS22).		11.18.2
Rights of indigenous peoples (Material topic: Human and labour rights along the value chain; Local community engagement & development)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Reporting suspected violations", pages 126-127 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.17.1
GRI 411: Rights of indigenous people 2016	411-1 Incidents of violations involving rights of indigenous peoples	"Reporting suspected violations", pages 126-127 (NFS22).		11.17.2
Local communities (Material topic: Local community engagement & development)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Relations with stakeholders", pages 106-111 (NFS22); "Local communities", page 110 (NFS22); "Local organisations and NGOs", pages 110-111 (NFS22); "Relations with local context", page 154 (NFS22).		11.15.1
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	"Relations with stakeholders", pages 106-111 (NFS22); "Local communities", page 110 (NFS22); "Local organisations and NGOs", pages 110-111 (NFS22).		11.15.2
	413-2 Operations with significant actual and potential negative impacts on local communities	"Relations with local context", page 154 (NFS22).		11.15.3
Supplier social assessment (Material topic: Human and labour rights along the value chain)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"A sustainable supply chain", pages 155-156 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.10.1 11.12.1
GRI 414: Vendor Social Assessment 2016	414-1 New suppliers that were screened using social criteria	A sustainable supply chain", pages 155-156 (NFS22).		11.10.8 11.12.3
	414-2 Negative social impacts in the supply chain and action taken	A sustainable supply chain", pages 155-156 (NFS22).		11.10.9
Public policy (Material topic: Anti-corruption & bribery; Board effectiveness on ESG governance)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Fighting corruption", pages 124-126 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.22.1
GRI 415: Public policy 2016	415-1: Political contributions	"Fighting corruption", pages 124-126 (NFS22).		11.22.2
Customer health and safety (Material topic: Public health risks)				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Safeguarding the health and safety of people", pages 157-163 (NFS22); "Materiality analysis", pages 24-29 (SR22).		11.3.1
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	"Safeguarding the health and safety of people", pages 157-163 (NFS22); "Health & safety along the value chain", pages 64-73 (SR22).		11.3.3

MATERIAL TOPICS

GRI Standard	Disclosure	Location	Requirement(s) Omitted/Reason /Explanation	GRI Sector Standard Ref. No.
Data privacy				
GRI 3: Material Topics 2021	3-3 Management of material topics	"Data Privacy Management", pages 123-124 (NFS22); "Materiality analysis", pages 24-29 (SR22).		-

TOPICS IN THE APPLICABLE GRI SECTOR STANDARDS DETERMINED AS NOT MATERIAL

Topic	Explanation
GRI 11.16	
Land and resources rights	The topic is not relevant according to the kind of the Company's operational activities and the contractual arrangements defined with client companies for operational projects, the responsibility and related activities related to the use of land and natural resources, including the possible resettlement of local communities, lie with the client companies.

Reconciliation table of the material topics resulting from the Saipem materiality analysis and the potentially material topics of the GRI Standards

Material topics	Likely material topics according to the GRI Standards
Anti-corruption & bribery	Anti-corruption
Board effectiveness on ESG governance	Economic impacts Payments to governments Anti-competitive behaviour Public policy
Business diversification	Economic impacts Anti-competitive behaviour
Climate change adaptation	Economic impacts Climate adaptation, resilience and transition Air emissions GHG emission
Climate change mitigation strategy	Economic impacts Climate adaptation, resilience and transition Air emissions GHG emission
Cybersecurity	Asset integrity and critical incident management
Data privacy management	Freedom of association and collective bargaining Occupational health and safety
Disaster management, recovery & relief	Asset integrity and critical incident management Biodiversity Waste
Diversity, equity and inclusion	Non-discrimination and equal opportunity
GHG emissions and energy	GHG emission
Health and safety along the value chain	Occupational health and safety
Human and labour rights along the value chain	Forced labour and modern slavery Freedom of association and collective bargaining Conflict and security
Local community engagement & development	Rights of indigenous peoples Local communities
Public health risks	Occupational health and safety
Renewables	Climate adaptation, resilience, and transition
Sustainable employment	Employment practices Closure and rehabilitation Public policy
Water management	Water and effluents

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 5.1.g) 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 2022 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 14 March 2023 (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.

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.

KPMG

Saipem Group
Independent auditors' report
31 December 2022

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 performed 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;
   - we visited the FDS 2 (Genoa port), Karimun (Indonesia) and South Gas Compression Plant (Kingdom of Saudi Arabia) sites, which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their management and 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 2022 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, 7 April 2023

KPMG S.p.A.

(signed on the original)

Cristina Quarleri
Director of Audit

SAIPEM
CONSOLIDATED FINANCIAL STATEMENTS 2022

Statement of financial position

(€ million)	Note [1]	Dec. 31, 2021 Total	Dec. 31, 2021 *of which with related parties* [2]	Dec. 31, 2022 Total	Dec. 31, 2022 *of which with related parties* [2]
ASSETS					
Current assets					
Cash and cash equivalents	(No. 7)	1,632		2,052	
Financial assets measured at fair value through OCI	(No. 8)	59		75	
Other financial assets	(No. 9)	567	554	495	489
Lease assets	(No. 17)	30		26	
Trade receivables and other assets	(No. 10)	2,251	606	2,182	675
Inventories	(No. 11)	258		211	
Contract assets	(No. 12)	1,320		1,860	
Tax assets	(No. 13)	275		313	
Other tax assets	(No. 13)	196		141	
Other assets	(No. 14 and 29)	231	25	272	27
Total current assets		**6,819**		**7,627**	
Non-current assets					
Property, plant and equipment	(No. 15)	3,113		2,879	
Intangible assets	(No. 16)	699		691	
Right-of-Use assets	(No. 17)	261		258	
Equity investments accounted for using the equity method	(No. 18)	157		229	
Other equity investments	(No. 18)	-		-	
Other financial assets	(No. 9)	61		65	
Lease assets	(No. 17)	46		57	
Deferred tax assets	(No. 19)	329		345	
Tax assets	(No. 13)	20		5	
Other assets	(No. 14 and 29)	37	-	30	1
Total non-current assets		**4,723**		**4,559**	
Discontinued operations and assets held for sale	(No. 30)	-		211	4
TOTAL ASSETS		**11,542**		**12,397**	
LIABILITIES AND EQUITY					
Current liabilities					
Current financial liabilities	(No. 24)	412	18	159	1
Current portion of non-current financial liabilities	(No. 24)	697		742	
Current portion of non-current lease liabilities	(No. 17)	147		139	
Trade payables and other liabilities	(No. 21)	2,651	190	2,907	112
Contract liabilities	(No. 22)	2,517	1,049	2,613	846
Tax liabilities	(No. 13)	42		86	
Other tax liabilities	(No. 13)	192		161	
Other liabilities	(No. 23 and 29)	186		107	
Total current liabilities		**6,844**		**6,914**	
Non-current liabilities					
Non-current financial liabilities	(No. 24)	2,432		1,729	
Non-current leases liabilities	(No. 17)	247	1	264	1
Provisions for risks and charges	(No. 26)	1,353		1,148	
Employee benefits	(No. 27)	238		183	
Deferred tax liabilities	(No. 19)	5		3	
Tax liabilities	(No. 13)	42		23	
Other liabilities	(No. 23 and 29)	30		2	
Total non-current liabilities		**4,347**		**3,352**	
Discontinued operations and liabilities directly related to assets held for sale	(No. 30)	-		45	2
TOTAL LIABILITIES		**11,191**		**10,311**	
EQUITY					
Non-controlling interests	(No. 31)	25		18	
Equity attributable to the owners of the parent:	(No. 31)	326		2,068	
- Share capital	(No. 31)	2,191		502	
- Share premium	(No. 31)	553		1,877	
- Other reserves	(No. 31)	(97)		(116)	
- retained profit		230		91	
- Profit (loss) for the year		(2,467)		(209)	
- negative reserve for treasury shares in portfolio	(No. 31)	(84)		(77)	
Total equity		**351**		**2,086**	
TOTAL LIABILITIES AND EQUITY		**11,542**		**12,397**	

(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 43 "Related party transactions".

Income statement

(€ million)	Note [1]	Year 2021 [*] Total	Year 2021 [*] of which with related parties [2]	Year 2022 Total	Year 2022 of which with related parties [2]
REVENUE					
Core business revenue	(No. 34)	6,528	1,927	9,980	2,221
Other revenue and income	(No. 34)	5	-	11	-
Total revenue		**6,533**		**9,991**	
Operating expenses					
Purchases, services and other costs	(No. 35)	(6,664)	(955)	(7,831)	(547)
Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(No. 35)	(42)		32	
Personnel expenses	(No. 35)	(1,553)		(1,656)	
Depreciation, amortisation and impairment losses	(No. 35)	(495)		(445)	
Other operating income (expense)	(No. 35)	2		7	
OPERATING PROFIT (LOSS)		**(2,219)**		**98**	
Financial income (expense)					
Financial income		304	1	1,008	5
Financial expense		(329)		(1,075)	(16)
Derivative financial instruments		(112)		(128)	
Net financial income (expense)	(No. 36)	**(137)**		**(195)**	
Gains (losses) on equity investments					
Share of profit (loss) of equity-accounted investees		9		(65)	
Other gains (losses) from equity investments		-		-	
Net gains (loss) on equity investments	(No. 37)	**9**		**(65)**	
PRE-TAX PROFIT (LOSS)		**(2,347)**		**(162)**	
Income taxes	(No. 38)	(59)		(153)	
PROFIT (LOSS) FOR THE YEAR - Continuing operations		(2,406)		(315)	
PROFIT (LOSS) FOR THE YEAR - Discontinued operations		(61)		106	
PROFIT (LOSS) FOR THE YEAR		**(2,467)**		**(209)**	
attributable to Saipem Group:					
Continuing operations		(2,406)		(315)	
Discontinued operations	(No. 30)	(61)	7	106	8
Non-controlling interests	(No. 39)				
Continuing operations		-		-	
Discontinued operations	(No. 30)	-		-	
Profit (loss) per share on Saipem's profit (loss) for the year (€ per share)					
Basic profit (loss) per share	(No. 40)	(2.62)		(0.22)	
Diluted profit (loss) per share	(No. 40)	(2.62)		(0.22)	
Profit (loss) per share on Saipem's profit (loss) for the year - Continuing operations (€ per share)					
Basic profit (loss) per share	(No. 40)	(2.56)		(0.33)	
Diluted profit (loss) per share	(No. 40)	(2.56)		(0.33)	

(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 43 "Related party transactions".
(*) The values for 2021 were restated in accordance with IFRS 5.

Statement of comprehensive income

(€ million)	Note [1]	2021	2022
Profit (loss) for the year		**(2,467)**	**(209)**
Other items of comprehensive income			
Items that will not be reclassified subsequently to the income statement			
Remeasurement of defined benefit plans for employees	(No. 31)	(16)	40
Change in fair value of equity investments measured at fair value through OCI	(No. 31)	-	-
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans	(No. 31)	-	-
Income tax relating to items that will not be reclassified (No. 32) (2) (7)	(No. 38)	3	(10)
Total items that will not be reclassified to profit or loss		**(13)**	**30**
Items that may be reclassified subsequently to the income statement			
Change in the fair value of cash flow hedges	(No. 31)	(196)	(52)
Change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	(No. 31)	-	(5)
Exchange differences from translation of financial statements in non-euro currencies	(No. 31)	47	35
Share of other comprehensive income of equity-accounted investees	(No. 31)	-	-
Income tax relating to items that may be reclassified	(No. 38)	45	18
Total items that may be reclassified to profit or loss		**(104)**	**(4)**
Total other comprehensive income, net of taxation		**(117)**	**26**
Comprehensive income (loss) for the year		**(2,584)**	**(183)**
Attributable to Saipem Group:			
Continuing operations		(2,515)	(301)
Discontinued operations		(69)	116
Non-controlling interests			
Continuing operations		-	2
Discontinued operations		-	-

(1) The notes are an integral part of the consolidated financial statements.

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 investments)	Cash flow hedge reserve, net of taxation	Fair value reserve (AFS financial instruments), net of taxation	Translation reserve	Reserve for employee defined benefit plans, net of taxation	Retained earnings (losses carried forward)	Profit (loss) for the year	Negative reserve for treasury shares in portfolio	Total		
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 the year 2020	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,136)**	**–**	**(1,136)**	**19**	**(1,117)**
Other items of comprehensive income																
Items that will not be reclassified subsequently to the income statement																
Revaluations of defined benefit plans for employees net of 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, net of taxation	–	–	–	–	–	–	–	–	–	1	–	–	–	1	–	1
Total	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Items that may be reclassified subsequently to the income statement																
Change in fair value of cash flow hedges, net of taxation	–	–	–	–	–	–	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 stock-based 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 the year 2021	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,467)**	**–**	**(2,467)**	**–**	**(2,467)**
Other items of comprehensive income																
Items that will not be reclassified subsequently to the income statement																
Revaluations of defined benefit plans for employees net of 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, net of taxation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(13)**	**–**	**–**	**–**	**(13)**	–	**(13)**
Items that may be reclassified subsequently to the income statement																
Change in fair value of cash flow hedges, net of taxation	–	–	–	–	–	–	(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)**

cont'd **Statement of changes in equity**

	Saipem shareholders' equity															
(€ million)	Share capital	Share premium reserve	Other reserves	Legal reserve	Reserve for treasury shares	Fair value reserve (equity investments)	Cash flow hedge reserve, net of taxation	Fair value reserve (AFS financial instruments), net of taxation	Translation reserve	Reserve for employee defined benefit plans, net of taxation	Retained earnings (losses carried forward)	Profit (loss) for the year	Negative reserve for treasury shares in portfolio	Total	Non-controlling interests	Total equity
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 stock-based 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**
Profit (loss) for the year 2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(209)**	**-**	**(209)**	**-**	**(209)**
Other items of comprehensive income																
Items that will not be reclassified subsequently to the income statement																
Revaluations of defined benefit plans for employees net of tax effect	-	-	-	-	-	-	-	-	-	20	-	-	-	20	-	20
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, net of taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income relating to discontinued operations	-	-	-	-	-	-	-	-	-	10	-	-	-	10	-	10
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**30**	**-**	**-**	**-**	**30**	**-**	30
Items that may be reclassified subsequently to the income statement																
Change in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	(35)	-	-	-	-	-	-	(35)	-	(35)
Change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	-	-	-	-	-	-	-	(4)	-	-	-	-	-	(4)	-	(4)
Exchange differences of financial statements in currencies other than euro	-	-	-	-	-	-	1	-	32	(1)	1	-	-	33	2	35
Share of other comprehensive income of equity-accounted investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income relating to discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**(34)**	**(4)**	**32**	**(1)**	**1**	**-**	**-**	**(6)**	**2**	**(4)**
Total comprehensive income (loss) for 2022	**-**	**-**	**-**	**-**	**-**	**-**	**(34)**	**(4)**	**32**	**29**	**1**	**(209)**	**-**	**(185)**	**2**	**(183)**
Owner transactions																
Dividend distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9)	(9)
Retained earnings (losses)	(1,721)	(553)	(2)	(88)	-	-	-	-	-	-	(103)	2,467	-	-	-	-
Reverse stock split	(10)	-	-	-	-	-	-	-	-	-	10	-	-	-	-	-
Increase (reduction) of share capital	41	1,958	-	-	-	-	-	-	-	-	-	-	-	1,999	-	1,999
Capitalisation of costs of share capital increase net of taxes	-	(81)	-	-	-	-	-	-	-	-	-	-	-	(81)	-	(81)
Treasury shares repurchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other owner transactions (contribution for future capital increase)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(1,690)**	**1,324**	**(2)**	**(88)**	**-**	**-**	**-**	**-**	**-**	**-**	**(93)**	**2,467**	**-**	**1,918**	**(9)**	**1,909**
Other changes in equity																
Recognition of fair value of stock-based incentive plans	-	-	-	-	-	-	-	-	-	-	1	-	6	7	-	7
Other changes	1	-	48	-	-	-	-	(1)	1	-	(48)	-	1	2	-	2
Transactions with companies under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1**	**-**	**48**	**-**	**-**	**-**	**-**	**(1)**	**1**	**-**	**(47)**	**-**	**7**	**9**	**-**	**9**
Balance as of December 31, 2022	**502**	**1,877**	**-**	**-**	**-**	**-**	**(76)**	**(4)**	**(20)**	**(16)**	**91**	**(209)**	**(77)**	**2,068**	**18**	**2,086**

For details see Note 31, "Equity".

Statement of cash flows

(€ million)	Note [1]	Year 2021 [*]	Year 2022
Profit (loss) for the year attributable to Saipem Group - Continuing operations		(2,406)	(315)
Profit (loss) for the year attributable to Saipem Group - Discontinued operations		(61)	106
Non-controlling interests		-	-
Adjustments to reconcile the year's profit (loss) with cash flows from operating activities:			
- depreciation and amortisation - continuing operations		400	441
- depreciation and amortisation - discontinued operations		121	57
- net impairment losses (reversals of impairment losses) on property, plant and equipment, intangible assets and right-of-use assets	(No. 35)	95	4
- share of profit (loss) of equity-accounted investees	(No. 37)	(9)	65
- net (gains) losses on disposal of assets and business		-	(121)
- interest income		(6)	(11)
- interest expense		120	127
- income taxes	(No. 38)	59	171
- other changes		(99)	(109)
Changes in working capital:			
- inventories		30	(13)
- trade receivables		(36)	7
- trade payables		117	567
- provisions for risks and charges		1,043	(289)
- contract assets and liabilities		874	(451)
- other assets and liabilities		26	(445)
Cash flow from working capital - Continuing operations		2,054	(624)
Cash flow from working capital - Discontinued operations		27	(22)
Cash flow working capital		*2,081*	*(646)*
Change in the provision for employee benefits - Continuing operations		*(20)*	*(26)*
Change in the provision for employee benefits - Discontinued operations		-	*24*
Dividends received		27	29
Interest received		3	8
Interest paid		(108)	(116)
Income taxes paid net of refunds of tax credits		(107)	(165)
Net cash flows from operating activities - Continuing operations [a]		3	(523)
Net cash flows from operating activities - Discontinued operations [b]		87	46
Net cash flows from operating activities		**90**	**(477)**
of which with related parties - Continuing operations [2]		**1,355**	**1,313**
of which with related parties - Discontinued operations [2]		**7**	**6**
Investments:			
- property, plant and equipment - Continuing operations		(231)	(513)
- property, plant and equipment - Discontinued operations		(52)	(27)
- intangible assets	(No. 16)	(15)	(10)
- equity investments	(No. 18)	-	-
- securities for operating purposes		-	-
- loan assets for operating purposes		-	-
Cash flow from investments - Continuing operations		(246)	(523)
Cash flow from investments - Discontinued operations		(52)	(27)
Cash flow from investments		*(298)*	*(550)*
Disposals:			
- property, plant and equipment		13	6
- out-of-scope entities and business units		-	497
- equity investments		1	-
- securities for operating purposes		-	-
- loan assets for operating purposes		1	-
Cash flow from disposals - Continuing operations		15	503
Cash flow from disposals - Discontinued operations		-	-
Cash flow from disposals		*15*	*503*
Net variation of securities and loan assets not related to operations		*(207)*	*52*

(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 43 "Related party transactions".
(a) Net cash flows from operating activities - Continuing operations does not include the gains on disposal of business equal to 119.
(b) Net cash flows from operating activities - Discontinued operations includes the gains on disposal of business equal to 119.
(*) The values for 2021 were restated in accordance with IFRS 5.

cont'd Statement of cash flows

(€ million)	Note [1]	Year 2021 [*]		Year 2022	
Net cash flows from investing activities		**(490)**		**5**	
of which with related parties [2]	(No. 43)		**(220)**		**65**
Increase in non-current loans and borrowings		606		1,330	
Decrease in non-current loans and borrowings		(255)		(1,986)	
Decrease in lease liabilities		(126)		(128)	
Increase (decrease) in current loans and borrowings		147		(263)	
Cash flow from increases (decreases) in loans and borrowings		**372**		**(1,047)**	
Net capital contributions by non-controlling interests		-		1,918	
Sale (purchase) of interests in consolidated companies		-		-	
Dividend distribution		(26)		-	
Sale (buy-back) of treasury shares		(15)		-	
Net cash flows from financing activities		**331**		**871**	
of which with related parties [2]	(No. 43)		**17**		**(17)**
Effect of changes in consolidation scope		-		-	
Effect of exchange differences and other changes on cash and cash equivalents		14		21	
Net variation in cash and cash equivalents		**(55)**		**420**	
Cash and cash equivalents - opening balance	(No. 7)	**1,687**		**1,632**	
Cash and cash equivalents - closing balance	(No. 7)	**1,632**		**2,052**	

(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 43 "Related party transactions".
(*) The values for 2021 were restated in accordance with IFRS 5.

For the disclosures required by IAS 7, please refer to Note 24 "Financial liabilities".

Notes to the Consolidated Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Company information

As a result of the agreement with KCA Deutag ("KCA") for the sale of the Onshore Drilling (DRON) business disclosed on June 1, 2022, the sector under disposal is presented as a "Discontinued operation" under the requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".
Depreciation of non-current assets held for sale has ceased as of the date of classification (June 1, 2022) and investments incurred during the period were expensed in the income statement.
On October 28, 2022, the first closing of the sale transaction of the DRON business was finalised, specifically the activities in Saudi Arabia, Congo, United Arab Emirates and Morocco were transferred and a consideration of $488 million was received in addition to the 10% interest in KCA's class A ordinary shares.
The activities in Kuwait were transferred in January 2023, while the remaining activities in the Americas, Kazakhstan and Romania will be transferred by the first half of 2023.
In accordance with the requirements of IFRS 5, the economic results of the DRON sector, including those of the comparative period, are presented separately from continuing operations in a single line in the income statement and limited to only transactions with third parties, while intercompany transaction eliminations continue to be made.
In detail, in the economic results of discontinued operations, the following have been recognised:
- the economic results of the activities in Saudi Arabia, Congo, the United Arab Emirates and Morocco up to the date of sale (October 28, 2022);
- the economic results of the activities not transferred in 2022 (Kuwait, the Americas, Kazakhstan and Romania); and
- the capital gain of €119 million resulting from the positive difference between the sale price and the carrying amount in the financial statements.

The assets and liabilities directly associated with the activities in Kuwait, the Americas, Kazakhstan and Romania were classified as held for sale.
Note 30 “Discontinued operations, assets held for sale and directly associated liabilities” provides detailed economic and financial information on the discontinued operation.

1 Basis of presentation

The consolidated financial statements have been drafted according to the Financial Reporting Standards (hereinafter, IFRS)[6] issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002, and pursuant to Article 9 of Legislative Decree No. 38/2005. The consolidated financial statements have been prepared on a going-concern basis, by applying the historical cost method, taking into account value adjustments where appropriate, except for those items that under IFRS must be measured at fair value, as described in the accounting policies section.
For details, please refer to Note 4 below “Accounting estimates and significant judgements”.
The consolidated financial statements as of December 31, 2022, approved by Saipem SpA Board of Directors on March 14, 2023, have been audited by KPMG SpA, main auditor, fully responsible for auditing the Group's consolidated financial statements.
Amounts stated in financial statements and the notes thereto, considering their relevance, are in millions of euros.

2 Basis of consolidation and equity investments

Consolidated companies, non-consolidated subsidiaries and jointly-controlled companies (investments in joint ventures and joint operations) and associated companies are listed under “Consolidation scope” in which changes from the previous year are also shown.
The financial statements of the consolidated companies are audited by auditing firms that 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 such company. Such decisions may be made independently or by the unanimous consent of all 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.

(6) IFRS also include International Accounting Standards (IAS), which are still in force, as well as the interpretative documents issued by the IFRS Interpretations Committee, formerly the International Financial Reporting Interpretations Committee (IFRIC) and before then the Standing Interpretations Committee (SIC).

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 to, or has the right to participate in the variability of the company's economic returns and has the ability to influence those returns through its decision-making power over the investee. Decision-making power exists when the parent company has the right to direct the relevant activities of the investee, i.e., the activities most likely to affect the economic returns of the investee.

Subsidiaries' economic and asset values are included in the consolidated financial statements in accordance with uniform accounting principles, from the date on which control is gained until the date on which such control ceases to exist.

Subsidiaries are consolidated on a line-by-line basis; accordingly, all assets and liabilities, expenses and income are fully recognised in the consolidated financial statements; the carrying amount of investments is eliminated against the corresponding portion of the investee companies' equity.

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.

In contrast, a disposal of shares that implies the loss of control is recognised in the income statement in terms of: (i) any gain/loss calculated as the difference between the consideration received and the corresponding portion of consolidated equity disposed of; (ii) the effect of the alignment to the relative fair value of any residual investment retained; (iii) any amounts recognised in other comprehensive income relating to the former subsidiary that are required to be recycled through profit or loss[7]. The value of any retained investment, aligned with its fair value at the date of disposal, represents the new carrying amount of the investment and therefore the reference value for the subsequent evaluation of the investment in accordance with the applicable measurement criteria.

Equity and profit attributable to non-controlling interests are shown separately in the statement of financial position and income statement, respectively.

When losses attributable to non-controlling interests in a consolidated subsidiary exceed the non-controlling interests of the subsidiary's equity, the excess, and any additional losses attributable to non-controlling shareholders, are allocated to the shareholders of the parent company except the portion for which the non-controlling shareholders have a binding obligation to cover the loss with additional investments and are able to do so. If the subsidiary then makes a profit, those profits are allocated to the shareholders of the parent company up to the amount of the losses belonging to the non-controlling shareholders, which were previously absorbed by the shareholders of the parent company.

A number of subsidiaries that have, individually or on an aggregate basis, limited operating activity, are excluded from line-by-line consolidation, as their exclusion does not have a significant impact[8] on the correct representation of the Group's equity, economic and financial situation. These investments are valued in accordance with the criteria indicated under "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 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 paragraph "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.

(7) 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).

(8) According to the provisions of the Conceptual Framework of International Accounting Standards: "Information is material if its omission, misstatement or concealment could influence the economic decisions of users taken on the basis of the financial statements".

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[9].

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 paragraph “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 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[10]; (iii) any amounts recognised in other comprehensive income in relation to the investee that may be reclassified subsequently to income statement[11]. 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 to be recognised subsequently.

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[12], 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[13]. 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.

(9) 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.

(10) If the investment retained continues to be measured using the equity method, it is not remeasured at fair value.

(11) 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).

(12) The criteria used for determining fair value are described in the section “Fair value measurement” below.

(13) 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).

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.

Intragroup transactions

Unrealised intercompany profit arising from transactions between consolidated companies is eliminated, as are intercompany receivables, payables, income 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[14].
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.

(14) 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.

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, 2021	Exchange rate as of Dec. 31, 2022	Average exchange rate 2022
US Dollar	1.1326	1.0666	1.053
British Pound Sterling	0.84028	0.88693	0.85276
Algerian Dinar	157.4077	146.5049	149.6452
Angolan Kwanza	635.082	541.198	486.732
Argentine Peso	116.3622	188.5033	136.7767
Australian Dollar	1.5615	1.5693	1.5167
Brazilian Real	6.3101	5.6386	5.4399
Canadian Dollar	1.4393	1.444	1.3695
Croatian Kuna	7.5156	7.5365	7.5349
Egyptian Pound	17.8012	26.399	20.1636
Ghanaian New Cedi	7.0086	10.8621	9.4225
Indian Rupee	84.2292	88.171	82.6864
Indonesian Rupee	16,100.42	16,519.82	15,625.25
Kazakhstan Tenge	492.75	492.9	485.59
Malaysian Ringgit	4.7184	4.6984	4.6279
Nigeria Naira	466.8577	477.9221	445.3623
Norwegian Kroner	9.9888	10.5138	10.1026
Peru Nuevo Sol	4.5193	4.0459	4.0376
Qatar Riyal	4.1227	3.8824	3.8331
Romanian New Leu	4.949	4.9495	4.9313
Russian Rouble	85.3004	79.0077	73.70196
Saudi Arabian Riyal	4.2473	3.9998	3.9489
Singapore Dollar	1.5279	1.43	1.4512
Swiss Franc	1.0331	0.9847	1.0047

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 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 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. Saipem makes periodic audits on obsolescence 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. In any case, for materials not considered obsolete, last purchased more than five years ago, a provision for slow moving material is established, 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 applying to costs incurred a contractually agreed margin.
The valuation of contract assets and liabilities 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 in foreign currency received by customers or paid to suppliers are recognised at the exchange rate on the date of payment and maintained at that rate until fully recovered.
Contractual advances received are part of Saipem 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.
Saipem does not carry out revaluation of property, plant and equipment, excepted 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 paragraph "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.
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.
Property, plant and equipment are eliminated from the accounts when they are disposed of through alienation or write-off or when no future economic benefit is expected from their use or disposal; 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.
Impairment losses of tangible assets are recognised if events or changes in circumstances indicate that their carrying amount may not be recoverable.
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.

Leases

A 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.
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.
The lease recognition model described above is optional for short-term leases and leases where the underlying asset is low value; if this model does not apply, payments due under such leases are charged to the income statement on an accrual basis.
For the lessor the distinction between operating and financial leases is maintained.
If there are subleases, the lessee as intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows: (a) if the principal lease is a short-term lease, the sublease shall be classified as an operating lease by recognising the income from the sublease in the income statement; (b) otherwise, the sublease shall be classified by reference to the asset consisting of the Right-of-Use under the principal lease, rather than by reference to the underlying asset, i.e. by reference to the term of the sublease; if the latter covers the term of the principal lease, the sublease shall be treated as a finance lease, with a financial receivable being recognised in place of the Right-of-Use under the principal lease.
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. 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 interest expenses 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 types of contracts covered by the definition of lease, which affect most of the Group's operations, relate to the following asset categories:
- vessels for the performance of projects by offshore business;
- real estate for offices;
- industrial areas and construction yards in support of the projects;
- equipment in support of the projects;
- vehicles and office machines.

Regarding contracts for services signed by Group companies, an analysis is made to identify any possible "embedded leases".
Similar to other owned business assets, the Right-of-Use relating to leased assets is subject to impairment test under IAS 36 to determine whether the asset consisting of the Right-of-Use is impaired. 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.
Saipem does not makes revaluation of intangible assets.
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[15], 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[16].
With reference to the configuration and customisation costs of software deriving from contracts with service providers through which the company obtains the right of access to certain applications, those are recognised as intangible asset only when the agreement allows the client to obtain future economic benefits and limit the access to others.
Intangible assets are eliminated at the moment of their disposal through disposal or write-off or when no future economic benefit is expected from their use or disposal; 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.

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.

(15) For the definition of recoverable amount see "Property, plant and equipment".
(16) 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.

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[17] (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 of 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 receivable on the basis of their recoverability, an assessment is made of the creditworthiness of the customer. This assessment is performed on the portfolio of performing exposure and on exposures that are past due to quantify and recognise the effects in 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, 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 and on receivables that are more than 12 months past due;
- 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%.

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.

(17) Receivables and other financial assets valued at the amortised cost are reported net of the write-down allowance.

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 paragraph “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 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 directly 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, current and non-current assets and liabilities 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 non-current assets and/or 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.
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.

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.
Non-current assets classified as held for sale and disposal groups constitute a discontinued operations 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 restated 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 operations also involves the equity investments, or their shares, previously classified as held for sale/discontinued operations.

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 paragraph "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[18]), 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 Engineering & Construction contracts.
With regard to the particular type of reimbursable service contracts, given their nature, revenue is recognised 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. 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 amount and existence of the income; otherwise, they are recognised within the limits of the recoverable costs incurred.
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 also

(18) 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.

paragraph "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 of Group companies 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.

Financial statements schemes[19]

Items of the statement of financial position are classified as current and non-current. Items of the income statement are presented by nature[20].
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, 2022, 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. 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 an onerous contract; (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 shall be effective from January 1, 2022.

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.
The management, control, and reporting of the financial risks are based on a 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 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 Group's operations are conducted in currencies other than euro and that revenue and/or costs from a significant portion of projects 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 set 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.

(19) The statement of financial position has the same structure as that used in the 2021 Annual Report.
(20) Information regarding financial instruments, applying the classification required by IFRS, is provided under Note 33 "Guarantees, commitments and risks - Additional information on financial instruments".

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 of exchange rate fluctuations on annual results 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 minimise the exposure to foreign exchange risk through the use of derivative contracts. 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). 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 IFRS accounting standards.
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.
For 2022, an exchange rate sensitivity analysis was performed for those currencies other than euro which may potentially impact exchange risk exposure in order to calculate the effect on the income statement and equity by an hypothetical positive and negative variations of 10% in the exchange rates of the above-mentioned foreign currencies against the euro.
The sensitivity analysis was conducted in relation to the following financial assets and liabilities denominated in currencies other than the euro:

- exchange rate derivatives;
- trade receivables and other assets;
- financial receivables;
- 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 the end of the period.
The analysis did not examine the effect of exchange rate fluctuations on the measurement of contract assets from long-term orders 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 (outright 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 -€1 million (-€59 million as of December 31, 2021) and an overall effect on shareholders' equity, before related tax effect, of -€234 million (-€262 million as of December 31, 2021).
An appreciation of the euro against other currencies would produce an overall effect on pre-tax profit of €3 million (€62 million as of December 31, 2021) and an overall effect on shareholders' equity, before related tax effect, of €236 million (€264 million as of December 31, 2021).
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.

	2021				2022			
	Δ+10%		Δ-10%		Δ+10%		Δ-10%	
(€ million)	Income statement	Equity	Income statement	Equity	Income statement	Equity	Income statement	Equity
Derivative financial instruments	(105)	(308)	108	310	(35)	(268)	37	270
Trade receivables and other assets	89	89	(89)	(89)	76	76	(76)	(76)
Financial receivables	42	42	(42)	(42)	38	38	(38)	(38)
Trade payables and other liabilities	(105)	(105)	105	105	(115)	(115)	115	115
Cash and cash equivalents	43	43	(43)	(43)	52	52	(52)	(52)
Current financial liabilities	(10)	(10)	10	10	(7)	(7)	7	7
Non-current financial liabilities	-	-	-	-	-	-	-	-
Lease liabilities	(13)	(13)	13	13	(10)	(10)	10	10
Total	**(59)**	**(262)**	**62**	**264**	**(1)**	**(234)**	**3**	**236**

The sensitivity analysis on receivables and payables for the principal currencies was as follows.

(€ million)	Currency	December 31, 2021 Total	Δ -10%	Δ +10%	December 31, 2022 Total	Δ -10%	Δ +10%
Receivables							
	USD	791	(79)	79	642	(64)	64
	KWD	50	(5)	5	63	(6)	6
	PLN	15	(2)	2	15	(1)	1
	GBP	3	-	-	5	(1)	1
	NOK	9	(1)	1	12	(1)	1
	Other currencies	17	(2)	2	26	(3)	3
Total		**885**	**(89)**	**89**	**763**	**(76)**	**76**
Payables							
	USD	696	70	(70)	777	78	(78)
	GBP	188	19	(19)	180	18	(18)
	AED	26	3	(3)	36	3	(3)
	AUD	2	-	-	2	-	-
	NOK	13	1	(1)	37	4	(4)
	JPY	25	2	(2)	30	3	(3)
	AOA	5	1	(1)	7	1	(1)
	KWD	72	7	(7)	62	6	(6)
	Other currencies	25	2	(2)	18	2	(2)
Total		**1,052**	**105**	**(105)**	**1,149**	**115**	**(115)**

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 IFRS accounting standards. 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 algorithms 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 period-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 period-end 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 produce an overall effect on pre-tax profit of €3 million (€3 million as of December 31, 2021) and an overall effect on equity, before tax effect, of €3 million (€4 million as of December 31, 2021). A negative variation in interest rates would have produced an overall effect on pre-tax profit of -€3 million (-€3 million as of December 31, 2021) and an overall effect on equity, before tax effect, of -€3 million (-€4 million as of December 31, 2021).
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.

	2021				2022			
	+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	4	4	(4)	(4)	5	5	(5)	(5)
Derivative financial instruments	-	1	-	(1)	-	-	-	-
Current financial liabilities	-	-	-	-	-	-	-	-
Non-current financial liabilities	(1)	(1)	1	1	(2)	(2)	2	2
Total	**3**	**4**	**(3)**	**(4)**	**3**	**3**	**(3)**	**(3)**

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 capital expenditures.

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.

Regarding 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.

Regarding 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 €5 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 -€5 million.

(ii) Credit risk

Credit risk represents Saipem's exposure to potential losses deriving from the default of the business counterparty. Regarding the counterparty risk in commercial contracts, credit management is under the responsibility of the business line and dedicated specialised corporate functions, on the basis of formalised procedures for assessing and entrusting commercial partners. For counterparty financial risk deriving from the investment of surplus liquidity, from positions in derivative contracts and from commodities contracts, Group companies adopt the provisions defined in the Financial Risk Policy. Despite the measures implemented by the Company in order to avoid concentrations of risk and/or assets and for identifying the parameters and conditions within hedging instruments can operate, it is not possible to exclude the possibility that one of the Group's clients may delay payments, or fail to make payments, within the defined terms and conditions. Any delay or default in payment by the main clients 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 of 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 receivables exposures, backlog and guarantees granted. The effect of these activities is shown in Notes 10 "Trade receivables and other assets" and 12 "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 represents the risk that, due to the inability to raise new funds ("funding liquidity risk") or to liquidate assets on the market ("asset liquidity risk"), the company will be unable to meet its payment commitments, resulting in an impact on the economic result if the company is forced to incur additional costs to meet its commitments or, as an extreme consequence, a situation of insolvency that jeopardises the company's ability 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 and of committed credit lines for the entire Group. This objective is to guarantee sufficient financial resources to cover short-term commitments and maturing obligations, including through refinancing transactions or early funding, as well as to ensure the availability of an adequate level of financial flexibility for Saipem Group's development programmes, pursuing the maintenance of a balance in terms of duration and composition of debt 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 specific 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.
With regards to the financing agreements that require the compliance with Financial Covenants and other clauses which include limitations to the utilisation of financial resources, it should be noted that as of December 31, 2022, the aforementioned clauses have been respected.
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.
Following the significant deterioration in 2021 in the full-life margins of certain projects in the Onshore E&C and Offshore Wind segments, 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, Saipem has finalised on July 15, 2022 a capital increase of about €2 billion aimed at strengthening its equity and financial structure.
In addition, on October 28, 2022 the Company completed the sale of activities relating to the Onshore Drilling business to KCA Deutag for a total of about $488 million (relating to activities in Saudi Arabia, Congo, United Arab Emirates and Morocco).
Moreover, on February 10, 2023, Saipem entered into two new credit lines for a total amount of €860 million, consisting of: (i) a new Revolving Credit Facility of around €470 million, with a 3 year duration and a back-up function, which is not expected to be used; and (ii) a new Senior Unsecured Term Loan of approximately €390 million, 70% of which is guaranteed by SACE, the Italian Export Credit Agency as part of the “Garanzia SupportItalia” instrument. The duration of the loan is approximately 5 years, with a 2 year pre-amortisation period. The effectiveness of the guarantee and the utilisation of the loan are subject to the issuance of a specific decree by the Italian Ministry of Economy and Finance (MEF).
Thanks to the proceeds from the capital increase, the sale of the Onshore Drilling business, and the signing of the two aforementioned credit lines, Saipem significantly strengthened its financial structure and liquidity.
As of December 31, 2022, the Group structured its financing sources mainly on medium-long term maturities with an average tenor of 2.6 years; the medium-long term share of debt maturing in 2023 amounts to €708 million, of which €67 million during the first half of the year and the remaining amount during the second half of the year.
The maturities relating to the four outstanding bonds for €500 million each as of December 31, 2022 are due in 2023, 2025, 2026 and 2028.
Based on the above-mentioned financial operations, on the maturity plan of medium-to long-term debt and on the amount of available cash as of December 31, amounting to €1,362 million, Saipem believes that it has access to more than adequate sources of funding to meet its foreseeable financial needs.

(iv) Downgrading risk

Saipem and the bonds issued by its subsidiary Saipem Finance International BV are rated by the rating agencies Standard & Poor’s and Moody’s. On July 19, 2022, the Company received from Moody’s a long-term Corporate Family Rating of “Ba3” (Stable Outlook), as well as a senior unsecured debt rating of “Ba3” for its bonds. In addition, on December 2, 2022, the Company received from Standard & Poor’s Global Ratings a long-term issuer credit rating of “BB+” (Stable Outlook), as well as a senior unsecured rating of “BB+” for its bonds. The ratings of the bonds issued by Saipem Finance International BV fall within the “non-investment grade” category, characterised by a higher risk profile and which also includes debt securities particularly exposed to adverse economic, financial and industry conditions. Any deterioration of Saipem's rating and/or of the bonds issued by Saipem Finance International BV, which could be caused by a deterioration of the reference markets, of the profitability of the contracts or of Saipem's liquidity, could result in a higher funding cost as well as a more difficult access to the capital market, with consequent negative effects on the activity, prospects and economic and financial condition of the Company and the Saipem Group.

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.

		Non-current portion					
(€ million)	Short term portion 2023	2024	2025	2026	2027	After	Total
Non-current financial liabilities	748	95	566	560	15	500	2,484
Current financial liabilities	159	-	-	-	-	-	159
Lease liabilities	160	84	54	47	42	173	560
Fair value of derivative instruments	94	-	-	-	-	-	94
Total	**1,161**	**179**	**620**	**607**	**57**	**673**	**3,297**
Interest on loans and borrowings	77	54	50	34	16	15	246
Interests on lease liabilities	28	23	19	16	13	62	161

The following table shows the due dates of trade payables and other liabilities.

	Maturity			
(€ million)	2023	2024-2027	After	Total
Trade payables	2,630	-	-	2,630
Other liabilities	277	-	2	279

Future payments for outstanding contractual obligations

Investment commitments for projects for which procurement contracts have already been placed, expiring in 2023, amount to €106 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 judgements made by Management for the preparation of the consolidated financial statements as of December 31, 2022 are influenced not only by the current macroeconomic environment resulting from a combination of the consequences of the Russian-Ukrainian crisis, inflation, rising interest rates and the residual effects of the 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, which in the medium and long term could 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

The Board of Directors of Saipem SpA examined, at today's date and in any case during the year, all significant risk factors and uncertainties that had been identified at the time of the approval of the financial statements as of December 31, 2021 in order to assess whether they can be considered to have been overcome. This analysis considered the following facts.

- On July 15, 2022, the subscription of the capital increase was concluded, involving 1,974,327,430 new shares for a total value of €1,999,993,686.59, of which €41,460,876.03 was capital and €1,958,532,810.56 was share premium. Specifically, as of July 11, 2022, option rights had been exercised to subscribe for about 70% of the total number of new shares, of which about 44% were subscribed for by shareholders exercising joint control over the Company. The remaining 30% of unexercised option rights were offered on Euronext Milan in the sessions of July 12 and 13, 2022, during which approximately 9.9% of the total new shares were subscribed. Lastly, pursuant to the underwriting agreement that had been signed as part of the broader Financial Package approved by the Board of Directors on March 24, 2022, always on July 15, 2022, the remaining newly issued shares that had not been subscribed were subscribed by the financial institutions involved in the strengthening Financial Package for a total countervalue of €592,327,964.76.
  On July 18, 2022, the Company repaid the "SACE Facility" for the full amount of €852 million, previously used to repay the "Tranche A" loan of the Liquidity Facility disbursed on April 4, 2022, for an amount of €680 million.
- During 2022, the implementation and achievement of the objectives included in the 2022-2025 Plan continued, particularly with the initiatives to optimise assets, improve liquidity and reduce costs.
  Saipem updated its strategic guidelines presented in March 2022, confirming the positive market momentum and the progressive improvement in the Group's performance; the 2023-2026 Strategic Plan, approved by the Board of Directors on February 27, 2023, confirmed the pursuit of a more balanced risk-return profile.
  Over the 2023-2026 Plan period, it is expected to further increase acquisitions of Offshore activities, characterised by higher margins thanks to the Group's consolidated competitive position, and a development of new segments that will contribute to the increase in volumes of low/zero carbon activities.
  With reference to the organisational structure, the new organisational structure organised into four business lines was implemented: Asset Based Services, Energy Carriers, Robotics and Industrialized Solutions and Sustainable Infrastructures. To complete the new organisation, a new business line Offshore Wind was established in February 2023, in addition to the four business lines established in January 2022.
- As of December 31, 2022, Saipem holds sufficient bonding lines to cover any foreseeable needs for the next 12 months. Moreover, on February 10, 2023, two new credit lines were agreed for a total amount of €860 million, consisting of: (i) a new

Revolving Credit Facility of approximately €470 million with a 3 year duration and a back-up function which is not expected to be used; and (ii) a new Senior Unsecured Term Loan of approximately €390 million, 70% of which is guaranteed by SACE, the Italian Export Credit Agency as part of the "Garanzia SupportItalia" scheme. The duration of the loan is approximately five years, with a pre-amortisation period of two years. The effectiveness of the guarantee and the use of the financing are subject to the issuance of a specific decree by the Italian Ministry of Economy and Finance (MEF).

- Thanks also to the above-mentioned financing lines, Saipem has further strengthened its liquidity and financial structure. With regard to certain financing agreements that require the observance of the representations and warranties relating to the non-occurrence of the event provided for by Article 2446 of the Italian Civil Code, it should be noted that Saipem has received from each bank the definitive waiver on making any declaration in relation to the event provided for by Article 2446 of the Italian Civil Code in relation to the financial statements for the year ended December 31, 2021.
- Lastly, with reference to ratings, on July 19, 2022, Moody's agency upgraded Saipem's rating from B1 (Negative CreditWatch) to Ba3 (Stable Outlook) and on December 2, 2022, Standard & Poor's agency upgraded Saipem's rating from BB (Positive Outlook) to BB+ (Stable Outlook).

In light of the above-mentioned mitigating actions, with reference to Saipem Group financial and operating position, the Board of Directors of Saipem SpA has determined that there are no material uncertainties that, either individually or in the aggregate, may cast significant doubt upon the ability of the Company and the Group to operate as a going concern. For this reason, the Board of Directors has concluded that all the conditions exist to prepare the consolidated financial statements as of December 31, 2022, using the going concern assumption, maintaining the valuation criteria of a going concern entity, as described in Note 3.

MACROECONOMIC SCENARIO

The current market environment is characterised by a significant recovery trend in Saipem's key markets, in line with visible growth in both macroeconomic indicators and overall energy demand. However, the emergence of new destabilising events during the course of 2022, such as the war in Ukraine, rising inflation and higher interest rates have increased economic instability at a global level and required further attention by Management in the formulation of accounting estimates and significant judgements. As a result, certain areas of the financial statements, also related to the increased uncertainty in estimates, may be affected by recent macroeconomic events and circumstances.

During 2022, Saipem observed a significant increase in inflation rates that led to a sharp rise in the prices of materials and energy costs, particularly in the first half of the year; in addition, the rise in interest rates affected the discount rates used in impairment testing of non-financial assets which, assuming the same conditions, would have led to a decrease in recoverable amounts.

As regards the trend in oil and natural gas prices, the Company believes that short-term volatility in these prices may have a limited impact on the Group's results given the nature of Saipem's activities, which are characterised by multi-year contracts with execution times of several years, depending on the complexity of the project. In the longer term, the external environment is confirmed to be improving, supported by the multi-year growth cycle that the market is currently undergoing.

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

Direct effects: at present, for Saipem projects involving activities on Russian territory and/or with Russian clients (Arctic LNG 2 GBS in JV with Ronesans - client Arctic LNG 2 - scope of work: EPC; Arctic LNG 2 Topside Facilities in JV with Technip - client Arctic LNG 2 - scope of work EPC), negotiations are underway to finalise the commercial agreements that will lead to the exit in line and in full compliance with the necessary authorisations and timeframes set forth in the EU regulations.

At the time the conflict in Ukraine began, Saipem had two other projects in the Russian Federation: (i) an EPC project for the Moscow Refinery with the client GazpromNeft: a contract which was terminated following the introduction of specific sanctions against GazpromNeft. The project-related outstanding balances were all settled by May 15, 2022, as required by EU Regulations; (ii) a gas drilling project in sub-Arctic waters using the Perro Negro 8 drilling rig, for which the related contract was terminated. The rig is already in the Middle East in preparation for a contract with a local operator.

The consolidated backlog relating to projects in Russia, following the termination of the two contracts, is therefore zero. Following the cancellation in the third quarter of 2022 of non-consolidated projects in Russia amounting to approximately €800 million, the remaining backlog amounts to approximately €251 million (€217 million Arctic LNG 2 - Topside and €34 million Arctic LNG 2 - GBS) and relates to the settlement of agreements still under negotiation.

The Strategic Plan 2023-2026, in line with the previous Plan, does not envisage the acquisition of new contracts in Russia. Furthermore, the current energy market scenario could encourage the development of new energy infrastructures for the diversification of energy supply in many countries.

It should be noted that the Company uses customer default probabilities based on observable market data and info-provider assessments to quantify expected losses at the closing date; consequently, these data already incorporate the effects of the Russian-Ukrainian conflict.

Following the Russian-Ukrainian 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 the focus was placed. Regarding the above mentioned, it should be noted that there are no activities carried out by Saipem, nor personnel in any Ukrainian territory affected by the conflict.

Indirect effects: 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. Initially, suppliers were prevented from submitting bids because the production plants had become extremely selective in the initiatives to be pursued and did not provide the relevant quotations except to those customers deemed most reliable and financially sound. More recently, the situation has improved, but delivery times have lengthened considerably with a direct impact on the projects in the portfolio.

Saipem does not purchase raw materials directly as its supply chain is long. No direct impacts are expected, but it can be assumed that the availability of steel and nobler metals (nickel, copper, aluminium) will be lower, and there will also be price impacts related to other production factors (e.g., gas and energy), which will also affect 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 carefully monitoring its supply chain to identify and take the necessary mitigating actions in relation to the potential impacts in terms of material and service costs and delivery times resulting from a market that is still uncertain due to both the instability of the international context and the uncertainty on the possible evolution of raw material costs. Since the start of the crisis, the Company has adjusted its execution strategies and has already started discussions with its customers and in general with the entire supply chain to negotiate risk management and sharing mechanisms to mitigate the impact on work orders in progress and future initiatives.
In addition to the above, our threat intelligence services report an increased cyber threat to operators in the above markets and their supply chain. As of the date of this document, there have been no incidents of cyber-attacks directed against Saipem.
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.
However, Saipem is monitoring the possible impacts of the restrictive measures adopted by the European Union introduced as a result of the conflict in Ukraine, in order to assess their potential repercussions on its business.

Effects of COVID-19

The residual effects of the COVID-19 pandemic still have negative, though attenuated, consequences on the global economy and therefore on Saipem.
Saipem Group continues nonetheless to perform a constant analysis of the effects 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 such countries; (ii) the management of relations with customers 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.
Financial aspects: in this regard, Saipem continues to pay attention to the management of financial assets with particular regard to: (i) valuation of outstanding receivables; and (ii) trading of derivative financial instruments to manage possible fluctuations in market variables.
The procedures implemented by Saipem to manage financial risks are constantly monitored in order to avoid losses resulting from the non-performance of obligations undertaken by counterparties. This is done by calculating the probability of default to be attributed to outstanding receivables and to mitigate fluctuations of exchange rates, interest rates or commodity prices, so that they do not negatively affect the value of assets, liabilities or expected cash flows.
Recoverability of non-financial assets: the cash flows used for impairment test purposes come from the 2023-2026 Strategic Plan, approved by the Board of Directors on February 27, 2023. 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. As a result of the impairment test as of December 31, 2022, no impairment losses were recorded.
Estimation process: with reference to revenue from contracts with customers, circumstances are assessed regarding possible: (i) collections of consideration that might no longer be highly probable; and (ii) agreements between the parties that might change certain contractual aspects related to the subject matter or price of transactions.
In addition, the estimate of the variable component of the consideration 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 IFRS 15 standard that allows the recognition of revenue 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 residual pandemic effects 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, Saipem has identified, assessed, and continues to monitor these effects at the level of every project currently under execution.
Identifying the COVID-19 economic impact: relating to the contractual activities of long-term contracts, whose revenue is recognised over time according to input methods such as cost to cost, the estimate of the final costs 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.
In 2022, the costs directly attributable to COVID-19 amounted to approximately €28 million.

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.
As a global solution provider in this sector, Saipem is aware that these changes may have an impact, both direct and indirect, on the activities of its business and consequently on its consolidated financial statements, in terms of results and the value of its assets and liabilities. In this context, it intends to play an active role:
- proposing technologically advanced eco-sustainable solutions to its customers, which meet the demand for low-carbon solutions and products that is expected to grow in the near future, in order to support them in their decarbonisation pathway;

- committing to improve the efficiency of their assets and activities to reduce greenhouse gas emissions.

The risks related to climate change, to which Saipem's activities are inherently exposed, can be classified into the following categories:

- physical risks, i.e. risks arising from physically observable climatic phenomena (e.g. flooding of construction sites, worsening of weather conditions in offshore areas of operation);
- transition risks, i.e. risks arising from the transition phase aimed at reducing emissions and thus mitigating the effects of climate change. These risks are classified into: (i) technological risks, in terms of insufficient effectiveness in implementing the most efficient applicable technologies with impacts on operating costs in the execution of projects and on the potential acquisition of projects related to the use of new technologies; (ii) regulatory risks, related to the issuance of laws and regulations to which we must promptly adapt and which may lead to increased operating costs; (iii) reputational risks, in terms of ineffectiveness in seizing opportunities to reduce the cost of credit related to sustainability issues.

For details, please refer to the section "Climate-related risks and opportunities" in the Consolidated Non-Financial Statement.

Significant accounting estimates and judgements made by Management in preparing the consolidated financial statements could be affected by actions taken to limit the effects of climate change. Climate risks may in fact affect the recoverable amount of property, plant and equipment and the Group's goodwill, therefore, the energy transition may reduce the expected useful life of assets used in the oil and gas industry, thereby accelerating the depreciation expense of assets employed in this sector.

Saipem has considered the potential consequences of the energy transition on the recoverable amount of CGUs in the medium to long term. In particular, the energy transition will have an impact primarily on the increase in demand for energy from renewable sources; in this regard, the 2023-2026 Strategic Plan envisages a change in the portfolio mix towards non-oil related activities, with acquisitions of projects related to the energy transition amounting to approximately 25%, as well as a path of investments in new enabling technologies. Furthermore, the Plan envisages significant acquisitions in the natural gas business, which is considered one of the elements that will support the gradual evolution towards sustainable energy sources. Finally, the energy transition envisages in the long term the elimination of carbon among energy sources, a sector in which the Group does not operate.

Saipem is increasingly positioned in non-oil sectors, valuing its traditional assets where possible; at the same time, it is expected that part of the assets will be fully depreciated in the medium to long term, a period in which demand for services in the oil sector is expected to remain significant.

Management will continue to review demand assumptions as the energy transition process progresses, which could lead to specific impairments of its non-financial assets in the future.

In addition, new laws or regulations introduced in response to climate change may give rise to new obligations that did not previously exist; consequently, management monitors the evolution of relevant regulations in order to assess whether such obligations, even implicit ones, require the recognition of specific provisions or otherwise the disclosure of related contingent liabilities.

REVENUE, CONTRACT ASSETS AND CONTRACT LIABILITIES (Note 11 "Inventories", Note 12 "Contract assets", Note 21 "Trade payables and other liabilities", Note 22 "Contract liabilities", Note 34 "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 15 "Property, plant and equipment", Note 16 "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, the business insight deriving from discussions and interactions of a strategic or commercial nature by the business line 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 business line 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 vessels and construction yards) 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.

LEASING (Note 17 "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 COMBINATION (Note 2 "Basis of consolidation and equity investments - 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 26 "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.
Estimating the value to be allocated is a result of a complex process that includes subjective judgements by the Top Management.

EMPLOYEE BENEFITS (Note 27 "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.

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 29 "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 Recently issued accounting standards effective from 2023 and following years

Accounting standards and interpretations issued by the IASB/IFRIC and endorsed by the European Commission

With Regulation No. 2021/2036, issued by the European Commission on November 19, 2021, the amendments to IFRS 17 "Insurance Contracts" were endorsed, 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. The amendments are effective from 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 are effective from 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" where endorsed, 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 are effective from January 1, 2023.

With Regulation No. 2022/1392, issued by the European Commission on August 11, 2022, the amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" were endorsed, which clarifies the method of accounting for deferred tax assets and liabilities related to certain transactions, such as leasing transactions and decommissioning obligations, and to IFRS 1 "First-time Adoption of International Financial Reporting Standards" with the introduction of a specific paragraph on the date of application of those amendments, and some paragraphs regarding Appendix B of IFRS 1. The amendments are effective from January 1, 2023.

With Regulation No. 2022/1491, issued by the European Commission on September 8, 2022, the amendments to IFRS 17 "Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information" were endorsed, 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 has therefore added a text block element to the IFRS taxonomy to reflect this new disclosure requirement. The amendments are effective from January 1, 2023.

At the present, Saipem believes that the amendments described above will have 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 September 22, 2022, the IASB issued the Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback" which requires the seller-lessee to value the Right-of-Use asset arising from a sale and leaseback transaction based on the percentage of the previous carrying amount of the asset held by the seller-lessee. Thus, in a sale and leaseback transaction, the seller-lessee will only recognise the amount of any gain or loss on the rights transferred to the buyer-lessor. Therefore, the initial measurement of the lease liabilities arising from a sale and leaseback transaction is a reflection of the manner in which the seller-lessee measures the Right-of-Use asset and the gain or loss recognised at the date of the transaction. The amendments will be effective on or after January 1, 2024.

Saipem is currently assessing the possible impacts of the above-mentioned amendments on the Group.

EMARKET SDIR CERTIFIED

6 Scope of consolidation as of December 31, 2022

Parent company

Company	Registered office	Currency	Share capital	Shareholders	% owned	% consolidated by Saipem	Consolidation method or accounting policy (*)
Saipem SpA	Milan	EUR	501,669,790.83	Eni SpA	31.19		
				CDP Equity SpA	12.82		
				Saipem SpA	0.02		
				Third parties	55.97		

Subsidiaries

Italy

Company	Registered office	Currency	Share capital	Shareholders	% owned	% consolidated by Saipem	Consolidation method or accounting policy (*)
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	% consolidated by Saipem	Consolidation method or accounting policy (*)
Andromeda Consultoria Técnica 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.
International Energy Services South America Co Ltd	St. Helier (Jersey)	USD	150,000,000	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
(***) Dormant during the year

Company	Registered office	Currency	Share capital	Shareholders	% owned	% consolidated by Saipem	Consolidation method or accounting policy (*)
Saimexicana SA de Cv	Delegacion Cuauhtemoc (Mexico)	MXN	6,386,529,301	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	100.00	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	486,800,001	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	381,349,645	Saipem International BV	100.00	100.00	F.C.
Saipem Drilling Norway AS	Stavanger (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 (UK)	EUR	1,107,500,000	Saipem International BV	100.00	100.00	F.C.

(*) F.C. = full consolidation, J.O. = joint operation, E.M. = equity method, Co. = cost method
(**) In liquidation
(***) Dormant during the year

Company	Registered office	Currency	Share capital	Shareholders	% owned	% consolidated by Saipem	Consolidation method or accounting policy (*)
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	99.92	100.00	F.C.
				ERS - Equipment Rental & Services BV	0.04		
				Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda	0.04		
Saipem Moçambique Lda	Maputo (Mozambique)	MZN	535,075,000	Saipem SA	99.98	100.00	F.C.
				Saipem International BV	0.02		
Saipem Norge AS	Stavanger (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	99.00	100.00	F.C.
				Saipem International BV	1.00		
Saipem SA	Montigny le Bretonneux (France)	EUR	22,203,833	Saipem SpA	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	49.00	49.00	F.C.
				Third parties	51.00		
Sajer Iraq Co for Petroleum Services, Trading, General Contracting & Transport Llc	Baghdad (Iraq)	IQD	300,000,000	Saipem International BV	60.00	60.00	F.C.
				Third parties	40.00		
Saudi Arabian Saipem Ltd	Dhahran (Saudi Arabia)	SAR	155,000,000	Saipem International BV	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 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	95.00	100.00	F.C.
				Snamprogetti Netherlands BV	5.00		
Sofresid Engineering SA	Saint Herblain (Francia)	EUR	1,217,783	Sofresid SA	100.00	100.00	F.C.
Sofresid SA	Montigny le Bretonneux (France)	EUR	37,000	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	% consolidated by Saipem	Consolidation method or accounting policy (*)
ASG Scarl	San Donato Milanese	EUR	50,864	Saipem SpA	55.41	55.41	E.M.
				Third parties	44.59		
Alboran Hydrogen Brindisi Srl	Bari	EUR	2,750,471	Saipem SpA	10.00	10.00	E.M.
				Third parties	90.00		
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	Milan	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 Florentia ∆	Parma	EUR	10,000	Saipem SpA	49.00	49.00	E.M.
				Third parties	51.00		
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	% consolidated by Saipem	Consolidation method or accounting policy (*)
Gydan Lng Sarl	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		
KCA Deutag International Ltd	St. Helier (Jersey)	USD	116,536	Saipem International BV	9.96	10.00	E.M.
				Third parties	90.04		
KWANDA Suporte Logistico Lda	Luanda (Angola)	AOA	25,510,204	Saipem SA	49.00	49.00	E.M.
				Third parties	51.00		
Mangrove Gas Netherlands BV ∆	Amsterdam (Netherlands)	EUR	2,000,000	Saipem International BV	50.00	50.00	E.M.
				Third parties	50.00		
Novarctic Sarl	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		
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
(***) Dormant during the year
∆ Joint venture

EMARKET SDIR CERTIFIED

Company	Registered office	Currency	Share capital	Shareholders	% owned	% consolidated by Saipem	Consolidation method or accounting policy (*)
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 Heavy Industries İnşaat Ve Ticaret Anonim Şirketi Δ	Ankara (Turkey)	TRY	50,000	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 (Francia)	EUR	30,000	Saipem SA Third parties	33.33 66.67	33.33	E.M.
TSGI Mühendislik İnşaat Ltd Şirketi Δ	Istanbul (Turkey)	TRY	10,000	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 - Servições de Engenharia Lda	100.00	25.00	E.M.
TSKJ - Serviçōes 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 (UK)	GBP	7,000,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.

As of December 31, 2022, 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 (1)	**5**	**50**	**55**	**1**	**-**	**1**
Consolidated on a line-by-line basis	5	50	55	-	-	-
Consolidated as joint operations	-	-	-	1	-	1
Participating interests held by consolidated companies (1)	**1**	**1**	**2**	**10**	**27**	**37**
Accounted for using the equity method	-	-	-	8	27	35
Accounted for using the cost method	1	1	2	2	-	2
Total companies	**6**	**51**	**57**	**11**	**27**	**38**

(1) The investments held by subsidiaries accounted for using the equity method or the cost/joint operation method concern 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
(***) Dormant during the year
Δ Joint venture

Changes in the consolidation scope

In 2022, the Group's scope of consolidation changed as follows with respect to the 2021 Annual Report.

New incorporations, disposals, liquidations, mergers, changes in the participation held or consolidation method:
- the company **Saipem Services Mexico SA de Cv**, previously consolidated with the full consolidation method, was merged by incorporation into Saimexicana SA de Cv;
- the company **Xodus Subsea Ltd**, accounted for using the equity method, was placed in liquidation;
- the companies **International Energy Services Jersey Holding Co Ltd**, **International Energy Services KSA Jersey Ltd** and **International Energy Services ROW Jersey Ltd**, were incorporated in the United Kingdom, consolidated with the full consolidation method, and subsequently sold to third parties;
- the company **International Energy Services South America Co Ltd** was incorporated in the United Kingdom and consolidated with the full consolidation method;
- an interest in **Alboran Hydrogen Brindisi Srl**, based in Italy, was purchased from third parties and accounted for using the equity method;
- **Saipem Drilling Llc**, previously consolidated with the full consolidation method, was placed in liquidation and subsequently removed from the Register of Companies;
- **SaiPar Drilling Co BV**, previously accounted for using the equity method, was cancelled from the Register of Companies;
- **Saipem International BV** acquired from third parties a 0.69% interest in Saipem (Malaysia) Sdn Bhd;
- **Snamprogetti Engineering BV**, previously consolidated with the full consolidation method, was merged by incorporation into Saipem Contracting Netherlands BV;
- **Bally Solar Energy Ltd**, previously accounted for using the equity method, was cancelled from the Register of Companies;
- **TSKJ - Nigeria Ltd**, previously accounted for using the equity method, was placed in liquidation and subsequently cancelled from the Register of Companies;
- the company **Saudi International Energy Services Ltd Co**, previously consolidated with the full consolidation method, was sold to third parties;
- with the disposal of the Onshore Drilling business, the 10% interest in **KCA Deutag International Ltd**, based in the United Kingdom and accounted for using the equity method, was recognised in the scope of consolidation;
- the company **Saren Heavy Industries İnşaat Ve Ticaret Anonim Şirketi** was incorporated in Turkey, accounted for using the equity method;
- **Consorzio Florentia** was incorporated in Italy, accounted for using the equity method.

Changes in company name or share transfers with no impact on the consolidation:
- **Saipem Maritime Asset Management Luxembourg Sarl** transferred 100% of Snamprogetti Engineering BV shares to Saipem International BV;
- **International Energy Services SpA** transferred 100% of Saudi International Energy Services Ltd Co shares to International Energy Services KSA Jersey Ltd;
- Gydan Lng Snc, accounted for using the equity method, changed its name to **Gydan Lng Sarl**;
- Novarctic Snc, accounted for using the equity method, changed its name to **Novarctic Sarl**.

7 Cash and cash equivalents

Cash and cash equivalents amounted to €2,052 million, an increase of €420 million compared to December 31, 2021 (€1,632 million).
Cash and cash equivalents at the end of the year, denominated in euros for 53%, US dollars for 20% and other currencies for 27%, earned interest at an average rate of 0.39%. Cash and cash equivalents included cash and cash on hand of €2 million (€2 million as of December 31, 2021).
Cash at the end of the year included, for a total of €690 million: (i) cash and cash equivalents of €553 million in the current accounts of partnership or joint venture projects; (ii) cash and cash equivalents of €134 million in current accounts denominated in currencies subject to transfer 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, 2022 by geographical segment (based on the country of domicile of the relevant company) was as follows:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Italy	738	916
Rest of Europe	107	305
CIS	33	33
Middle East	110	361
Far East	138	128
North Africa	10	5
Sub-Saharan Africa	278	203
Americas	218	101
Total	**1,632**	**2,052**

8 Financial assets measured at fair value through OCI

Financial assets measured at fair value through OCI, amounting to €75 million (€59 million as of December 31, 2021), can be broken down as follows:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Securities for non-operating purposes		
Listed bonds issued by sovereign states/supranational institutions	7	8
Listed bonds issued by industrial companies	52	67
Total	**59**	**75**

Listed bonds issued by sovereign states/supranational institutions, amounting to €8 million as of December 31, 2022, were as follows:

(€ million)	Notional amount	Fair value	Nominal rate of return (%)	Maturity	Standard & Poor's rating
Fixed rate bonds					
Poland	3	3	3.75	2023	A
Other	5	5	0.00	2026	AAA
Total	**8**	**8**			

Listed bonds issued by industrial companies, amounting to €67 million as of December 31, 2022, were as follows:

(€ million)	Notional amount	Fair value	Nominal rate of return (%)	Maturity	Standard & Poor's rating
Fixed rate bonds					
Listed bonds issued by industrial companies	72	67	0.13-5.52	2023-2028	AA/BBB
Total	**72**	**67**			

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 the cash flows deriving from the possible sale of the instrument before contractual maturity.
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, 2022 is irrelevant.

9 Other financial assets

Other current financial assets

Other current financial assets of €495 million (€567 million as of December 31, 2021) consist of the following:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Financial receivables for operating purposes	1	1
Financial receivables for non-operating purposes	566	494
Total	**567**	**495**

Financial receivables for operating purposes concerned receivables claimed by Saipem SpA against Eni SpA.
Financial receivables for non-operating purposes of €494 million (€566 million at the end of 2021) related almost entirely to the subsidiary Servizi Energia Italia SpA's share of the cash and cash equivalents recognised primarily in the financial statements of CCS JV Scarl, which is carrying out a project in Mozambique (€326 million), and of SCD JV Scarl, which is working on a project in Nigeria (€161 million).
Other current financial assets from related parties are detailed in Note 43 “Related party transactions”.

Other non-current financial assets

Other non-current financial assets for non-operating purposes, equal to €65 million (€61 million as of December 31, 2021), include the amounts of two blocked accounts of the subsidiary Saipem Contracting Algérie SpA for €65 million (€66 million before discounting), due to the protracted proceedings in Algeria.

10 Trade receivables and other assets

Trade and other receivables of €2,182 million (€2,251 million as of December 31, 2021) can be broken down as follows:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Trade receivables	1,837	1,676
Advances for services	263	370
Other receivables	151	136
Total	**2,251**	**2,182**

Trade receivables of €1,676 million decreased by €161 million compared to 2021; during the year, €54 million were reclassified to Discontinued operations.
Receivables are stated net of a loss allowance of €753 million, whose movements are shown below:

(€ million)	Dec. 31, 2021	Accruals	Utilisations	Exchange differences	Other changes	Dec. 31, 2022
Trade receivables	732	49	(84)	32	(6)	723
Other receivables	30	1	-	-	(1)	30
Total	**762**	**50**	**(84)**	**32**	**(7)**	**753**

Credit exposure to the top five customers is in line with the Group’s operations and makes up around 41% of total trade receivables; the Group's largest customers are the major oil companies in the industry.
The Group continues to focus on the management of working capital and the monitoring of past-due receivables and incoming payments.
The recoverability of trade receivables is checked using the so-called “expected credit loss model”.
As of December 31, 2022, the effect of expected losses on trade receivables, determined on the basis of customers' creditworthiness, amounted to €93 million (€125 million as of December 31, 2021) out of the total loss allowance of €723 million (€732 million at the end of 2021).
Below is the credit schedule gross of the creditworthiness assessment.

Trade receivables neither past due nor impaired amount to €1,415 million (€1,602 million as of December 31, 2021), whereas receivables that are past due and are not impaired amount to €354 million (€360 million at the end of the previous year), of which €128 million are from 1 to 90 days past due (€140 million as of December 31, 2021), €17 million are from 3 to 6 months past due (€24 million the previous year), €73 million are from 6 to 12 months past due (€58 million the previous year), €136 million are past due for more than 12 months (€138 million the previous year). These receivables mainly concern counterparties with high creditworthiness.
As of December 31, 2022, Saipem had factored €77 million in unexpired trade receivables on a non-recourse, non-notification basis (€38 million as of December 31, 2021). 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 €164 million (€144 million as of December 31, 2021), of which €62 million due within twelve months and €102 million beyond twelve months.
At the end of both 2022 and 2021, there were no trade receivables relating to projects involved in legal disputes.
Advances for services not yet rendered amounted to €370 million as of December 31, 2022, relating almost entirely to advances to suppliers on ongoing operational projects, an increase of €107 million compared to the previous year.
Other receivables of €136 million were as follows:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Receivables from:		
- employees	43	46
- guarantee deposits	11	17
- social security institutions	5	3
Other	92	70
Total	**151**	**136**

Other assets amounting to €136 million are shown net of the impairment allowance of €30 million, in line with the previous year, which relates mainly to the write-down of a receivable from a subcontractor.
Trade and other receivables with related parties are detailed in Note 43 "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 the euro amounted to €1,215 million (€1,440 million as of December 31, 2021), divided percentage-wise among the following main currencies:
- US Dollar, 64% (63% as of December 31, 2021);
- Saudi Arabian Riyal, 18% (23% the previous year);
- Indonesian Rupee, 9% (5% the previous year);
- other currencies, 9% (unchanged since the previous year).

11 Inventories

Inventories

Inventories of €211 million (€258 million as of December 31, 2021) decreased by €47 million compared to 2021; during the year, €44 million were reclassified to Discontinued operations and €5 million were reclassified to assets held for sale.

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Raw and ancillary materials and consumables	258	211
Total	**258**	**211**

"Raw and ancillary materials and consumables" include spare parts for drilling and construction activities, as well as consumables for internal use and not for sale. The item is stated net of an impairment provision of €109 million.

(€ million)	Dec. 31, 2021	Accruals	Utilisations	Other changes	Dec. 31, 2022
Impairment provision for raw and ancillary materials and consumables	160	21	(29)	(43)	109
Total	**160**	**21**	**(29)**	**(43)**	**109**

12 Contract assets

Contract assets

Contract assets amounted to €1,860 million (€1,320 million as of December 31, 2021) and were made up as follows:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Contract assets (from work in progress)	1,330	1,872
Allowance for impairment on contract assets (from work in progress)	(10)	(12)
Total	**1,320**	**1,860**

Contract assets (from work in progress) amounted to €1,872 million, increasing by €542 million due to the recognition of revenue based on operational progress of projects to be invoiced in 2023 for €1,254 million, plus the foreign exchange impact of €37 million; this amount was largely offset by €743 million from the recognition of milestones by customers, plus €6 million in write-downs deriving from the continuous legal and commercial monitoring of claim and change order amounts considered over the whole life of the contract.
The effects relative to IFRS 9 applied to contract assets amounted to €12 million.

13 Tax assets and liabilities

Current income tax assets and liabilities

Current income tax assets and liabilities consisted of the following:

	Dec. 31, 2021		Dec. 31, 2022	
(€ million)	Assets	Liabilities	Assets	Liabilities
Italian tax authorities	54	-	43	1
Foreign tax authorities	221	42	270	85
Current income taxes	**275**	**42**	**313**	**86**

The increase of current income tax assets and liabilities pertained entirely to relations with foreign financial administrations.

Other current tax assets and liabilities

Other current tax assets and liabilities are made up as follows:

	Dec. 31, 2021		Dec. 31, 2022	
(€ million)	Assets	Liabilities	Assets	Liabilities
Italian tax authorities	3	35	8	23
Foreign tax authorities	193	157	133	138
Total other current taxes	**196**	**192**	**141**	**161**

Other current tax assets from Italian tax authorities, amounting to €8 million (€3 million as of December 31, 2021), consist of €4 million in VAT credits (€1 million the previous year) and €4 million in receivables for other indirect taxes.
Other current tax assets from foreign tax authorities, amounting to €133 million (€193 million as of December 31, 2021), consist of €98 million in VAT credits (€139 million the previous year) and €35 million in receivables for other indirect taxes (€54 million at the end of 2021).
Other current tax liabilities with Italian tax authorities, amounting to €23 million (€35 million as of December 31, 2021), consist of €2 million in VAT payable (€21 million the previous year) and €21 million in payables for other indirect taxes (€14 million at the end of 2021).
Other current tax liabilities with foreign tax authorities, amounting to €138 million (€157 million as of December 31, 2021), consist of €99 million in VAT payable (€92 million the previous year) and €39 million in payables for other indirect taxes (€65 million at the end of 2021).

Non-current income tax assets and liabilities

Non-current income tax assets and liabilities are made up as follows:

	Dec. 31, 2021		Dec. 31, 2022	
(€ million)	Assets	Liabilities	Assets	Liabilities
Italian tax authorities	-	-	-	-
Foreign tax authorities	20	42	5	23
Total non-current income taxes	**20**	**42**	**5**	**23**

Non-current income tax assets relate to income tax assets expected to be due in more than twelve months. Non-current income tax liabilities refer to uncertain tax situations. 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 therefore believed that no significant additional liabilities will arise with respect to those already recognised.

14 Other current assets

Other current assets

Other current assets amounted to €272 million (€231 million as of December 31, 2021) and were made up as follows:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Fair value of derivative financial instruments	87	133
Other assets	144	139
Total	**231**	**272**

The deviation of fair value on derivatives of €46 million is attributable mainly to the EUR/USD exchange rate, as well as all the other currencies linked to the US dollar.
For information on the fair value of derivative financial instruments see Note 29 “Derivative financial instruments”.
Other assets as of December 31, 2022 amounted to €139 million, a decrease of €5 million compared to December 31, 2021, and consisted mainly of costs not attributable to the financial year for the preparation of vessels to be used on contracts, for insurance policies, and costs for lease contracts.
Other current assets of the year of €14 million have been reclassified to Discontinued operations.
Other current assets from related parties are detailed in Note 43 “Related party transactions".

15 Property, plant and equipment

Property, plant and equipment amounted to €2,879 million (€3,113 million as of December 31, 2021) consisted of the following:

(€ million)	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Dec. 31, 2021							
Opening net balance	**51**	**124**	**2,889**	**68**	**9**	**143**	**3,284**
Capital expenditure	-	8	212	11	2	50	283
Depreciation and amortisation	-	(30)	(342)	(23)	(4)	-	(399)
Net reversals of impairment losses	-	(6)	(67)	(7)	-	-	(80)
Disposals	-	-	(11)	(1)	-	-	(12)
Change in the consolidation scope	-	-	-	-	-	-	-
Sale of business	-	-	-	-	-	-	-
Exchange differences	1	7	24	3	-	2	37
Other changes	-	-	79	2	-	(81)	-
Closing net balance	**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
Dec. 31, 2022							
Opening net balance	**52**	**103**	**2,784**	**53**	**7**	**114**	**3,113**
Capital expenditure	-	3	438	11	10	78	540
Depreciation and amortisation (a)	-	(39)	(282)	(19)	(3)	-	(343)
Net reversals of impairment losses (b)	-	(1)	(2)	(1)	-	-	(4)
Disposals	-	-	(3)	-	-	-	(3)
Discontinued operations	(1)	(6)	(135)	(7)	-	-	(149)
Assets held for sale	-	-	(63)	-	-	-	(63)
Change in the consolidation scope	-	-	-	-	-	-	-
Sale of business	-	(15)	(206)	(11)	-	-	(232)
Exchange differences	5	4	13	(1)	-	1	22
Other changes	-	10	58	(1)	-	(69)	(2)
Closing net balance	**56**	**59**	**2,602**	**24**	**14**	**124**	**2,879**
Closing gross balance	56	918	9,079	319	99	124	10,595
Depreciation and impairment losses	-	859	6,477	295	85	-	7,716

(a) Amortisation includes the amount of €49 million relating to Discontinued operations.
(b) Net reversals of impairment losses include the amount of €3 million relating to Discontinued operations.

Capital expenditure during 2022 amounted to €540 million (€283 million as of December 31, 2021); it includes an amount of €27 million regarding Discounted operations and related mainly to:

- €142 million in the Offshore Engineering & Construction: extraordinary maintenance and reinforcement of vessel Saipem 7000, maintenance and upgrading of existing assets; in particular Castorone, FDS, FDS 2 and specific capital expenditure for operational projects;
- €21 million in the Onshore Engineering & Construction: purchase and maintenance of equipment;
- €350 million in the Offshore Drilling: purchase of seventh-generation drillship Santorini; extraordinary maintenance and upgrading of Scarabeo 8, Perro Negro 8 and Scarabeo 9;
- €27 million in the Onshore Drilling (Discontinued operations): maintenance of 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 €22 million.
As of December 31, 2022, all property, plant and equipment were unencumbered by collateral.

The total commitment on current items of capital expenditure as of December 31, 2022 is indicated in Note 3 "Accounting policies" in the "Future payments for outstanding contractual obligations" section.
The impairment test performed on December 31, 2022 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, 2022, the Group's market capitalization was lower than the third-forecast equity for €107 million; therefore, the impairment test included the assessment of the recoverable amount of all Cash Generating Units (CGUs).
The impairment methodology as of December 31, 2022, approved by the Board of Directors on January 25, 2023, was adapted following implementation by the Company of the new organisational structure articulated in the following business areas, starting from January 14, 2022, as well as the subsequent revision of the management, planning and control model which has entered fully into operation with the development of the 2023-2026 Strategic Plan (hereinafter "the Plan"):

- Asset Based Services - 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 supporting business;
- 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 Industrialized Solutions - fulfilling new energy sector needs, 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;
- Offshore Wind - to consolidate Saipem's role in the offshore wind sector, by guaranteeing knowledge of a competitive positioning and evolutionary trends of the markets and reference technologies.

In consideration of the new structure, in line with IAS 36 - Impairment of assets (sections 66 to 73) which defines CGUs as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of asset , the following CGUs were identified:

- Asset Based Services, which includes the Asset Based Services and Offshore Wind Business Lines, not including the Offshore Drilling Business Line;
- Energy Carriers, which matches with the related Business Line;
- Robotics and Industrialized Solutions, which coincides with the related Business Line;
- Sustainable Infrastructures, which coincides with the related Business Line;
- single drilling rigs of the Offshore Drilling Business Line, provided they record investments at the date of the assessment and that it is possible to identify independent cash inflows, constitute separate CGUs.

The decision to incorporate the Offshore Wind Business Line into the Asset Based Services CGU was taken because the vessels, fabrication yards, and also the operating personnel and investment decisions are managed in a unified and integrated way between the two Business Lines, taking into account the location needs, intervention timings, and contractual obligations for contracts in execution. In addition, Offshore Wind does not include significant tangible and intangible assets to be separately tested for impairment, and the loss-making contracts are subject to specific evaluation in accordance with IAS 37, with a subsequent allocation of appropriate risk funds for onerous contracts.

The Onshore Drilling business, for the part not sold to KCA Deutag, and the leased FPSO Cidade de Vitória, were not subject to impairment as they are accounted for as "Non-current assets held for sale and discontinued operations" in accordance with IFRS 5.
The recoverability of the CGUs carrying amounts was assessed by comparing the carrying amount of each CGU with its recoverable amount, determined on the basis of the value in use obtained by discounting the future cash flows generated by each CGU at the weighted average cost of capital ("WACC") specific to each business in which the individual CGU operates.
Planned cash flows for the estimate of recoverable amounts of single Cash Generating Units are determined on the basis of the best applicable medium-term estimate made by the Company Management and not influenced by any specific event. This outlook considers future expectations by management regarding the reference market, as well as the results.
Cash flow estimation, in accordance with the provisions of IAS 36, does not consider cash inflows or outflows resulting 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 valuation scenario related to the impairment test was established considering: (i) in terms of forecast flows, the estimates reported in the Plan, approved by the Board of Directors on February 27, 2023; (ii) WACC estimates calculated internally for each CGU using an analytical method (weighted average value of the Group's WACC equal to 9.6%); (iii) growth rate beyond the last forecast period, in line with the median of the analyst consensus (1.2%).

The following table shows the discount rates calculated by the Company with reference to each business segment, and for completeness the rates used as of December 31, 2021 with the old CGU configuration are also shown:

(%)	WACC Dec. 31, 2021
Offshore E&C	8.7
Onshore E&C	8.1
Leased FPSO	6.6
Offshore Drilling	7.2
Onshore Drilling	8.8

(%)	WACC Dec. 31, 2022
Asset Based Services	10.3
Energy Carriers	10.6
Sustainable Infrastructures	10.6
Robotics and Industrialized Solutions	10.6
Offshore Drilling	8.4

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 estimated from the ten-year market base rates plus credit spread relating to a panel of operators assembled to take into consideration the specific business segment; (ii) median leverage of the same panel of operators estimated on a multi-year historical horizon; (iii) the median beta of the securities of companies belonging to the same panel estimated on a multi-year 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 consider an interest rate, which reflects the current market conditions, the risks of individual assets already included in the cash flow, as well as the long-term growth expectations in the businesses.
For the years following the last year of the Plan, the cash flows were calculated on the basis of a terminal value, determined:

- for the Asset Based Services, Energy Carriers, Robotics and Industrialized Solutions, and Sustainable Infrastructures CGUs, based on the perpetuity method, a long-term growth rate was applied to the 'normalized' terminal cash flows (to consider business dynamics and sector cyclicity). The rate was 1.5% for the Asset Based Service, and Robotics and Industrialized Solutions CGUs, and 0.5% for the Energy Carriers and Sustainable Infrastructures CGUs;
- 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), the following was taken into consideration: (i) long-term lease rates defined as part of the planning process, by the related business line, through an estimate procedure based on managerial assessments on collected information (both internal and external), inflated by 0.5% 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 business line as a reference benchmark; (ii) "normalised" idle days; (iii) operating costs based on figures of the last year of the plan, inflated by 0.5%; (iv) capital expenditures and related plant down times for cyclical maintenance and replacements estimated by the business lines on the basis of the planned schedule for cyclical and intermediate maintenance.

The impairment test carried out on December 31, 2022 did not show the need to make any write-downs. The following table summarises the overall results of the test on the individual CGUs:

(€ million)	Asset Based Services	Energy Carriers	Offshore Drilling	Robotics and Industrialized Solutions	Sustainable Infrastructures
Headroom (impairment loss)	1,477	900	324	13	23

Finally, only for the impairment test of December 31, 2022 and with the aim of ensuring that the results of the impairment test are not affected by the reorganisation of the CGUs/reallocation of goodwill, a specific quantitative assessment was provided to be carried out based on the aggregation of impairment test results/headroom for the new organisation, according to specific convergence strategies for new and old CGUs, in order to reconcile them to the previous structure (so-called two-step impairment test). Carrying out the double-step impairment test confirmed that there is no need to make write-downs.
Below are the sensitivity analyses relating to the Offshore Drilling rigs CGUs and Sustainable Infrastructures CGU, while those relating to the Asset Based Services, Robotics and Industrialized Solutions and the Energy Carriers CGUs are detailed in Note 16 "Intangible assets".

Sensitivity analysis of the CGUs referring to Offshore Drilling rigs

The key assumptions adopted in assessing the recoverable amounts of the CGUs representing the vessels related mainly to the operating result of the CGUs (based on a combination of various factors, including lease 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 CGUs:

- an increase in the discount rate of 1% would not produce impairment losses;
- decreases in long-term day rates of 10% compared with the rates assumed in the plan projections would produce an impairment loss equal to €15 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 €102 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 not produce any impairment loss.

Sensitivity analysis on the Sustainable Infrastructures CGU

With regards to the Sustainable Infrastructures CGU, the excess of the recoverable amount over its carrying amount, is never reduced to zero for any variation of the discount rate and terminal growth rate or for a reduction of the operating result along the entire period of the plan and in perpetuity. In addition, the elimination of cash flows from net working capital would not imply an impairment loss.

16 Intangible assets

Intangible assets amounted to €691 million (€699 million as of December 31, 2021) 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 life	Goodwill	Total intangible assets
Dec. 31, 2021								
Opening net balance	**-**	**25**	**-**	**8**	**2**	**35**	**666**	**701**
Capital expenditure	-	5	1	9	-	15	-	15
Depreciation and amortisation	-	(16)	-	-	-	(16)	-	(16)
Net reversals of impairment losses	-	6	1	(9)	-	(2)	1	(1)
Exchange differences and other changes	-	-	-	-	-	-	-	-
Closing net balance	**-**	**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	-	-
Dec. 31, 2022								
Opening net balance	**-**	**20**	**2**	**8**	**2**	**32**	**667**	**699**
Capital expenditure	-	1	-	9	-	10	-	10
Depreciation and amortisation	-	(13)	(1)	-	-	(14)	-	(14)
Net reversals of impairment losses	-	-	-	-	-	-	-	-
Exchange differences and other changes	-	12	-	(12)	-	-	(4)	(4)
Closing net balance	**-**	**20**	**1**	**5**	**2**	**28**	**663**	**691**
Closing gross balance	8	251	18	5	11	293	-	-
Depreciation and impairment losses	8	231	17	-	9	265	-	-

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 €663 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 (€11 million) on the date that control was acquired.

In order to determine the recoverable amount, the goodwill was allocated to the following CGUs, in line with the new organisational structure adopted by the Company:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Asset Based Services	403	403
Energy Carriers	264	228
Robotics and Industrialized Solutions	-	32
Total	**667**	**663**

The recoverable amount of the three 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 15 "Property, plant and equipment".
The table below shows, as of December 31, 2022, the amounts by which the recoverable amounts of the Asset Based Services, Robotics and Industrialized Solutions, and Energy Carries CGUs exceed their carrying amounts, including allocated goodwill.

(€ million)	Asset Based Services	Robotics	Energy Carries	Total
Goodwill	403	32	228	663
Amount by which recoverable amount exceeds carrying amount	1,447	13	900	2,400

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 CGUs to which goodwill was allocated are described below.

Sensitivity analysis on the Asset Based Services CGU

The excess of the recoverable amount of the Asset Based Services CGU over its carrying amount, including the allocated portion of goodwill, is reduced to zero under the following circumstance:
- decrease by 43.4% in the operating result, over the entire plan period and in perpetuity;
- use of a discount rate of 16.7%;
- use of a negative terminal growth rate.

In addition, the excess of the recoverable amount over the value of net capital employed referred to the Asset Based Services CGU would increase if working capital cash flows were reduced to zero.

Sensitivity analysis on the Energy Carriers CGU

The excess of the recoverable amount of the Energy Carriers 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 result along the entire period of the plan and in perpetuity.
In addition, the excess of the recoverable amount over the value of net capital employed referred to the Energy Carriers CGU would increase if working capital cash flows were reduced to zero.

Sensitivity analysis on the Robotics and Industrialized Solutions CGU

The excess of the recoverable amount of the Robotics and Industrialized Solutions CGU over its carrying amount, including the allocated portion of goodwill, is reduced to zero under the following circumstance:
- decrease by 11.7% in the operating result, over the entire plan period and in perpetuity;
- use of a discount rate of 11.4%;
- use of a terminal growth rate of 0.5%.

In addition, the excess of the recoverable amount over the value of net capital employed referred to the Robotics and Industrialized Solutions CGU would increase if working capital cash flows were reduced to zero.

17 Right-of-Use assets, lease assets and lease liabilities

Movements during the period of the "Right-of-Use" assets, lease financial assets and liabilities as of December 31 are shown as follows:

(€ million)	Right-of-Use assets	Lease assets		Lease liabilities	
		Current	Non-current	Current	Non-current
Dec. 31, 2021					
Opening balance	**288**	**16**	**51**	**151**	**270**
Increases	105	-	21	1	115
Decreases and cancellations	(15)	(19)	-	(154)	(17)
Depreciation and amortisation	(106)	-	-	-	-
Net reversals of impairment losses	(15)	-	-	-	-
Exchange differences	4	2	3	5	10
Interest	-	2	-	13	-
Other changes	-	29	(29)	131	(131)
Closing balance	**261**	**30**	**46**	**147**	**247**
Dec. 31, 2022					
Opening balance	**261**	**30**	**46**	**147**	**247**
Increases	164	-	42	-	203
Decreases and cancellations	(28)	(30)	(11)	(180)	(44)
Depreciation and amortisation [(a)]	(141)	-	-	-	-
Net reversals of impairment losses	-	-	-	-	-
Exchange differences	2	1	2	3	6
Interest	-	3	-	21	-
Other changes	-	22	(22)	148	(148)
Closing balance	**258**	**26**	**57**	**139**	**264**

(a) Amortisation includes €5 million relating to discontinued operations.

During the year, Right-of-Use was almost in line with December 31, 2021 due to new contracts, changes in existing contracts and their depreciation.
Increases of €164 million referred mainly to the lease contract of the new office building of the parent of the Group (Spark 1) and of vessels for the execution of projects in portfolio.
There were decreases of €28 million due primarily to the termination of leases; in particular for the vessel Santorini for which, given favourable market conditions, the option to purchase was exercised.
The balance between lease liabilities and assets was equal to €183 million and decreases due to payment of the fees for the period, to the closing of some contracts, and to the revision of the lease contract of the Iraq field.
As of December 31, 2022, no Right-of-Use asset is a stand-alone CGU. For the purposes of determining recoverable amount, the Right-of-Use assets have been allocated to the relevant CGUs and tested as described under "Impairment" in Note 15 "Property, plant and equipment".
On the basis of business assessments, renewal options mainly relating to land and property totalling €5 million (€23 million as of December 31, 2021) are not considered in the determination of the total lease term and lease liability as of December 31, 2022.
The breakdown of renewal options by year is as follows:

(€ million)	2023	2024	2025	2026	2027	2028	After	Total
Renewal options	-	-	-	-	1	1	3	**5**

Lease assets refer to subleases of vessels for the offshore drilling business.
Other changes in lease liabilities mainly reflect the reclassification of liabilities from non-current to current.

Right-of-Use assets at December 31 are broken down by type in the table below:

(€ million)	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Total
Dec. 31, 2021						
Opening net balance	**28**	**170**	**69**	**16**	**5**	**288**
Increases	15	51	17	11	11	105
Decreases and cancellations	(3)	(11)	-	(1)	-	(15)
Depreciation and amortisation	(7)	(54)	(25)	(13)	(7)	(106)
Net reversals of impairment losses	(13)	(2)	-	-	-	(15)
Exchange differences of financial	1	3	-	-	-	4
Other changes	-	-	-	-	-	-
Closing net balance	**21**	**157**	**61**	**13**	**9**	**261**
Closing gross balance	45	291	147	32	16	531
Depreciation and impairment losses	24	134	86	19	7	270
Dec. 31, 2022						
Opening net balance	**21**	**157**	**61**	**13**	**9**	**261**
Increases	14	83	45	17	5	164
Decreases and cancellations	(5)	(17)	-	(5)	(1)	(28)
Depreciation and amortisation	(6)	(50)	(67)	(12)	(6)	(141)
Net reversals of impairment losses	-	-	-	-	-	-
Exchange differences of financial	1	-	1	-	-	2
Other changes	-	-	-	-	-	-
Closing net balance	**25**	**173**	**40**	**13**	**7**	**258**
Closing gross balance	46	290	179	28	12	555
Depreciation and impairment losses	21	117	139	15	5	297

The analysis by maturity of net lease liabilities as of December 31, 2022 is as follows:

		Non-current portion					
(€ million)	Short term portion 2023	2024	2025	2026	2027	After	Total
Lease liabilities	139	54	31	27	28	124	403
Lease assets	26	22	10	11	14	-	83
Total	**113**	**32**	**21**	**16**	**14**	**124**	**320**

The average marginal loan rate used for discounting Right-of-Use assets and lease financial liabilities as of December 31, 2022, was 8.6% (4.2% as of December 31, 2021).

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18 Equity investments

Equity investments accounted for using the equity method

Equity investments accounted for using the equity method of €229 million (€157 million as of December 31, 2021), 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 of financial	Movements in reserves	Other changes	Closing carrying amount	Loss allowance
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**	**-**
Dec. 31, 2022												
Investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Investments in joint ventures	78	-	(10)	12	(13)	(3)	-	1	-	-	65	-
Investments in associates	79	-	-	16	(8)	(16)	-	3	-	90	164	-
Total	**157**	**-**	**(10)**	**28**	**(21)**	**(19)**	**-**	**4**	**-**	**90**	**229**	**-**

Equity investments accounted for using the equity method are detailed in Note 6 "Scope of consolidation as of December 31, 2022".
The share of profit of equity-accounted investees of €28 million includes profits for the period of €12 million recorded by joint ventures and €16 million by associates.
The share of loss of equity-accounted investees of €21 million includes losses for the period of €13 million recorded by joint ventures and €8 million by associates.
The €19 million deducted for dividends concerns a joint venture for €3 million and associates for €16 million.
Other changes for €90 million relate for €88 million to the recognition of the 10% KCA Deutag share as part of payment for the sale of the DRON business.
The carrying amount of equity investments accounted for using the equity method related to the following companies:

(€ million)	Group share (%)	Carrying amount as of Dec. 31, 2021	Carrying amount as of Dec. 31, 2022
KCA Deutag International Ltd	10.00	-	88
Petromar Lda	70.00	52	61
Gygaz Snc	15.15	35	25
Saipem Taqa Al Rushaid Fabricators Co Ltd	40.00	24	23
Rosetti Marino SpA	20.00	15	13
Novarctic Sarl	15.15	1	11
Other		30	8
Total equity investments accounted for using the equity method		**157**	**229**

The total of equity investments accounted for using the equity method does not include allocation of the provision to cover loss mentioned in Note 26 "Provisions for risks and charges".

Other equity investments

The other equity investments are not individually significant as of December 31, 2022.

Other information on 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 measured at cost, in proportion to the Group interest held:

	Dec. 31, 2021			Dec. 31, 2022		
(€ million)	Subsidiaries	Joint ventures	Associates	Subsidiaries	Joint ventures	Associates
Total assets	4	750	1,433	4	530	1,509
Cash and cash equivalents	-	192	253	-	127	272
Total liabilities	4	691	1,365	4	557	1,391
Net revenue	-	646	1,051	-	558	777
Operating profit (loss)	-	(9)	1	-	(95)	14
Profit (loss) for the year	-	(7)	16	-	(76)	11

The table below shows the financial and economic data relating to joint ventures (full amounts at 100%).

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Current assets	1,519	986
Cash and cash equivalents	*495*	*288*
- of which current lease assets	-	-
Non-current assets	89	*70*
- of which non-current lease assets	-	-
Total assets	**1,608**	**1,056**
Current liabilities	1,477	1,170
- of which current financial liabilities	*2*	*2*
- of which current portion of non-current lease liabilities	*12*	*7*
Non-current liabilities	23	*16*
- of which non-current financial liabilities	-	-
- of which non-current lease liabilities	*8*	*3*
Total liabilities	**1,500**	**1,186**
Equity	**108**	**(130)**
Carrying amount of equity investment	**59**	**(27)**
Revenue and other operating income	1,455	1,161
Operating expenses	(1,432)	(1,371)
Depreciation, amortisation and impairment losses	(28)	(32)
Operating profit (loss)	**(5)**	**(242)**
Financial income (expense)	9	14
Gains (losses) on equity investments	-	-
Pre-tax profit (loss)	**4**	**(228)**
Income taxes	(5)	22
Profit (loss) for the year	**(1)**	**(206)**
Other items of comprehensive income	2	1
Comprehensive income (loss) for the year	**1**	**(205)**
Profit (loss) attributable to the owners of the parent	**(7)**	**(76)**
Dividends to the Group approved by joint ventures	**9**	**3**

The table below shows the financial and economic data relating to associates (full amounts at 100%).

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Current assets	5,148	5,391
Cash and cash equivalents	*1,151*	*1,368*
- of which current lease assets	-	-
Non-current assets	247	1,215
- of which non-current lease assets	*11*	*83*
Total assets	**5,395**	**6,606**
Current liabilities	4,896	4,933
- of which current financial liabilities	*27*	*41*
- of which current portion of non-current lease liabilities	*3*	*37*
Non-current liabilities	149	858
- of which non-current financial liabilities	*84*	*170*
- of which non-current lease liabilities	*7*	*59*
Total liabilities	**5,045**	**5,791**
Equity	**350**	**815**
Carrying amount of equity investment	**68**	**155**
Revenue and other operating income	5,266	2,907
Operating expenses	(5,210)	(2,846)
Depreciation, amortisation and impairment losses	(31)	(32)
Operating profit (loss)	**25**	**29**
Financial income (expense)	54	17
Gains (losses) on equity investments	-	-
Pre-tax profit (loss)	**79**	**46**
Income taxes	7	(27)
Profit (loss) for the year	**86**	**19**
Other items of comprehensive income	6	7
Comprehensive income (loss) for the year	**92**	**26**
Profit (loss) attributable to the owners of the parent	**16**	**11**
Dividends to the Group approved by associates	**18**	**16**

19 Deferred tax assets and liabilities

Deferred tax assets of €345 million (€329 million as of December 31, 2021) are shown net of €83 million in offsettable deferred tax liabilities.
Deferred tax liabilities of €3 million (€5 million as of December 31, 2021) are shown net of €83 million in offsettable deferred tax assets.
Movements in deferred tax assets and deferred tax liabilities were as follows:

(€ million)	Dec. 31, 2021	Accruals	Utilisations	Exchange differences	Other changes	Dec. 31, 2022
Deferred tax assets	329	116	(112)	5	7	345
Deferred tax liabilities	(5)	(23)	28	(2)	(1)	(3)
Total deferred tax assets (liabilities)	**324**	**93**	**(84)**	**3**	**6**	**342**

The item "Other changes" in deferred tax assets, up €7 million, includes: (i) the offsetting of deferred tax assets against deferred tax liabilities at individual entity level (up €3 million); (ii) the tax effects (up €17 million) of fair value changes in derivatives designated as cash flow hedges reported in equity; (iii) the tax effects (down €10 million) of the remeasurement of defined benefit plans for employees reported in equity; (iv) other changes (down €3 million, of which €1 million reclassified as discontinued operations).
The item "Other changes" in deferred tax liabilities, up €1 million, includes: (i) the offsetting of deferred tax assets against deferred tax liabilities at individual entity level (up €3 million); (ii) the tax effects (down €1 million) of measuring financial assets at fair value through OCI reported in equity; (iii) other changes (down €1 million).

Net deferred tax assets are broken down below

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Deferred tax liabilities	(91)	(86)
Offsettable deferred tax assets	86	83
Net deferred tax liabilities	**(5)**	**(3)**
Non-offsettable deferred tax assets	329	345
Net deferred tax assets (liabilities)	**324**	**342**

The most significant temporary differences giving rise to net deferred tax assets (liabilities) are as follows:

(€ million)	Dec. 31, 2021	Accruals	Utilisations	Exchange differences	Other changes	Dec. 31, 2022
Deferred tax liabilities:						
- excess accelerated depreciation	(37)	(2)	6	(1)	1	(33)
- hedging derivatives	(10)	(14)	6	-	-	(18)
- employee benefits	(1)	(3)	3	-	-	(1)
- non-distributed reserves held by investees	(14)	-	2	-	-	(12)
- project progress status	(12)	-	5	-	-	(7)
- leasing IFRS 16	(5)	-	5	(1)	-	(1)
- other	(12)	(4)	1	-	1	(14)
	(91)	**(23)**	**28**	**(2)**	**2**	**(86)**
less:						
Offsettable deferred tax liabilities	86	-	-	-	(3)	83
Deferred tax liabilities	**(5)**	**(23)**	**28**	**(2)**	**(1)**	**(3)**
Deferred tax assets:						
- accruals to loss allowance and non-deductible risks and charges	145	20	(37)	-	-	128
- non-deductible depreciation	23	18	-	1	-	42
- hedging derivatives	28	11	(10)	-	17	46
- employee benefits	32	19	(16)	1	(10)	26
- tax losses carried forward	61	10	(10)	2	(3)	60
- project progress status	58	3	-	-	-	61
- leasing IFRS 16	3	1	(2)	-	-	2
- other	65	34	(37)	1	-	63
	415	**116**	**(112)**	**5**	**4**	**428**
less:						
Offsettable deferred tax assets	(86)	-	-	-	3	(83)
Deferred tax assets	**329**	**116**	**(112)**	**5**	**7**	**345**
Net deferred tax assets (liabilities)	**324**	**93**	**(84)**	**3**	**6**	**342**

Unrecognised deferred tax assets of €1,459 million (€1,343 million as of December 31, 2021) mainly concern tax losses that it will probably not be possible to utilise against future taxable income in the next four years.

Tax losses

Tax losses amounted to €6,614 million (€6,125 million as of December 31, 2021), of which €4,623 million can be carried forward indefinitely. Tax recovery corresponds to a tax rate of 24% for Italian companies and to an average tax rate of 20.5% for foreign companies.

Tax losses related mainly to foreign companies and can be used in the following periods:

(€ million)	Italy	Outside Italy
2023	-	16
2024	-	48
2025	-	113
2026	-	70
2027	-	23
Beyond 2027	-	1,721
Indefinitely	1,605	3,018
Total	**1,605**	**5,009**

Tax losses for which deferred tax assets have not been recognised, in accordance with IAS 12, amounted to €6,352 million.
Deferred tax assets recognised in the financial statements as of December 31, 2022 relating to tax losses amounted to €60 million and are considered recoverable in the next four years.
Taxes are shown in Note 38 “Income taxes”.

20 Other non-current assets

Other non-current assets

Other non-current assets amounted to €30 million (€37 million as of December 31, 2021) and consisted of the following:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Fair value of derivative financial instruments	5	-
Other receivables	9	10
Other assets	23	20
Total	**37**	**30**

For information on the fair value of derivative financial instruments see Note 29 “Derivative financial instruments”.
Other receivables amounted to €10 million, mainly in line with December 31, 2021, and related almost exclusively to guarantee deposits of various kinds, mainly for property leases and the preliminary phase of legal proceedings.
Other non-current assets as of December 31, 2022 amounted to €20 million, a decrease of €3 million compared to December 31, 2021, and mainly included costs not pertaining to the financial year, mainly related to the preparation of vessels for the execution of contracts in the portfolio, insurance policies, and costs for lease contracts.
Other non-current financial assets from related parties are detailed in Note 43 “Related party transactions”.

21 Trade payables and other liabilities

Trade payables and other liabilities

These amounted to €2,907 million (€2,651 million as of December 31, 2021) and consisted of the following:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Trade payables	2,378	2,630
Other liabilities	273	277
Total	**2,651**	**2,907**

Trade receivables of €2,630 million increased by €252 million compared to December 31, 2021; during the year, trade receivables for €35 million were reclassified to Discontinued operations.
Trade and other payables with related parties are detailed in Note 43 “Related party transactions”.

Other payables of €277 million were as follows:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Liabilities to:		
- employees	141	154
- social security institutions	63	62
- insurance companies	2	2
- consultants and professionals	4	3
- directors and statutory auditors	1	1
- shareholders	-	-
Other	62	55
Total	**273**	**277**

Other liabilities of €8 million were reclassified to the Discontinued operations.
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.

22 Contract liabilities

Contract liabilities

Contract liabilities of €2,613 million (€2,517 million as of December 31, 2021) consisted of the following:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Contract liabilities (from work in progress)	1,452	1,880
Advances from customers	1,065	733
Total	**2,517**	**2,613**

Contract liabilities (from work in progress) of €1,880 million (€1,452 million as of December 31, 2021) relate to adjustments in revenue invoiced on long-term contracts in order to comply with the accruals principle, in accordance with the accounting policies based on the contractual amounts accrued.
In particular, contract liabilities (from work in progress) increased by €428 million as a result of adjustments to revenue invoiced during the year further to the measurement of projects based on the rate of progress (€769 million), plus the exchange rate effect of €10 million, partially offset by the recognition of revenues in the year for €351 million adjusted at the end of the previous year.
Advances from customers of €733 million (€1,065 million as of December 31, 2021) refer to amounts received in previous years and during the course of 2022 in relation to contracts in execution, which are gradually reduced when contractual milestones are met.
Contract liabilities with related parties are detailed in Note 43 “Related party transactions”.

23 Other current liabilities

Other current liabilities

Other current liabilities amounted to €107 million (€186 million as of December 31, 2021) and were made up as follows:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Fair value of derivative financial instruments	175	94
Other liabilities	11	13
Total	**186**	**107**

The deviation of fair value on derivatives of €81 million is attributable mainly to the EUR/USD exchange rate, as well as all the other currencies linked to the US dollar.
For information on the fair value of derivative financial instruments see Note 29 “Derivative financial instruments”.
Other liabilities amount to €13 million, an increase of €2 million since December 31, 2021.
Other liabilities with related parties are detailed in Note 43 “Related party transactions”.

24 Financial liabilities

Financial liabilities were as follows:

(€ million)	Dec. 31, 2021 Current financial liabilities	Current portion of non-current financial liabilities	Non-current financial liabilities	Total	Dec. 31, 2022 Current financial liabilities	Current portion of non-current financial liabilities	Non-current financial liabilities	Total
Banks	367	151	439	957	82	206	234	522
Ordinary bonds	-	546	1,993	2,539	-	536	1,495	2,031
Other financial institutions	45	-	-	45	77	-	-	77
Total	**412**	**697**	**2,432**	**3,541**	**159**	**742**	**1,729**	**2,630**

As of December 31, 2022, there are bank loan agreements containing Financial Covenant clauses that require compliance with the ratio of net financial debt to EBITDA (as defined in the respective loan agreements), measured annually on the basis of data as of December 31, not to exceed 3.5 times. At the end of 2022, the Company satisfied all conditions on the use of borrowings, including these financial covenants, change of control clauses, and negative pledge and cross-default clauses.
In particular, with reference to loan contracts that require representations and warranties concerning the non-applicability of Article 2446 of the Italian Civil Code, Saipem has obtained from its banks all waivers necessary for the Company to be definitively released from any obligation to announce that the circumstances set forth in Article 2446 have occurred with regard to the financial statements for the year ended December 31, 2021.

(€ million)

Type	Maturity range	2024	2025	2026	2027	After	Total non-current financial liabilities
Banks	2024-2027	92	67	60	15	-	234
Ordinary bonds	2024-2028	-	497	498	-	500	1,495
Total		**92**	**564**	**558**	**15**	**500**	**1,729**

With reference to future contractual payments due, the maturities of non-current financial liabilities were analysed as follows:

(€ million)	Carrying amount as of Dec. 31, 2022	Current portion as of December 31, 2023	Long-term maturity 2024	2025	2026	2027	After	Total future payments as of Dec. 31, 2022
Banks	440	209	95	66	60	15	-	445
Ordinary bonds	2,031	539	-	500	500	-	500	2,039
Other financial institutions	-	-	-	-	-	-	-	-
Total	**2,471**	**748**	**95**	**566**	**560**	**15**	**500**	**2,484**

The difference of €13 million between the carrying amount of the non-current financial liabilities recognised in the financial statements as of December 31, 2022 and the total of future payments is because of 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, 2021						Dec. 31, 2022					
		Interest rate %			Interest rate %			Interest rate %			Interest rate %	
Currency	Current financial liabilities	from	to	Non-current financial liabilities (including current portion)	from	to	Current financial liabilities	from	to	Non-current financial liabilities (including current portion)	from	to
Euro	235	0.00	0.50	3,129	0.80	3.75	77	0.00	0.00	2,471	1.38	4.80
US dollar	9	3.21	3.21	-			-	-	-	-		
Other	168	variable		-			82	variable		-		
Total	**412**			**3,129**			**159**			**2,471**		

Non-current financial liabilities, including the current portion, mature between 2023 and 2028.
As of December 31, 2022, Saipem had unused uncommitted short-term credit lines amounting to €169 million (€207 million as of December 31, 2021); it did not have any unused committed short-term credit lines (€1,000 million as of December 31, 2021).
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 €2,316 million (€3,152 million as of December 31, 2021) and was calculated by discounting the present value of future cash flows in the main currencies of the loan at the following, approximate rates:

(%)	2021	2022
(€)	0.56-3.42	5.77-6.97

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, 2021			Dec. 31, 2022		
(€ million)	Notional amount	Carrying amount	Fair value	Notional amount	Carrying amount	Fair value
Banks	597	590	583	444	440	429
Ordinary bonds	2,500	2,539	2,569	2,000	2,031	1,887
Other financial institutions	-	-	-	-	-	-
Total	**3,097**	**3,129**	**3,152**	**2,444**	**2,471**	**2,316**

In accordance with the "Disclosure Initiative" (IAS 7), the following is a reconciliation between changes in financial liabilities and cash flows from financing activities:

			Non-cash changes				
(€ million)	Dec. 31, 2021	Change in cash flows	Acquisitions	Exchange differences of financial	Change in fair value	Other non-cash changes	Dec. 31, 2022
Current financial liabilities	412	(263)	-	10	-	-	159
Non-current financial liabilities, including current portion	3,129	(656)	-	(2)	-	-	2,471
Net lease liabilities (assets)	318	(128)	-	6	-	124	320
Total net liabilities from financing activities	**3,859**	**(1,047)**	**-**	**14**	**-**	**124**	**2,950**

Financial liabilities to related parties are shown in Note 43 "Related party transactions".

25 Analysis of net financial debt

The statement of financial debt prepared in accordance with Consob document 5/21 of April 29, 2021, which implements the ESMA guidelines, is presented below.

	Dec. 31, 2021			Dec. 31, 2022		
(€ million)	Current	Non-current	Total	Current	Non-current	Total
A. Cash and cash equivalents	**1,632**	**-**	**1,632**	**2,052**	**-**	**2,052**
B. Cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**
C. Other current financial assets:	**625**	**-**	**625**	**569**	**-**	**569**
- Financial assets measured at fair value through OCI	59	-	59	75	-	75
- Loan assets	566	-	566	494	-	494
D. Liquidity (A+B+C)	**2,257**	**-**	**2,257**	**2,621**	**-**	**2,621**
E. Current financial debt:	**559**	**-**	**559**	**298**	**-**	**298**
- Current financial liabilities with banks	367	-	367	82	-	82
- Current financial liabilities with related parties	18	-	18	1	-	1
- Other current financial liabilities	27	-	27	76	-	76
- Lease liabilities	147	-	147	139	-	139
F. Current portion of the non-current financial debt:	**697**	**-**	**697**	**742**	**-**	**742**
- Non-current financial liabilities with banks	151	-	151	206	-	206
- Ordinary bonds	546	-	546	536	-	536
G. Current debt (E+F)	**1,256**	**-**	**1,256**	**1,040**	**-**	**1,040**
H. Net current financial debt (G-D)	**(1,001)**	**-**	**(1,001)**	**(1,581)**	**-**	**(1,581)**
I. Non-current financial debt:	**-**	**686**	**686**	**-**	**498**	**498**
- Non-current financial liabilities with banks	-	439	439	-	234	234
- Non-current financial liabilities with related parties	-	-	-	-	-	-
- Lease liabilities	-	247	247	-	264	264
J. Debt instruments:	**-**	**1,993**	**1,993**	**-**	**1,495**	**1,495**
- Ordinary bonds	-	1,993	1,993	-	1,495	1,495
K. Trade payables and other non-current payables	**-**	**-**	**-**	**-**	**-**	**-**
L. Non-current debt (I+J+K)	**-**	**2,679**	**2,679**	**-**	**1,993**	**1,993**
M. Net financial debt as set out in Consob document No. 5/21, April 29, 2021 (H+L)	**(1,001)**	**2,679**	**1,678**	**(1,581)**	**1,993**	**412**

Net financial debt includes the fair value of an Interest Rate Swap (IRS) positive €1 million, but does not include the fair value of derivatives indicated in Note 14 "Other current assets", Note 20 "Other non-current assets", Note 23 "Other current liabilities", and Note 28 "Other non-current liabilities".

Reconciliation of net financial debt

	Dec. 31, 2021			Dec. 31, 2022		
(€ million)	Current	Non-current	Total	Current	Non-current	Total
M. Net financial debt as set out in Consob document No. 5/21, April 29, 2021 (H+L)	**(1,001)**	**2,679**	**1,678**	**(1,581)**	**1,993**	**412**
N. Non-current loan assets	**-**	**61**	**61**	**-**	**65**	**65**
O. Lease assets	**30**	**46**	**76**	**26**	**57**	**83**
P. Net financial debt (M-N-O)	**(1,031)**	**2,572**	**1,541**	**(1,607)**	**1,871**	**264**

The pre-IFRS 16 net financial position as at December 31, 2022 was positive by €56 million. The net financial position including the IFRS 16 lease liability of €320 million was a negative €264 million. Gross debt pre-IFRS 16 lease liability effects as of December 31, 2022 amounted to €2,630 million and liquidity to €2,686 million of which €1,362 million in cash on hand.
Financial receivables are explained in Note 9 "Other financial assets".

26 Provisions for risks and charges

Provisions for risks and charges amounted to €1,148 million (€1,353 million as of December 31, 2021) consisted of the following:

(€ million)	Opening balance	Accruals	Utilisations	Other changes	Closing balance
Dec. 31, 2021					
Provision for taxes	13	2	(2)	1	14
Provision for disputes	74	294	(109)	6	265
Provision for losses on investments	26	23	(18)	(1)	30
Provision for contractual expenses and losses on long-term contracts	144	858	(31)	2	973
Provision for redundancy incentives	-	21	(2)	(2)	17
Other provisions	38	21	(9)	4	54
Total	**295**	**1,219**	**(171)**	**10**	**1,353**
Dec. 31, 2022					
Provision for taxes	14	2	(7)	-	9
Provision for disputes	265	15	(55)	9	234
Provision for losses on investments	30	75	(3)	(1)	101
Provision for contractual expenses and losses on long-term contracts	973	115	(344)	1	745
Provision for redundancy incentives	17	1	(19)	2	1
Other provisions	54	27	(24)	1	58
Total	**1,353**	**235**	**(452)**	**12**	**1,148**

The **provisions for taxes** amounted to €9 million and related principally to disputes concerning indirect taxes with foreign tax authorities that 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 accrued.
The **provisions for disputes** amounted to €234 million and consisted of provisions accrued by Saipem SpA and a number of foreign subsidiaries in relation to ongoing disputes, of which €9 million were for disputes with employees. The provision mainly includes an estimate of contingent liabilities arising from settlements and legal proceedings. Specifically, the provisions include the equivalent of around €209 million for a dispute in Algeria regarding a contract completed in the past years; for further information, see section "Disputes" in Note 33 “Guarantees, commitments and risks”.
The **provisions for losses on investments** amounted to €101 million and related to provisions for losses of investees accounted for using the equity method. The increase for the period is mainly attributable to contractual changes to two projects, one in Russia and one in the Far East.
The **provision for contractual expenses and losses on long-term contracts** amounts to €745 million and includes estimated losses of €728 million and final project costs of €17 million related mainly to Engineering & Construction projects.
The **provision for redundancy incentives** amounted to €1 million, mainly attributable to Saipem SpA.
Other provisions amounted to €58 million and are for other contingencies.

27 Employee benefits

Employee benefits amount to €183 million (€238 million as of December 31, 2021) and consisted of the following:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Post-employment benefits (TFR)	33	25
Foreign defined benefit plans	104	67
FISDE and other health plans	32	22
Other long-term employee benefits	69	69
Total	**238**	**183**

Post-employment benefits (“TFR”), regulated by Article 2120 of the Italian Civil Code, relate to the statutory provisions, estimated using actuarial hypotheses, to be paid to employees by Italian companies upon termination of the employment relationship.
Foreign defined benefit plans relate to:

- defined pension benefit plans of foreign companies located, primarily, in Saudi Arabia, France, Switzerland, the United Arab Emirates, India, and the United Kingdom;

- pension provisions and similar obligations for personnel employed abroad, to whom local legislation applies.

Benefits consist of a life annuity or "one-time" allowance 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 the supplementary medical reserve for Eni managers (FISDE) are calculated on the basis of the contributions paid or to be paid by the company for retired managers.

Other provisions for long-term employee benefits relate 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 (LTI) cover the estimate, determined based on actuarial assumptions, of the amount to be paid to beneficiaries provided that they remain employed for the three-year period following the allocation of the incentive; the cost is allocated pro-rata over 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; at the Italian companies they consist of remuneration in welfare credit.

The voluntary redundancy incentive plan, allocated following agreements which implemented the provisions of Article 4 of Italian Law No. 92/2012 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 actuarial estimate of expenses for offers early, consensual termination of the employment relationship.

Employee benefits calculated using actuarial techniques are analysed as follows:

	Dec. 31, 2021					Dec. 31, 2022				
(€ million)	Post-employment benefits (TFR)	Foreign defined benefit plans	FISDE and other foreign health plans	Other long-term employee benefits	Total	Post-employment benefits (TFR)	Foreign defined benefit plans	FISDE and other foreign health plans	Other long-term employee benefits	Total
Present value of benefit obligation at the start of the year	**35**	**173**	**29**	**83**	**320**	**33**	**177**	**32**	**69**	**311**
Current cost	-	11	1	12	24	-	18	1	27	46
Interest expense	-	2	-	-	2	-	3	1	-	4
Remeasurements:	1	4	3	(3)	5	(3)	(41)	(11)	(5)	(60)
- actuarial gains and losses resulting from changes in demographic assumptions	*-*	*4*	*3*	*-*	*7*	*-*	*-*	*(3)*	*-*	*(3)*
- actuarial gains and losses resulting from changes in financial assumptions	*-*	*(2)*	*-*	*(2)*	*(4)*	*(5)*	*(32)*	*(7)*	*(7)*	*(51)*
- experience adjustments	*1*	*2*	*-*	*(1)*	*2*	*2*	*(9)*	*(1)*	*2*	*(6)*
Past service cost and gains/losses from termination	-	(12)	-	-	(12)	-	-	-	(3)	(3)
Contributions to plan:	-	-	-	-	-	-	-	-	-	-
- contributions to plan by employees	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
- contributions to plan by employer	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Benefits paid	(3)	(12)	(1)	(22)	(38)	(5)	(16)	(1)	(19)	(41)
Discontinued operations	-	-	-	-	-	-	(2)	-	-	(2)
Sale of business	-	-	-	-	-	-	(14)	-	-	(14)
Exchange differences and other changes	-	11	-	(1)	10	-	1	-	-	1
Present value of benefit obligation at end of the year (a)	**33**	**177**	**32**	**69**	**311**	**25**	**126**	**22**	**69**	**242**
Plan assets at start of the financial year	**-**	**83**	**-**	**-**	**83**	**-**	**80**	**-**	**-**	**80**
Interest income	-	1	-	-	1	-	1	-	-	1
Return on plan assets	-	(1)	-	-	(1)	-	(20)	-	-	(20)
Past service cost and gains/losses from termination	-	(11)	-	-	(11)	-	-	-	-	-
Contributions to plan:	-	-	-	-	-	-	-	-	-	-
- contributions to plan by employees	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
- contributions to plan by employer	*-*	*6*	*-*	*-*	*6*	*-*	*6*	*-*	*-*	*6*
Benefits paid	-	(3)	-	-	(3)	-	(4)	-	-	(4)
Exchange differences and other changes	-	5	-	-	5	-	(2)	-	-	(2)
Plan assets at end of the financial year (b)	**-**	**80**	**-**	**-**	**80**	**-**	**61**	**-**	**-**	**61**
Net liability (c=a-b)	**33**	**97**	**32**	**69**	**231**	**25**	**65**	**22**	**69**	**181**
Additional liability to be recognised per IFRIC 14 at start of the year	**-**	**-**	**-**	**-**	**-**	**-**	**7**	**-**	**-**	**7**
Increase/decrease	-	7	-	-	7	-	(5)	-	-	(5)
Additional liability to be recognised per IFRIC 14 at end of the year (d)	**-**	**7**	**-**	**-**	**7**	**-**	**2**	**-**	**-**	**2**
Net liability recognised (c+d)	**33**	**104**	**32**	**69**	**238**	**25**	**67**	**22**	**69**	**183**

Other provisions for long-term employee benefits of €69 million (€69 million as of December 31, 2021) relate to the voluntary redundancy incentive plan for €40 million (€32 million as of December 31, 2021), other foreign long-term foreign plans for €24 million (€29 million as of December 31, 2021), jubilee awards for €2 million (€7 million as of December 31, 2021) and the long-term incentive plan for €3 million (€1 million as of December 31, 2021).

Costs for employee benefits determined using actuarial assumptions and charged to the income statement are detailed below:

(€ million)	Dec. 31, 2021 Post-employment benefits (TFR)	Foreign defined benefit plans	FISDE and other foreign health plans	Other long-term employee benefits	Total	Dec. 31, 2022 Post-employment benefits (TFR)	Foreign defined benefit plans	FISDE and other foreign health plans	Other long-term employee benefits	Total
Current cost	-	11	1	12	24	-	18	1	27	46
Past service cost and gains/losses from termination	-	(1)	-	-	(1)	-	-	-	(3)	(3)
Net interest expense (income):										
- interest expense on bond	-	2	-	-	2	-	3	1	-	4
- interest income on plan assets	-	(1)	-	-	(1)	-	1	-	-	1
Total net interest expense (income)	-	1	-	-	1	-	2	1	-	3
of which recognised in personnel cost	-	-	-	-	-	-	-	-	-	-
of which recognised in financial income (expense)	-	*1*	-	-	*1*	-	*2*	*1*	-	*3*
Remeasurements of long-term plans	-	-	-	(3)	(3)	-	-	-	(5)	(5)
Total	**-**	**11**	**1**	**9**	**21**	**-**	**20**	**2**	**19**	**41**
of which recognised in personnel cost	-	*10*	*1*	*9*	*20*	-	*18*	*1*	*19*	*38*
of which recognised in financial income (expense)	-	*1*	-	-	*1*	-	*2*	*1*	-	*3*

Costs for defined benefit plans recognised in other comprehensive income were as follows:

(€ million)	2021 Post-employment benefits (TFR)	Foreign defined benefit plans	FISDE and other foreign health plans	Total	2022 Post-employment benefits (TFR)	Foreign defined benefit plans	FISDE and other foreign health plans	Total
Remeasurements:								
- actuarial gains and losses arising from changes in demographic assumptions	-	4	3	7	-	-	(3)	(3)
- actuarial gains and losses arising from changes in financial assumptions	-	(2)	-	(2)	(5)	(32)	(7)	(44)
- experience adjustments	1	2	-	3	2	(9)	(1)	(8)
- return on plan assets	-	1	-	1	-	20	-	20
Additional liability to be recognised per IFRIC 14	-	7	-	7	-	(5)	-	(5)
Total	**1**	**12**	**3**	**16**	**(3)**	**(26)**	**(11)**	**(40)**

Plan assets consisted of the following:

(€ million)	Cash and cash equivalents	Equity instruments	Debt instruments	Property	Derivatives	Mutual investment funds	Assets held by insurance companies	Structured debt instruments	Other assets	Total
Plan assets:										
- prices quoted in active markets	10	1	9	1	-	-	-	-	1	22
- prices not quoted in active markets	-	-	2	-	23	-	14	-	-	39
Total	**10**	**1**	**11**	**1**	**23**	**-**	**14**	**-**	**1**	**61**

The main actuarial assumptions used in the evaluation of benefit obligations at year end and the estimate of costs 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 benefits
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 rates of return on plan assets	(%)	-	0.15-6.92	-	-
- inflation rate	(%)	1.75	0.90-11.00	1.75-4.00	1.50-4.00
- life expectancy at age 65	(years)	-	14-25	-	19-24
Year 2022					
Main actuarial assumptions:					
- discount rates	(%)	3.70	2.10-20.00	3.70-7.25	3.20-7.25
- trend rate of compensation increase	(%)	2.90	0.84-10.00	6.00	1.00-6.00
- expected rates of return on plan assets	(%)	-	2.10-7.25	-	-
- inflation rate	(%)	2.40	1.25-12.55	2.40-4.00	1.00-12.55
- life expectancy at age 65	(years)	-	12-24	-	-

Below are the main actuarial assumptions by geographical area:

		Eurozone	Rest of Europe	Africa	Other
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
Inflation rate	(%)	1.50-1.75	1.00-3.30	3.00-11.00	0.90-4.00
Life expectancy at age 65	(years)	19-23	21-25	14-21	15-22
Year 2022					
Discount rates	(%)	3.20-3.70	2.10-4.90	3.70-20.00	2.10-9.32
Trend rate of compensation increase	(%)	2.50-2.90	1.50-3.75	1.00-10.00	0.84-10.00
Inflation rate	(%)	2.00-2.40	1.25-3.20	3.00-12.55	2.00-4.00
Life expectancy at age 65	(years)	-	22-24	-	12-14

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		Inflation rate	Trend rate of compensation increase	Trend rate of pension increase	Trend rate of health cost increase
	Increase of 0.5%	Decrease of 0.5%	Increase of 0.5%	Increase of 0.5%	Increase of 0.5%	Increase of 1%
Effect on DBO	**(10)**	**11**	**2**	**3**	**1**	**2**
TFR	(1)	1	1	-	-	-
Foreign defined benefit plans	(7)	7	1	2	1	-
FISDE and other foreign health plans	(1)	2	-	-	-	2
Other long-term employee benefits	(1)	1	-	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 to be paid to foreign defined benefit plans in the subsequent year is €7 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 benefits
2023	2	15	1	19
2024	2	9	1	12
2025	2	11	1	10
2026	2	11	1	5
2027	2	12	1	4
After	11	68	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 benefits
2021	9	12	16	5
2022	8	10	14	5

28 Other non-current liabilities

Other non-current liabilities

Other non-current liabilities of €2 million (€30 million as of December 31, 2021) consisted of the following:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Fair value of derivative financial instruments	28	-
Other liabilities	2	2
Other liabilities	-	-
Total	**30**	**2**

29 Derivative financial instruments

(€ million)	Dec. 31, 2021 Fair value assets	Dec. 31, 2021 Fair value liabilities	Dec. 31, 2022 Fair value assets	Dec. 31, 2022 Fair value liabilities
Derivatives qualified for hedge accounting				
Interest Rate Contracts (Forward component)				
Purchases	-	1	1	-
Sales	-	-	-	-
Currency forwards (Spot component)				
Purchases	54	19	31	10
Sales	4	110	83	60
Currency forwards (Forward component)				
Purchases	3	2	(3)	-
Sales	(1)	5	(13)	5
Commodity forwards (Forward component)				
Purchases	-	1	4	2
Sales	-	-	-	-
Total derivatives qualified for hedge accounting	**60**	**138**	**103**	**77**
Derivatives not qualified for hedge accounting				
Currency forwards (Spot component)				
Purchases	27	12	13	6
Sales	3	48	19	9
Currency forwards (Forward component)				
Purchases	2	1	-	(1)
Sales	-	5	(2)	3
Commodity forwards (Forward component)				
Purchases	-	-	-	-
Sales	-	-	-	-
Total derivatives not qualified for hedge accounting	**32**	**66**	**30**	**17**
Total derivatives accounting	**92**	**204**	**133**	**94**
Of which:				
- current (includes IRS, Note 25 "Analysis of net financial debt")	87	175	133	94
- non-current (includes IRS, Note 25 "Analysis of net financial debt")	5	29	-	-

The derivative contracts' fair value hierarchy is level 2.
Purchase and sale commitments on derivatives are detailed as follows:

(€ million)	Dec. 31, 2021 Assets	Dec. 31, 2021 Liabilities	Dec. 31, 2022 Assets	Dec. 31, 2022 Liabilities
Purchase commitments				
Derivatives qualified for hedge accounting:				
Interest rate derivatives	-	75	-	37
Currency contracts	1,393	1,444	656	633
- commodity contracts	-	30	-	46
Derivatives not qualified for hedge accounting:				
Currency contracts	736	1,897	486	1,192
	2,129	**3,446**	**1,142**	**1,908**
Sale commitments				
Derivatives qualified for hedge accounting:				
Currency contracts	755	2,424	1,518	696
Derivatives not qualified for hedge accounting:				
Currency contracts	1,258	2,185	1,227	242
	2,013	**4,609**	**2,745**	**938**

The fair value of derivative financial instruments was determined by taking into account valuation models widely used in the financial sector and market parameters (exchange rates and interest rates) at the balance sheet date.
The fair value of forward transactions (outright, forward and currency swaps) was determined by comparing the Net Present Value at the negotiated terms of the transactions outstanding as of December 31, 2022 with the Present Value recalculated at

the conditions quoted by the market on the closing date. 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.
The fair value related to the IRS, which is positive by €1 million (negative by €1 million as of December 31, 2021), is shown in Note 25 "Analysis of net financial debt". The fair value of interest rate swaps was calculated by comparing the Net Present Value at the negotiated terms of the transactions outstanding as of December 31, 2022 with the Present Value recalculated at the terms quoted by the market on the closing date. 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, outright and currency swaps).
The recognition of the effects on the income statement and the realisation of the economic flows of the highly probable future transactions hedged as of December 31, 2022, are expected over a period of time up to 2024.
During the financial year 2022, there were no significant cases in which transactions previously qualified as hedges were no longer considered highly probable.
The fair value asset on qualified hedging derivative contracts as of December 31, 2022 amounted to €103 million (€60 million as of December 31, 2021). In respect of these derivatives, the spot component, amounting to €114 million (€58 million as of December 31, 2021), was suspended in the hedging reserve in the amount of €117 million (€53 million as of December 31, 2021) and recognised in financial income and expenses in the amount of -€3 million (€5 million as of December 31, 2021), while the forward component, not designated as a hedging instrument, was recognised in financial income and expenses in the amount of -€16 million (€2 million as of December 31, 2021).
With regard to commodity contracts, the active fair value of €4 million was suspended in the hedging reserve (no component as of December 31, 2021).
The fair value liability on qualified hedging derivative contracts as of December 31, 2022 amounted to €77 million (€138 million as of December 31, 2021). In respect of these derivatives, the spot component, amounting to €70 million (€129 million as of December 31, 2021), was suspended in the hedging reserve in the amount of €61 million (€129 million as of December 31, 2021) and recognised in financial income and expenses in the amount of €9 million (no component as of December 31, 2021), while the forward component, not designated as a hedging instrument, was recognised in financial income and expenses in the amount of €5 million (€7 million as of December 31, 2021).
With regard to commodity contracts, the passive fair value of €2 million was suspended in the hedging reserve (€1 million as of December 31, 2021).
The hedging reserve, relating to currency contracts, amounted to a negative amount of €114 million with a weighted average exchange rate of the hedging instruments of 1.1165 to the US dollar (USD), 0.2403 to the Saudi riyal (SAR) and 0.3412 to the Kuwaiti dinar (KWD). The hedging reserve, relating to commodity contracts, was a positive €6 million, with a weighted average price of hedging instruments of USD 5,702/MT for copper hedges and USD 771/MT for fuel hedges.
The table below shows the change in the hedging reserve from December 31, 2021 to December 31, 2022, attributable to the change in the fair value of hedging transactions outstanding for the entire year, or of new hedging relationships designated during the year, and to the release of hedging effects from shareholders' equity to the income statement due to the economic manifestation of the hedged commercial transactions, or as a result of the discontinuation of hedging relationships due to exposures that are no longer certain or highly probable.

(€ million)	Dec. 31, 2021	Profit for the period	Loss for the period	Profit EBITDA adjustment	Loss EBITDA adjustment	Gains underlying cancellation	Loss underlying cancellation	Dec. 31, 2022
Exchange rate hedge reserve								
Saipem SpA	(33)	234	(305)	(119)	192	(17)	11	(37)
Saipem SA	(26)	92	(131)	(77)	88	-	-	(54)
Sofresid SA	-	2	(2)	(1)	2	-	-	1
Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda	1	40	(30)	(15)	21	(3)	-	14
Saipem Ltd	8	49	(45)	(42)	28	-	2	-
Saipem Misr for Petroleum Services (S.A.E.)	-	2	(6)	(1)	5	(1)	1	-
Servizi Energia Italia SpA	(22)	153	(163)	(49)	45	-	-	(36)
Snamprogetti Saudi Arabia Co Ltd Llc	5	20	(50)	(13)	29	-	-	(9)
Saudi Arabian Saipem Ltd	-	-	(1)	-	1	-	-	-
Saipem Contracting Netherlands BV	(1)	5	(8)	(6)	8	-	-	(2)
Saipem Contracting Nigeria	-	6	(8)	(2)	7	-	-	3
Saipem do Brasil	-	-	(1)	-	1	-	-	-
Saipem Drilling Norway AS	(2)	5	(4)	(1)	6	-	-	4
Saipem Guyana	-	1	(2)	(1)	-	-	-	(2)
Saipem Offshore Construction SpA	5	17	-	(5)	-	(17)	-	-
Saipem Luxembourg	(1)	8	(6)	(4)	6	-	-	3
Saipem Singapore	-	2	(1)	(1)	-	-	-	-
Saipem Australia Pty Ltd	-	28	(25)	(2)	3	-	-	4
Snamprogetti Engineering & Contracting	(1)	1	(4)	-	1	-	-	(3)
Total exchange rate hedge reserve	**(67)**	**665**	**(792)**	**(339)**	**443**	**(38)**	**14**	**(114)**
Commodity hedge reserve								
Saipem Ltd	2	4	(1)	(4)	-	-	-	1
Saipem SpA	-	7	(1)	(4)	-	-	-	2
Saipem SA	-	5	(4)	(2)	-	-	-	(1)
Snamprogetti Saudi Arabia Co Ltd Llc	10	2	(8)	-	-	-	-	4
Total commodity hedge reserve	**12**	**18**	**(14)**	**(10)**	**-**	**-**	**-**	**6**
Interest rate hedge reserve								
Saipem SpA	(1)	2	-	-	-	-	-	1
Total interest rate hedge reserve	**(1)**	**2**	**-**	**-**	**-**	**-**	**-**	**1**
Total hedge reserve	**(56)**	**685**	**(806)**	**(349)**	**443**	**(38)**	**14**	**(107)**

During the financial year 2022, the project margins were adjusted by a net negative amount of €104 million for hedging.
Information on the risks being hedged and the carrying amounts of the financial instruments and their economic and equity effects is provided in Note 33 "Guarantees, commitments and risks"; information on hedging policies is provided in Note 3 "Accounting policies" under "Financial risk management".

30 Discontinued operations, assets held for sale and directly associated liabilities

Discontinued operations

As a result of the agreement with KCA Deutag ("KCA") for the sale of the Onshore Drilling (DRON) business disclosed on June 1, 2022, the sector under disposal is presented as a "discontinued operation" under the requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".
The transaction does not involve any transfer of financial debts from Saipem to KCA.
Prior to the completion of the sale (the "Closing"), Saipem and its subsidiaries transferred the DRON perimeter to dedicated companies.
Depreciation of non-current assets held for sale has ceased as of the date of classification (June 1, 2022) and investments incurred during the period were expensed in the income statement.
On October 28, 2022, the first closing of the sale transaction of the DRON business was finalised, specifically the activities in Saudi Arabia, Congo, United Arab Emirates and Morocco were transferred and a consideration of $488 million was received in addition to the 10% interest in KCA's class A ordinary shares.
The activities in Kuwait were transferred in January 2023, while the remaining activities in the Americas, Kazakhstan and Romania will be transferred by the first half of 2023.

In accordance with the requirements of IFRS 5, the economic results of the DRON sector, including those of the comparative period, are presented separately from continuing operations in a single line in the income statement and limited to only transactions with third parties, while intercompany transaction eliminations continue to be made.
In detail, the economic results of discontinued operations the following have been recognised:
- the economic results of the activities in Saudi Arabia, Congo, the United Arab Emirates and Morocco up to the date of sale (October 28, 2022);
- the economic results of the activities not transferred in 2022 (Kuwait, the Americas, Kazakhstan and Romania); and
- the capital gain of €119 million resulting from the positive difference between the sale price and the carrying amount in the financial statements.

The assets and liabilities directly associated with the activities in Kuwait, the Americas, Kazakhstan and Romania were classified as held for sale; in particular, from a purely accounting perspective, the value of the assets held for sale has been adjusted to the consideration to be received in 2023.
Finally, the net cash flows of discontinued operations have been presented separately from the net cash flows of continuing operations.
Below are the main balance sheet values of Discontinued operations.

(€ million)	Dec. 31, 2022
Current assets	112
Non-current assets	31
Total assets	**143**
Current liabilities	43
Non-current liabilities	2
Total liabilities	**45**

Below is the main financial information of Discontinued operations.

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Total revenues from ordinary operations and other revenues	347	477
Operating expenses	(394)	(465)
Operating profit (loss)	(47)	12
Financial income (expense)	(3)	(7)
Gains (losses) on equity investments	-	-
Pre-tax profit (loss)	(50)	5
Income taxes	(11)	(18)
Capital gain	-	119
Net profit (loss):	(61)	106
- of which Saipem shareholders	(61)	106
- of which non-controlling interests	-	-
Net income per share	(0.06)	0.11
Net cash flows from operating activities	87	46
Net cash flows from investing activities	(52)	(27)
Capital expenditure	52	27

Assets held for sale

In accordance with IFRS 5, assets held for sale are shown separately from other assets in the statement of financial position for an amount of €68 million and refer to the sale of the floating production, storage and offloading (FPSO) unit Cidade de Vitória, currently owned by Saipem and managed for Petrobras in the Golfinho field, off the coast of Brazil.
On June 27, 2022, Saipem and BW Energy signed a Memorandum of Agreement (MoA) for $73 million.
The sale of the FPSO is subject to the closing of BW Energy's acquisition of 100% of Petrobras' rights in the Golfinho field ('Golfinho transaction closing') scheduled for the first half of 2023.
Considering the terms of the Golfinho transaction, the current lease contract and operating agreement between Saipem and Petrobras has been extended until the time of the FPSO acquisition or alternatively until June 2024, whichever comes first.
Based on the Memorandum of Agreement, BW Energy will pay Saipem $73 million, of which $25 million at the closing of the Golfinho transaction, $13 million at the time of the acquisition and clearance of the FPSO, planned in 2023, and $35 million in 18 monthly instalments following the acquisition.
The transaction does not involve the recognition of a loss.

31 Equity

Non-controlling interests

Minority shareholders' capital and reserves amounted to €18 million as of December 31, 2022 (€25 million as of December 31, 2021).
The breakdown of minority interests is shown below.

	Profit (loss) for the year		Equity	
(€ million)	2021	2022	2021	2022
ER SAI Caspian Contractor Llc	-	-	24	17
Other	-	-	1	1
Total	**-**	**-**	**25**	**18**

Saipem's equity

Saipem's shareholders' equity amounted to €2,068 million as of December 31, 2022 (€326 million as of December 31, 2021) and can be broken down as follows:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Share capital	2,191	502
Share premium	553	1,877
Legal reserve	88	-
Hedging reserve	(42)	(76)
Fair value reserve	1	(4)
Exchange rate difference reserve	(53)	(20)
Actuarial reserve	(45)	(16)
Other	(46)	-
retained earnings	230	91
Profit (loss) for the year	(2,467)	(209)
Negative reserve for treasury shares in portfolio	(84)	(77)
Total	**326**	**2,068**

As of December 31, 2022, there were no distributable reserves.

Share capital

As of December 31, 2022, Saipem SpA's fully paid-up share capital amounted to €501,669,790.83, corresponding to 1,995,558,791 shares, all without par value (1,010,977,439 as of December 31, 2021), of which 1,995,557,732 (1,010,966,841 as of December 31, 2021) were ordinary shares and 1,059 savings shares (10,598 as of December 31, 2021).

Share premium

It amounted to €1,877 million as of December 31, 2022 (€553 million as of December 31, 2021).

Other reserves

Other reserves as of December 31, 2022 were negative by €116 million (negative by €97 million as of December 31, 2021) and consisted of the following:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Legal reserve	88	-
Hedging reserve	(42)	(76)
Fair value reserve	1	(4)
Exchange rate difference reserve	(53)	(20)
Actuarial reserve	(45)	(16)
Other	(46)	-
Total	**(97)**	**(116)**

Legal reserve

The legal reserve was fully used for €88 million to cover losses as of December 31, 2021.

Hedging reserve

The reserve is negative for €76 million (negative for €42 million as of December 31, 2021) and relates to the fair value measurement of interest rate hedging contracts, commodity risk hedging contracts and the spot component of exchange rate risk hedging contracts outstanding as of December 31, 2022.
The cash flow hedge reserve is shown net of the tax effect of €31 million (€14 million as of December 31, 2021).

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Fair value reserve

The negative reserve of €4 million comprises the fair value of available-for-sale financial instruments.

Exchange rate difference reserve

The reserve is negative for €20 million (negative for €53 million as of December 31, 2021) and relates to exchange rate differences from the translation into euros of financial statements expressed in currencies other than the euro (mainly the US dollar).

Actuarial reserve

The reserve shows a negative balance of €16 million (negative €45 million as of December 31, 2021), net of the tax effect of €4 million.

This reserve, in accordance with the provisions of IAS 19, includes the actuarial gains and losses related to the employee defined benefit plans. The reserve for defined-benefit plans for employees includes a negative value of €1 million (negative for €1 million as of December 31, 2021) relating to equity investments accounted for using the equity method.

Negative reserve for treasury shares in portfolio

The negative reserve amounted to €77 million (€84 million as of December 31, 2021) and included the value of treasury shares allocated to the attribution of incentive plans for Group executives.

Details of changes in treasury shares are as follows:

	Number of shares	Average cost (€)	Total cost (€ million)	Share capital (%)
Treasury shares in portfolio as of December 31, 2021	**21,394,893**	**3.910**	**84**	**2.12**
Procurement year 2022	-	-	-	-
Pre-grouping allocations	(15,397)	3.910	-	-
Cancellation of treasury shares May 2022	(41)	-	-	-
Share regrouping May 2022	(16,889,770)	n.s	n.s.	n.s.
Cancellation of treasury shares June 2022	(8)	-	-	-
Share regrouping June 2022	(4,040,710)	n.s.	n.s.	n.s.
Post-grouping assignments	(33,010)	186,183	(7)	-
Treasury shares in portfolio as of December 31, 2022	**415,957**	**186,183** (*)	**77**	**0.02**

(*) Weighted average cost calculated following the grouping operations described above.

At the same date, 1,995,142,834 shares were outstanding.

Reconciliation of Saipem SpA's shareholders' equity and profit for the year with the consolidated figures

	Dec. 31, 2021		Dec. 31, 2022	
(€ million)	Profit (loss) for the year	Equity	Profit (loss) for the year	Equity
As per the financial statements of Saipem SpA	**(2,382)**	**471**	**(256)**	**2,148**
Surplus of the net assets of the financial statements including the results for the period, compared to the carrying values of participations in consolidated companies	(224)	(819)	225	(556)
Consolidation adjustments, net of tax effect, for:				
- difference between purchase price and corresponding book net worth	(3)	720	(3)	717
- elimination of unrealised intra-group profits	31	(193)	23	(191)
- other corrections	111	172	(198)	(32)
Total equity	**(2,467)**	**351**	**(209)**	**2,086**
Non-controlling interests	-	(25)	-	(18)
2022 Consolidated Financial Statements	**(2,467)**	**326**	**(209)**	**2,068**

The item "Other adjustments" mainly includes the impact of consolidation entries aimed at aligning the margins of job orders involving several Group companies whose individual progressions may not have a homogeneous economic-temporal development to the progress of the consolidated job order.

32 Additional information

Additional information on the financial statements

(€ million)	Dec. 31, 2022
Analysis of disposals in companies which have left the consolidation scope and business units	
Current assets	157
Non-current assets	266
Net liquid funds (net financial debt)	8
Current and non-current liabilities	(46)
Net effect of disposals	**385**
Current value of shareholdings retained after transfer of control	-
Capital gain from divestments	120
Non-controlling interests	-
Total sale price	**505**
less:	
Cash and cash equivalents	(8)
Cash flow from disposals	**497**

Disposals in 2022 refer to the sale of Onshore Drilling and the business unit "Saipem Ingegneria Roma".

33 Guarantees, commitments and risks

Guarantees

Guarantees amounted to €7,393 million (€7,995 million as of December 31, 2021), and were as follows:

	Dec. 31, 2021			Dec. 31, 2022		
(€ million)	Unsecured	Other personal guarantees	Total	Unsecured	Other personal guarantees	Total
Joint ventures and associates	120	657	777	54	522	576
Subsidiaries	60	4,962	5,023	51	4,839	4,890
Own	-	2,196	2,196	-	1,927	1,927
Total	**180**	**7,815**	**7,995**	**105**	**7,288**	**7,393**

Other personal guarantees issued for consolidated companies amounted to €4,839 million (€4,962 million as of December 31, 2021), which are related to independent guarantees given to third parties mainly to bid bonds and to ensure compliance with contractual agreements, together with sureties and other personal guarantees issued to banks.
Guarantees issued to/through related parties are detailed in Note 43 "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 €78,607 million (€73,659 million as of December 31, 2021), including both work already performed and the relevant portion of the backlog of orders as of December 31, 2022.
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.

Risks

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)]	13	(128)	-
Financial instruments measured at fair value			
Bonds	75	-	(5)
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)]	2,182	(69)	-
Financial receivables [(c) (g)]	643	9	-
Trade payables and other liabilities [(d)]	2,907	374	-
Financial liabilities	2,613	-	-
Loans and borrowings [(e) (h)]	3,034	(145)	-
Net hedging derivative assets (liabilities) [(f)]	26	(104)	(52)

(a) The income statement effects relate only to the income (expense) indicated in Note 36 "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 €34 million of income and in the "Financial income (expense)" for €103 million of losses (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 €9 million of income (financial income (expense) relating to net debt) and for €3 million of income related to lease financial assets.
(d) The effects on the income statement were reported in the "Financial income (expense)" for €374 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 €3 million of losses (relating to currency translations gains (losses) arising from adjustments to the year-end exchange rate), of which €4 million of losses related to lease financial liabilities, and for €142 million of losses (financial income (expense) related to net debt), of which €21 million of losses related to lease financial liabilities.
(f) Project margins were adjusted to profit or loss for €104 million of costs.
(g) The item includes current and non-current lease assets amounting to €83 million.
(h) The item includes current and non-current lease liabilities amounting to €403 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, 2021	Dec. 31, 2022
Notional amount	(€ million)	75	37
Weighted average buying rate	(%)	(0.572)	2.132
Weighted average selling rate	(%)	0.129	0.129
Floor	(%)	(1.25)	(1.25)
Weighted average maturity	(years)	1	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, 2022, the market value of the aforementioned contract type was positive for €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, 2021	Notional amount as of Dec. 31, 2022
Forward foreign exchange contracts	1,152	718

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, 2021		Notional amount as of Dec. 31, 2022	
(€ million)	Purchases	Sales	Purchases	Sales
AED	7	5	12	53
AUD	66	2	87	31
BRL	-	28	46	79
CAD	18	21	-	7
CHF	2	6	1	3
EUR	744	15	613	2
GBP	218	85	216	39
IDR	10	-	9	-
ILS	10	15	29	22
JPY	40	15	10	-
KWD	41	146	-	120
MXN	-	23	22	10
NOK	27	7	31	10
RON	-	42	-	56
RSD	-	9	-	-
RUB	33	60	-	-
SAR	12	255	311	-
SGD	-	30	2	100
THB	-	34	-	34
USD	4,242	5,824	1,577	3,118
Total	**5,470**	**6,622**	**2,966**	**3,684**

The table below shows the hedged cash flows as of December 31, 2022, by time period of occurrence and expressed in euro.

(€ million)	First quarter 2023	Second quarter 2023	Third quarter 2023	Fourth quarter 2023	2024 and beyond	Total
Revenue	1,014	988	958	924	1,605	**5,489**
Expenses	1,047	916	672	594	1,312	**4,541**

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, 2022 by time period of occurrence.

(€ million)	First quarter 2023	Second quarter 2023	Third quarter 2023	Fourth quarter 2023	2024 and beyond	Total
Expenses	1	15	14	16	-	**46**

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, 2022 were as follows:

	Dec. 31, 2022			
(€ million)	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) held for trading:				
- non-hedging derivatives	-	13	-	13
Financial assets available for disposal:				
- financial assets measured at fair value through OCI	75	-	-	75
Net hedging derivative assets (liabilities)	-	26	-	26
Total	**75**	**39**	**-**	**114**

Throughout the financial year 2022, 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.
With respect to pending legal proceedings provisions are not accounted when the negative outcome of the proceedings is evaluated as not probable or when it is impossible to estimate the outcome of the proceeding.
All civil/arbitration disputes are evaluated, also by external lawyers, as "unlikely negative outcome" (there are no provisions).
All criminal proceedings are also evaluated by external lawyers as proceedings whose outcome cannot be predicted (there are no provisions) except in relation to the Algerian GNL Arzew proceeding, for which it was necessary to take note of the sentence of first instance of February 14, 2022 – confirmed by the Court of Appeal of Algiers on June 28, 2022 and subsequently the Algerian Supreme Court – as indicated in the press release dated November 18, 2022 – rejected all the challenge reasons against the sentence of second instance – which is why a fund was set up for an amount equal to that which was the subject of the sentence.

ALGERIA

Proceedings in Algeria - Sonatrach 1: 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 allegation, the price offered was up to 60% higher than the market price; according to the allegation, this alleged increase over the market price was reduced to up to 45% of the price as a result of the discount negotiated between the parties after the offer. 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 €65.6 million (amount calculated at the exchange rate as of December 31, 2022), 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 of the fine of approximately €30,000 is suspended; and
- the unfreezing of the two bank accounts is suspended, containing a total of approximately €65.6 million (amount calculated at the exchange rate as of December 31, 2022). 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, whose reasons were filed on October 7, 2019, the Algerian Court of Cassation fully ruled the decision of the Court of Algiers dated February 2, 2016 upholding the challenge of all the appellants (including the appeal of Saipem Contracting Algérie) and referring the case to the Court of Appeal of Algiers.
The proceedings began at February 17, 2021 hearing. On December 12, 2022, the judgement was issued by the Court of Appeal of Algiers.
With press release dated December 12, 2022 Saipem has disclosed what follows:
"*Most of the Company's defence arguments were accepted. New summons to appear.*
Following the press releases dated February 2, 2016 and July 17, 2019, Saipem informs that today the Court of Appeal of Algiers has pronounced a judgment in the Sonatrach 1 criminal proceedings, against Saipem Contracting Algérie ongoing since 2010, in Algeria, in relation to the award of the GK3 contract in 2009. In this proceeding Saipem Contracting Algérie was accused of "inflating the price on contracts awarded by a public company engaged in industrial and commercial activities, taking advantage of the authority or influence of representatives of said company" which bears a criminal sanction under Algerian law.
Specifically, today the Court of Appeal of Algiers, having accepted most of the Company's defence arguments, rejected the claim for damages of the Algerian Treasury, confirming the rest of the first instance sentence. As a result of this decision, the same Court of Appeal also ordered to revoke the seizure of current accounts in the amount of €63.2 million equivalent, referable to the proceedings in question.
It should be noted that the proceeding in the first instance concluded on February 2, 2016, when the Court of Algiers ordered Saipem Contracting Algérie to pay a fine of approximately 4 million Algerian dinars (corresponding to around €30,000). The ruling issued in the first instance was challenged before the Algerian Court of Cassation, which on July 17, 2019, had fully overruled the decision by the Court of Algiers dated February 2, 2016, thus the Court of Appeal of Algiers started the trial which ended today.
It should be noted that the Italian judiciary authority – further to criminal proceedings in which also the process of award of the GK3 project in 2009 had been analysed – fully acquitted the company on December 14, 2020.
Saipem Contracting Algérie, in welcoming the ruling, will consider whether to challenge the decision of the Court of Appeal regarding the fine imposed before the Court of Cassation. Additional information on this proceeding in Algeria is provided under the section 'Legal proceedings' in Saipem's Interim Consolidated Financial Report as of June 30, 2022 (pages 142-143).
Still concerning projects dating back to 2008, Saipem has also received a summons to appear, with other individuals and legal entities, before the Algerian Court in a new proceeding for the "inflating the price on contracts awarded by a public company engaged in industrial and commercial activities, taking advantage of the authority or influence of representatives, to obtain advantageous prices compared to those normally charged, or to modify, to their advantage, the quality of the materials or services or the delivery or supply times. Trafficking in influence. Violation of laws and regulations concerning exchange and transfer of capital to and from abroad". The company denies all charges and will actively participate in the proceedings to show it was not involved in the alleged facts, having always acted in accordance with the relevant regulatory framework".

On December 19, 2022, Saipem Contracting Algérie challenged before the Court of Cassation the December 12, 2022 Algiers Court of Appeal decision relating to the pecuniary fine.
On February 16, 2023, Saipem Contracting Algérie filed its brief with its grounds for appeal.
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 Contracting Algérie for charges pursuant to Articles 25a, 32 and 53 of the Anti Corruption Law No. 01/2006". The investigating judge also requested documentation (Articles of Association) and other information concerning Saipem Contracting Algérie, Saipem SpA and Saipem SA. After this summons, no further activities or requests followed.
GNL3 Arzew - Algeria: on October 16, 2019 and October 21, 2019, Saipem Contracting Algérie and Snamprogetti SpA Algiers branch were summoned by the investigating judge at the Supreme Court as part of investigations relating to events in 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; the General Public Prosecutor of Algiers assigned Saipem Contracting Algérie and Snamprogetti SpA Algiers branch a new term 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. The Algiers Attorney General's Office on November 20, 2019 informed Saipem Contracting Algérie and Snamprogetti Algiers branch that Algeria's Tresor Public had joined as a civil party in these proceedings.
On December 9, 2020, the hearing with the local representative of Saipem took place.
Saipem SpA, Saipem Contracting Algérie and the Algiers Branch of Snamprogetti were again called on December 16, 2020.
In September 2021, it became known that the Court of Algiers – Sidi Mhamed pole economic et financier – having taken note of the closure of the investigations, issued an order to seize certain bank accounts of Saipem Group companies in Algeria. These accounts have a balance of approximately €837,000.
The commencement of the trial relating to the 2008 award of the GNL3 Arzew contract was initially set before the Court of Algiers pole economic et financier for the hearing of December 6, 2021, which was first postponed to December 20, 2021, then to January 3, 2022. At the hearing of January 17, 2022, the trial was first postponed to January 24, 2022, then to the hearing of January 31, 2022.
In these criminal proceedings, which involve 38 individuals (including the former Algerian Ministry of Energy, certain former executives of Sonatrach and Algerian customs officials) and legal persons, the Public Prosecutor alleges that – with regard to the award in 2008 and the execution of the contract for the GNL3 Arzew contract project (the original value of which was approximately €2.89 billion) – the following alleged offences were committed, inter alia, by Saipem Algerian branch, Snamprogetti SpA Algerian branch, Saipem Contracting Algérie, two former employees of the Saipem Group and an employee of the Saipem Group:
(i) the *"mark-up of prices in connection with the award of contracts concluded with a public company of an industrial and commercial nature benefiting from the authority or influence of representatives of that body"*;
(ii) infringement of certain Algerian customs regulations.
Sonatrach, the Algerian Tresor Public and the Customs Agency requested to appear as plaintiff. The trial was declared open at the hearing of January 31, 2022. At the hearing of February 1, 2022, the judge closed the hearing stage. The ruling was due on February 14, 2022. The Saipem Group will defend itself on the merits, stating the lack of grounds for the charges, noting among other things the final acquittal verdict pronounced by the Italian judicial authority regarding matters that included the award of the GNL3 Arzew contract and in any case the effects of the settlement signed with Sonatrach on February 14, 2018, which also concerned the arbitration previously pending regarding the same project.
With the press release dated February 15, 2022, Saipem has disclosed what follows:
"The Court of Algiers yesterday has ruled in first instance on the legal proceeding ongoing since 2019 in Algeria concerning, among other things, the award of the 2008 project GNL3 Arzew.
Saipem, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch will appeal the decision of the Court of Algiers with subsequent suspension of its effects.
It should be noted that the Italian judicial authority, at the end of a criminal proceeding in which the award methods of the 2008 project GNL3 Arzew were also scrutinised, pronounced on December 14, 2020 a final acquittal.
With reference to the criminal proceeding by the Court of Algiers, the companies Saipem, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch were accused of the offences sanctioned by the Algerian law in the case of: 'price increase when awarding contracts with a public company, industrial and commercial, benefitting of the authority or influence of representatives of said company' and of 'false customs declaration'.
The ruling of the Court of Algiers, with reference to both charges, established for Saipem, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch a fine and damage compensation for a total of approximately €192 million. The ruling determined the recognition in the financial statements as of December 31, 2021 of an obligation of equal value, of which the payment remains on hold due to the appeal.
The Court of Algiers has also sentenced two former employees of the Saipem Group (the former head of the GNL3 Arzew project and an Algerian employee) to 5 and 6 years of conviction respectively. Another employee of the Saipem Group was acquitted of all charges.
The ground of the sentence have not yet been made available by the Court of Algiers".

The first-degree sentence had imposed the payment of approximately €201 million, of which €140 million in favour of the civil parties and €61 million in damages (amounts calculated at the exchange rate as of June 30, 2022).
On February 16, 2022, the companies Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch have appealed the sentence of February 14, 2022.
On April 4, 2022, the grounds of ruling were made available by the Court of Algiers.
The first hearing in the appeal judgment, initially scheduled for April 12, 2022, was postponed to May 10, 2022 and then to May 24, 2022.
On May 24, 2022, hearing, the Judge scheduled for June 14, 2022 the first hearing.
At the hearing on June 14, 2022, the Judge indicated June 28, 2022 as the date for issuing the decision.
With a press release dated June 28, 2022, Saipem informed as follows:
"*The Court of Appeal of Algiers today ruled in the criminal proceeding, ongoing in Algeria since 2019, connected, inter alia, to the 2008 tender for the award of the GNL3 Arzew contract. In this proceeding, 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 correct 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 Court of Appeal of Algiers upheld, on both charges, the judgement of the first-degree ruling issued by the Court of Algiers on February 14, 2022. This ruling had imposed against Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch fines and damages for an overall amount of approximately €199 million euros equivalent at today's exchange rate (of which approximately €60 million in fines and around €139 million in favour of the civil parties). Following the first degree ruling by the Court of Algiers, the Company set aside an equivalent amount in the Financial Statements as of December 31, 2021, even though the payment had been suspended following the appeal against the decision. The Tribunal of Algiers had also sentenced two former employees of Saipem Group (the then head of the project GNL3 Arzew and a former Algerian employee) to 5 years and 6 years of imprisonment, respectively. Another employee of Saipem Group had been acquitted of all charges.
The reasons for the ruling have not yet been made available by the Court of Appeal of Algiers.
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.
Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch will promptly challenge before the Algerian Supreme Court the decision issued by the Court of Appeal of Algiers. Under Algerian law, the opposition against the ruling of the Court of Appeal suspends the effects of such ruling with regard to the fines (equal to approximately €60 million) while the ruling in favour of the civil parties (equal to approximately €139 million) is enforceable despite the pending opposition.
The judgement, whose amount has already been set aside in the financial statements as of December 31, 2021, does not affect the validity of the financing package and the achievement of the objectives of the 2022-2025 Strategic Plan".
On July 31, 2022, Saipem SpA Algeria branch, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch challenged the decision of the Algiers Court of Appeal issued on June 28, 2022 before the Algerian Supreme Court.
With press release dated November 18, 2022 Saipem SpA has disclosed what follows:
"*Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch reserve the right to challenge the decision issued by the Algerian Supreme Court.*
Following the press releases dated February 18 and June 22, 2022, Saipem informs that the Algerian Supreme Court has ruled in the criminal proceeding related to the GNL3 Arzew project, rejecting the appeal presented by all defendants against the ruling issued by the Algiers Court of Appeal on June 28, 2022. Specifically, today, Saipem SpA , Saipem Contracting Algérie and Snamprogetti SpA Algeria branch were notified of the aforementioned ruling by their local legal counsels.
It is recalled that the decision by the Algiers Court of Appeal, on June 28, 2022, had upheld the first instance sentence by the Court of Algiers dated February 14, 2022, which had convicted the abovementioned defendants for charges and amounts as they are indicated in the recalled press releases.
Saipem notes that the Italian judiciary authority - further to criminal proceedings in which the process of award in 2008 of the project GNL3 Arzew had been analyzed – fully acquitted the Company on December 14, 2020.
Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch, which have always contested the charges, reserve the right to challenge the decision issued by the Algerian Supreme Court before the relevant judicial authority.
Following the original award by the Court of Algiers dated February 14, 2022, the aforementioned amounts had been set aside in the financial statements as of December 31, 2021.
Additional information on the GNL3 Arzew proceeding in Algeria is provided under the section 'Legal proceedings' in Saipem's Interim Consolidated Financial Report as of June 30, 2022 (pages 144-145)".
According to the Algerian laws, the pecuniary fine and the compensation amounts are not currently due.
The Algerian proceedings - Sonatrach 3: on November 17, 2022, the legal representative of Saipem SpA Algeria branch was summoned by the Judge of the Economic and Financial Criminal Division of the Court of Algiers, Section 1 and was verbally informed about the existence of an investigation concerning some 2008 competitive feed contracts and also that the investigation would have concerned on others natural and legal persons.
The Judge indicated the following alleged charges against Saipem SpA Algeria branch: "*inflating the price on contracts awarded by a public company engaged in industrial and commercial activities, taking advantage of the authority or influence of representatives, to obtain advantageous prices compared to those normally charged, or to modify, to their advantage, the quality of the materials or services or the delivery or supply times. Trafficking in influence. Violation of laws and regulations concerning exchange and transfer of capital to and from abroad.*".
On November 22, 2022, a second hearing was held with the legal representative of Saipem SpA Algeria branch, who provided all the elements, including documents, aimed at clarifying the regularity of Saipem SpA Algeria Branch in relation to the competitive feed procedures.

The first hearing originally scheduled for December 8, 2022 was postponed to December 29, 2022 and then subsequently postponed to January 5, 2023.
On January 5, 2023, the proceedings began and on the January 10, 2023 it was closed.
With press release dated January 19, 2023 Saipem SpA has disclosed what follows:
"The Company will challenge the decision before the Court of Appeal of Algiers.
Following the press release dated December 12, 2022, the Company informs that today the Court of Algiers issued a first-degree ruling in relation to the criminal proceedings, which started in Algeria in December 2022 against Saipem SpA, in relation to the company's participation in a 2008 bid for studies of the Rhourde Nouss QH competitive feed.
Based on the decision communicated to Saipem SpA by its local attorneys, the Court of Algiers, upholding the Company's defenses, acquitted the latter of the crime of 'violation of laws and regulations concerning exchange and transfer of capital to and from abroad' and the crime of 'trafficking in influence'.
The Court of Algiers found Saipem SpA liable for the crime of 'inflating the price on contracts awarded by a public company engaged in industrial and commercial activities, taking advantage of the authority or influence of representatives, to obtain advantageous prices compared to those normally charged, or to modify, to their advantage, the quality of the materials or services or the delivery or supply times' imposing only a fine of about €34,000 equivalent at today exchange rate.
With reference to the claims brought by Sonatrach and Trésor Public as civil plaintiffs, the Court of Algiers, noted the absence of compensatory claims by Sonatrach against Saipem and upheld in minimal part the claims brought by Trésor Public, recognizing in favor of the latter a compensation for an overall amount of about €680.000 equivalent at today's exchange, which the quota directly pertaining to Saipem SpA is equal to approximately €170,000 equivalent at today's exchange rate.
The Company, in welcoming the absolutory content of the decision, will appeal the condemnatory content of the ruling by the Court of Algiers, resulting in the suspension of its criminal and civil effects".
On January 26, 2023, Saipem SpA appealed against the first instance decision dated January 19, 2023.
The Algiers Court of Appeal has set the first hearing for April 2, 2023.
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.

PUBLIC PROSECUTOR'S OFFICE OF MILAN – DISMISSAL OF THE BRAZIL PROCEEDINGS

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 occurred on 2004-2014; the investigation concerned three contracts: "Mexilhao 1", "Uruguà - Mexilhao Pipeline Project" and "Operation of the Foating, Production, Storage and Offloading FPSO - Cidade de Vitória" awarded by the Brazilian company Petrobras to Saipem SA (France) and Saipem do Brasil (Brazil).
On January 30, 2023, the Milan Public Prosecutor served the Company's lawyers with the decree of dismissal of the Saipem SpA.'s proceeding pursuant to Article 58 of Legislative Decree No. 231/2001 dated January 24, 2022.
On January 31, 2023, the lawyers therefore acquired a copy of the dismissal order, sending it to the company on the same date.
The aforementioned decree states that it was issued following the transfer of the criminal proceedings pursuant to Article 746 quater, paragraph 6 of the Code of Criminal Procedure.
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 €17,734 amount updated at the exchange rate as of December 31, 2022) 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 €17,734 – amount updated at the exchange rate as of December 31, 2022) 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 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 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).

On December 29, 2022, it was published in the "Diario Oficial da Uniao" the decision of the Minister at the "Controladoria-Geral da União" which applies against Saipem SA and to Saipem do Brasil the sanction of the interdiction from participating in tenders or concluding agreements with the Brazilian Public Administration with suspended effect.

On January 6, 2023, the aforementioned Saipem companies presented a request to review the decision of December 29, 2022 within the "Controladoria-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.

The Brazilian Federal Court of Curitiba on July 6, 2020 accepted the complaint filed by the Brazilian Federal Prosecutor's Office against the former Chairman of Saipem do Brasil (who left the company on December 30, 2009) and a former Petrobras official against whom a criminal trial was opened 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 SpA 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 SpA and the Unaoil group. Saipem SpA. 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 SpA 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. It was later learned during 2021 that the proceedings in Italy were settled against, among others, Saipem SpA with a dismissal decree following the transfer ex Article 746-*quater* Code of Criminal Procedure of the above-mentioned proceedings to the United States of America, due to the pending investigations mentioned above.

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 willful 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. 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 announced that it has appealed the ruling. Saipem was not a party to these proceedings, which ended in 2021 with the rejection of the appeal filed 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, there is no consensus on how to calculate interest, and the issue is still under discussion between the parties. Tecnimont subsequently paid its capital share and expenses. On December 30, 2021, Saipem paid its VAT share (€3,196,670). Tecnimont and Saipem agreed to pay FOS only the amount of undisputed interests, notifying such decision to FOS through their lawyers. On February 1, 2022, Saipem has therefore made a payment of €3,073,902.

Fosmax notified of a seizure order for four Saipem SA current accounts up to the amount of €5,712,140 plus expenses, for alleged additional interest on arrears over and above the interest already paid. On May 23, 2022, Saipem opposed the execution of the seizure. The amount seized is equal to €92,154. Saipem SA, disputing the legitimacy of the action by Fosmax, notified Fosmax that it opposed the execution and requested the annulment of the seizure, deemed illegitimate, and that Fosmax be sentenced to a fine of €3,000 for reckless litigation plus the payment of €20,000 for damages. After the first hearing held on September 14, 2022, the Judge adjourned the case to the hearing of November 23, 2022, for Saipem SA to present its defenses. After the subsequent hearing of February 8, 2023 the Judge retained the case for decision.

Current legal proceedings. The first proceeding with foreign institutional investors - first instance 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 SpA shares which the claimants alleged that they had made on the secondary market. In particular, the claimants sought judgement against Saipem SpA 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 to 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 file the briefs referred to in Article 183, paragraph 6, 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 Civil Procedure Code on November 7, 2017.

At the hearing of 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, Civil Procedure Code. 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 SpA filed the final brief and on October 22, 2018 Saipem SpA 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 SpA shares by said actors in the period indicated above and has condemned them to pay €100,000 in favour of Saipem SpA, by way of reimbursement of legal expenses.

Appeal proceedings: on December 31, 2018, the institutional investors challenged the aforementioned sentence before the Court of Appeal of Milan, requesting that Saipem SpA 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 14, 2022, the court technical expert ("CTU") filed his technical report, in which he deemed, favourably to Saipem SpA, that: (i) the 2013 forecast data, later reflected in the press release on the profit warning of January 29, 2013, could not be considered known, sufficiently reliable and definitive before the date of the aforementioned press release; and that (ii) Saipem SpA could not notify the market reliably about the revision of the guidance in the press release on the profit warning of June 14, 2013 before the date. The court technical expert ("CTU") did not consider to proceed with the quantification of any (alleged) damage complained of by investors. At the final conclusion hearing of May 4, 2022, the Milan Court of Appeal held the case in decision.

Following the exchange of the closing briefs, respectively filed by the parties on July 4 and 25, 2022, in which counterparties requested the renewal of the court technical expert activity, on September 16, 2022 the Court of Appeal ordered an integration of the court technical expert activity in order to quantify the alleged damages. The relevant court expert activities ended on February 21, 2023 with the filing of the court technical expert report ("CTU") in its final version. At March 1, 2023 hearimg the Judge scheduled the hearing on March 15, 2023 to be celebrated in the presence of all the parties and the expert in order to complete the court technical expert report.

The second "27 corporate investors" proceeding - first instance proceedings: 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 liability was calculated pursuant to Article 1218 of the Civil Procedure Code (contractual liability) or pursuant to Article 2043 of Civil Code (non-contractual liability) or pursuant to Article 2049 of the Civil Procedure Code (owner and client liabilities) 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, Civil Procedure Code. In the pleading pursuant to Article 183, paragraph 6, No. 1, Civil Procedure Code, the plaintiffs provided for the quantification of damages allegedly suffered in the amount of approximately €139 million. In its evidence pleading, Saipem SpA and the other defendants remarked, in particular, on the lack of evidence regarding the acquisition of Saipem SpA 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 of Civil Procedure Code. With the pleading under Article 183, paragraph 6, No. 3, Civil Procedure Code, one of the plaintiffs declared to waive the action pursuant to Article 306, Civil Procedure Code.

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 SpA and the other defendants in the case under consideration, in particular with reference to the failed proof of purchase of Saipem SpA 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, in which the constitution of approximately 700 civil parties was declared inadmissible in that case, with reasons similar to those of judgment No. 11357 issued by the Court of Milan on November 9, 2018 at the outcome of case 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 SpA'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 SpA, rejecting the plaintiffs' claims for approximately €101 million out of €139.6 million.

The investors whose claims were rejected may appeal to the Milan Court of Appeal. In the meantime, the investors have paid Saipem SpA approximately €150,000 in legal fees.

The Court of Milan, with the above ruling and with an order dated November 20, 2021, referred the case to the preliminary investigation for further claims for damages amounting to approximately €38 million.

With an order dated March 10, 2022, the Court of Milan – at the request of all the parties in the proceedings – made some changes to the first instance sentence, adding some plaintiffs and funds/assets separated to the group of those whose claims were fully rejected, and adding other plaintiffs and funds/assets to the group of investors for which the prosecution in first instance was ordered.

By virtue of the ruling, corrected by the aforementioned ordinance, the lawsuit is continuing in the first instance for investors who have submitted legal claims for an amount of approximately €38 million.

At the hearing on February 9, 2022, the Court assigned the parties the terms until March 7 and April 7, 2022 for the filing of explanatory notes about the consequences of the criminal sentence of December 21, 2021 issued in the criminal proceedings R.G.N.R. 5951/2019.

At the hearing on May 9, 2022, all the defendants asked primarily to provide the terms in order to rebate to the investor' notes of April 7, 2022 and to illustrate the relevance of the court expert report ("CTU") (issued in the appeal proceedings against the sentence issued in the first instance in the criminal proceedings R.G.N.R. 28789/2015), requesting that the case be held in decision ("trattenuta in decisione"), in the alternative, should the Court still intend to continue with the evidence phase, it could be focused on the results of the aforementioned criminal sentence and the court expert report ("CTU").

Counterparties, on the other hand, asked to proceed with the evidence phase and to evaluate the court expert report ("CTU") and the aforementioned criminal decision – both in their opinion irrelevant – in the context of the expert investigations that will be asked of the CTU.
The Court authorised the production of the expert report ("CTU") (made in the appeal proceedings against the first instance sentence issued in the case R.G. 28789/2015) and set the term until July 29, 2022, for the parties to produce defensive notes, reserving any decision.
By order dated October 4, 2022, communicated on 6 October 2022, reserving any assessment on the relevance of the criminal acquittal decision dated December 21, 2021 issued in the R.G.N.R. 5951/2019 proceedings and the court technical expert report ("CTU") rendered in the R.G. 28789/2015 proceedings, the Court decided to initiate the expert technical activity previously ordered, with a question crystallized in the cross-examination of the parties at the hearing celebrated on December 14, 2022, appointing the same technical expert of the R.G. 28789/2015 proceedings.
Appeal proceedings: on January 22, 2022, Saipem SpA appealed the ruling of November 20, 2021, insofar as it remanded the claims of these plaintiffs for investigation. The parties appeared in the proceedings within the terms, also formulating a cross-appeal against the same sentence. The first hearing was set on September 28, 2022. On January 24, 2022, the investors whose claims were rejected, because they had failed to prove they owned Saipem SpA shares in the relevant period, had also appealed the ruling of November 20, 2021.
Saipem SpA appeared in this judgment with a brief filed on May 25, 2022 also containing an incidental appeal. The other defendants appeared by filing a briefs with incidental appeal on May 19 and May 20, 2022.
On June 14, 2022, the other investors – for whom the lawsuit is continuing in the first instance – appeared before the court, declaring that they were making an incidental appeal on the incidental appeals proposed by Saipem SpA and the other defendants. The investors filed hearing notes on the same date. At the hearing on June 15, 2022, Saipem SpA's defence objected the inadmissibility, as well as groundlessness, of the appearance brief filed on June 14, 2022 by the investors and the defences formulated in the hearing notes. The June 15, 2022, hearing was postponed to September 28, 2022 in order to unite the pending appeals against the sentence.
In light of the changes made by the correction order ("ordinanza di correzione") of the Court of Milan on March 10, 2022 to the sentence of the court of Milan of November 20, 2021, Saipem SpA, on March 18, 2022, challenged the sentence also in the parts corrected by the correction order, with reference to the plaintiffs and funds initially omitted from the proceeding and subsequently "added" to the group of those for which the continuation of the trial in the first instance was ordered. The other parties appeared in the proceedings with their constitution briefs on July 25, 2022. Considering that three appeals were pending against the same ruling and given that all the parties have requested to unite the three appeals, the Judge on September 28, 2022 hearing ordered to unite the three pending appeals and scheduled the hearing for the final conclusion on July 5, 2023.
The new proceedings with 27 investors: on December 1, 2022, 27 institutional investors served Saipem SpA and two previous managing directors of the Company with a writ of summons before the Civil Court of Milan – section specialised in business matters – requesting jointly (with respect to the two former company representatives, limited to their respective terms of office) the compensation for pecuniary and non-pecuniary damages allegedly suffered in the period between January 2007 and June 2013.
The liability of Saipem SpA is claimed pursuant to Article 1218, Civil Code (contractual liability), or pursuant to Article 2043, civil code (non-contractual liability), or pursuant to Article 2049, par. c. (liability of owners and clients) for the offences allegedly committed by the two former company representatives sued, as well as liability for a crime pursuant to Article 185, Italian Criminal Code.
The amount of damage is not quantified by the plaintiffs, who reserved the right to proceed with the related determination during the proceedings.
The first hearing is scheduled on October 17, 2023 with the constitution of the defendants within September 27, 2023.
Saipem SpA will appear before the Court contesting each charge within the terms established by law.
Demands for out-of-court settlement and mediation proceedings: in relation to alleged delays in providing information to the market, Saipem SpA received a number of out-of-court claims and requests for mediation during the period 2015-2022 and in the first months of 2023.
With regard to out-of-court requests, the following were made: (i) in April 2015 by 48 institutional investors on their own behalf and/or on behalf of the funds respectively managed for a total amount of approximately €291.9 million, without specifying the value of the claims of each investor/fund (subsequently, 21 of these institutional investors together with 8 others proposed a request for mediation, for a total amount of approximately €159 million; 5 of these institutional investors together with 5 others proposed a request for mediation, for a total amount of approximately €21.9 million); (ii) in September 2015 by 9 institutional investors on their own behalf and/or on behalf of the funds respectively managed, for a total amount of approximately €21.5 million, without specifying the value of the claims of each investor/fund (subsequently 5 of these institutional investors together with 5 others proposed a request for mediation, for a total amount of approximately €21.9 million); (iii) during 2015 by two private investors respectively for approximately €37,000 and for approximately €87,500; (iv) during July 2017 by 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 thousand; (viii) on October 25, 2018 for approximately €8,800 from a private investor; (ix) on November 2, 2018 for approximately €48,000 from a private investor; (x) on May 22, 2019 for approximately €53,000 from a private investor; (xi) on June 3, 2019 for an unspecified amount from a private investor; (xii) on June 5, 2019 for an unspecified amount from two private investors; (xiii) in February 2020 by a private investor who claims to have suffered damages worth €1,538,580; (xiv) in March 2020 by two private investors who did not indicate the value of their claims; (xv) in April 2020 by two private investors who did not indicate the value of their claims 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 his claim; (xvii) in June 2020 by one private investor who did not indicate the value of its

claim for damages; (xviii) in June 2020 by twenty-three private investors who did not indicate the value of their claim for damages; (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 damages; (xxi) in August 2020: (a) by four private investors who did not indicate the value of their claim; (b) by three institutional investors in their own right and/or on behalf of the funds respectively managed for an amount of approximately €7.5 million; (xxii) in September 2020 by ten private investors who did not indicate the value of their claim; (xxiii) in October 2020 by: (a) twelve private investors who did not indicate the value of their claim, (b) by one private investor claiming to have suffered damages in the amount of €113,810, (c) by six hundred and forty-four associated private investors who did not indicate the value of their claim and (d) by three institutional investors in their own right and/or on behalf of the funds respectively managed for a total amount of €115,000; (xxiv) in November 2020: (a) by eleven private investors who did not indicate the value of their claim, (b) by two institutional investors in their own right and/or on behalf of the funds respectively managed for an amount of approximately €166,000; (xxv) in December 2020 by ten private investors who did not indicate the value of their claim and by one private investor who claims to have suffered damages in the amount of €234,724; (xxvi) in January 2021 by four private investors who did not indicate the value of their claim; (xxvii) in March 2021 by three private investors who did not indicate the value of their claim and by five associated private investors who did not indicate the value of their claim; (xxviii) (a) in April 2021 by one private investor who did not indicate the value of his claim; (b) by fourteen institutional investors in their own right and/or on behalf of the funds respectively managed for a total amount of approximately €3 million; (xxix) in May 2021 (a) by two private investors who did not indicate the value of their claim, (b) by one private investor who indicated the value of his claim in a total amount of approximately €100,000 and (c) by a private investor who indicated the value of his claim in a total amount of approximately €84,000; (xxx) in July 2021 by a private investor who indicated the value of his claim in a total amount of approximately €92,000; (xxxi) in December 2021 by two private investors who indicated the value of their claim in a total amount of approximately €143,000; (xxxii) (a) in January 2022 by 161 private investors who indicated the value of their claim in a total amount of approximately €23 million; (xxxiii) in May 2022 by 6 private investors who indicated the value of their claim in a total amount of €3.9 million and by 103 private investors claiming approximately €7.9 million; (xxxiv) in June 2022 by 14 private investors claiming a total of approximately €1.9 million; (xxxv) in July 2022 by two private investors claiming a total of approximately €387,000; (xxxvi) in September 2022 by 7 private claiming approximately €385 million; (xxxvii) in December 2022 by 1 private investors claiming approximately €106 million. A total of 1,320 claims for a total value of approximately €306,669,929. Those applications where mediation has been attempted, but with no positive outcome, involve nine 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 about €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 submitted 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) from 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, a private investor initiated an attempt at mediation aimed at the request of compensation for an undetermined value.; (h) in October 2022 by a private investor initiated an attempt at mediation aimed at the request of compensation for an undetermined value; (i) in November 2022 by a private investor initiated an attempt at mediation aimed at the request of compensation for approximately €20.000. Saipem SpA verified the aforementioned requests for out-of-court claims and mediation and found them to be groundless and denying all liability. As of today, the aforementioned requests carried out out-of-court and/or through mediation have not been the subject of legal action, except as specified above in relation to the two lawsuits pending before the Court of Milan and the Court of Appeal of Milan, respectively, another lawsuit, with a claim value of approximately €3 million, in which Saipem SpA had been summoned during 2018 by the defendant in the action and for which (after the claim against Saipem SpA was rejected by the Court of First Instance in the first instance and the Court of Appeal in the second instance, accepting Saipem SpA 's defence, rejected the counterparty's appeal, ordering the latter to pay Saipem SpA the costs of the litigation) is pending before the Supreme Court, another case with a claim value of approximately €40 thousand – which ended with a ruling in favour of Saipem SpA, and another case served on Saipem SpA with a claim value of approximately €200 thousand which also ended in favour of Saipem and another case with a claim value of approximately €20,000.

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 (together "Saipem Companies" or, for the purpose of this section, "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 Companies 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). During 2020 and 2021, the first tranches of hearings were held, while the last was held from March 28 to April 1, 2022. Oral closing submissions were held from July 5 to July 7, 2022. The partial award was issued on December 29, 2022. The Tribunal condemned Saipem to pay CPB AUD 10,108,655.97 and CPB to pay Saipem AUD 450,513.50, €494,301.41, USD 161,656.94 and MYR 491,473.
The award is partial as the apportionment of costs and interests is still pending. The parties have completed the relevant filings during the month of February 2023 and the final award is expected within the first semester 2023.

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 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 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 filing of technical reports by the parties' experts, Kharafi's claim has been maintained at KWD 34,554,608 (approximately €104,938,937), while Saipem's counterclaim is now quantified at KWD 20,604,294 (approximately €62,587,844). Hearings were held from March 14 to March 16, 2022. On October 5, 2023 the Tribunal issued its award which is favourable to Saipem.
Kharafi has been condemned to pay Saipem the following amounts (net of the claims recognised to Kharafi for the Liquidated Damages already withheld by Saipem equal of KWD 8,400,00 (approximately €22,893,337)):
1) KWD 9,738,140.13 (approximately €31,917,162.87);
2) GBP 3,982,286 (approximately €4.532,555.79);
3) USD 492,426 (approximately €500,597.81).
Together with its external lawyers, Saipem is evaluating enforcement options, including for the Jurassic award, towards Kharafi. On December 12, 2022, Saipem submitted to the Tribunal a request for correction of the award which presented some of calculation errors and minor mistakes to the disadvantage of Saipem.

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 Company 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. After several postponements, the first hearing was held on March 30, 2022. At the hearing the judge postponed the proceeding to further dates without entering into the merit of the case. Next hearing is scheduled for April 20, 2023.

CONSOB RESOLUTION OF MARCH 2, 2018

With reference to Consob Resolution No. 20324 of March 2, 2018 (the "Resolution"), Saipem SpA Board of Directors, in disagreement with the Resolution of Consob, 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 SpA 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 SpA'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: the Regional Administrative Court of Lazio rejects the appeal against Consob Resolution No. 20324 of March 2, 2018.
San Donato Milanese (Milan), July 6, 2021: Saipem informs that with the judgment filed today the Tribunale Amministrativo Regionale ('TAR') of Lazio rejected the appeal submitted by the Company on April 27, 2018 against Consob Resolution No. 20324 of March 2, 2018 (disclosed to the market in the press release of March 5, 2018, the 'Resolution').
*With the Resolution (the contents of which are described in paragraph 'Information regarding censure by Consob under Article 154-*ter*, paragraph 7, Legislative Decree No. 58/1998 and the notice from the Consob Offices dated April 6, 2018', of Saipem Annual Report as of December 31, 2020) 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, under Article 154-*ter*, paragraph 7, 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 on April 16, 2018 issued a press release providing a pro forma consolidated income statements and balance sheet as of December 31, 2016, with the only aim to comply with the Resolution.
The TAR of Lazio has rejected the appeal presented by Saipem 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 own appeal before the Council of State against decision of the TAR-Lazio.
The proceeding is still pending.

CONSOB RESOLUTION OF FEBRUARY 21, 2019

With reference to Consob Resolution No. 20828 of February 21, 2019 communicated to Saipem SpA on March 12, 2019 (the "Resolution") the contents of which are described in paragraph "Information regarding censure by Consob pursuant to Article 154-*ter*, paragraph 7, Legislative Decree No. 58/1998 and the notice from the Consob Offices dated April 6, 2018". The Board of Directors of Saipem SpA resolved on April 2, 2019 to appeal before the Court of Appeal of Milan the Resolution No. 20828. On April 12, 2019, Saipem SpA appealed against the Resolution before the Court of Appeal of Milan, under Article 195 TUF, requesting the Resolution 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 SpA 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 Court set the hearing for 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 to April 30, 2021;

- reducing from €150,000 to €115,000 the administrative financial fine imposed by Consob in 2019 against the ex CFO and Officer responsible for the Company's financial reporting in office at the time of the capital increase of 2016 and until June 7, 2016; and
- consequentially reducing from a total of €350,000 to a total of €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.

On January 20, 2022, Saipem SpA has filed an appeal to the Supreme Court against the sentence of the Court of Appeal of Milan.
On March 1, 2022, Consob has notified Saipem SpA of its cross-appeal with counterclaim.
Saipem SpA's cross-appeal against Consob's counterclaim was notified on April 8, 2022.
The proceeding is still pending.

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 and notice of indictment"*, 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 pro tempore (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018 and in office until April 30, 2021), 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 Code of Civil Procedure, allegedly committed from March 16, 2016 to July 27, 2016 in relation to the financial statements as of December 31, 2015 and the interim financial statements as of June 30, 2016, as well as the administrative offence pursuant to Articles 5, 6, 7, 8 and 25-*sexies* of Legislative Decree No. 231/2001 *"for having failed to provide an organisational model suitable to prevent the crimes of false statements in the prospectus"*, pursuant to Article 173-*bis* of the Financial Law, and "market manipulation", pursuant to Article 185 TUF, allegedly committed from October 27, 2015 until July 27, 2016.
From the notice of conclusion of the preliminary investigations in relation to the two individuals still under investigation (the Company CEO appointed by the Shareholders' Meetings of April 30, 2015 and May 3, 2018 and a former manager who held the role of Executive Officer responsible for financial reporting in office until June 7, 2016) shows the following alleged offences: (i) false accounting pursuant to Article 2622 of the Italian Code of Civil Procedure, in relation to the financial statements as of December 31, 2015 (with reference to both individuals under investigation) and the interim financial statements of June 30, 2016 (only for the CEO of the Company appointed by the Shareholders Meeting of April 30, 2015 and May 3, 2018); (ii) false statements in the Prospectus pursuant to Article 173-*bis* of the Financial Law with reference to both individuals under investigation, in relation to the documentation for the offer of capital increase in January 2016 from January 22, 2016 to February 5, 2016; (iii) market manipulation pursuant to Article 185 TUF, 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 Court 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* - lett. 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 its request for indictment alleges the following offences: (i) false accounting pursuant to Article 2622 of the Italian Code of Civil Procedure, in relation to the financial statements of December 31, 2015, charged to both individuals, and to the interim financial statements of June 30, 2016 (only for the CEO of the Company appointed by the Shareholders' Meeting of April 30, 2015 and May 3, 2018); (ii) market manipulation pursuant to Article 185 TUF 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* TUF brought against both individuals under investigation, with reference to the documentation for the offer of capital increase of January 2016, from January 22, 2016 to February 5, 2016.

At the May 10, 2021, hearing before the Milan Judge of the Preliminary Hearing, more than 500 plaintiff applications 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. Given the assignment of the aforementioned judge to another post, the file was assigned to a new judge who, at the hearing of January 20, 2022, adjourned the case to the next hearing on February 28, 2022.

At the hearing of February 28, 2022, the Judge for Preliminary Hearings granted 503 plaintiff applications (all of them natural persons) in the case.

At the hearing on March 15, 2022, the defence was discussed. On April 12, 2022, the Judge for the preliminary hearing at the Court of Milan acquitted "because the fact does not exist" the Company, the former Chief Executive Officer of the Company (in office from April 30, 2015 to April 30, 2021) and the former CFO and Manager in charge of preparing accounting and corporate documents (in office from December 6, 2013 to June 7, 2016) in relation to the charges of: (i) false corporate communications, allegedly committed from March 16, 2016 to July 27, 2016; (ii) false prospectus and market manipulation, allegedly committed from October 27, 2015 to July 27, 2016. The reasons of the decision were filed on July 11, 2022. The 15 days term – starting from the filing of the reasons of the sentence – for the appeal of the Public Prosecutor's Office and of the plaintiff also expired, while remaining the theoretical possibility of an appeal by the General Public Prosecutor at the Court of Appeal of Milan within September 2, 2022, pursuant to Article 593-*bis,* Code Civil Procedure.

On September 3, 2022, the acquittal decision of the Judge of the Preliminary Hearing at the Court of Milan on April 12, 2022 became definitive for all the parties. The proceeding is closed.

Tax proceedings

The Group is a party in some tax proceedings. Provisions for fiscal risks are made on the basis of information currently available, including information acquired by external consultants providing the Group with tax consultant support.

A summary of the most important disputes is provided below.

Snamprogetti Saudi Arabia Ltd

On October 21, 2020, the Saudi tax authority, following a tax audit on the tax periods from 2015 to 2018, notified Snamprogetti Saudi Arabia Ltd of an assessment of higher taxes on income and omitted withholding taxes for a total amount of €170 million.

The main disputed findings that generated the claim for higher income taxes concern:

- restatement of higher taxable amounts corresponding to the difference between the values of the imported goods as resulting from the declarations submitted to the Saudi customs and the value of the goods purchased from foreign suppliers booked in the accounts. The explanation for this difference lies instead in the purely administrative activity of importing project materials carried out, based on precise contractual provisions, by the Saudi subsidiary on behalf of its local customers, actual buyers of those same materials;
- assessment of higher taxable amounts corresponding to 25% of the revenues of a contractual joint venture (therefore an unincorporated entity, that is a temporary association of companies that does not give rise to a new autonomous legal entity separate from the shareholders) constituted by Snamprogetti Saudi Arabia Ltd together with a local partner for the execution of a contract on behalf of Saudi Aramco. The defence of the company is essentially based on the fact that, since the joint venture is totally transparent, its revenues are periodically attributed, entirely, pro-rata to the two partners, on the basis of the provisions of the collaboration agreement, and are therefore regularly subjected to taxation by the latter;
- denial of the deductibility of accruals of costs pertaining to previous years and carried forward in the years that have been subject to verification. The Saudi administration raised the assessment by completely ignoring the reversals of the same accruals recorded by the company in the tax periods verified, in accordance with national and international accounting standards. These reversals had in fact totally sterilized the economic, and therefore also fiscal, effects of those provisions on the income declared by the company for the periods being assessed.

As regards the finding in respect of the omitted withholding taxes, the local tax authority contested the existence of a permanent establishment of some foreign Group companies providing services in favour of Snamprogetti Saudi Arabia Ltd and consequently claimed the failure to apply withholding taxes to the related payments in accordance with the domestic law. In formulating this dispute, the Saudi tax authority did not consider the provisions of the Double Tax Treaty signed by Saudi Arabia with the countries of residence of the supplier companies, which prevail over the internal law. In particular, Article 5, paragraph 21 of the OECD model convention establishes that the provision of services by a company resident in a contracting state may give rise to the existence of a permanent establishment in the other contracting state only in case the activities are actually carried out in that same state. In the present case, all the activities were carried out by the non-Saudi companies of the Group entirely at their own head offices. On April 26, 2022, Saipem SpA submitted an application to the Revenue Agency for the initiation of an amicable procedure based on Article 25 of the Double Tax Treaty stipulated between the Republic of Italy and the Kingdom of Saudi Arabia as the notices of assessment would not comply with the provisions of Articles 5 and 7 of the Treaty itself.

On December 19, 2020, the Company filed an application for cancellation of the assessment to the Saudi tax authority which was rejected on March 16, 2021. Consequently, on April 13, 2021, an appeal was filed against the assessment document with the Tax Commission of first instance ("Tax Violations and Disputes Resolution Committee"), which only partially accepted the complaints of the respondent party on October 31, 2021. On December 20, 2021, the Company therefore appealed the unfavourable sentence with the Tax Commission of second degree ("Tax Violations and Disputes Appellate Committee") where the judgment is still pending.

Petrex SA Colombian subsidiary
On October 7, 2019, the Colombian tax authority, following an audit on the 2014 tax year, notified the local branch of Petrex SA of a notice of assessment which contested, pursuant to a local anti-avoidance rule, the USD 120 million loan agreement signed in that same year with Eni Finance International SA, a financial company of the Eni Group, as a sham operation. In accordance with the above-mentioned rule, the entire amount of the loan was considered taxable income by the tax authority, with a consequent assessment of higher taxes and the imposition of penalties for a total amount equivalent to €78 million. The tax authority claims that the relevant Group company has not provided sufficient evidences to demonstrate the use of the financing to support its economic activities. Moreover, the same notice of assessment does not recognise the interest accrued on the same loan and the losses on foreign exchange arising from the accounting of the financial debt in US dollars as deductible, which leads to higher taxes and penalties for additional €2 million.
On December 3, 2019, the company filed an application for the annulment of the assessment with the Colombian tax authority, supported by accurate and indisputable evidences that demonstrate the pertinence of the loan agreement with respect to its business activity. In summary, the borrowed funds were used to purchase some drilling rigs that were needed to execute commercial contracts signed with local customers. On October 14, 2020, the local tax authority rejected the application.
On February 15, 2021, the company appealed the notice of assessment with the Administrative Court, which is the court of first instance for the tax disputes, where the judgment is still pending.

Saipem SpA - Saipem SA - Snamprogetti Engineering BV - Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda - Saipon Snc
Following a tax audit carried out through questionnaires in 2016, on November 10, 2016, the Nigerian tax administration ("FIRS") notified Saipem SpA, Saipem SA, Snamprogetti Engineering BV, Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda and Saipon Snc with a notice of assessment in which the local administration claims the existence of their permanent establishments in Nigeria during the period 2009-2013 in relation to the carrying out of engineering and procurement activities for the execution of turnkey contracts for various Nigerian customers and consequently assesses the failure to pay income tax. In the notices, the tax authority, in fact, ascribes to the alleged permanent establishments all the income obtained from the performance of the aforementioned activities, non-recognising that, as regards the taxability of the income, the same activities were exclusively carried out by the head offices of the recipient companies of the assessment. The tax claim, including the imposed fines, amounts to approximately €250 million.
The companies involved challenged the notices of assessment before the Federal High Court on April 11, 2017, requesting to combine all the cases into one procedure, which was granted by the Court. On July 17, 2020, the Court decided in favour of the applicant companies and accepted all the reasons for the grievances. The Nigerian administration lodged an appeal at the Court of Appeal on October 15, 2020. The first hearing has not yet been scheduled by the Court.

34 Revenue

The following is a summary of the main components of revenue. For more information about changes in revenues 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)	2021	2022
Revenues from sales and E&C services	6,134	9,415
Revenues from sales and Drilling services	394	565
Total	**6,528**	**9,980**

Net sales by geographical segment were as follows:

(€ million)	2021	2022
Italy	285	400
Rest of Europe	735	1,040
CIS	459	409
Middle East	1,894	3,821
Far East	760	676
North Africa	90	210
Sub-Saharan Africa	1,731	2,251
Americas	574	1,173
Total	**6,528**	**9,980**

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 in the Engineering & Construction sector, including amounts pertaining to previous years, based on projects progress as of December 31, 2022, totalled €236 million (€176 million as of December 31, 2021). There are no additional amounts relating to ongoing legal proceedings.
The contractual obligations to be fulfilled by the Saipem Group (backlog), which as of December 31, 2022 amounted to €24,017 million, are expected to generate revenue of €10,009 million in 2023 while the remainder will be generated in subsequent years.
The share of revenues for leasing in the item "Core business revenues" does not have a significant impact on the overall amount of core business revenues, as it amounts to less than 2% of the total and it refers to the Offshore Drilling and Leased FPSO sectors.
Revenue from related parties are detailed in Note 43 "Related party transactions".

Other revenue and income

Other revenue and income were as follows:

(€ million)	2021	2022
Gains on disposal of assets	4	4
Indemnities	1	-
Other income	-	7
Total	**5**	**11**

35 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)	2021	2022
Raw, ancillary and consumable materials and goods	1,825	2,704
Services	3,282	4,542
Use of third party assets	434	901
Net accruals to (utilisation of) the provisions for risks and charges	1,024	(266)
Other expenses	122	31
less:		
- internal work capitalised	(27)	(11)
- changes in inventories of raw, ancillary and consumable materials and goods	4	(70)
Total	**6,664**	**7,831**

During 2022, no brokerage fees were incurred.
Research and development costs that do not meet the requirements for capitalisation amounted to €31 million (€35 million in 2021).
Use of third party assets equal to €901 million, refer to €891 million for lease contracts, of which €705 million relate mainly to "Short-term leases" with a term of less than or equal to 12 months, €134 million relate to "Variable payments", €51 million relate to "Intangible leasing software" and €1 million relate to "Low value Leases". The increase in the value of costs for the use of third party assets incurred in 2022 was related to higher operating activities which required the lease of third-party equipment and vessels to support contract execution.
The net balance between accruals and utilisations of provisions for risks and charges was positive for €266 million, mainly as an effect of the utilisation of provisions for contractual expenses and losses on long-term contracts for the progress of contracts within the scope of the 2021 backlog review.
For further details please see Note 26 "Provisions for risks and charges".
Purchases, services and other costs to related parties are detailed in Note 43 "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, 2021	Dec. 31, 2022
Trade receivables	(40)	35
Other receivables	-	(1)
Contract assets	(2)	(2)
Total	**(42)**	**32**

Personnel expenses

Personnel expenses were as follows:

(€ million)	2021	2022
Wages and salaries	1,264	1,350
Social security contributions	226	224
Contributions to benefit plans	18	31
Accrual to provision for TFR recognised as a counter-item to pension or Inps funds	23	22
Voluntary redundancy incentives	19	(18)
Other costs	10	54
less:		
- internal work capitalised	(7)	(7)
Total	**1,553**	**1,656**

Net accruals to provisions for employee benefits are shown under Note 27 "Employee benefits".
Income/expense for voluntary redundancy incentives refer to net balance between accruals and utilisations of the provisions for redundancy incentives as commented on in Note 26 "Provisions for risks and charges".

Stock-based incentive plans

In order to create a system of incentives and loyalty among Group's Senior Managers, Saipem SpA, defined, among other things, variable incentive plans starting from 2016, through the free allocation of Saipem SpA ordinary shares, with a three-year cycles (vesting period) of attributions.
As of December 31, 2022, existing share plans include: (i) long-term variable incentive plans 2016-2018 (2017 and 2018 attributions with reference to co-investment scheme) and 2019-2021 (2020 and 2021 attributions); and (ii) short-term variable incentive plan 2021-2023 (2021 attribution), respectively approved by the Annual General 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 organisational positions with significant impact on the achievement of business results, also in relation to performance expressed and professional skills.
For additional information about the characteristics of the 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 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 attributions in place, is approximately €10 million.
The assessment was made using the Stochastic and Black & Scholes models, according to the provisions set forth in the IFRS, especially IFRS 2.
In particular, the Stochastic model was used to assess the allocation of market-based subordinated equity instruments (TSR) and the Black & Scholes model was used to assess the economic and financial goals.
As of December 31, 2022, the weighted average fair value per unit was as follows:

	Weighted average fair value (Attribution ILT for 2017)	Weighted average fair value (Attribution ILT for 2018)	Weighted average fair value (Attribution ILT for 2019)	Weighted average fair value (Attribution ILT for 2020)	Weighted average fair value (Attribution ILT for 2021)	Weighted average fair value (Attribution IBT for 2021)
Strategic senior managers	160	122	269	79	109	n.a.
Non-strategic senior managers	127	97	215	65	109	n.a.
Chief Executive Officer	127	90	269	81	89	n.a.
Total	**145**	**110**	**245**	**72**	**99**	**102**

On the attribution date, the classification and number of beneficiaries, the respective number of shares attributed and the subsequent fair value calculation, are as follows:

ILT Attribution for 2017

	No. of managers	No. of shares (1)	Share portion (%)	Unit fair value TSR (weight 50%)	Unit fair value PFN (weight 50%)	Total fair value	Fair value 2021 (2)	Fair value 2022
Strategic senior managers (vesting period)	100	82,465	75	91	163	11,574,504	912,917	512,609
Strategic senior managers (co-investment period)			25	190	326			
Non-strategic senior managers	244	50,884	100	91	163	5,952,544	-	-
Chief Executive Officer-CEO (vesting period)	1	8,348	100	91	163	1,059,338	-	-
Total	**345**	**141,697**				**18,586,386**	**912,917**	**512,609**

(1) The number of shares shown in the table corresponds to the attributed number to the beneficiaries at the right attribution date, appropriately restated on the basis of the reverse stock splits of May 23 and June 13, 2022. The number of shares used for total fair value and fair value calculation as of December 31, 2022, on the other hand, corresponds to 127,855 shares, and reflects the forfeited rights due to unilateral/consensual employment relationship 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 Attribution for 2018

	No. of managers	No. of shares (1)	Share portion (%)	Unit fair value TSR (weight 50%)	Unit fair value PFN (weight 50%)	Total fair value	Fair value 2021 (2)	Fair value 2022
Strategic senior managers (vesting period)	98	74,757	75	130	196	8,210,400	1,577,456	650,136
Strategic senior managers (co-investment period)			25	259	391			
Non-strategic senior managers	263	49,577	100	130	196	4,479,459	837,887	-
Chief Executive Officer (March 2018)	1	4,322	100	98	156	324,448	18,947	-
Chief Executive Officer (July 2018)	1	8,686	100	130	196	847,078	158,441	-
Total	**363**	**137,342**				**13,861,385**	**2,592,731**	**650,136**

(1) The number of shares shown in the table corresponds to the attributed number to the beneficiaries at the right attribution date, appropriately restated on the basis of the reverse stock splits of May 23 and June 13, 2022. The number of shares used for total fair value and fair value calculation as of December 31, 2022, on the other hand, corresponds to 126,416 shares, and reflects the forfeited rights due to unilateral/consensual employment relationship 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 Attribution for 2019 (annulled by resolution of the Board of Directors on March 24, 2022)

In accordance with the principles of IFRS 2, the annulment of the 2019 attribution of the plan led to the early maturing of remaining fair value; for this reason, the item "Fair value recognised in 2022" includes the cost for years 2022, 2023 and 2024.

	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 2021 (2)	Fair value recognised in 2022 (3)
Strategic senior managers (vesting period)	93	48,456	75	196	260	192	192	5,120,225	1,558,159	1,979,818
Strategic senior managers (Retention Premium period)			25	394	514	192	192			
Non-strategic senior managers	274	34,460	100	196	260	192	192	3,574,248	1,189,292	964,527
Chief Executive Officer-CEO (vesting period)	1	5,122	75	196	260	192	192	688,438	192,407	266,197
Chief Executive Officer-CEO (co-investment period)			25	394	514	192	192			
Total	**368**	**88,038**						**9,382,911**	**2,539,858**	**3,210,542**

(1) The number of shares shown in the table corresponds to the attributed number to the beneficiaries at the right attribution date, appropriately restated for a better representation on the basis of the reverse stock splits of May 23 and June 13, 2022. The number of shares used for total fair value and fair value calculation in 2022, on the other hand, corresponds to 38,233 shares, and reflects the forfeited rights due to unilateral/consensual employment relationship 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.
(3) The fair value of 2022 reflects the annulment of the 2019 attribution, following the resolution by the Board of Directors of Saipem SpA of March 24, 2022. In accordance with the principles of IFRS 2, the annulment was recognised as an early maturing of the fair value.

ILT Attribution 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 2021 [2]	Fair value 2022
Strategic senior managers (vesting period)	88	92,535	75	43	73	65	65	2,425,087	665,089	676,039
Strategic senior managers (Retention Premium period)			25	85	145	64	64			
Non-strategic senior managers	293	79,104	100	43	73	65	65	2,265,607	676,812	754,406
Chief Executive Officer-CEO (vesting period)	1	10,620	75	43	73	65	65	428,011	96,306	119,863
Chief Executive Officer-CEO (co-investment period)			25	85	145	64	64			
Total	**382**	**182,259**						**5,118,705**	**1,438,207**	**1,550,308**

(1) The number of shares shown in the table corresponds to the attributed number to the beneficiaries at the right attribution date. The number of shares used for total fair value and fair value calculation as of December 31, 2022, on the other hand, corresponds to 70,814 shares, and reflects the forfeited rights due to unilateral/consensual employment relationship 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 Attribution 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 2021 [2]	Fair value 2022
Strategic senior managers (vesting period)	80	80,552	75	88	89	104	104	104	3,677,054	223,448	1,028,372
Strategic senior managers (Retention Premium period)			25	175	175	104	104	104			
Non-strategic senior managers	304	81,205	100	88	89	104	104	104	3,467,787	214,506	1,153,914
Chief Executive Officer-CEO (vesting period)	1	10,326	75	88	89	104	104	104	598,891	28,643	167,492
Chief Executive Officer-CEO (co-investment period)			25	175	175	104	104	104			
Total	**385**	**172,083**							**7,743,732**	**466,597**	**2,349,778**

(1) The number of shares shown in the table corresponds to the attributed number to the beneficiaries at the right attribution date. The number of shares used for total fair value and fair value calculation as of December 31, 2022, on the other hand, corresponds to 78,218 shares, and reflects the forfeited rights due to unilateral/consensual employment relationship 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 Attribution for 2021

	No. of managers	No. of shares [1]	Share portion (%)	Unit fair value	Total fair value	Fair value as of Dec. 31, 2021 [2]	Fair value as of Dec. 31, 2022
Senior managers	132	19,338	100	102	1,344,877	393,472	447,477
Total	**132**	**19,338**			**1,344,877**	**393,472**	**447,477**

(1) The number of shares shown in the table corresponds to the attributed number to the beneficiaries at the right attribution date. The number of shares used for the total fair value and fair value calculation as of December 31, 2022, on the other hand, is 13,166 shares, and reflects the forfeited rights due to unilateral/consensual employment relationship resignations as of the observation date.
(2) The fair value for the period is measured as of the observation date.

The evolution of the share plans is as follows:

	2021			2022		
	No. of shares [a]	Average price financial year [b] (€ thousand)	Market price [b] (€ thousand)	No. of shares [a]	Average price financial year [b] (€ thousand)	Market price [b] (€ thousand)
Options outstanding as of January 1	**409,106**	**-**	**42,956**	**455,675**	**-**	**40,034**
New options granted	195,085	-	19,627	-	-	-
(Options exercised during the period) [d]	(76,083)	-	7,655	(33,334)	-	924
(Options expired during the period)	(72,433)	-	7,287	(108,979)	-	(3,021)
Options outstanding at the end of the year	**455,675**	**-**	**40,034**	**313,362**	**-**	**353**
Of which:						
- exercisable as of Dec. 31, 2022	-	-	-	-	-	-
- exercisable at the end of the vesting period	377,481	-	-	269,517	-	-
- exercisable at the end of the co-investment period/Retention Premium	78,194	-	-	43,845	-	-

(a) The number of shares shown in the table includes the reverse stock splits of May 23 and June 13, 2022. For representative cohesion, data relating to 2021 have been restated on the basis of the reverse stock split as well.
(b) Since these are free shares, the strike price is zero.
(c) The market value of the shares underlying options granted or forfeited in the period corresponds to the average market value of the shares. The market value of shares underlying options outstanding at the beginning and end of the period is equal to the last available data as of January 1 and December 31.
(d) Options exercised in 2022 are mainly represented by shared assigned to beneficiaries of the co-investment of the 2017 attribution implementation of the 2016-2018 plan, as provided for in the Plan's regulation. In addition, shares assigned in case of consensual resignation are included.

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Option outstanding as of December 31, 2022 and the number of beneficiaries are as follows:

Attributions	No. of managers	Financial year price [a]	No. of shares
ILT 2016	372	-	128,121
ILT 2017	345	-	141,697
ILT 2018	363	-	137,342
ILT 2019	368	-	88,038
ILT 2020	382	-	182,259
ILT 2021	387	-	172,083
IBT 2021	132	-	19,338
As of December 31, 2022			
Shares assigned			
ILT 2016	-	-	(3,323)
ILT 2017 [b]	-	-	(144,040)
ILT 2018	-	-	(74,718)
ILT 2019	-	-	-
ILT 2020	-	-	-
ILT 2021	-	-	-
IBT 2021	-	-	-
Expired options			
ILT 2016	-	-	(124,798)
ILT 2017	-	-	(11,908)
ILT 2018	-	-	(52,965)
ILT 2019	-	-	(88,038)
ILT 2020	-	-	(40,950)
ILT 2021	-	-	(22,855)
IBT 2021	-	-	(6,172)
Stock options			
ILT 2016	-	-	-
ILT 2017	-	-	-
ILT 2018	72	-	9,659
ILT 2019	-	-	-
ILT 2020	336	-	141,309
ILT 2021	353	-	149,228
IBT 2021	132	-	13,166
			313,362

(a) Since these are free shares, the strike price is zero.
(b) The number of shares assigned in relation to the 2017 attribution of the 2016-2018 plan also includes the additional share accruing to those eligible against the co-investment.

The incentive plans for employees of the Group are shown in the item "Personnel expenses" and as a counter-item to "Other reserves" of equity.

The parameters used to calculate the fair value relating to the 2021 attribution of the ILT 2019-2021 plan and 2021 attribution of the IBT 2020-2022 plan are as follows[21]:

		Attribution	IBT 2021	Attribution	ILT 2021
Share price (a)	(€)	April 27, 2021	**103**	October 27, 2021	**104**
Strike price (b)	(€)		-		-
Parameter adopted in the Black & Scholes model	(€)	April 27, 2021	**103**	October 27, 2021	**104**
Expected life					
Vesting period	(years)		3		3
Co-investment/Retention Premium	(years)		n.a.		2
Risk-free interest rate					
TSR					
- Vesting period	(%)		n.a.	October 27, 2021	0.00
- Co-investment/Retention Premium	(%)		n.a.	October 27, 2021	0.20
Black & Scholes	(%)		n.a.		n.a.
Expected dividends	(%)		**0.00**		**0.00**
Expected volatility					
TSR					
- Vesting period	(%)		n.a.	October 27, 2021	49.02
- Co-investment/Retention Premium	(%)		n.a.	October 27, 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) Since 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)	2021	2022
Wages and salaries	5	7
Employee termination indemnities	-	-
Other long-term benefits	-	-
Fair value stock-based incentive plans	1	1
Total	**6**	**8**

Compensation of Statutory Auditors

Remuneration of Statutory Auditors amounted to €192 thousand in 2022.
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)	2021	2022
Senior managers	398	383
Junior managers	4,460	4,533
White collars	15,966	15,248
Blue collars	10,313	11,000
Seamen	237	230
Total	**31,374**	**31,394**

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.

(21) For more information on the parameters used for past and still active implementations as of December 31, 2022, please refer to the Annual Report of Saipem SpA for the financial years 2017, 2018, 2019, 2020 and 2021.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses are detailed below:

(€ million)	2021	2022
Depreciation and amortisation:		
- property, plant and equipment	284	294
- intangible assets	16	14
- Right-of-Use lease assets	100	136
Total depreciation and amortisation	**400**	**444**
Impairment losses:		
- property, plant and equipment	80	1
- intangible assets	-	-
- Right-of-Use lease assets	15	-
Total impairment losses	**95**	**1**
Total	**495**	**445**

The impairment of assets amounted to €1 million (€95 million in 2021).

Other operating income (expense)

During the year, €7 million in operating income was recorded (€2 million in operating income in 2021).

36 Financial income (expense)

Financial income (expense) consisted of the following:

(€ million)	2021	2022
Financial income (expense)		
Financial income	304	1,008
Financial expense	(329)	(1,075)
Total	**(25)**	**(67)**
Derivative financial instruments	(112)	(128)
Total	**(137)**	**(195)**

Net financial income (expense) was as follows:

(€ million)	2021	2022
Net exchange gains (losses)	**91**	**92**
Exchange gains	298	993
Exchange losses	(207)	(901)
Financial income (expense) related to net debt	**(112)**	**(133)**
Interest income from banks and other financial institutions	4	6
Interest income on leases	2	3
Interest and other expense due to banks and other financial institutions	(106)	(121)
Interest expense on leases	(12)	(21)
Other financial income (expense)	**(4)**	**(26)**
Other financial income from third parties	-	6
Other financial expense to third parties	(3)	(30)
Financial income (expense) on defined benefit plans	(1)	(2)
Net financial income (expense)	**(25)**	**(67)**

Net gains (losses) on derivatives consisted of the following:

(€ million)	2021	2022
Exchange rate derivatives	(111)	(127)
Interest rate derivatives	(1)	(1)
Total	**(112)**	**(128)**

The balance of income (expense) from derivative contracts is negative for €128 million (negative for €112 million in 2021) 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 detailed in Note 43 "Related party transactions".

37 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)	2021	2022
Share of profit of equity-accounted investees	56	28
Share of loss of equity-accounted investees	(42)	(21)
Net utilisations of (accruals to) the provisions for losses related to equity-accounted investees	(5)	(72)
Total	**9**	**(65)**

Net utilisations of (accruals to) the provisions for losses related to equity-accounted investees increase by €67 million due to the results for the period of joint venture companies and associates.
The share of profits (losses) of equity-accounted investees is commented in Note 18 "Equity investments".

Other gains (losses) from equity investments

There were no other gains (losses) on equity during the year as in 2021.

38 Income taxes

Income taxes consisted of the following:

(€ million)	2021	2022
Current taxes:		
- Italian subsidiaries	47	11
- foreign subsidiaries	61	152
Net deferred tax assets and liabilities:		
- Italian subsidiaries	(40)	(2)
- foreign subsidiaries	(9)	(8)
Total	**59**	**153**

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, 2022 and 2021 is as follows:

(€ million)	2021	2022
Pre-tax profit (loss)	**(2,347)**	**(162)**
Theoretical income tax	**(563)**	**(39)**
Items increasing (decreasing) tax rate:		
- different foreign subsidiaries tax rate	56	(10)
- permanent differences and other factors	48	64
- effect of Italian regional production tax (Irap) on Italian companies	(2)	4
- impact of uncertainty in tax treatment	17	35
- unrecognised deferred income tax assets	497	99
- impairment (recognition) of deferred tax assets and income taxes	6	-
Total changes	**622**	**192**
Effective taxes	**59**	**153**

(€ million)	2021	2022
Income taxes recognised in the income statement	59	153
Income tax related to items of other comprehensive income that will be reclassified to profit or loss	45	18
Of which:		
- tax effect due to the change in the fair value of cash flow hedges	45	17
- tax effect due to the change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	-	1
Income tax related to items of other comprehensive income that will not be reclassified to profit or loss	3	(10)
Of which:		
- tax effect due to the remeasurement of defined benefit plans for employees	3	(10)
Tax on comprehensive income (loss)	**107**	**161**

39 Non-controlling interests

There was no income by non-controlling interests in 2022, as for 2021.

40 Profit (loss) per share

Basic profit (loss) per ordinary share is 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.
During the year, two share groupings were approved, as described below.
A first share grouping was approved by the Extraordinary Shareholders' Meeting of May 17, 2022, at a ratio of 21 new shares for every existing 100 shares, after the cancellation of 41 ordinary shares held by the Company.
The second share grouping was approved on June 8, 2022, by the Board of Directors in the context of the capital increase delegated by the Extraordinary Shareholders' Meeting of May 17, in the ratio of 1 new ordinary share for every 10 existing shares, and 1 new savings share for each 10 existing savings shares, after the cancellation of 8 ordinary shares held by the Company.
The year 2021 was restated accordingly.
In June and July 2022, the capital increase was carried out, which was resolved by the Board of Directors on June 21, 2022 as delegated by the Extraordinary Shareholders' Meeting of May 17, 2022 through the issuing of 1,974,327,430 ordinary shares with a unit price of 1.013, for a total countervalue of €1,999.994 thousand.
Following the aforementioned transactions, the weighted average number of outstanding shares adjusted for the calculation of the basic profit (loss) per ordinary share was 940,341,988 in 2022 and 2021.
Diluted profit (loss) per share is calculated by dividing profit (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 profit (loss) per share was 940,343,047 in 2022 and 2021.
Reconciliation of the weighted average number of outstanding shares used for the calculation of basic and diluted profit and loss per share is as follows:

		Dec. 31, 2021	Dec. 31, 2022
Weighted average number of outstanding shares (a) used for the calculation of the basic profit (loss) per share [(a)]		**940,341,988**	**940,341,988**
Number of potential shares following incentive plans		313,362	313,362
Number of savings shares convertible into ordinary shares [(a)]		1,059	1,059
Weighted average number of outstanding shares used for the calculation of the diluted profit (loss) per share [(a) (b)]		**940,343,047**	**940,343,047**
Profit (loss) attributable to Saipem - Continuing operations	(€ million)	**(2,406)**	**(315)**
Basic profit (loss) per share	(€ per share)	(2.56)	(0.33)
Diluted profit (loss) per share	(€ per share)	(2.56)	(0.33)
Profit (loss) attributable to Saipem - Discontinued operations	(€ million)	**(61)**	**106**
Basic profit (loss) per share	(€ per share)	(0.06)	0.11
Diluted profit (loss) per share	(€ per share)	(0.06)	0.11
Profit (loss) attributable to Saipem	(€ million)	**(2,467)**	**(209)**
Basic profit (loss) per share	(€ per share)	(2.62)	(0.22)
Diluted profit (loss) per share	(€ per share)	(2.62)	(0.22)

(a) The number of outstanding shares used to calculate basic and diluted profit (loss) per share corresponds to the number of outstanding shares following the capital increase.
(b) It should be noted that the number of potential shares following 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.

41 Reporting by business segment

Starting from January 14, 2022, the Company changed its organisational configuration based on four distinct business areas, consistent with the new organisational model.

To complete the new organisation, in February 2023 the Company established a new business line, Offshore Wind, adding to the four business lines established in January 2022; the current organisational structure is as follows: Asset Based Services, Energy Carriers, Robotics and Industrialized Solutions, Sustainable Infrastructures, and Offshore Wind.

The Company has consequently immediately implemented the organisational initiatives required to strengthen the governance of project acquisition activities; a central commercial function was introduced, implementing the rise to Top Management of key inter-functional valuation and decision-making processes; during 2022 new processes were established for the implementation and/or adequacy of the new reporting structure to the provisions of IFRS 8, to support the new organisational structure.

Following the establishment of the new organisation, it was possible to assign projects to their new managers. However, the amalgamation criterion was such that from the sole aggregation of the economic quantities relating to individual projects it was not possible to produce an EBITDA referring to each business line, and to the definition of quantitative parameters useful to assess performances. During 2022, the Company worked to create a management control system in line with the new organisation, to make reporting information available as required by IFRS 8. The 2023-2026 Strategic Plan was developed in accordance with the new organisational structure.

The information to the market, starting from the first quarter of 2023, in accordance with the provisions of IFRS 8 will be prepared following the reporting segments below:

- Asset Based Services, which will include the Offshore Engineering & Construction and Offshore Wind activities;
- Offshore Drilling; and
- Energy Carriers, which will include the Onshore Engineering & Construction, Sustainable Infrastructures, and Robotics and Industrialized Solutions activities.

In order to facilitate the financial market's understanding of the evolution of the economic/financial performance related to the Strategic Plan goals disclosed to the market during 2022, the Company maintained, in continuity with previous years, the reporting structure based on the four divisions Offshore Engineering & Construction, Onshore Engineering & Construction, and Offshore Drilling; Onshore Drilling was marked as Discontinued operations.

The operating segments aggregated in the reportable segments set out above have similar economic characteristics, furthermore, the new segments Offshore Wind, Sustainable Infrastructures and Robotics and Industrialized Solutions, do not currently meet any of the quantitative thresholds may be considered reportable, and separately disclosed. The data reaggregated on the basis of the new reporting are substantially in line with what is shown below in the table of information by business segment.

For further information on the new organisational structure please refer to the "Directors' Report".

Reporting by business segment*

(€ million)	Offshore E&C	Onshore E&C	Offshore Drilling	Onshore Drilling	Unallocated	Total
December 31, 2021						
Core business revenue	4,041	3,637	648	-	-	8,326
less: intra-group revenues	1,193	351	254	-	-	1,798
Net revenues	**2,848**	**3,286**	**394**	**-**	**-**	**6,528**
Operating profit (loss)	(1,404)	(852)	37	-	-	(2,219)
Depreciation, amortisation and impairment losses	338	88	69	-	-	495
Gains (losses) on equity investments	7	2	-	-	-	9
Capital expenditure in tangible and intangible assets	150	20	76	52	-	298
Property, plant and equipment and intangible assets	2,435	425	553	399	-	3,812
Right-of-use of leased activities	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
December 31, 2022						
Core business revenue	7,093	4,751	914	-	-	12,758
less: intra-group revenues	1,966	463	349	-	-	2,778
Net revenues	**5,127**	**4,288**	**565**	**-**	**-**	**9,980**
Operating profit (loss)	89	(90)	99	-	-	98
Depreciation, amortisation and impairment losses	315	58	72	-	-	445
Gains (losses) on equity investments	9	(74)	-	-	-	(65)
Capital expenditure in tangible and intangible assets	146	27	350	-	-	523
Property, plant and equipment and intangible assets	2,375	358	837	-	-	3,570
Right-of-use of leased activities	166	79	13	-	-	258
Equity investments [(a)]	98	(58)	-	-	88	128
Current assets	1,904	2,280	348	-	3,095	7,627
Current liabilities	2,260	3,227	279	-	1,148	6,914
Provisions for risks and charges [(a)]	607	395	28	-	17	1,047

(*) The results of the Onshore Drilling segment being divested, have been recognized as discontinued operations in accordance with the criteria set out in IFRS 5. The comparison periods have been restated.
(a) See the section "Reconciliation of reclassified statement of financial position with the mandatory templates" on page 78.

For more details on the information by sectors please see the specific sections of the "Directors' Report".

42 Reporting by geographical segment

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 and some activities are deemed not to be directly allocable.
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 revenues by geographical segment is provided in Note 34 "Revenue".

(€ million)	Italy	Rest of Europe	CIS	Rest of Asia	North Africa	Sub-Saharan Africa	Americas	Unallocated	Total
2021									
Capital expenditure in tangible and intangible assets	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 of leased activities	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
2022									
Capital expenditure in tangible and intangible assets	22	27	-	5	-	11	3	455	523
Property, plant and equipment and intangible assets	64	33	21	69	-	42	70	3,271	3,570
Right-of-use of leased activities	98	60	-	60	4	10	12	14	258
Identifiable assets (current)	1,629	729	103	2,632	55	947	870	662	7,627
Assets held for sale	-	-	-	38	-	4	168	1	211

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".

43 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.
As of December 31, 2022, the merger became effective through the absorption of CDP Industria SpA into CDP Equity SpA ("CDP Equity"), both of which are wholly and directly owned subsidiaries of Cassa Depositi e Prestiti SpA ("CDP"). Therefore, also effective as of December 31, 2022, CDP Equity took over the Agreement in lieu of CDP Industria SpA and all the rights and obligations previously held by the latter under the Agreement by signing a letter of assumption.
Eni SpA and CDP Industria SpA do not exercise sole control over Saipem pursuant to Article 93 of TUF.
Eni SpA is subject to the de facto control of the Ministry of Economy and Finance ("MEF"), on account of the participation held by the latter both directly and through CDP. CDP Equity SpA is a fully-owned subsidiary of CDP SpA, whose majority shareholder is the MEF.
Transactions carried out by Saipem SpA and the companies included in the scope of consolidation with related parties mainly consist of the supply of services and the exchange of goods with joint ventures, associates and subsidiaries that are not fully consolidated, with subsidiaries, joint ventures and associates mainly of Eni SpA and CDP SpA – taking into account control of CDP SpA on CDP Equity SpA, with companies controlled by the Ministry of Economy and Finance (MEF). These transactions form part of ordinary operations and are settled at market conditions, i.e., at the conditions that would have applied between two independent parties. All transactions were carried out in the interest of Saipem SpA companies.
In addition, relations with members of the Board of Directors, Statutory Auditors, key management personnel, their close family members and the entities controlled, even jointly, by them, of Saipem, Eni SpA, CDP SpA and CDP Equity SpA were represented.
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 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 2022, 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 with Related Parties and Parties of Interest" for transactions of greater importance, published on Saipem's website in section "Governance", for Major Significance Transactions.

Indemnity agreement

> On January 13, 2022, Saipem, as guarantor, entered into an indemnity and guarantee agreement (the "**Agreement**") with the Italian Export Credit Agency ("**SACE**") in the following terms.

For the implementation of the Engineering, Procurement & Construction Project ("**EPC**" or the "**Project**"), contract No. 406-юр/2018 (the "**Contract**") was signed on December 19, 2018, between Arctic LNG 2 Llc (the "**Client**"), a Russian limited liability company incorporated by Novatek (holding 60% of the shares) and participated by Total, CNPC, CNOOC and a consortium consisting of Mitsui/JOGMEC with a 10% share each, and Saren BV, a company incorporated under Dutch law with a 50% share each by:
- Servizi Energia Italia SpA (wholly owned by Saipem); and
- RHI Russia BV, a Dutch company subsidiary of the Turkish holding company Ronesans Holding AS ("JV Partner").

The Project involved the start of Liquefied Natural Gas ("**LNG**") production by exploiting an important Offshore field in Russia.
The initial Contract value was approximately €2.2 billion.
The Project and part of the Contract payment will be partially refinanced through an Export Financing scheme supported by SACE, implemented through a financing contract ("**Financing Agreement**") of €500 million signed by the Client, Gruppo Intesa Sanpaolo, and Cassa Depositi e Prestiti SpA ("**CDP**").
Among the contractual obligations for Saren BV was the duty to cooperate actively with the client to obtain and use the financing supported by Export Credit Agencies, among which is SACE.
The banks and CDP's willingness to grant the financing was based on the assumption that reimbursement of the sums financed in the Financing Agreement is covered at 95% by SACE by issuing a related policy (the "**Cover**").
In order to grant the Cover and allow the utilisation of the credit line by the Client, SACE required, in accordance with its own regulations and established practice for Export Finance transactions, the signing by Saren BV, Saipem and Ronesans Holding AS, the latter as "guarantor", of the aforementioned Agreement.
Under the terms of the Agreement, Saren BV and each of Saipem and Ronesans Holding AS, severally and in proportion to their respective shareholdings in the project, and jointly with Saren BV, irrevocably undertook to indemnify SACE (with a maximum limit for Saipem of €225 million) against any damages, costs, charges or disbursements that SACE itself may incur as a direct consequence of

a) the falsity, inaccuracy, or incompleteness of the declarations made, and/or the breach of the commitments and obligations undertaken by them (i.e. Saren BV, Saipem and Ronesans Holding AS) in relation to compliance with the legislation on international bribery and corruption under the OECD Convention, the Italian law under Legislative Decree No. 231 of June 8, 2001 or the applicable legislation concerning restrictive measures against Russia including EU Reg. No. 833/2014; and/or
b) non-performance (whether finally adjudicated or acknowledged) by Saren BV of its obligations under the Contract.

In view of the fact that at the time of the signing of the Agreement:

i. Saren BV qualified as a company jointly controlled by Saipem through Servizi Energia Italia SpA, which is directly controlled by Saipem SpA;
ii. Saipem was jointly controlled by Eni and CDP Industria, the latter controlled by CDP;
iii. SACE SpA was also controlled by CDP,

the signing of the above-mentioned Agreement qualifies as a transaction with related parties, in that it is entered into between companies subject to common control, including joint control, with Saipem.
The signing of the Agreement with SACE – although it qualifies as a "major significance" transaction, since it exceeds the value significance index (amounting to €53 million, with reference to Saipem SpA market capitalisation as of September 30, 2021) – can qualify 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 under the Regulation and the Procedure implemented by Saipem SpA in light of the following:

i. SACE's involvement was made clear to the client since the pre-contractual steps, as an element to support the commercial offer;
ii. the need for such involvement was stipulated in the Contract as a contractual obligation towards the client;
iii. the content of the Agreement consisted of a standard model applied by SACE on all projects involving its support, both in Italy and abroad, for the issuance of the respective insurance covers;
iv. the indemnity granted within this Agreement was issued in relation to a project, the execution of which falls within Saipem's ordinary course of business and in particular within its Onshore Engineering & Construction activities;
v. in the context of transactions falling within the scope of the OECD's "Consensus Guidelines for Export Credit" framework agreement, other Export Credit Agencies unrelated to Saipem require their domestic exporters to sign similar indemnities.

For completeness, it should be noted that Saipem, in compliance with the latest EU regulations, has started negotiations for the finalisation of commercial agreements to exit the project.
With regards to SACE financing, no use was ever made of it, and it is currently suspended.

Financing package

> The Board of Directors of Saipem SpA approved the update of the 2022-2025 Strategic Plan on March 24, 2022, as well as and the package to strengthen the Company's financial and capital structure (hereinafter the "**Financial Package**").

In this context, also to support the Company's short-term financial needs until completion of the €2 billion capital increase to be offered to shareholders as options, the Financial Package provided for immediate liquidity intervention for a total amount of €1.5 billion, detailed as follows:

i. for €646 million by March 31, 2022, as a "payment for future capital increase" by shareholders exercising joint control – Eni SpA and CDP Industria SpA (hereinafter the "Shareholders"); and

ii. for the residual amount, in accordance with timeframes substantially similar to the Shareholders' intervention described above and subject to such intervention, through financial support from leading Italian and international banks. It should be noted in particular that, on March 24, 2022, a mandate letter was signed with a pool of financing banks (the "Funders") that involves, inter alia:
   - a liquidity facility in favour of the Company for an amount of €855 million, assisted by a parent company guarantee for a maximum amount of €898 million issued by the shareholder Eni (the "**Liquidity Facility**"); this facility, with the related Eni guarantee, will remain in place until the possible disbursement of the loan referred to in the following point;
   - a loan in favour of the Company for an amount of €851.6 million, backed by an "Garanzia Italia" to be issued by SACE SpA ("SACE") and by a parent company guarantee from Eni for an amount equal to 18% of the amount of the above mentioned line (the "**SACE Facility**" and, together with the Liquidity Facility, the "**Guaranteed Financing**") and to be used, in accordance with the reference regulations for the intervention of SACE under the "Garanzia Italia", also for the purpose of refinancing the amounts utilised by the Company under the aforesaid Liquidity Facility.

For the purposes of the above, it should be noted that Saipem SpA is jointly controlled by Eni and CDP Industria, the latter controlled by Cassa Depositi e Prestiti SpA ("**CDP**"), all companies subject with Saipem to common control, including joint control (Article 9 of the RPT Procedure).

Within the framework of the overall Financial Package, the Saipem Related Parties Committee analysed, with the support of one of its legal advisors and one of its financial advisors, the profiles of possible relevance, for the purposes of the regulations on related party transactions, of the commitments undertaken by Shareholders towards Saipem SpA.

Company information

In particular, the Saipem SpA Related Parties Committee met on March 1, March 8, March 18 and March 23, 2022, to review the existence or non-existence and, therefore, the treatment of any profiles of the Financial Package being finalised by the Company that might appear relevant in the matter of related parties.

While carrying out the analyses, the Committee was assisted by a legal advisor and a financial advisor, both independent.

Analyses performed

The analyses carried out revealed the following with regard to any profiles of the aforementioned Financial Package that may be relevant to related parties:

- regarding the commitment to the future capital increase by the Shareholders exercising joint control (Eni and CDP Industria) within the planned capital increase of €2 billion, the above-mentioned payment was considered an integration of a transaction exempt from related party regulation pursuant Article 13, paragraph 1b(a) of the Regulation, since the payment is comparable to the proportional subscription of a capital increase offered as an option to all shareholders with the only difference of being carried out in advance;
- regarding the irrevocable commitment of Eni towards Saipem SpA to release a first demand guarantee to cover the Liquidity Facility that will be issued by banks for a total of €855 million, it was considered that the issuing of the guarantee qualified within the exemption for ordinary transactions concluded under equivalent market conditions (pursuant Article 13 of Consob Regulation regarding related party transactions and Article 9 of Saipem Procedure regarding related party transactions), assuming that the guarantee is functional and linked to maintaining the Company's operating activity. In particular, the Company considered subsistent the exemption conditions in the Interpretative communication by Consob No. DEM/10078683 of September 24, 2010, which are the connection with Saipem's operating activity and the alignment between remuneration and market conditions.

Documents examined by the Related Parties Committee

The Related Parties Committee has examined the letter received by Saipem on March 18, 2022, and the following email of March 23, 2022, in which Saipem management qualified as ordinary transaction concluded at equivalent market conditions (yearly interest rate of 7.5%) the first demand guarantee by Eni to cover the 100% of the interim financing in favour of Saipem granted by the banks for a total amount of €855 million, noting that:

i. Eni's guarantee will make it possible for the Company to obtain financing necessary for the completion of transactions pertaining to its operations;
ii. the cost of the Eni guarantee (interest rate of 7.5% p.a.) is in line with market conditions;
iii. the planned use of the aforementioned financing is aimed at satisfying the following needs of the Company:
   a) labour costs of Italian companies for around €200 million;
   b) payments to suppliers of Italian companies for around €655 million.

From the opinion release on March 24, 2022, by the Related Parties Committee's financial advisor, containing the following conclusions:

"In light of the foregoing, on the basis of the data and information received and used for the purposes of the analyses performed, with the limitations and qualifications set forth above, considering that:

- *the total unavailability of the credit institutions to supply emergency finance to the Company within the end of March without (i) a direct spot commitment by shareholders Eni and CDP, and (ii) the presence of suitable guarantees such as Corporate Guarantees by Eni and/or the SACE Guarantee;*
- *Corporate Guarantees guarantee new finance with bridge to equity function;*
- *the annual cost of the Corporate Guarantees is of 750 basis point, value that is in the range of unsecured bond yields on Company bonds taken as reference, and below the intervals determined for the purpose of the analysis of Saipem's cost of equity;*

We deem the economic and financial terms of the Transaction in line with market conditions, as represented by Saipem".

Assessments by the Related Parties Committee

At the end of their preliminary analyses, the Related Parties Committee of Saipem during the meeting of March 23, 2022, communicated they received continuous information regarding the discussions between the Company, banks and shareholders exercising joint control about the Finance Package. The Committee has also noted the correct application

regarding information and procedure by management, of the exemption cases for the transaction related to Eni's commitment to release the above-mentioned guaranteed, which was qualified by management as "major significance" transaction (regarding the value significance index of €46 million with reference to Saipem's market capitalisation as of December 31, 2021), defined "ordinary". With the support of the Committee's financial advisor, the Related Parties Committee particularly agreed with the Company's assessment that the transaction can be considered concluded on market-equivalent terms.
During the meeting of March 24, 2022, the Board of Directors of the Company took note of the communication of the shareholder Eni containing the above-mentioned guarantee commitments of March 24, 2022, and of the verifications carried out by the Related Parties Committee, sharing the text of the disclosure to be included in the press release issued by the Company on March 25, 2022, in order to inform about the analyses and assessments carried out by the Saipem Related Parties Committee.

Coral FLNG

> On April 1, 2022, Saipem Moçambique Lda (a company indirectly controlled by Saipem) was awarded a contract for the "Provision of Maintenance Services for Coral on the FLNG" with reference to Project 2020-5431 MM2105 - Coral FLNG - GMS, for the client Coral FLNG SA, a company registered in Mozambique and owned by Eni 25%, Exxon 25%, CNODC 20%, Gulp, Kogas and ENH 10% each (the "Contract").
The project covered by the Contract is the Provision of Maintenance Services for a value of $142,881,692 (equivalent to approximately €130,500,000) for the provision for 8 years of maintenance services (with an option to extend for 1 year) on board the FLNG vessel, including the provision of an onshore base in Pemba with warehouse and workshop.
In particular, upon payment of predetermined instalments, Saipem committed to carry out services of ordinary and extraordinary maintenance, including preventive maintenance, repairs and improvements, according to the client's needs.
Whereas:

i. Saipem Moçambique Lda is fully controlled by Saipem through the directly controlled companies Saipem SA (99.98%) and Saipem International BV (0.02%);
ii. Saipem is jointly controlled by Eni and CDP Industria;
iii. Coral FLNG SA is an associate of Eni,

the transaction qualifies as a related party transaction.
The award of the Agreement – although qualified as a "major significance" transaction, since it exceeds the value significance index (amounting to €46 million, with reference to Saipem's market capitalisation as of December 31, 2021) – qualified as an ordinary transaction concluded under 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 Consob Regulation and the Company's Procedure.
The transaction can be considered as ordinary and concluded under equivalent market or standard conditions as:

- the purpose of the project is part of the normal activities carried out by Saipem's Energy Carriers Business Line and precisely, within the business segment called MMO - Modifications, Maintenance and Operations;
- the contractual conditions applicable to the project are in line with the usual practices applicable to international industrial projects and the Contract conditions are based on the client's standard contractual conditions;
- the contract was awarded at economic, technical and contractual market conditions comparable to 5 reference projects with non-related parties analysed by the Energy Carries Business Line.

Eni Angola - Scarabeo 9

> On April 7, 2022, revision No. 1 of contract No. 5000019838, dated July 2, 2021, concerning the "Provision of offshore drilling services through a semi-submersible dual activity dynamic positioning (DPDA) rig with mooring capacity" between the client Eni Angola SpA and the consortium formed by Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda and Saipem Luxembourg SA (Sucursal) Angola for the execution of Offshore drilling activities with the drilling rig Scarabeo 9, targeting Angolan waters
The original value of the contract is of $44.5 million, equal to about €40 million, to which the value of review No. 1 of the contract must be added, for $11.2 million, equal to about €10 million.
In light of the above, the total value of the Contract is around $55.7 million, equal to around €50 million.
Whereas:

i. Saipem Luxembourg SA is indirectly controlled (100%) by Saipem through Saipem Maritime Asset Management Sàrl, fully controlled by Saipem;
ii. Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda is indirectly controlled (100%) by Saipem through Saipem SA, fully controlled by Saipem;
iii. Saipem is jointly controlled by Eni and CDP Industria;
iv. Eni Angola SpA is fully controlled by Eni,

the transaction qualifies as a related party transaction.
The transaction – although qualified as a "major significance" transaction, since it exceeds the value significance index (amounting to €46 million, with reference to Saipem's market capitalisation as of December 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 Saipem Procedure.
In particular, the transaction can be considered as ordinary and concluded under equivalent market or standard conditions as:

- the economic conditions agreed for the use of the Scarabeo 9 are in line with market conditions from international specialised third parties for the reference sector (Offshore Drilling vessels), available at the date of the signing and of review No. 1 of the contract and used by the Asset Based Services Business Line for the Offshore Drilling business segment;

- with reference to the above, it is hereby confirmed that, more generally, the contractual terms agreed for the contract in question and the related revision No. 1 are in line with those applied to similar contracts entered into with parties not identified as related parties of Saipem.

Eni Angola - Scarabeo 5

> On April 10, 2022, in continuity with the completion of the "firm" period (duration of one year) of contract No. 5000015888 signed on November 25, 2019 (the "Scarabeo 5 Contract"), revision No. 4 to the same Scarabeo 5 Contract, concerning the "Provision of mobile Offshore production unit" between the client Eni Angola SpA and the consortium composed of Saipem and Saipem Luxembourg (Sucursal) Angola, for the performance of activities to assist in the production operations of the Agogo 1 well with the semi-submersible drilling platform Scarabeo 5, in the Angolan offshore.

Scarabeo 5 was used by Saipem for offshore drilling projects in Norway since the early '90s. After operating on long-term contract in the North Sea, the vessel remained idle and in "preservation" since 2017, waiting for potential future uses.

In order to be reactivated for drilling projects, Scarabeo 5 needed significant capital expenditures to renew the certifications requires by the Class Institution, both for the marine part and for the drilling part of the rig.

In the last two years preceding the Scarabeo 5 contract of November 2019 and up to the revision No. 4 of the same, there were no other projects carried out by Scarabeo 5, as its reactivation for use in drilling would have implied for Saipem a Class investment expense not deemed sustainable on the basis of the commercial opportunities assessed up to that time in the reference market context.

In light of the above, it was considered appropriate to evaluate the request from Eni Angola SpA ("Eni Angola") regarding the availability of a vessel capable of assisting with the production operations at the Agogo 1 well, offshore Angola, capable to guarantee suitable spaces and assistance by personnel qualified for the following activities:

a) installation of equipment and machinery for Eni Angola and its suppliers;
b) accommodation of specialised technical personnel and related services;
c) use of onboard equipment, including dynamic positioning systems, as required to carry out specific offshore drilling activities.

The Scarabeo 5 Contract included the right of the client to extend the contractual period ("firm") of one year through the use of No. 5 optional periods of 120 days each.

The original value of the Scarabeo 5 contract signed in 2019 was $21.9 million, equivalent to €19.7 million, to which must be added the total value of the individual revisions made to the Scarabeo 5 contract itself as detailed below:

- review No. 1 of the Scarabeo 5 Contract of August 19, 2020, involved the use of the first optional period by Eni Angola, extending the duration of the Scarabeo 5 Contract by 120 days. The review increased the value of the Scarabeo 5 Contract by around $7.5 million, equal to around €6.8 million;
- review No. 2 of the Scarabeo 5 Contract of May 13, 2021, involved the use of the second and third optional periods by Eni Angola, extending the duration of the Scarabeo 5 Contract by 240 days. The review increased the value of the Scarabeo 5 Contract by around $13.9 million, equal to around €12.5 million;
- review No. 3 of the Scarabeo 5 Contract of November 16, 2021, involved the use of the fourth optional period by Eni Angola, extending the duration of the Scarabeo 5 Contract by 120 days. The review increased the value of the Scarabeo 5 Contract by around $7.5 million, equal to around €6.8 million (the total agreed amount for the "firm" period added to those agreed for the 3 reviews signed before November 16, 2021, did not exceed the value significance index (amounting to €53 million at the time, with reference to Saipem's market capitalisation as of September 30, 2021);
- the above-mentioned review No. 4 of the Scarabeo 5 Contract, signed on April 10, 2022, involves the use of the fifth and final optional period by Eni Angola, extending the duration of the Scarabeo 5 Contract by 120 days. The review increases the value of the Scarabeo 5 Contract by around $9 million, equal to around €8 million.

In view of the foregoing, the total value (signature period and five optional periods) of the aforementioned Scarabeo 5 contract thus amounts to approximately $59.9 million, equivalent to approximately €53.8 million.

Whereas:

i. Saipem Luxembourg (Sucursal) Angola is indirectly controlled (100%) by Saipem through Saipem Maritime Asset Management Sàrl, also fully controlled by Saipem (100%);
ii. Saipem is jointly controlled by Eni and CDP Industria;
iii. Eni Angola is fully controlled by Eni;

the transaction qualified as a related party transaction (chapter 2 of the Procedure).

The transaction – although qualified as a "major significance" transaction, since with review No. 4 to the Scarabeo 5 Contract, the value of the Contract itself exceeded the value significance index (amounting to €46 million, with reference to Saipem's market capitalisation as of December 31, 2021) – is configured as an ordinary transaction concluded under 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 Consob Regulation and the Procedure implemented by Saipem (chapter 9).

In particular, the transaction is to be considered ordinary and concluded under equivalent market or standard conditions for the reasons below:

- the scope of work of the Scarabeo 5 Contract includes services routinely supplied for projects carried out by the Saipem's Asset Based Services business line, with reference to the Offshore Drilling business segment activities, also in light of the fact that the reactivation of Scarabeo 5 for this use did not require the re-certification of drilling equipment, but only the re-certification of the marine part, limiting the investment on the project to support the profitability;
- to support the strategic decision, it should also be noted that the reactivation of Scarabeo 5 in the above-mentioned mode represented an opportunity to promote the vessel and expanded its portfolio of possible future uses by Saipem's Asset Based Services business line;

- the transaction, including review No. 4 of the contract, was concluded under economic and profitability conditions in line with those relating of the Scarabeo 5 activities as applied by the business line to non-related parties.

Therefore, although no sources are available from international specialised third-party sources for this specific sector ("Offshore support units" for activities assisting production), the prices agreed for the use of the semi-submersible platform Scarabeo 5, also in relation to review No. 4 of the Contract, are in line with market or standard conditions.

Baleine Fase 1 (APA SURF and APA Revamping)

> On May 12, 2022, Eni Ivory Coast Ltd (controlled by Eni) and Saipem SA signed Review 1 of Agreement for Preliminary Activities ("APA SURF Rev. 1") for the performance of preliminary activities related to the execution of engineering services, purchase of materials for Subsea Umbilicals, Risers & Flowlines (SURF) activities of the vessel FPSO Firenze, for a total value of $125 million, therefore increased, following the signing of Revision 1 to the Contract, for an amount of $95 million, compared to the value of $30 million at the time of the signing of the "APA SURF" contract.

On the same day Review 1 of Agreement for Preliminary Activities ("APA Revamping Rev. 1") between Eni Ivory Coast Ltd (controlled by Eni), Floaters SpA (controlled by Eni) and Servizi Energia Italia SpA (controlled by Saipem) was also signed regarding the execution of engineering services, purchase of materials, maintenance, restoration, and lay-up of the vessel FPSO Firenze, for $65 million. The amount was increased following the signing of Review 1 by $35 million compared to the signing of the "APA Revamping" contract of $30 million (hereinafter listed cumulatively as the "Contracts").

Whereas:

i. Saipem SA and Servizi Energia Italia SpA are fully controlled by Saipem;
ii. Saipem is jointly controlled by Eni and CDP Industria;
iii. Floaters SpA and Eni Côte d'Ivoire Ltd are controlled (one directly, the other indirectly) by Eni,

the transaction qualifies as related party transaction, as it was carried out between companies under common or joint control.

Moreover, the Contracts qualify as "major significance" transactions since they exceed the value significance index (amounting to €28 million, with reference to Saipem's market capitalisation as of March 31, 2022).

These transactions, although qualified as "major significance" transactions, are configured as ordinary transactions concluded under equivalent market or standard conditions, and are, 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, given that:

- the activities subject of the Contracts fall within the ordinary scope of Offshore Engineering & Construction business of Saipem's Asset Based Services Business Line (APA SURF) and Onshore Engineering & Construction business of Saipem's Energy Carriers Business Line (APA Revamping);
- the contractual conditions are based on client's standards in line with contractual standards of international industrial projects;
- the prices for the execution of the activities have been agreed:
  a) for Project Management and engineering services based on prices as stated in existing agreements;
  b) for the purchase of equipment and materials a consideration of 12% will be paid on top of the value of suppliers' invoices.

It should be noted, in general, that the margin of Contracts is in line with market conditions. Moreover, the contractual conditions applied to clients would be the same applied to other clients not qualifying as related parties for Saipem.

Eni Mediterranea Idrocarburi SpA (EniMed)

> On June 24, 2022, contract No. 2500044305 (the "contract") was signed by Saipem and Eni Mediterranea Idrocarburi SpA - EniMed ("client") for the provision of drilling services, completion (or abandonment), and workover activities of wells offshore the Italian coast, using the Saipem drillship 10000.

The contract involves a firm period for the drilling of 4 wells, for an estimated duration of 217 days and a value of about $53 million, and an optional period that can be activated at the discretion of the client, for the drilling/intervention on 7 wells, for a duration of 233 days and a value, in relation to the activities required, estimated at present between $50 million and $73 million.

Whereas:

i. Saipem is jointly controlled by Eni and CDP Industria, and that
ii. EniMed is controlled by Eni,

the transaction qualifies as related party transaction, as it was carried out between companies under common or joint control (section 2 of Saipem Procedure).

Moreover, the Contract qualifies as "major significance" transaction since it exceeds the value significance index (amounting to €28 million, with reference to Saipem SpA market capitalisation as of March 31, 2022).

The transaction, although qualified as a "major significance" transaction, is configured as an ordinary transaction concluded under 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 Consob Regulation and the Procedure implemented by the Company (Chapter 9), given that:

- the activity subject of the Contract falls within the scope of ordinary activity of the Saipem Group, in particular of the Asset Base Services Business Line - Offshore Drilling sector;
- the economic conditions, agreed with the client for the use of the drillship Saipem 10000, are in line with market conditions reported by sector studies/international specialised third-party sources and their analyses of rates for the reference sector (offshore drilling vessels with characteristics comparable to the Saipem 10000) and used by the Asset Based Services Business Line - Offshore Drilling sector;
- more in general the contractual conditions agreed in the above-mentioned contract would be applied to drilling service contracts with third parties not qualifying as related parties for Saipem.

Contract with Enimed - Cassiopeia Project (Asset Based Services Offshore)

On July 27, 2022, Saipem SpA signed with Eni Mediterranea Idrocarburi SpA ("Enimed" or the "Client") a contract for Engineering, Procurement, Construction and Installation (EPCI) works for the offshore transportation and installation and onshore connection for the Cassiopea Project (the "Contract"). Specifically, the project involves the installation of the pipeline connecting the Eni plant in Gela to four wells of the Cassiopea field located off the Sicilian coast. In addition, the Contract provides for the transportation and installation of an umbilical pipe connecting the aforementioned wells to the platform called "Prezioso" in the Sicilian offshore, as well as various protection and connection structures for the wells themselves. Finally, in the landfall area at the Eni plant in Gela, the removal of a disused concrete pipeline is planned for the section necessary to allow the installation of the new pipeline. According to the Contract, activities will be carried out from July 2022 until February 2024, for an amount of €291,763,000. The optional activities, which include works for the acceleration of construction activities and their early completion, as well as the removal of the remaining part of the decommissioned concrete pipe, which can be activated at the Customer's discretion, are valued at a total of approximately €27,000,000.

Considering that: (i) Saipem SpA is jointly controlled by Eni SpA and CDP Industria SpA; and that (ii) Enimed is a subsidiary of Eni SpA; the transaction qualifies as a transaction with related parties, as it is entered into with companies subject to common control, including joint control (Section 2 of the Procedure). Moreover, the Contract qualifies as "major significance" transaction since it exceeds the value significance index (at the time amounting to €28 million, with reference to Saipem SpA market capitalisation as of March 31, 2022).

These transactions, although qualified as "major significance" transactions, are configured as ordinary transactions concluded under equivalent market or standard conditions, and are, 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 (Section 9), given that (i) the activities subjects of the Contracts fall within the ordinary scope of Saipem, and specifically the Business Line Asset Based Services - Offshore Construction sector; (ii) the contractual conditions are based on client's standards in line with contractual standards of international industrial projects; (iii) more in general, the contractual terms and conditions agreed for this contract are in line with those applied to similar contracts for Offshore Engineering & Construction services entered into with third parties not identified as related parties of Saipem; (iv) the Contract envisages expected margins that are not lower than the average margins envisaged for similar contracts in the last three years in the Offshore Engineering & Construction business segment, decreased by 20%.

Agreement with SACE for Marjan Project Guarantee (Finance)

On August 5, 2022, Saipem SpA ("Saipem") and SACE SpA ("SACE") entered into an agreement to increase the counter-guarantee issued by SACE in execution of the mandate and indemnity agreement (the "Agreement") signed by Saipem on December 30, 2021. On the same day, in compliance with the Agreement, SACE issued in favour of Unicredit SpA ("Unicredit") a counter-guarantee for the amount of SAR 325 million (approximately €83 million), which can be increased up to a maximum amount of SAR 612.6 million (approximately €157 million), to cover 50% of the amount of an advance material guarantee issued locally by a Saudi Arabian bank, through Unicredit, in favour of the client Saudi Aramco and in the interest of Snamprogetti Saudi Arabia Co Ltd, for the Marjan Package 10 - Gas Treatment and Sulfur Recovery project in Saudi Arabia. The increase of SAR 287.6 million (about €74 million) in the amount of SACE's counter-guarantee, made on August 5, 2022, raised the value of the counter-guarantee itself from SAR 325 million (about €83 million) to SAR 612.6 million (about €157 million), within the scope of what had already been envisaged in the Agreement.

Considering that, at the time of entering into the agreement for the increase of the counter-guarantee issued by SACE: (i) Saipem indirectly controlled Snamprogetti Saudi Arabia Co Ltd; (ii) Saipem was jointly controlled by Eni SpA and CDP Industria SpA, the latter indirectly controlled by Cassa Depositi e Prestiti SpA; (iii) Eni SpA, Cassa Depositi e Prestiti SpA and SACE are subject to the control of the MEF; the transaction relating to the signing of the above mentioned agreement qualifies as a Related Party Transaction, as it was entered into between companies subject to common control, including joint control, with Saipem.

The increase in the counter-guarantee issued by SACE, even though it qualifies as a transaction of "major significance", in that it exceeds the countervalue relevance index (at the time equal to €28 million, with reference to Saipem's market capitalisation at March 31, 2022) can be classified as an ordinary transaction concluded on terms and conditions equivalent to market or standard terms and conditions. It can therefore be excluded from the procedural and disclosure requirements provided for transactions of major significance under the provisions of the Consob Regulation on Related Parties and the Saipem Procedure, in consideration of the following elements: (i) the increase, already provided for in the Agreement, is part of the ordinary operating activity of Saipem and its subsidiaries for the performance of engineering services, supply of materials and construction activities for which the delivery to the client of a bank guarantee of advance on first demand is a standard practice; (ii) the increase was finalised according to standard general terms and conditions in line with widely established national and international practice; (iii) the commission to be paid to SACE for assuming the Saipem risk is identical to that to be paid to Unicredit for the portion of the Saipem risk not covered by SACE; (iv) the commission agreed with SACE, as well as the related contractual terms and conditions, are in line with the commissions and contractual terms and conditions paid by Saipem to unrelated counterparties for transactions with similar characteristics.

Contracts with Eni Angola Exploration BV - Quiluma & Maboqueiro (Asset Based Services Offshore)

On August 11, 2022, three contracts (hereinafter "the Contracts"), two for the offshore part and one for the onshore part, were entered into by companies belonging to the Saipem Group (Servizi Energia Italia SpA, Saipem (Portugal) Comércio Marìtimo, Sociedade Unipessoal Lda, Saipem Luxembourg SA and Petromar Lda) with Eni Angola Exploration BV, representing the Azule Energy consortium (Eni, Sonangol, Chevron, TotalEnergies, BP) (hereinafter referred to as "Eni Angola" or "the Client") for the EPC (Engineering, Procurement and Construction) activities related to the Quiluma & Maboqueiro reservoir development project "NGC (Northern Gas Complex) - Quiluma and Maboqueiro EPC" to be built off the northwest coast of Angola, for a total value of

over $860 million. In particular: (i) for the offshore portion (for the Saipem portion underwritten by Servizi Energia Italia SpA, Saipem (Portugal) Comércio Marìtimo, Sociedade Unipessoal Lda, Saipem Luxembourg SA and Petromar Lda) contracts No. 500022498 (Lot 1) and No. 500022499 (Lot 2) provide for engineering, procurement and construction activities for the new Quiluma offshore platform, with engineering activities expected to last until September 2022, and procurement and construction activities until June 2026. The Contracts are worth US$225,054,783 (Lot 1 Quiluma for the construction of the Jacket - US$53,138,650 / Lot 2 Quiluma for the construction of the Deck - US$166,916,133); (ii) for the onshore portion (for the Saipem portion underwritten by Saipem (Portugal) Comércio Marìtimo, Sociedade Unipessoal Lda and Saipem Luxembourg SA) contract No. 5000022496, worth US$638,556,000, provides for the engineering, procurement, construction (EPC) and commissioning of the Onshore Gas Treatment Plant for Quiluma e Maboqueiro (Q&M) in Angola, with the Contract expected to last 33 months, for engineering activities until October 2022, and for procurement and construction activities until July 2025. In view of the fact that: (i) Servizi Energia Italia SpA, Saipem (Portugal) Comércio Marìtimo, Sociedade Unipessoal Lda, Saipem Luxembourg SA are all directly or indirectly controlled by Saipem SpA; (ii) Petromar Lda is a jointly controlled company with Saipem SpA, through its subsidiary Saipem SA; (iii) in turn, Saipem SpA is jointly controlled by Eni SpA and CDP Industria SpA; and finally that; (iv) Eni Exploration BV is a company indirectly controlled by Eni SpA; the transaction qualifies as a transaction with related parties, as it is entered into with companies subject to common control, including joint control (Section 2 of the Procedure).
In addition, the Contract qualifies as a transaction of “major significance” in that it exceeds the value significance index (at the time, €28 million). The transaction, although of major significance, is configured as an ordinary transaction concluded under equivalent market or standard conditions, and is therefore excluded from the procedural and disclosure requirements provided for transactions major significance, which do not fall within the cases of exclusion provided for by the Regulation and the Procedure adopted by the Company (Section 9), given that: (i) the activity covered by the Contracts is part of the ordinary business carried out by Saipem SpA and in particular, for the offshore part, by the Business Line Asset Base Services - offshore business segment (onshore engineering and construction services) of Saipem SpA, also with reference to similar contracts carried out in Angola; and, for the offshore part, by the Business Line-Energy Carrier onshore business segment (onshore engineering and construction services) of Saipem SpA; (ii) the contractual terms and conditions applied to the above Contracts are in line with the normal terms and conditions applicable to international industrial projects of a similar scope and are aligned with the standard terms and conditions normally applicable to contracts entered into with the Client; (iii) the contractual terms and conditions applied to the above Contracts are also aligned with the standard terms and conditions applicable to contracts entered into with parties that do not qualify as related parties of Saipem; (iv) the Contracts provide for expected margins that are not lower than the average margins provided for similar contracts in the last three years in the respective Engineering & Construction Offshore and Engineering & Construction Onshore business segments.

Contracts with Eni Côte d'Ivoire Ltd - Baleine Project (E&C Onshore/E&C Offshore)

On September 27, 2022, the following contracts were entered into as part of the Baleine Phase 1 project: (i) contract for the performance of engineering, procurement of materials, construction and installation (EPCI) services of Subsea Umbilicals, Risers & Flowlines (SURF) and an onshore pipeline to connect to the distribution network, between Eni Côte d'Ivoire Ltd (Client), Saipem SA and Servizi Energia Italia SpA (SURF Contract). The total value of the SURF Contract, with a duration of 18 months, is US$452 million (of which US$115 million for the lump sum and US$337 million for the reimbursable portion); (ii) a contract for the provision of engineering, procurement and construction (EPC) services for the modernisation of the vessel FPSO Firenze, with a subsequent 10 years of operation and maintenance of the vessel, between Eni Côte d'Ivoire Ltd (Client), Saipem SpA and Servizi Energia Italia SpA (the FPSO Contract). The value of the FPSO Contract, with a duration of 20 months and subsequent 10 years for operation and maintenance activities, is US$295 million for the EPC portion (US$72 million for the Lump Sum portion and US$223 million for the reimbursable portion) and US$341 million for operation and maintenance activities (US$234 million for the Lump Sum portion and US$107 million for the reimbursable portion).
Considering that: (i) Saipem SpA and Servizi Energia Italia SA are fully controlled by Saipem SpA; and that (ii) Saipem SpA is in turn jointly controlled by Eni SpA and CDP Industria SpA; and that in addition (iii) Eni Côte d'Ivoire Ltd is an indirect subsidiary of Eni SpA; the transaction qualifies as a transaction with related parties, as it is entered into with companies subject to common control, including joint control (Section 2 of the Procedure). Moreover, the Contracts qualify as “major significance” transactions since they exceed the value significance index even individually (at the time amounting to €15 million, with reference to Saipem’s market capitalisation as of June 30, 2022). These transactions, although qualified as “major significance” transactions, are configured as ordinary transactions concluded under equivalent market or standard conditions, and are, 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, given that: the activities subjects of the Contracts fall within the ordinary scope of Offshore Engineering & Construction business of Saipem’s Asset Based Services Business Line (SURF contract) and Onshore Engineering & Construction business of Saipem’s Energy Carriers Business Line (FPSO contract); the contractual conditions are based on client’s standards in line with contractual standards of international industrial projects; the prices for the performance of activities were agreed at economic, technical and contractual market conditions comparable with those applied for similar contracts; the contractual conditions applied to the Client are also applicable to other clients not identifiable as related parties of Saipem.

Close Out Agreement with NAOC - Okpai Phase 2 (Energy Carriers E&C Onshore)

On September 26, 2022, the Close Out Agreement on the Okpai Independent Power Plant Phase 2 Project was entered into between: (i) Servizi Energia Italia (SEI, a wholly-owned subsidiary of Saipem SpA), in relation to the activities to be performed outside Nigeria, and Saipem Contracting Nigeria Ltd (SCNL, a wholly-owned subsidiary of Saipem SpA), in relation to the activities to be performed in Nigeria; and (ii) the client, Nigerian Agip Oil Co Ltd (NAOC). NAOC is a Nigerian company wholly owned by Eni SpA, which commissioned the project on behalf of a joint venture (NAOC JV), consisting of NAOC itself and the Nigerian companies Nigerian National Petroleum Co Ltd (NNPC) and OANDO Plc (OANDO). The scope of work involves the

execution of engineering, procurement and construction (EPC) activities in relation to the so-called Phase 2 of the Independent Power Plant Project - Okpai IPP 2, located in Okpai, Delta State, Nigeria. The value of the contract amounts to the equivalent of €480 million, broken down as follows: SCNL €267 million and SEI €213 million. The Close Out Agreement refers to the completion of the work which started upon issuing a Letter of Intent (LOI) signed on August 10, 2017 and subsequently revised up to Revision No. 5 of December 17 2018, which was the subject of the communication to Consob made on December 19, 2018. The Close Out Agreement was therefore necessary to formalise the completion of the works, to evaluate the activities carried out and completed by SEI/SCNL after the LOI had lapsed and its subsequent revisions, and to enable the latter to receive payment of the amount in excess of the amount payable by NAOC pursuant to the LOI.
Considering that: (i) Saipem Contracting Nigeria Ltd and Servizi Energia Italia SpA are wholly-owned subsidiaries of Saipem SpA; and that (ii) Saipem SpA is in turn jointly-controlled by Eni SpA and CDP Industria SpA; and that in addition (iii) Nigerian Agip Oil Co Ltd is indirectly-controlled by Eni SpA; the transaction qualifies as a related party transaction, as it is entered into with companies subject to common control, including joint control. It is therefore confirmed that the Close Out Agreement qualifies as a transaction of “major significance” insofar as it exceeds the countervalue materiality index (at the time equal to €15 million, with reference to the Saipem Group's consolidated shareholders' equity at June 30, 2022). This transaction, although of major significance, is configured as an ordinary transaction concluded at conditions equivalent to market or standard conditions, and is therefore exempt from the procedural and disclosure requirements provided for transactions of major significance, which do not fall within the cases of exclusion provided for by the Regulation and the Procedure adopted by the Company, because the transaction (i) falls within the ordinary course of business as it relates 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 Engineering & Construction sector of the Energy Carriers Business Line (ii) the economic conditions (with particular reference to prices and hourly rates) may be considered ordinary in the markets and business segments in which the Company normally carries out its activities, and in particular in the Engineering & Construction Onshore sector of Saipem's Energy Carriers Business Line; (iii) the economic conditions of the Project are in line with the average margins applied to other projects of a similar nature and size in the onshore construction segment, also taking into account the peculiarities of the local context.

Sale of receivable to SACE FCT (Finance)

On September 29, 2022, a sale of trade receivables between Saipem SpA (“Saipem”) and SACE FCT SpA (“SACE FCT”) for a total equivalent value of €42.5 million (the “Sale”) was finalised. The transaction falls under the “General Terms and Conditions for Future Factoring Transactions” (the “Agreement”), signed by the parties on June 27, 2016, and provided for the sale of existing receivables, certain and collectable, claimed by Saipem in the form of trade invoices from certain clients.
In consideration of the circumstance that, at the time of the sale: (i) Saipem was jointly controlled by Eni SpA and CDP Industria SpA; (ii) Eni SpA and CDP Industria SpA were in turn indirectly controlled by the Ministry of Economy and Finance ("MEF"); (iii) SACE FCT was controlled by SACE SpA, which was in turn controlled by the MEF; the transaction qualifies as a transaction with related parties, as it was entered into with companies subject to common control, including joint control.
Although the transaction qualifies as “major significance” in that it exceeds the materiality threshold for the countervalue (at the time equal to €15 million, with reference to the Saipem Group's consolidated shareholders' equity at June 30, 2022), it can be considered as an ordinary transaction concluded on terms and conditions equivalent to market or standard terms and conditions and is therefore excluded from the procedural and disclosure requirements provided for transactions of major significance, pursuant to the Consob Regulation on related parties and the Saipem Procedure, given that (i) the transaction is part of Saipem's ordinary business operations and related financial activities supporting the Group's liquidity needs or mitigating the credit risk associated with clients; (ii) the Agreement and the Assignment were finalised under standard terms and conditions in line with widely established national practice (iii) the commission and margin applied to the interest rates payable to SACE FCT for assuming the risk profile associated with the assigned clients are in line with the commissions and contractual terms and conditions paid by Saipem to unrelated counterparties for transactions with similar characteristics.

Eni Angola SpA - Provision of Offshore Drilling Services - Scarabeo 9 (Offshore Drilling)

On October 4, 2022, a consortium formed by Saipem (Portugal) Comércio Marìtimo, Sociedade Unipessoal Lda (SPCM) and Saipem Luxemburg Sucursal de Angola (SLUX) with Eni Angola SpA (Client) finalised Amendment No. 2 to contract No. 5000019838 “Provision of offshore drilling services through one dynamic positioning dual activity (DPDA) Semi Submersible Drilling rig with mooring capability” (Contract) to carry out offshore drilling activities with the drilling rig Scarabeo 9, with Angolan waters as reference area. Amendment No. 2 follows the issuance of Amendment No. 1 to the Contract, signed on April 7, 2022, which had increased the total value of the Contract to approximately US$55.7 million, equal to €50 million. Amendment No. 2, which stipulates a period of 110 days the exercise the option for 2 additional wells, in turn increases the value of the Contract by approximately US$22.4 million, equal to €21.7 million. The total value of the Contract thus now amounts to approximately US$81.2 million, equal to €71.7 million. Considering that: (i) Saipem Luxembourg SA is indirectly controlled (100%) by Saipem SpA through its subsidiary Saipem Maritime Asset Management Luxembourg Sàrl, also wholly owned by Saipem SpA (100%); (ii) Saipem (Portugal) Comércio Marìtimo, Sociedade Unipessoal Lda is indirectly controlled (100%) by Saipem SpA through its subsidiary Saipem International BV, also wholly owned by Saipem SpA (100%); (iii) Saipem SpA, in turn, is jointly controlled by Eni SpA and CDP Industria SpA; (iv) Eni Angola SpA is a wholly owned subsidiary of Eni SpA; the transaction qualifies as a related party transaction.
Although the transaction covered by this communication qualifies as a transaction of “major significance” as it exceeds the relevance index of the countervalue (at the time equal to €15 million, with reference to the consolidated shareholders' equity of the Saipem Group at June 30, 2022), it is an ordinary transaction concluded at market or standard equivalent conditions, and is therefore excluded from the procedural and disclosure requirements provided for transactions of major significance, which do not fall within the cases of exclusion provided for by the Consob Regulation and the Procedure adopted by the Company. In particular, the transaction qualifies as ordinary and is concluded on terms equivalent to market or standard terms for the

following reasons it falls within the ordinary course of the typical activities of the Saipem Group, and in particular of the Business Line Asset Based Services, Offshore Drilling activities (offshore drilling services). The economic conditions agreed for the use of the Scarabeo 9 rig are in line with the market conditions reported by specialized and international third-party sources for the relevant industry (offshore drilling vessels); these were available both when the Contract was entered into and when Amendment No. 1 and Amendment No. 2 were signed, and used by the Asset Based Services Business Line for Offshore Drilling activities. The contractual terms agreed for Amendment No. 2 are in line with those applied to similar contracts entered into with parties not identified as related parties of Saipem.

SACE SpA - Mandate and indemnity agreement for material supply advance guarantee - Berri Project (Finance)

On October 21 2022, Saipem SpA ("Saipem") and SACE SpA ("SACE") entered into a mandate and indemnity agreement (the "Agreement") aimed at increasing an advance payment guarantee for material, issued locally in November 2019 in favour of client Saudi Aramco, in the interest of Snamprogetti Saudi Arabia Co Ltd, for the Berri Increment Programme - Expand Abu Ali Crude & KGP Gas Facilities (Pkg 1) project in Saudi Arabia. The increase in the value of the guarantee from SAR 1 billion (approx. €275 million) to SAR 1.3 billion (approximately €357 million) was achieved through: (i) the issuance of a counter-guarantee by Unicredit SpA (Unicredit) in favour of the local bank for a value of SAR 300 million (about €82 million), which can be increased up to the value of SAR 700 million (about €192 million); (ii) the issuance of a counter-guarantee by SACE in favour of Unicredit covering 33% of the amount of the counter-guarantee issued by Unicredit, for a value of SAR 99 million (approximately €27 million), increasable up to a value of SAR 231 million (approximately €63 million).
Considering that, at the time of entering into the agreement: (i) Saipem indirectly controlled Snamprogetti Saudi Arabia Co Ltd; (ii) Saipem was jointly controlled by Eni SpA and CDP Industria SpA; (iii) Eni SpA and CDP Industria SpA were in turn indirectly controlled by the Ministry of Economy and Finance ("MEF"); (iv) SACE was in turn controlled by the MEF; the transaction relating to the signing of the Agreement qualifies as a transaction with Related Parties, since it was entered into between companies subject to common control, including joint control, with Saipem.
The increase in the counter-guarantee issued by SACE, even though it qualifies as a transaction of "major significance", in that it exceeds the countervalue relevance index (at the time equal to €15 million, with reference to Saipem's market capitalisation on March 30, 2022) can be classified as an ordinary transaction concluded on terms and conditions equivalent to market or standard terms and conditions. It can therefore be excluded from the procedural and disclosure requirements provided for transactions of major significance under the provisions of the Consob Regulation on Related Parties and the Saipem Procedure, in consideration of the following elements: (i) the increase, already provided for in the Agreement, is part of the ordinary operating activity of Saipem and its subsidiaries for the performance of engineering services, supply of materials and construction activities for which the delivery to the client of a bank guarantee of advance on first demand is a standard practice; (ii) the increase was finalised according to standard general terms and conditions in line with widely established national and international practice; (iii) the commission to be paid to SACE for assuming the Saipem risk is identical to that to be paid to Unicredit for the portion of the Saipem risk not covered by SACE; (iv) the commission agreed with SACE, as well as the related contractual terms and conditions, are in line with the commissions and contractual terms and conditions paid by Saipem to unrelated counterparties for transactions with similar characteristics.

Eni Angola SpA - Drillship 12000 Offshore Drilling activities

On November 10, 2022, Contract No. 5000022735 (Contract) was signed by a Consortium formed by Saipem (Portugal) Comércio Marìtimo, Sociedade Unipessoal Lda (SPCM) and Saipem Luxembourg Sucursal de Angola (SLUX) with Eni Angola SpA (Eni Angola or the Client), for offshore drilling activities off the Angolan coast using the drillship Saipem 12000. The Contract stipulates drilling activities for 12 firm wells, with an estimated duration of 804 days, and for a total amount of US$293.5 million, the equal to around €289.5 million. In addition, as per contract, the customer has the option of continuing drilling activities through the operation of any optional wells, the commercial terms for which will be agreed upon in the event of operation. Considering that: (i) Saipem Luxembourg SA is indirectly controlled (100%) by Saipem SpA through its subsidiary Saipem Maritime Asset Management Luxembourg Sàrl, also wholly owned by Saipem SpA (100%); (ii) Saipem (Portugal) Comércio Marìtimo, Sociedade Unipessoal Lda is indirectly controlled (100%) by Saipem SpA through its subsidiary Saipem International BV, also wholly owned by Saipem SpA (100%); (iii) Saipem SpA, in turn, is jointly controlled by Eni SpA and CDP Industria SpA; (iv) Eni Angola SpA is a wholly owned subsidiary of Eni SpA; the transaction qualifies as a related party transaction.
Although the transaction covered by this communication qualifies as a transaction of "major significance" as it exceeds the relevance index of the countervalue (at present equal to €50 million, with reference to the consolidated shareholders' equity of the Saipem Group at September 30, 2022), it is an ordinary transaction concluded at market or standard equivalent conditions, and is therefore excluded from the procedural and disclosure requirements provided for transactions of major significance, which do not fall within the cases of exclusion provided for by the Consob Regulation and the Procedure adopted by the Company. Specifically, the transaction qualifies as ordinary and is concluded on terms and conditions equivalent to those of the market or standard for the reasons described below: it falls within the ordinary course of the typical activities of the Saipem Group, and in particular of the Business Line Asset Based Services, Drilling Offshore business segment (offshore drilling services); the economic conditions applied are in line with the market conditions reported by specialised and international third party sources for the relevant industry (offshore drilling vessels) and used by the Business Line Asset Based Services, Drilling Offshore business segment (offshore drilling services). These sources are available to the Business Line for inspection. The documentation that qualifies the transaction as ordinary and concluded at market or standard terms is contained in the documentation on file of the Asset Based Services Business Line, Offshore Drilling business segment.

Petrobel "Transportation, Installation & Pre-Commissioning of Zohr Back-Up Distribution System for the South Field (Asset Based Services - E&C Offshore)

On November 30, 2022, following the acceptance of the Letter of Award (LOA) received on November 24, 2022 from Belayim Petroleum Co (Petrobel), hereinafter "the Client", Contract No. 210000749 relating to the activities of "Transportation, Installation & Pre-Commissioning of Zohr Back-Up Distribution System for the South Field" (hereinafter "the Contract") was finalised between: (i) a consortium formed by Saipem SpA and Saipem MISR for Petroleum Services (hereinafter "the Companies"); and (ii) the Client. The Contract awarded by the Customer is for the transport and installation of the system related to the main umbilical electricity cable, with associated facilities, in the offshore Zohr field in Egypt. The value of the activities included in the Contract, with a duration of 20 months, amounts to US$91,945,139. Considering that: (i) Saipem MISR for Petroleum Services is fully controlled by Saipem SpA; and that (ii) Saipem SpA is in turn jointly controlled by Eni SpA and CDP Industria SpA; and that in addition (iii) Belayim Petroleum Co (Petrobel) is an indirect subsidiary of Eni SpA; the transaction qualifies as a transaction with related parties, as it is entered into with companies subject to common control, including joint control (Section 2 of the Procedure).

Although this transaction qualifies as a transaction of "major significance" as it exceeds the relevance index of the countervalue (equal to €50 million, with reference to the consolidated shareholders' equity of the Saipem Group at September 30, 2022), it is an ordinary transaction concluded at market or standard equivalent conditions, and is therefore excluded from the procedural and disclosure requirements provided for transactions of major significance, which do not fall within the cases of exclusion provided for by the Consob Regulation and the Procedure adopted by the Company (Section 9). This Contract, in fact: (i) falls within the ordinary course of business, as it relates to the performance of engineering services, supply of materials and installation activities, the content of which is part of the typical business of the Saipem Group, and in particular of the Asset Based Services Business Line, Engineering & Construction Offshore business sector; (ii) the contractual terms and conditions are based on the Client's contractual standards, in line with customary practices applicable to international industrial projects; (iii) the contract was awarded on standard economic, technical and contractual terms and conditions equivalent to those of comparable projects assessed using benchmarks of the Asset Based Services Business Line (Engineering & Construction Offshore business sector); (iv) the contractual terms and conditions applied to the Client are also applicable to other clients not identifiable as related parties of Saipem.

The tables below show the value of transactions of a trade, financial or other nature entered into with related parties. The company analysis is made on the basis of the principle of materiality related to the overall size of the individual relationships; relationships not shown analytically, because they are not material, are indicated according to the following aggregation:

- subsidiaries not consolidated on a line-by-line basis;
- joint ventures and associates;
- companies controlled by Eni and CDP Equity SpA;
- Eni and CDP Equity SpA associates and jointly controlled companies;
- State-controlled companies and other related parties.

Trade and other transactions

Trade and other transactions for financial year 2021 consisted of the following:

(€ million)

Name	Dec. 31, 2021 Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Year 2021 Expenses Goods	Services [1]	Revenue Goods and services	Other
Continuing operations							
Subsidiaries not consolidated with the full consolidation method							
Smacemex Scarl	5	4	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total subsidiaries not consolidated with the full consolidation method	**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	639	-	185	178	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno [2]	-	-	59	-	-	-	-
Gydan Lng Sarl	1	-	-	-	-	11	-
Gydan Yard Management Services (Shanghai) Co Ltd	1	-	-	-	-	2	-
Gygaz Snc	1	-	-	-	(4)	1	-
KWANDA Suporte Logistico Lda	1	6	-	-	2	4	-
Novarctic Sarl	1	-	-	-	-	3	-
Petromar Lda	6	1	5	-	(1)	8	-
PSS Netherlands BV	31	18	-	-	-	12	-
Saipem Taqa Al Rushaid Fabricators Co Ltd	16	12	74	-	-	-	-
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**	**777**	**8**	**932**	**1,257**	**-**
Eni Group							
Eni SpA [3]	16	2	16	-	2	37	-
Eni Angola SpA	30	1	57	-	(5)	181	-
Eni Congo SA	18	7	-	(1)	-	21	-
Eni East Sepinggan Ltd	-	-	7	-	-	42	-
Eni México, S. de R.L. de Cv	12	-	-	-	-	43	-
Mozambique Rovuma Venture SpA	7	-	-	-	-	89	-
Naoc - Nigerian Agip Oil Co Ltd	-	120	-	-	-	5	-
Petrobel Belaym Petroleum Co	18	28	103	-	-	99	-
Var Energy AS	1	-	-	-	-	68	-
Other Eni Group companies (for transactions not exceeding €21 million)	9	2	9	1	14	56	-
Total Eni Group	**111**	**160**	**192**	**-**	**11**	**641**	**-**

(1) The item "Services" includes costs for services, costs for the use of third-party assets and other expenses.
(2) Revenue from limited liability consortium companies refer to the retrocession of fees that these companies invoice to the customer 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.

Trade and other transactions for 2021 consisted of the following:

(€ million)

	Dec. 31, 2021			Year 2021			
				Expenses		Revenue	
Name	Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
CDP Group							
Italgas	-	-	44	-	-	-	-
Snam Rete Gas SpA	12	19	1	-	-	21	-
Other CDP Group companies (for transactions not exceeding €21 million)	5	5	2	-	-	8	-
Total CDP Group	**17**	**24**	**47**	**-**	**-**	**29**	**-**
Companies controlled or owned by the State	**7**	**1**	**-**	**-**	**4**	**-**	**-**
Total related party transactions - Continuing operations	**606**	**1,239**	**1,016**	**8**	**947**	**1,927**	**-**
Incidence (%)	**26.92**	**23.97**	**12.71**	**0.44**	**24.67**	**29.52**	**-**
Overall total - Continuing operations	**2,251**	**5,168**	**7,995**	**1,825**	**3,838**	**6,528**	**5**
Discontinued operations							
Eni Group							
Eni Congo SA	-	-	-	-	-	7	-
Total Eni Group	**-**	**-**	**-**	**-**	**-**	**7**	**-**
Total related party transactions - Discontinued operations	**-**	**-**	**-**	**-**	**-**	**7**	**-**
Overall total - Discontinued operations	**-**	**-**	**-**	**25**	**124**	**347**	**-**
Total related party transactions	**606**	**1,239**	**1,016**	**8**	**947**	**1,934**	**-**
Overall total	**2,251**	**5,168**	**7,995**	**1,850**	**3,962**	**6,875**	**5**
Incidence (%)	**26.92**	**23.97**	**12.71**	**0.43**	**23.90**	**28.13**	**-**

(1) The item "Services" includes costs for services, costs for the use of third-party assets and other expenses.

Trade and other transactions for financial year 2022 consisted of the following:

(€ million)

	Dec. 31, 2022			Year 2022			
				Expenses		Revenue	
Name	Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Continuing operations							
Subsidiaries not consolidated with the full consolidation method							
Smacemex Scarl	5	4	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total subsidiaries not consolidated with the full consolidation method	**5**	**4**	**-**	**-**	**-**	**-**	**-**
Joint ventures and associates							
ASG Scarl [2]	1	2	-	-	(1)	-	-
CCS JV Scarl [2]	44	405	-	-	105	161	-
CEPAV (Consorzio Eni per l'Alta Velocità) Due [2]	131	263	503	-	274	269	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno [2]	-	-	34	-	1	-	-
Gydan Lng Sarl	1	-	-	-	-	5	-
Gygaz Snc	-	-	-	-	-	1	-
KCA Deutag International Ltd	6	1	-	-	-	2	-
KWANDA Suporte Logistico Lda	1	5	-	-	2	5	-
Novarctic Sarl	-	-	-	-	-	8	-
Petromar Lda	6	1	3	-	(1)	16	-
PSS Netherlands BV	-	3	-	-	-	30	-
Saipem Taqa Al Rushaid Fabricators Co Ltd	13	10	36	-	4	-	-
Saipon Snc	1	-	-	-	-	-	-
SAME Netherlands BV	-	-	-	-	-	82	-
Saren BV	76	1	-	-	-	41	-
SCD JV Scarl [2]	32	161	-	-	142	191	-
TSGI Mühendislik Insaat Ltd Sirketi	2	-	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total joint ventures and associates	**314**	**852**	**576**	**-**	**526**	**811**	**-**

(1) The item "Services" includes costs for services, costs for the use of third-party assets and other expenses.
(2) Revenue from limited liability consortium companies refer to the retrocession of fees that these companies invoice to the customer and that on the basis of the consortium nature of the investee company are attributed to the consortium partner.

Trade and other transactions for 2022 consisted of the following:

(€ million)

Name	Dec. 31, 2022			Year 2022			
				Expenses		Revenue	
	Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Eni Group							
Eni Angola Exploration	15	7	-	-	-	34	-
Eni Angola SpA	96	1	34	-	-	319	-
Eni Cote d'Ivoire Ltd	77	4	-	-	-	351	-
Eni Kenya	-	-	-	-	-	21	-
Eni Mediterranea Idrocarburi SpA	2	-	29	-	-	11	-
Eni México, S. de R.L. de Cv	5	-	-	-	-	49	-
Eni US Operating Co Inc	21	19	-	-	-	99	-
Naoc - Nigerian Agip Oil Co Ltd	-	-	-	-	-	184	-
Petrobel Belayim Petroleum Co	38	17	107	-	-	198	-
Solenova Ltd	16	-	-	-	-	33	-
Other Eni Group companies (for transactions not exceeding €21 million)	26	15	23	-	9	68	-
Total Eni Group	**296**	**63**	**193**	**-**	**9**	**1,367**	**-**
CDP Group							
Snam Rete Gas	23	23	1	-	-	29	-
Other CDP Group companies (for transactions not exceeding €21 million)	4	5	5	-	-	13	-
Total CDP Group	**27**	**28**	**6**	**-**	**-**	**42**	**-**
Companies controlled or owned by the State	**33**	**11**	**-**	**-**	**12**	**1**	**-**
Total related party transactions - Continuing operations	**675**	**958**	**775**	**-**	**547**	**2,221**	**-**
Incidence (%)	**30.93**	**17.36**	**10.57**	**-**	**9.99**	**22.25**	**-**
Overall total - Continuing operations	**2,182**	**5,520**	**7,333**	**2,704**	**5,474**	**9,980**	**11**
Discontinued operations							
Joint ventures and associates							
KCA Deutag International Ltd	-	2	-	-	-	2	-
Total joint ventures and associates	**-**	**2**	**-**	**-**	**-**	**2**	**-**
Eni Group							
Eni Congo SA	4	-	-	-	-	6	-
Total Eni Group	**4**	**-**	**-**	**-**	**-**	**6**	**-**
Total related party transactions - Discontinued operations	**4**	**2**	**-**	**-**	**-**	**8**	**-**
Overall total - Discontinued operations	**54**	**43**	**60**	**75**	**187**	**476**	**1**
Total related party transactions	**679**	**960**	**775**	**-**	**547**	**2,229**	**-**
Overall total	**2,236**	**5,563**	**7,393**	**2,779**	**5,661**	**10,456**	**12**
Incidence (%)	**30.37**	**17.26**	**10.48**	**-**	**9.66**	**21.32**	**-**

(1) The item "Services" includes costs for services, costs for the use of third-party assets and other expenses.

The values shown in the table refer to Notes 10 "Trade receivables and other assets", 21 "Trade payables and liabilities", 22 "Contract liabilities", 33 "Guarantees, commitments and risks", 34 "Revenue (core business revenues and other income)" and 35 "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, 2021		Dec. 31, 2022	
	Other assets	Other liabilities	Other assets	Other liabilities
CCS JV Scarl	20	-	22	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno	-	-	1	-
Other Eni Group companies (for transactions not exceeding €21 million)	5	-	5	-
Total related party transactions - Continuing operations	**25**	**-**	**28**	**-**
Total related party transactions - Discontinued operations	**-**	**-**	**-**	**-**
Overall total - Continuing operations	**268**	**216**	**302**	**109**
Overall total - Discontinued operations	**-**	**-**	**14**	**-**
Incidence - Continuing operations (%)	**9.33**	**-**	**9.27**	**-**

Transactions with related parties also include provisions for employee benefits for €3 million as of December 31, 2022 (€7 million as of December 31, 2021).

Financial transactions

Financial transactions, excluding net lease liabilities, for 2021 consisted of the following:

(€ million)

	Dec. 31, 2021			Year 2021	
Name	Receivables [1]	Payables	Commitments	Expenses	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 Eni Group companies (for transactions not exceeding €21 million)	-	-	-	-	-
Total related party transactions	**554**	**18**	**-**	**-**	**1**

(1) Shown in the statement of financial position under "Other current financial assets".

Financial transactions, excluding net lease liabilities, for 2022 consisted of the following:

(€ million)

	Dec. 31, 2022			Year 2022	
Name	Receivables [1]	Payables	Commitments	Expenses	Income
CCS JV Scarl	326	-	-	-	4
Petromar Lda	-	-	-	-	1
Saipem Taqa Al Rushaid Fabricators Co Ltd	-	-	-	-	(2)
Saipon Snc	-	1	-	-	-
SCD JV Scarl	161	-	-	-	1
Société pour la Réalisation du Port de Tanger Méditerranée	1	-	-	-	-
TSGI Mühendislik Insaat Ltd Sirketi	-	-	-	1	-
Other Eni Group companies (for transactions not exceeding €21 million)	1	-	-	15	1
Total related party transactions	**489**	**1**	**-**	**16**	**5**

(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:

	Dec. 31, 2021			Dec. 31, 2022		
(€ million)	Total	Related parties	Incidence	Total	Related parties	Incidence
Current financial liabilities	412	18	4.37	159	1	0.63
Non-current financial liabilities (including current portion)	3,129	-	-	2,471	-	-
Total	**3,541**	**18**		**2,630**	**1**	

	Year 2021			Year 2022		
(€ million)	Total	Related parties	Incidence	Total	Related parties	Incidence
Financial income (expense)	(25)	1	n.s.	(67)	(11)	16.42
Derivative financial instruments	(112)	-	-	(128)	-	-
Other operating income (expense)	2	-	-	7	-	-
Total - Continuing operations	**(135)**	**1**		**(188)**	**(11)**	
Total - Discontinued operations	**(3)**	**-**		**(7)**	**-**	

Financial lease transactions

Financial lease transactions as of December 31, 2021, consisted of the following:

(€ million)

	Dec. 31, 2021		Year 2021		
Name	Receivables	Payables	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
Non-current lease liabilities (including current portion)	394	1	0.25
Total - Continuing operations	**394**	**1**	
Total - Discontinued operations	**-**	**-**	

Financial lease transactions as of December 31, 2022 consisted of the following:

(€ million)

	Dec. 31, 2022		Year 2022		
Name	Receivables	Payables	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, 2022		
(€ million)	Total	Related parties	Incidence
Non-current lease liabilities (including current portion)	403	1	0.25
Total - Continuing operations	**403**	**1**	
Total - Discontinued operations	**-**	**-**	

The main cash flows with related parties were as follows:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Revenue and income	1,927	2,221
Costs and other expenses	(955)	(547)
Financial income (expenses) and derivatives	1	(11)
Change in trade receivables and payables	382	(350)
Net cash flows from operating activities - Continuing operations	**1,355**	**1,313**
Net cash flows from operating activities - Discontinued operations	**7**	**6**
Change in financial receivables	(220)	65
Net cash flows from investing activities - Continuing operations	**(220)**	**65**
Net cash flows from investing activities - Discontinued operations	**-**	**-**
Change in financial liabilities	17	(17)
Net cash flows from financing activities - Continuing operations	**17**	**(17)**
Net cash flows from financing activities - Discontinued operations	**-**	**-**
Total cash flows with related parties - Continuing operations	**1,152**	**1,361**
Total cash flows with related parties - Discontinued operations	**7**	**6**

The incidence of cash flows with related parties was as follows:

	Dec. 31, 2021			Dec. 31, 2022		
(€ million)	Total	Related parties	Incidence	Total	Related parties	Incidence
Cash flows from operating activities	3	1,355	n.s.	(523)	1,313	n.s.
Cash flows from investing activities	(438)	(220)	50.23	32	65	n.s.
Cash flows from financing activities (*)	372	17	4.57	(1,047)	(17)	1.62

(*) The cash flows from financing activities do not include dividends distributed, the net purchase of treasury shares, equity contributions from third parties, and the purchase of shares in consolidated companies.

Information on jointly controlled entities

Jointly controlled companies classified as joint operations do not have a significant value.

44 Significant non-recurring events and operations

As a result of the agreement signed in 2022 with KCA Deutag for the sale of the Onshore Drilling business, the sector under disposal was represented as "Discontinued operations". Please refer to Note 30 "Discontinued operations, assets held for sale and directly associated liabilities" for details.

See Note 4 "Accounting estimates and significant judgements" where the management and containment measures adopted by the Group to address the current macroeconomic environment resulting from a combination of the consequences of the Russian-Ukrainian crisis, inflation, rising interest rates and the residual effects related to the COVID-19 pandemic are reflected.

45 Transactions deriving from atypical or unusual transactions

In 2021 and 2022, there were no atypical or unusual transactions.

46 Events after the reporting period

New contracts

On January 20, 2023, Saipem was awarded two Engineering & Construction offshore contracts for a total amount of approximately $900 million. The first contract – in partnership with Aker Solutions do Brasil – was awarded by TotalEnergies for the development project of LAPA Southwest (LAPA SW), a deep-water oil field in the Santos basin, in the South Atlantic. The scope of work includes engineering, procurement, construction and installation (EPCI) of underwater umbilicals, risers and flowlines (SURF), as well as submarine production systems.
The second contract was awarded by Equinor for the Irpa Pipeline project. The deep-water project in the Norwegian Sea, which includes the installation of a 80 km pipe-in-pipe line connecting the Irpa field submarine production model to the existing Aasta Hansteen platform.

On March 1, 2023, Saipem was awarded a drilling contract offshore the Ivory Coast by the Eni Côte d'Ivoire Ltd and Petroci joint venture valued at $400 million. The contract includes the use of the seventh-generation drillship Deep Value Driller, one of the most modern in the world, for which Saipem has entered into a charter agreement with the company Deep Value Driller.

On March 3, 2023, Rete Ferroviaria Italiana (RFI, Gruppo FS Italiane, the Italian Railway Network) announced the award to the consortium formed by Impresa Pizzarotti & C and Saipem of the works for the construction of the railway link and the High Speed/High-Capacity station in Florence. The total value of the contract is over €1 billion. With a share of about €551 million, Pizzarotti is the consortium leader, while Saipem's share amounts to about €529 million. The work involves the construction of a new railway line of approximately 7 kilometres underground with two parallel tunnels, on average about 20 metres deep, completed with two terminal sections above ground, to the north between the stations of Firenze Castello and Firenze Rifredi, and to the south near the station of Firenze Campo di Marte.

Valorisation of Onshore Drilling

As part of the agreement to sell Onshore Drilling to KCA Deutag signed on June 1, 2022, which resulted in the first closing on October 28, 2022, the Kuwait operations were transferred at the end of January 2023.

New credit facilities

On February 13, 2023, Saipem SpA signed two new credit facilities with a pool of leading national and international banks, for a total amount of €860 million. In particular, a senior unsecured Term Loan of approximately €390 million with a duration of about 5 years, guaranteed for 70% by SACE, and a Revolving Credit Facility of approximately €470 million with a duration of 3 years, which is not expected to be used.

Collaboration agreements

On February 22, 2023, Eni Sustainable Mobility and Saipem signed a Memorandum of Understanding (MoU) with the aim of using biogenic fuels on Saipem's drilling and construction vessels, with particular reference to operations in the Mediterranean Sea area.
On February 23, 2023, Saipem and Seaway 7 announced that they have entered into a commercial collaboration agreement to jointly identify, propose and execute offshore wind projects on fixed foundations.
Saipem and Seaway 7 will pursue projects selected on the basis of the two companies' complementary combination of their respective assets, technologies, products, and expertise, and when they can generate significant synergies for our customers while improving the profitability of their investments.

Long-Term Variable Incentive Plan 2023-2025

On March 14, 2023, the Board of Directors, has also resolved, following a proposal of the Compensation and Nomination Committee and after a favourable opinion from the Board of Statutory Auditors pursuant to Article 2389(3) of the Civil Code, to submit for approval the proposal of adoption of the Long-term Variable Incentive Plan 2023-2025 ("the Plan") to the next General Shareholders' Meeting, which includes the award of Saipem ordinary shares, free-of-charge, subject to the achievement of performance targets.

Authorisation to buy-back treasury shares at the service of the Long-Term Variable Incentive Plan

Following the proposal of the Compensation and Nomination Committee, on March 14, 2023, the Board of Directors resolved to submit to the Shareholders' Meeting a proposal for authorisation of the buy-back of treasury shares up to a maximum of

37,000,000 ordinary shares, and in any case, up to the overall maximum amount of €59,300,000 to be allocated to the 2023 attribution of the Long-Term Incentive Plan 2023-2025, upon approval of the Plan itself by the General Shareholders' Meeting.
Authorisation for the buy-back of treasury shares are requested for a period of eighteen months from the date of resolution of the Shareholders' Meeting.

47 Obligations regarding transparency and disclosure. Italian Law August 4, 2017, No. 124 (Article 1, sections 125-129)

During 2022, Saipem SpA and other Italian companies have not received public payments within the scope of application of the Law No. 124/2017 (Article 1, sections 125-129) and following changes.
In particular, the scope of application of the aforementioned law does not include: (i) the forms of incentive/subsidy received under a general aid scheme to all those eligible; (ii) sums relating to provision of works/services, including sponsorships; (iii) reimbursements and allowances paid to individuals in training and guidance; (iv) contributions received for continuing education by inter-professional funds set up as associations; (v) membership fees for membership of professional and territorial associations, as well as in favour of foundations or equivalent organisations which are functional to activities linked to corporate business. Disbursements are identified according to the cash criterion.
The notice falling within the scope of the aforementioned legislation includes disbursements over €10 thousand paid by the same paying entity during 2022, also through multiple payments.

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

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 year, and these prior year errors are corrected in the comparative information presented in the financial statements for that subsequent year" and par. 42 according to which "the entity shall correct the material prior year 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.

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B. The applicable international accounting standards and the violations encountered in relation thereto.
Consob holds that the 2016 consolidated and statutory financial statements of Saipem as of 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" as of 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 remark relates to the manner in which the cash flows expected from the use of these assets were estimated for the purpose of applying the impairment test with regard to the 2015 financial year, and in particular to the incorrect application of IAS 36: (a) paragraph 33, letter a). This states that "in assessing 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) paragraph 34 in the sections that requires management to assess 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 actual cash flows and ensuring that the assumptions on which its current cash flow projections are based are consistent with past actual outcomes; (c) paragraph 35 in the section that mentions the approach to be followed when using cash flow projections over a period longer than five years, stressing that such an 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 that 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) paragraph 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) paragraph 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" [...]; paragraph 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, paragraph 9, that "inventories shall be measured at the lower of cost and net realisable value" and at paragraph 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 paragraph 34 that "a deferred tax asset shall be recognised for the carry forward 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. 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.
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 of 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: the Regional Administrative Court ("TAR") of Lazio rejected the appeal against Consob Resolution No. 20324 dated March 2, 2018.
San Donato Milanese (Italy), July 6, 2021: Saipem SpA informs that the Regional Administrative Court ('TAR') of Lazio, through 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 as of 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.
The proceedings is still pending.

On April 16, 2018, Saipem issued a press release regarding the pro-forma consolidated income statements and statement of financial position as of 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 applied 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 counterarguments 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 became known 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 ("controricorso con ricorso incidentale").

Saipem SpA filed its appeal against Consob's appeal ("controricorso con ricorso incidentale") on April 8, 2022.
The proceedings is still pending.

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*, letter 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 as of December 31, 2015 and the Half-Year Report as of 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 as of December 31, 2015 (with reference to both suspects) and the First Half Report as of 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 as of December 31, 2015, allegedly committed by both individuals, and the First Half Report as of 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 these 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. On April 12, 2022, the Judge for the Preliminary Hearing at the Court of Milan, who acquitted, because *"no offence has been 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.
The 15 days term – starting from the filing of the reasons of the sentence – for the appeal of the Public Prosecutor's Office and of the plaintiff also expired, while remaining the theoretical possibility of an appeal by the General Public Prosecutor at the Court of Appeal of Milan within September 2, 2022, pursuant to Article 593-*bis,* c.p.p.
On September 3, 2022, the acquittal decision of the Judge of the Preliminary Hearing at the Court of Milan on April 12, 2022 became definitive for all the parties. The proceedings is closed.

INFORMATION UPON REQUEST OF CONSOB PURSUANT TO ARTICLE 114, SUBSECTION 5, OF LEGISLATIVE DECREE NO. 58/1998 ("TUF")

At the request of Consob received on May 10, 2022 and motivated by the market's need to be constantly informed given the "uncertainties around the Company's (and the Saipem Group's) ability to continue its activity as a going concern", resulting from the audit of the Company's financial statements and of the consolidated balance sheet as of December 31, 2022, the information requested by the supervisory authorities and herein presented.
It should also be noted that on July 15, 2022, the Group carried out the Saipem capital increase approved by the Extraordinary Shareholders' Meeting held on May 17, 2022.
The prospect of the fulfilment of these circumstances, as highlighted in the reports to the aforementioned financial statements, constituted the assumption, now realised, of the Company as a going concern.
The following information is given as of December 31, 2022 regarding Saipem Spa and the Group of which the Company is the parent.

Net Financial Position of Saipem SpA and of the Saipem Group as of December 31, 2022, highlighting the short-term components shown separately from medium/long-term components.

Following is the statement of net debt of Saipem SpA and the Saipem Group as of December 31, 2022, prepared according to the provisions of Consob document 5/21 of April 29, 2021 which implements the ESMA guidelines, compared to that of December 31, 2021.

Net Financial Position of Saipem SpA

	Dec. 31, 2021			Dec. 31, 2022		
(€ million)	Current	Non-current	Total	Current	Non-current	Total
A. Cash and cash equivalents	**889**	**-**	**889**	**1,032**	**-**	**1,032**
B. Cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**
C. Other current financial assets:	**267**	**-**	**267**	**353**	**-**	**353**
- Financial assets measured at fair value through OCI	-	-	-	-	-	-
- Loan assets	267	-	267	353	-	353
D. Liquidity (A+B+C)	**1,156**	**-**	**1,156**	**1,385**	**-**	**1,385**
E. Current financial debt:	**1,448**	**-**	**1,448**	**1,300**	**-**	**1,300**
- Current financial liabilities with banks	226	-	226	82	-	82
- Current financial liabilities with related parties	1,182	-	1,182	1,182	-	1,182
- Other current financial liabilities	-	-	-	-	-	-
- Lease liabilities	39	-	39	36	-	36
F. Current portion of the non-current financial debt:	**63**	**-**	**63**	**112**	**-**	**112**
- Non-current financial liabilities with banks	63	-	63	112	-	112
- Ordinary bonds	-	-	-	-	-	-
G. Current debt (E+F)	**1,511**	**-**	**1,511**	**1,412**	**-**	**1,412**
H. Net current financial debt (G-D)	**355**	**-**	**355**	**27**	**-**	**27**
I. Non-current financial debt:	**-**	**157**	**157**	**-**	**99**	**99**
- Non-current financial liabilities with banks	-	113	113	-	-	-
- Non-current financial liabilities with related parties	-	-	-	-	-	-
- Lease liabilities	-	45	45	-	99	99
J. Debt instruments:	**-**	**-**	**-**	**-**	**-**	**-**
- Ordinary bonds	-	-	-	-	-	-
K. Trade payables and other non-current payables	**-**	**-**	**-**	**-**	**-**	**-**
L. Non-current debt (I+J+K)	**-**	**157**	**157**	**-**	**99**	**99**
M. Net financial debt as set out in Consob document No. 5/21, April 29, 2021 (H+L)	**355**	**157**	**512**	**27**	**99**	**126**

Net debt of Saipem SpA does not include the fair value of derivatives for a positive value of €18 million (negative value of €51 million as of December 31, 2021).

Reconciliation of net financial debt

(€ thousand)	Dec. 31, 2021 Current	Non-current	Total	Dec. 31, 2022 Current	Non-current	Total
M. Net financial debt as set out in Consob document No. 5/21, April 29, 2021 (H+L)	**355**	**157**	**512**	**27**	**99**	**126**
N. Non-current loan assets	**-**	**-**	**-**	**-**	**-**	**-**
O. Lease assets	**-**	**-**	**-**	**-**	**-**	**-**
P. Net financial debt (M-N-O)	**355**	**157**	**512**	**27**	**99**	**126**

As of December 31, 2022, Saipem SpA recorded a positive net debt before net lease liabilities of €9 million (negative for €428 million as of December 31, 2021) and a positive net debt including lease liabilities of €126 million (negative for €512 million as of December 31, 2021).

Saipem Group Net Financial Position

(€ million)	Dec. 31, 2021 Current	Non-current	Total	Dec. 31, 2022 Current	Non-current	Total
A. Cash and cash equivalents	**1,632**	**-**	**1,632**	**2,052**	**-**	**2,052**
B. Cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**
C. Other current financial assets:	**625**	**-**	**625**	**569**	**-**	**569**
- Financial assets measured at fair value through OCI	59	-	59	75	-	75
- Loan assets	566	-	566	494	-	494
D. Liquidity (A+B+C)	**2,257**	**-**	**2,257**	**2,621**	**-**	**2,621**
E. Current financial debt:	**559**	**-**	**559**	**298**	**-**	**298**
- Current financial liabilities with banks	367	-	367	82	-	82
- Current financial liabilities with related parties	18	-	18	1	-	1
- Other current financial liabilities	27	-	27	76	-	76
- Lease liabilities	147	-	147	139	-	139
F. Current portion of the non-current financial debt:	**697**	**-**	**697**	**742**	**-**	**742**
- Non-current financial liabilities with banks	151	-	151	206	-	206
- Ordinary bonds	546	-	546	536	-	536
G. Current debt (E+F)	**1,256**	**-**	**1,256**	**1,040**	**-**	**1,040**
H. Net current financial debt (G-D)	**(1,001)**	**-**	**(1,001)**	**(1,581)**	**-**	**(1,581)**
I. Non-current financial debt:	**-**	**686**	**686**	**-**	**498**	**498**
- Non-current financial liabilities with banks	-	439	439	-	234	234
- Non-current financial liabilities with related parties	-	-	-	-	-	-
- Lease liabilities	-	247	247	-	264	264
J. Debt instruments:	**-**	**1,993**	**1,993**	**-**	**1,495**	**1,495**
- Ordinary bonds	-	1,993	1,993	-	1,495	1,495
K. Trade payables and other non-current payables	**-**	**-**	**-**	**-**	**-**	**-**
L. Non-current debt (I+J+K)	**-**	**2,679**	**2,679**	**-**	**1,993**	**1,993**
M. Net financial debt as set out in Consob document No. 5/21, April 29, 2021 (H+L)	**(1,001)**	**2,679**	**1,678**	**(1,581)**	**1,993**	**412**

Net financial debt includes the fair value of an interest rate swap (positive €1 million), but does not include the fair value of derivatives.

Reconciliation of net financial debt

(€ million)	Dec. 31, 2021 Current	Non-current	Total	Dec. 31, 2022 Current	Non-current	Total
M. Net financial debt as set out in Consob document No. 5/21, April 29, 2021 (H+L)	**(1,001)**	**2,679**	**1,678**	**(1,581)**	**1,993**	**412**
N. Non-current loan assets	**-**	**61**	**61**	**-**	**65**	**65**
O. Lease assets	**30**	**46**	**76**	**26**	**57**	**83**
P. Net financial debt (M-N-O)	**(1,031)**	**2,572**	**1,541**	**(1,607)**	**1,871**	**264**

The pre-IFRS 16 net financial position as at December 31, 2022 was positive by €56 million. The net financial position including the IFRS 16 lease liability of €320 million was a negative €264 million. Gross debt pre-IFRS 16 lease liability effects as of September 31, 2022, amounted to €2,630 million, liquidity to €2,686 million of which available cash for €1,362 million.

Expired debt positions of Saipem SpA and of the Saipem Group as of December 31, 2022, by nature (financial, commercial, tax, social security and towards employees) and any related creditor reaction initiatives (reminders, injunctions, suspension of supplies, etc.)

Overdue debt positions of Saipem SpA

The expired debt positions of Saipem SpA as of December 31, 2022 are as follows:

(€ million)	Total as of Dec. 31, 2022
Trade payables	**124**
- of which expired less than three months	**91**

The level of overdue payables falls within levels that can be considered physiological given the nature and complexity of business. It should also be noted that the advances to suppliers at the same date amounted to €46 million.
There are no overdue financial, tax, social security and employee payables.

Saipem Group overdue debt positions

The expired debt positions of the Saipem Group as of December 31, 2022 are as follows:

(€ million)	Total as of Dec. 31, 2022
Trade payables	**382**
- of which expired less than three months	**310**

The level of expired debt, equal to €382 million and about 4% of revenues of 2022, is within what can be considered normal level given the nature and complexity of business. It should also be noted that the advances to suppliers at the same date amounted to €162 million.
There are no overdue financial, tax, social security and employee payables.

Main changes in transactions with related parties of Saipem SpA and the Saipem Group, compared to the last annual financial report approved pursuant to Article 154-*ter* of the Consolidated Law on Finance

Transactions carried out by Saipem SpA and the companies included in the scope of consolidation with related parties mainly consist of the supply of services and the exchange of goods with joint ventures, associates and subsidiaries that are not fully consolidated, with subsidiaries, joint ventures and associates mainly of Eni SpA and CDP SpA – taking into account control of CDP SpA on CDP Equity SpA, with companies controlled by the Ministry of Economy and Finance (MEF). These transactions form part of ordinary operations and are settled at market conditions, i.e., at the conditions that would have applied between two independent parties. All transactions were carried out in the interest of Saipem SpA companies.

Trade and other transactions

Trade and other transactions for financial year 2021 consisted of the following:

(€ million)

	Dec. 31, 2021			Year 2021			
				Expenses		Revenue	
Name	Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Continuing operations							
Subsidiaries not consolidated on a line-by-line basis							
Smacemex Scarl	5	4	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total subsidiaries not consolidated on a line-by-line basis	**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	639	-	185	178	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno [2]	-	-	59	-	-	-	-
Gydan Lng Sarl	1	-	-	-	-	11	-
Gydan Yard Management Services (Shanghai) Co Ltd	1	-	-	-	-	2	-
Gygaz Snc	1	-	-	-	(4)	1	-
KWANDA Suporte Logistico Lda	1	6	-	-	2	4	-
Novarctic Sarl	1	-	-	-	-	3	-
Petromar Lda	6	1	5	-	(1)	8	-
PSS Netherlands BV	31	18	-	-	-	12	-
Saipem Taqa Al Rushaid Fabricators Co Ltd	16	12	74	-	-	-	-
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**	**777**	**8**	**932**	**1,257**	**-**
Eni Group							
Eni SpA [3]	16	2	16	-	2	37	-
Eni Angola SpA	30	1	57	-	(5)	181	-
Eni Congo SA	18	7	-	(1)	-	21	-
Eni East Sepinggan Ltd	-	-	7	-	-	42	-
Eni México, S. de R.L. de Cv	12	-	-	-	-	43	-
Mozambique Rovuma Venture SpA	7	-	-	-	-	89	-
Naoc - Nigerian Agip Oil Co Ltd	-	120	-	-	-	5	-
Petrobel Belaym Petroleum Co	18	28	103	-	-	99	-
Var Energy AS	1	-	-	-	-	68	-
Other Eni Group companies (for transactions not exceeding €21 million)	9	2	9	1	14	56	-
Total Eni Group	**111**	**160**	**192**	**-**	**11**	**641**	**-**

(1) The item "Services" includes costs for services, costs for the use of third-party assets and other expenses.
(2) Revenue from limited liability consortium companies refer to the retrocession of fees that these companies invoice to the customer 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.

Trade and other transactions for 2021 consisted of the following:

(€ million)

	Dec. 31, 2021			Year 2021			
				Expenses		Revenue	
Name	Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
CDP Group							
Italgas	-	-	44	-	-	-	-
Snam Rete Gas SpA	12	19	1	-	-	21	-
Other CDP Group companies (for transactions not exceeding €21 million)	5	5	2	-	-	8	-
Total CDP Group	**17**	**24**	**47**	**-**	**-**	**29**	**-**
Companies controlled or owned by the State	**7**	**1**	**-**	**-**	**4**	**-**	**-**
Total related party transactions - Continuing operations	**606**	**1,239**	**1,016**	**8**	**947**	**1,927**	**-**
Incidence (%)	**26.92**	**23.97**	**12.71**	**0.44**	**24.67**	**29.52**	**-**
Overall total - Continuing operations	**2,251**	**5,168**	**7,995**	**1,825**	**3,838**	**6,528**	**5**
Discontinued operations							
Eni Group							
Eni Congo SA	-	-	-	-	-	7	-
Total Eni Group	**-**	**-**	**-**	**-**	**-**	**7**	**-**
Total related party transactions - Discontinued operations	**-**	**-**	**-**	**-**	**-**	**7**	**-**
Overall total - Discontinued operations	**-**	**-**	**-**	**25**	**124**	**347**	**-**
Total related party transactions	**606**	**1,239**	**1,016**	**8**	**947**	**1,934**	**-**
Overall total	**2,251**	**5,168**	**7,995**	**1,850**	**3,962**	**6,875**	**5**
Incidence (%)	**26.92**	**23.97**	**12.71**	**0.43**	**23.90**	**28.13**	**-**

(1) The item "Services" includes costs for services, costs for the use of third-party assets and other expenses.

Trade and other transactions for financial year 2022 consisted of the following:

(€ million)

	Dec. 31, 2022			Year 2022			
				Expenses		Revenue	
Name	Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Continuing operations							
Subsidiaries not consolidated on a line-by-line basis							
Smacemex Scarl	5	4	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total subsidiaries not consolidated on a line-by-line basis	**5**	**4**	**-**	**-**	**-**	**-**	**-**
Joint ventures and associates							
ASG Scarl [2]	1	2	-	-	(1)	-	-
CCS JV Scarl [2]	44	405	-	-	105	161	-
CEPAV (Consorzio Eni per l'Alta Velocità) Due [2]	131	263	503	-	274	269	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno [2]	-	-	34	-	1	-	-
Gydan Lng Sarl	1	-	-	-	-	5	-
Gygaz Snc	-	-	-	-	-	1	-
KCA Deutag International Ltd	6	1	-	-	-	2	-
KWANDA Suporte Logistico Lda	1	5	-	-	2	5	-
Novarctic Sarl	-	-	-	-	-	8	-
Petromar Lda	6	1	3	-	(1)	16	-
PSS Netherlands BV	-	3	-	-	-	30	-
Saipem Taqa Al Rushaid Fabricators Co Ltd	13	10	36	-	4	-	-
Saipon Snc	1	-	-	-	-	-	-
SAME Netherlands BV	-	-	-	-	-	82	-
Saren BV	76	1	-	-	-	41	-
SCD JV Scarl [2]	32	161	-	-	142	191	-
TSGI Mühendislik Insaat Ltd Sirketi	2	-	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total joint ventures and associates	**314**	**852**	**576**	**-**	**526**	**811**	**-**

(1) The item "Services" includes costs for services, costs for the use of third-party assets and other expenses.
(2) Revenue from limited liability consortium companies refer to the retrocession of fees that these companies invoice to the customer and that on the basis of the consortium nature of the investee company are attributed to the consortium partner.

Trade and other transactions for 2022 consisted of the following:

(€ million)

	Dec. 31, 2022			Year 2022			
				Expenses		Revenue	
Name	Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Eni Group							
Eni Angola Exploration	15	7	-	-	-	34	-
Eni Angola SpA	96	1	34	-	-	319	-
Eni Côte d'Ivoire Ltd	77	4	-	-	-	351	-
Eni Kenya	-	-	-	-	-	21	-
Eni Mediterranea Idrocarburi SpA	2	-	29	-	-	11	-
Eni México, S. de R.L. de Cv	5	-	-	-	-	49	-
Eni US Operating Co Inc	21	19	-	-	-	99	-
Naoc - Nigerian Agip Oil Co Ltd	-	-	-	-	-	184	-
Petrobel Belayim Petroleum Co	38	17	107	-	-	198	-
Solenova Ltd	16	-	-	-	-	33	-
Other Eni Group companies (for transactions not exceeding €21 million)	26	15	23	-	9	68	-
Total Eni Group	**296**	**63**	**193**	**-**	**9**	**1,367**	**-**
CDP Group							
Snam Rete Gas	23	23	1	-	-	29	-
Other CDP Group companies (for transactions not exceeding €21 million)	4	5	5	-	-	13	-
Total CDP Group	**27**	**28**	**6**	**-**	**-**	**42**	**-**
Companies controlled or owned by the State	**33**	**11**	**-**	**-**	**12**	**1**	**-**
Total related party transactions - Continuing operations	**675**	**958**	**775**	**-**	**547**	**2,221**	**-**
Incidence (%)	**30.93**	**17.36**	**10.57**	**-**	**9.99**	**22.25**	**-**
Overall total - Continuing operations	**2,182**	**5,520**	**7,333**	**2,704**	**5,474**	**9,980**	**11**
Discontinued operations							
Joint ventures and associates							
KCA Deutag International Ltd	-	2	-	-	-	2	-
Total joint ventures and associates	**-**	**2**	**-**	**-**	**-**	**2**	**-**
Eni Group							
Eni Congo SA	4	-	-	-	-	6	-
Total Eni Group	**4**	**-**	**-**	**-**	**-**	**6**	**-**
Total related party transactions - Discontinued operations	**4**	**2**	**-**	**-**	**-**	**8**	**-**
Overall total - Discontinued operations	**54**	**43**	**60**	**75**	**187**	**476**	**1**
Total related party transactions	**679**	**960**	**775**	**-**	**547**	**2,229**	**-**
Overall total	**2,236**	**5,563**	**7,393**	**2,779**	**5,661**	**10,456**	**12**
Incidence (%)	**30.37**	**17.26**	**10.48**	**-**	**9.66**	**21.32**	**-**

(1) The item "Services" includes costs for services, costs for the use of third-party assets and other expenses.

The Saipem Group provides services to Eni Group companies in all sectors in which it operates, both in Italy and abroad. Transactions with companies controlled or owned by the State are mainly with the Snam Group. Other transactions consisted of the following:

	Dec. 31, 2021		Dec. 31, 2022	
(€ million)	Other assets	Other liabilities	Other assets	Other liabilities
CCS JV Scarl	20	-	22	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno	-	-	1	-
Other Eni Group companies (for transactions not exceeding €21 million)	5	-	5	-
Total related party transactions - Continuing operations	**25**	**-**	**28**	**-**
Total related party transactions - Discontinued operations	**-**	**-**	**-**	**-**
Overall total - Continuing operations	**268**	**216**	**302**	**109**
Overall total - Discontinued operations	**-**	**-**	**14**	**-**
Incidence - Continuing operations (%)	**9.33**	**-**	**9.27**	**-**

Transactions with related parties also include provisions for employee benefits for €3 million as of December 31, 2022 (€7 million as of December 31, 2021).

Financial transactions

Financial transactions, excluding net lease liabilities, for 2021 consisted of the following:

(€ million)

	Dec. 31, 2021			Year 2021	
Name	Receivables [1]	Payables	Commitments	Expenses	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 Eni Group companies (for transactions not exceeding €21 million)	-	-	-	-	-
Total related party transactions	**554**	**18**	**-**	**-**	**1**

Financial transactions, excluding net lease liabilities, for 2022 consisted of the following:

(€ million)

	Dec. 31, 2022			Year 2022	
Name	Receivables [1]	Payables	Commitments	Expenses	Income
CCS JV Scarl	326	-	-	-	4
Petromar Lda	-	-	-	-	1
Saipem Taqa Al Rushaid Fabricators Co Ltd	-	-	-	-	(2)
Saipon Snc	-	1	-	-	-
SCD JV Scarl	161	-	-	-	1
Société pour la Réalisation du Port de Tanger Méditerranée	1	-	-	-	-
TSGI Mühendislik Insaat Ltd Sirketi	-	-	-	1	-
Other Eni Group companies (for transactions not exceeding €21 million)	1	-	-	15	1
Total related party transactions	**489**	**1**	**-**	**16**	**5**

The incidence of financial transactions and positions with related parties was as follows:

	Dec. 31, 2021			Dec. 31, 2022		
(€ million)	Total	Related parties	Incidence	Total	Related parties	Incidence
Current financial liabilities	412	18	4.37	159	1	0.63
Non-current financial liabilities (including current portion)	3,129	-	-	2,471	-	-
Total	**3,541**	**18**	**-**	**2,630**	**1**	

	Year 2021			Year 2022		
(€ million)	Total	Related parties	Incidence	Total	Related parties	Incidence
Financial income (expense)	(25)	1	n.s.	(67)	(11)	16.42
Derivative financial instruments	(112)	-	-	(128)	-	-
Other operating income (expense)	2	-	-	7	-	-
Total - Continuing operations	**(135)**	**1**		**(188)**	**(11)**	
Total - Discontinued operations	**(3)**	**-**		**(7)**	**-**	

Financial lease transactions

Financial lease transactions as of December 31, 2021, consisted of the following:

(€ million)

	Dec. 31, 2021		Year 2021		
Name	Receivables	Payables	Commitments	Expenses	Income
Consorzio F.S.B.	-	1	-	-	-
Total related party transactions	**-**	**1**	**-**	**-**	**-**

Financial lease transactions as of December 31, 2022 consisted of the following:

(€ million)

	Dec. 31, 2022		Year 2022		
Name	Receivables	Payables	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			Dec. 31, 2022		
(€ million)	Total	Related parties	Incidence	Total	Related parties	Incidence
Non-current lease liabilities (including current portion)	394	1	0.25	403	1	0.25
Total - Continuing operations	**394**	**1**		**403**	**1**	
Total - Discontinued operations	**-**	**-**		**-**	**-**	

The main cash flows with related parties were as follows:

(€ million)	Dec. 31, 2021	Dec. 31, 2022
Revenue and income	1,927	2,221
Costs and other expenses	(955)	(547)
Financial income (expenses) and derivatives	1	(11)
Change in trade receivables and payables	382	(350)
Net cash flows from operating activities - Continuing operations	**1,355**	**1,313**
Net cash flows from operating activities - Discontinued operations	**7**	**6**
Change in loan assets	(220)	65
Net cash flows from investing activities - Continuing operations	**(220)**	**65**
Net cash flows from investing activities - Discontinued operations	**-**	**-**
Change in loans and borrowings	17	(17)
Net cash flows from financing activities - Continuing operations	**17**	**(17)**
Net cash flows from financing activities - Discontinued operations	**-**	**-**
Total cash flows with related parties - Continuing operations	**1,152**	**1,361**
Total cash flows with related parties - Discontinued operations	**7**	**6**

The incidence of cash flows with related parties was as follows:

	Dec. 31, 2021			Dec. 31, 2022		
(€ million)	Total	Related parties	Incidence	Total	Related parties	Incidence
Cash flows from operating activities	3	1,355	n.s.	(523)	1,313	n.s.
Cash flows from investing activities	(438)	(220)	50.23	32	65	n.s.
Cash flows from financing activities (*)	372	17	4.57	(1,047)	(17)	1.62

(*) The cash flows from financing activities do not include dividends distributed, the net purchase of treasury shares and equity contributions from third parties, and the purchase of shares in consolidated companies.

Respect of covenants, negative pledges and any other debt clause of Saipem Group which entail restrictions on the utilisation of financial resources, with indication of the degree of compliance with those clauses as of December 31, 2022

As of December 31, 2022, the share of gross indebtedness characterised by clauses that entail restrictions on the utilisation of financial resources, including negative pledge and cross-default clauses, was equal to €2,472 million, of which: (i) the share arising from contracts with clauses that require compliance with financial parameters, namely financial covenants, was equal to €441 million; and (ii) the share arising from contracts that require compliance with representations and guarantees relating to the non-existence of the circumstance provided for by Article 2446 of the Civil Code was equal to €365 million.
As of December 31, 2022, all the above-mentioned clauses have been respected.
In particular, with reference to loan contracts that require representations and warranties concerning the non-applicability of Article 2446 of the Italian Civil Code, Saipem has obtained from its banks all waivers necessary for the Company to be definitively released from any obligation to announce that the circumstances set forth in Article 2446 have occurred with regard to the financial statements for the year ended December 31, 2021.

State of implementation of any industrial and financial plans, highlighting the discrepancies of the final data from the forecasted data

Results in 2022 confirmed the improvement in the Group's performance, with growing revenues and positive EBITDA. Results in the third quarter of 2022 allowed to revise the guidance upwards, which provided for revenues over €9 billion (not including

Onshore Drilling), an adjusted EBITDA over €550 million (not including Onshore Drilling), and a post IFRS 16 net financial position at year-end of about €300 million, including the proceeds from the sale of the Onshore Drilling. The results recorded are in line with the updated forecasts.

Regarding performance of the individual business areas, compared to the hypotheses of the 2022-2025 Plan, a slight decrease was recorded in revenues of the Onshore Engineering & Construction business, on projects with zero or very reduced margins, although not enough to cause a decrease in forecasted margins. By contrast, results of Offshore Drilling and Offshore Engineering & Construction improved compared to the hypotheses of the Plan. The good operating performance for the year was also accompanied by an excellent level of new orders, equal to €13 billion, relating largely to the offshore business, in line with the Plan's strategic guidelines.

CERTIFICATION PURSUANT TO ARTICLE 154-*BIS*, PARAGRAPH 5 OF THE LEGISLATIVE DECREE NO. 58/1998 (TESTO UNICO DELLA FINANZA)

1. The undersigned Alessandro Puliti and Paolo Calcagnini in their quality as Chief Executive Officer (CEO) and Manager responsible for the preparation of 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, 2022 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 2022 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, 2022:

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 14, 2023

signed/ Alessandro Puliti
Alessandro Puliti
CEO

/signed/ Paolo Calcagnini
Paolo Calcagnini
Manager responsible for the preparation of the financial reports

INDEPENDENT AUDITORS' REPORT

KPMG S.p.A.
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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 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 2022, 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 2022 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.

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.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

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***Saipem** Group*
Independent auditors' report
31 December 2022

Revenue recognition and measurement of contract assets and liabilities

Notes to the consolidated financial statements: notes 4 "Accounting estimates and significant judgements - Revenue, contract assets and contract liabilities and Provisions for risks and charges", 12 "Contract assets", 22 "Contract liabilities", 26 "Provisions for risks and charges and 34 "Revenue"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2022 include contract assets of €1,860 million, contract liabilities of €2,613 million, provisions for contract costs and losses on long-term contracts of €745 million and core business revenue of €9,980 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; • 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.

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***Saipem** Group*
Independent auditors' report
31 December 2022

Provisions for risks and charges and contingent liabilities

Notes to the consolidated financial statements: notes 4 "Accounting estimates and significant judgements - Provisions for risks and charges", 26 "Provisions for risks and charges" and 33 "Guarantees, commitments and risks - Legal proceedings"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2022 comprise provisions for risks and charges of €1,148 million, including provisions for contract costs and losses on long-term contracts of €745 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: notes 4 "Accounting estimates and significant judgements - Impairment of non-financial assets and Leases", 15 "Property, plant and equipment", 16 "Intangible assets" and 17 "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 2022 include property, plant and equipment of €2,879 million, intangible assets of €691 million, including goodwill of €663 million, and right-of-use assets of €258 million. The parent's directors have identified fourteen cash-generating units ("CGUs"): Asset Based services, Energy Carriers, Robotics and Industrialized Solutions, Sustainable Infrastructures and ten vessels included in the Offshore drilling business segment. The parent's directors allocated goodwill to the Asset Based Services CGU (€403 million), the Energy	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;

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Key audit matter	Audit procedures addressing the key audit matter
Carriers CGU (€228 million) and the Robotics and Industrialized Solutions CGU (€32 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 2023-2026 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.	• analysing the reasonableness of the main assumptions underlying the 2023-2026 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 2023-2026 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; • 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.

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***Saipem** Group*
Independent auditors' report
31 December 2022

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, the measures taken to eliminate those threats or the safeguards applied.

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 at 31 December 2022 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 at 31 December 2022 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.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

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***Saipem** Group*
Independent auditors' report
31 December 2022

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 2022 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 2022 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 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Saipem S.p.A. are responsible for the preparation of a consolidated non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such consolidated non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Milan, 7 April 2023

KPMG S.p.A.

(signed on the original)

Cristina Quarleri
Director of Audit

SAIPEM

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Publications
Financial statements as of December 31 (in Italian) prepared in accordance with
Legislative Decree of April 9, 1991 No. 127
Annual Report (in English)

Interim consolidated financial report
as of June 30
(in Italian and English)

Sustainability Report 2022 (in Italian and English)

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