

COUNTRY SUSTAINABILITY REPORT

NIGERIA



ABOUT THIS COUNTRY REPORT

This Report is part of a series of Local Sustainability Reports that Saipem began publishing in 2003 as 'Sustainability Case Studies' with the purpose of underlining the importance the Company ascribes to local business sustainability.

These Reports are also submitted to the relevant stakeholders, so that they can assess the sustainability approach Saipem adopts in their respective areas.

A Country Report describes the principles, activities and performance of Saipem in relation to sustainable development in the country. It is designed to provide easy access to key indicators and information and is divided into two parts: the first provides an overview of Saipem and its business around the world, while the second introduces the country, and discusses Saipem's presence, sustainability approach and sustainability performance within it.

Along with the annual Sustainability Reports and the Project Sustainability Reports, the Country Sustainability Reports represent the main tools adopted by Saipem to communicate to all stakeholders the Company's commitment and performance with regard to sustainability.

This Report has been drafted in line with the principles of materiality, stakeholder inclusiveness, sustainability context and completeness as defined in the Global Reporting Initiative (GRI) version G3.0. The document aims to describe Saipem's performance and its engagement with stakeholders in Nigeria.

A set of Key Performance Indicators (KPIs) was selected to bolster the information provided to stakeholders.

The consolidation perimeter is based on the principles adopted for financial reporting and annual sustainability reporting. Data for the Company's performance reported in this document have been drawn from the management and reporting systems used by the various Company functions involved in the reporting process. Data are reported for the 2012 financial year and, when appropriate, also for previous financial years.

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MESSAGE FROM THE CEO



Umberto Vergine

Saipem is an international Oil&Gas contractor with approximately 48,000 employees and operations in more than 60 countries.

Saipem plays a significant role in its market sector and contributes substantially to the economic development of the countries in which it operates.

We consider business sustainability to be an integral part of our strategy. Our commitment is to create long-term value for all our stakeholders, especially locally, by identifying common goals and agreeing on specific initiatives. Given

the wide range and complexity of our activities, our engagement with local stakeholders requires a comprehensive approach to sustainability. Furthermore, the variety of projects undertaken and the differences between countries where these activities are performed demand that a distinctive local approach be developed.

We publish these Reports on our Local Business Sustainability in order to favour open dialogue and enhance the development of local relationships, helping us to ensure that we operate at all times in an increasingly sustainable manner.

MISSION

Pursuing the satisfaction of our clients in the energy industry, we tackle each challenge with safe, reliable and innovative solutions. We entrust our competent and multi-local teams to provide sustainable development for our Company and the communities in which we operate.



OVERVIEW OF SAIPEM IN NIGERIA

Saipem has been conducting operations in Nigeria for over 50 years. Saipem Contracting Nigeria Ltd operates principally as an Engineering, Procurement and Construction (EPC) contractor for the execution of turn-key projects including oil, gas and water pipelines, oil, gas and industrial plants, infrastructures, fabrication of offshore structures and maintenance services.

Saipem Nigeria Ltd, the first Saipem Nigerian subsidiary, operates in the country as an onshore and offshore drilling contractor.

Saipem's strategy in the country has always been based on a willingness to stay with a strong commitment to create added value to Nigeria's economy and society. The Company is working on the promotion and development of Local Content with long-term investments, partnerships with local companies and maximisation of value in terms of local employment and procurement of material and services for projects executed in the country.

Saipem Nigerian Operating Companies work together with their local stakeholders to create positive, constructive and cordial relationship based on mutual trust, with a special focus on building and maintaining successful engagements with local communities.

61%

Percentage of Nigerian Managers in Saipem

2,065 million USD

Economic value created in Nigeria (2011-2012)

20,774 jobs

Total employment generated (as direct, indirect and induced) (2012)

0.31%

Saipem's contribution to Nigeria's GDP in 2012

LETTER FROM THE MANAGEMENT

Saipem has been operating in Nigeria for over 50 years. During that time, through concerted efforts and sound policies, processes and procedures, we have ensured profitability while at the same time respecting the needs of the environment and of the local communities where we operate. Our operations are carried out in strict compliance with international standards such as ISO 9001, ISO 14001 and OSHAS 18001. This is evidenced in the certificates awarded to us by third party authorities.

This Report represents our commitment and transparent determination to achieve sustainable development. It is our permanent objective to take conscious measures to ensure that our operations do not harm the local communities or the environment.

Vito Testaguzza
SCNL Managing Director

The Saipem Drilling Business Unit has had a consolidated presence in Nigeria since the mid-1960s. Considering that drilling is an extremely specialised activity, highly qualified personnel are required. This is why the development of Local Content has a dedicated strategy focused on creating and reinforcing the technical capabilities of local drilling personnel. Saipem has always invested in training and promoting Nigerian staff on its drilling projects and we expect this trend to increase steadily thanks to the potential projects in the area.

Saipem's objectives in Nigeria include development of our national talents and their integration into key positions, as well as the on-going search on the Nigerian market for opportunities to buy locally and use local products as much as possible.

We aim to continue to be participants in the Nigeria Oil&Gas industry as we have done for about 50 years. In keeping with these aspirations, we are planning to consolidate further our presence as a drilling operator in the country by strengthening our fleet with the introduction of cutting edge offshore drilling units into this dynamic market.

While working assiduously on the above objectives, Saipem is not relenting in capacity development for local resources in the area of manpower. Hence the Company's high level of confidence in local staff, which invariably has culminated in the deployment of Nigerian resources to some offshore drilling rigs operating abroad such as the Saipem 12000, the Saipem 10000, the Scarabeo 9 and the Scarabeo 7.

Franco Pandolfi
Drilling BU Area Manager East and West Africa

INTRODUCTION TO SAIPEM

Saipem is an international Group with a strong inclination towards Oil&Gas related activities in remote and deep-water areas. The Company began operations in the 1950s. It is

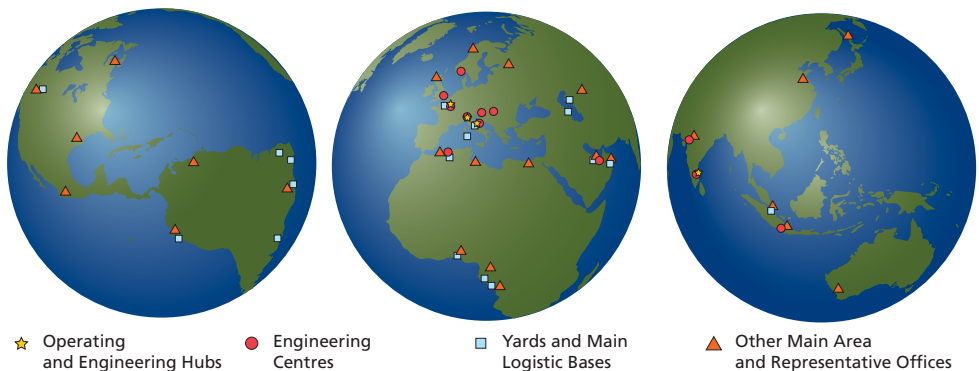
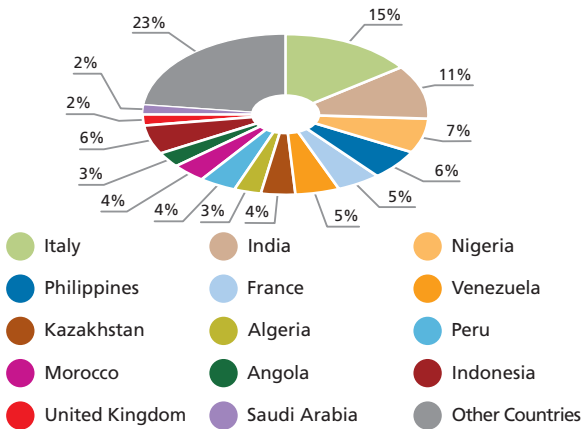
currently organised into two Business Units – Engineering & Construction and Drilling – and enjoys a significant competitive position in the provision of EPIC/EPC services to the oil industry.

It has distinctive capabilities in the design, execution and management of large-scale offshore and onshore projects, with a particular focus on the toughest and most technologically challenging projects in remote areas, deep-waters and difficult oil fields.

The Group is a truly global contractor, with a strong local presence in strategic and emerging areas such as West Africa, the Americas, Central Asia, the Middle East, North Africa and South East Asia.

Saipem employs over 48,000 people from approximately 124 nationalities (2012). The majority of the Group's human resources (77% in 2012) are employed locally.

Saipem workforce distribution by nationality (2012)



SAIPEM'S SUSTAINABILITY APPROACH

Saipem believes that a correct, open and cooperative relationship with all stakeholders is vital for the success of each project. Saipem is present in many locations around the world and operates with a decentralised organisation in order to respond to local needs and sustainability requirements. Wherever it works, the Company plays an active role in local communities by offering employment opportunities and personnel training, working effectively with local suppliers and subcontractors, creating economic and social value and, finally, contributing to infrastructures

(e.g. access roads, construction camps with facilities such as hospitals, power generators, etc.). The breadth of Saipem's international workforce is another facet of sustainability: all personnel are treated with dignity, and their rights, cultural values, local customs and traditions, diversity and identity, are at all times respected. For each project, social, economic and environmental impacts are evaluated and continuously monitored in conjunction with the pursuit of customer satisfaction.



SAIPEM AT A GLANCE

Saipem has world class engineering and project management expertise together with a strong, technologically advanced and highly versatile fleet. The Company is organised into two Business Units: Engineering & Construction and Drilling, which often operate in synergy for onshore and offshore projects.

ENGINEERING & CONSTRUCTION

The E&C Business Unit is the outcome of a merger between the previous Onshore and Offshore Business Units.

Offshore activities include platforms, marine terminals, pipelines and the development of deep-water fields.

Experience in EPIC (Engineering, Procurement, Installation and Construction) projects hinges on trunklines, export pipelines, infield flowlines, pipe-in-pipe systems, bundles, tie-ins and riser systems for the transportation of oil, gas and multi-phase products from depths in excess of 2,000 metres.

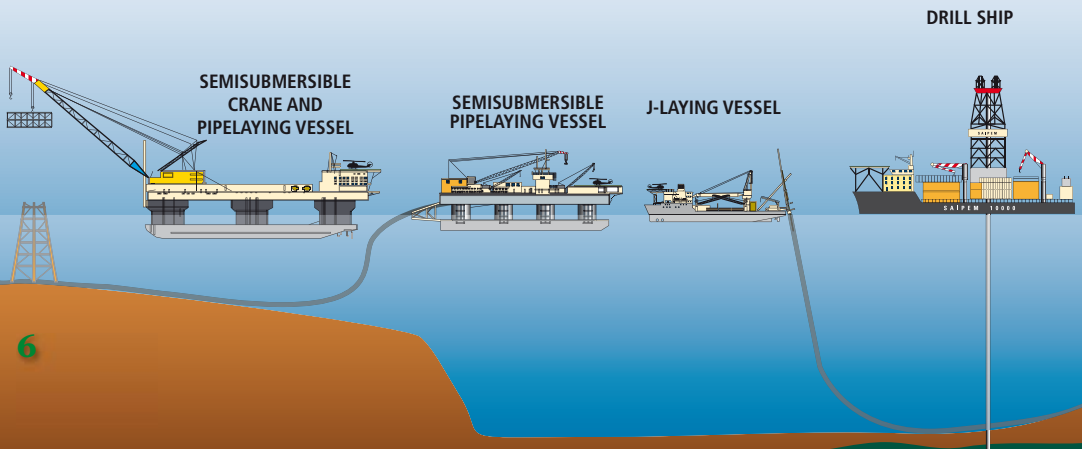
Saipem is also involved in the construction of marine terminals, mooring systems with conventional buoys, wharfs, jetties and FPSO (Floating Production Storage and Offloading) units. All of this is bolstered by significant fabrication capabilities based in the heart of major Oil&Gas

provinces such as Angola, Canada, Republic of the Congo, Kazakhstan, Nigeria, United Arab Emirates, the Mediterranean Sea, Indonesia and Brazil (under construction), with an aggregate in-house fabrication capacity of over 250,000 tonnes per year.

With a fleet of over 40 construction vessels, the Company is a leader in deep-water and shallow water pipelaying and platform installation with more than 30,000 km of sealines and more than 2.5 million tonnes of offshore structures installed. The Company has completed more than 90 major EPIC projects, including several challenging large-scale integrated complexes.

Onshore, Saipem mainly serves the Oil&Gas segments, the refining and petrochemical markets, as well as a number of diversified industrial markets such as infrastructures (i.e. high speed railways, port facilities and marine terminals) and environment (especially remediation of soil, ground water and contaminated sites).

Saipem offers a complete range of services, from feasibility and front-end studies to design, engineering, procurement and field construction, most often on an EPC (Engineering, Procurement and Construction) and LSTK (Lump Sum Turn Key) contractual basis, for complex Oil&Gas facilities, including production,



treatment, liquefaction, refining and petrochemical plants, as well as for Oil&Gas transportation systems, such as pipelines, pumping and compression stations and terminals.

Saipem's expertise focuses on the design and execution of large projects with a high degree of complexity in terms of engineering, technology and project management, with a strong bias towards challenging projects in the most difficult environments and remote areas. Saipem has designed and built numerous 'mega' Oil&Gas production facilities, 36 grass-root refineries and more than 500 individual refining process units, as well as more than 400 plants worldwide to produce chemicals from natural gas, including the world's largest ammonia/urea complexes.

In particular, land pipeline design and construction has historically been one of the mainstays of Saipem's business.

The Company has laid a record of over 60,000 km of gas pipelines, 30,000 km of oil & product pipelines and 1,400 km of water pipelines on five continents.

In recent years, the Company has designed and constructed more than 40 power plants (over 10,000 MW) and four Integrated Gasification Combined Cycle plants, two of which are the world's largest (power output of about 550 MW each).

DRILLING

As an international drilling contractor operating in some of the harshest onshore and offshore environments, Saipem is presently contracted to major oil companies in many of the Oil&Gas industry's 'hotspots', carrying out important drilling programmes in Europe, the Commonwealth of Independent States (CIS), North and West Africa, the Middle and Far East and the Americas.

Saipem's vast experience in managing drilling activities with an adequate technological and operational level has allowed the Company's capabilities to develop.

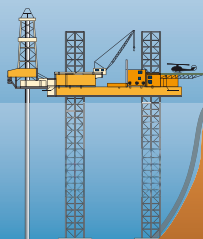
In offshore drilling, the Company in fact boasts a rich fleet with seven jack-ups, a Tender Assisted Drilling Barge, seven semisubmersible drilling rigs and two drill ships (the Saipem 10000 and the Saipem 12000) which can operate at depths of up to 10,000 and 12,000 feet, respectively. In the onshore sector, Saipem owns about 100 drill and workover rigs.

Over many decades, Saipem has drilled more than 7,300 wells, 1,800 of which offshore, totalling an overall depth of about 18.5 million metres, and has been involved in the workover of hundreds of wells.

SEMISUBMERSIBLE DRILLING RIG



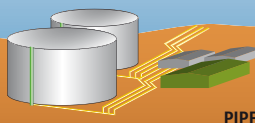
JACK-UP DRILLING RIG



DRILLING RIG



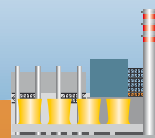
REGASIFICATION PLANT



PIPELAYING



POWER PLANT



SAIPEM IN THE WORLD

EUROPE		2010	2011	2012
Revenues	(€ million)	1,931	1,938	1,781
Investments	(€ million)	122	78	31
Workforce	(units)	10,563	10,410	11,133
Local Workforce	(% of total)	80	81	75
Energy consumption	(ktoe)	78	72	98
HSE Training	(hours)	220,360	86,465	129,309

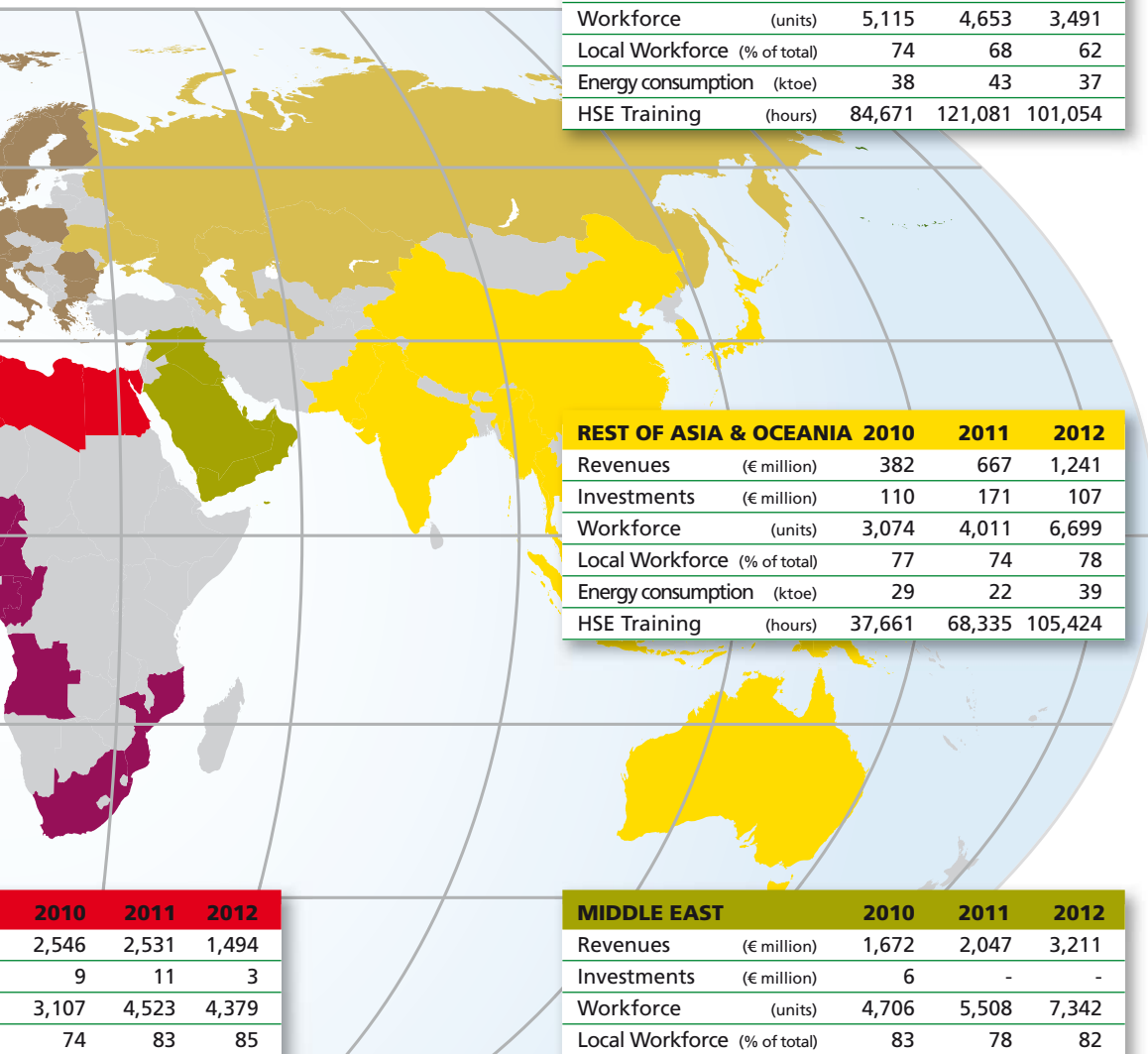
AMERICAS		2010	2011	2012
Revenues	(€ million)	719	1,009	1,808
Investments	(€ million)	49	158	136
Workforce	(units)	5,122	6,665	7,825
Local Workforce	(% of total)	95	87	88
Energy consumption	(ktoe)	72	82	101
HSE Training	(hours)	125,221	204,199	225,351

CENTRAL & SOUTH AFRICA		2010	2011	2012
Revenues	(€ million)	2,678	2,692	2,482
Investments	(€ million)	38	16	8
Workforce	(units)	9,487	8,462	7,586
Local Workforce	(% of total)	64	62	64
Energy consumption	(ktoe)	75	107	84
HSE Training	(hours)	172,701	170,316	146,551

NORTH AFRICA		2010	2011	2012
Revenues	(€ million)	2,678	2,692	2,482
Investments	(€ million)	38	16	8
Workforce	(units)	9,487	8,462	7,586
Local Workforce	(% of total)	64	62	64
Energy consumption	(ktoe)	75	107	84
HSE Training	(hours)	172,701	170,316	146,551

Additional data for investments

Further investments not allocated to a specific Area amounted to (in € million) 995 in 2010, 738 in 2011 and 717 in 2012.



CIS		2010	2011	2012
Revenues	(€ million)	1,232	1,709	1,352
Investments	(€ million)	216	27	13
Workforce	(units)	5,115	4,653	3,491
Local Workforce	(% of total)	74	68	62
Energy consumption	(ktoe)	38	43	37
HSE Training	(hours)	84,671	121,081	101,054

REST OF ASIA & OCEANIA		2010	2011	2012
Revenues	(€ million)	382	667	1,241
Investments	(€ million)	110	171	107
Workforce	(units)	3,074	4,011	6,699
Local Workforce	(% of total)	77	74	78
Energy consumption	(ktoe)	29	22	39
HSE Training	(hours)	37,661	68,335	105,424

2010	2011	2012
2,546	2,531	1,494
9	11	3
3,107	4,523	4,379
74	83	85
50	73	66
106,323	155,568	123,113

MIDDLE EAST		2010	2011	2012
Revenues	(€ million)	1,672	2,047	3,211
Investments	(€ million)	6	-	-
Workforce	(units)	4,706	5,508	7,342
Local Workforce	(% of total)	83	78	82
Energy consumption	(ktoe)	70	129	168
HSE Training	(hours)	177,109	383,856	856,456

NIGERIA

COUNTRY OVERVIEW

With a population of about 170 million people and more than 250 ethnic groups, Nigeria is Africa's most populous country. In 2008, the government began to implement market-oriented reforms, such as modernising the banking system, removing subsidies, and resolving regional disputes over the distribution of earnings from the oil industry. GDP rose strongly in 2007-2011 due

to growth in non-oil sectors and robust global crude oil prices. Although the oil sector still dominates the economy (petroleum and petroleum products account for 95% of exports), sustainable expansion of agriculture, which is also a significant component, should play a key role in unleashing inclusive economic growth, reducing poverty and enhancing food security. The government's Agricultural Transformation

Agenda targets these objectives. The government is working toward developing stronger public-private partnerships for roads, agriculture and power. Nigeria's financial sector was hurt by the global financial and economic crisis, but the Central Bank Governor has taken measures to restructure and strengthen the sector, including imposition of mandatory higher minimum capital requirements¹.

ECONOMY

Nigeria's economic growth has averaged about 7.4% annually over the past decade and remained robust in 2011 at 6.9%, driven by the non-oil sector, particularly telecommunications, construction, the wholesale and retail trade, hotel and restaurant services, manufacturing and agriculture.

Despite oil's dominance, agriculture plays a significant role in the Nigerian economy, accounting for 35.2% of GDP. Other important sectors are the wholesale and retail trade,

posts and telecommunications, building and construction, hotels and restaurants, and business services. The telecommunications sector grew by 34.7% in 2011. The wholesale and retail sector likewise grew considerably, with the hotel and restaurant sub-sector expanding by more than 11% and contributing 16.4% to total GDP in 2011. Manufacturing accounted for 2.2% of GDP, mainly in cement production and oil refining activities.

Public investment saw significant growth in 2011 with huge government investment in transport, energy and

Economic indicators (2011)

Gross Domestic Product (GDP) (current price)	(billion USD)	244
GDP per capita (current price)	(USD)	1,502
Inflation rate	(%)	10.8
Export of goods and services	(billion USD)	97
Labour force	(units)	50,280,306

Source: World Bank, Nigeria 2012 (<http://data.worldbank.org/country/nigeria>).



*Communities
in the Rivers
State*

other infrastructures. Public investment and private consumption were key drivers of real GDP in 2011. But a major challenge for the economy is still the poor state of infrastructure and over-dependence on the Oil&Gas

industry. These issues are now on the government's priority list. The authorities are endeavouring to get the private sector involved in infrastructure development and to continue developing the non-oil sector².

(1) Source: CIA World Factbook 2013; African economic outlook, Nigeria 2012.

(2) Source: African economic outlook, Nigeria 2012.

Energy data (2010)

Energy production	(ktoe)	258,359
Electricity production	(GWh)	26,121
Electricity production from natural gas	(% of total)	64.3
Electricity production from oil	(% of total)	11.3
Electricity production from hydroelectric sources	(% of total)	24.4
Access to electricity (2009)	(% of population)	50.6
Energy use	(ktoe)	113,053
Electric power consumption per capita	(kWh per capita)	136.5
Energy use per capita	(toe per capita)	0.7

Source: World Bank, Nigeria 2012 (<http://data.worldbank.org/country/nigeria>).

SOCIAL OVERVIEW

The results of the African Development Bank's 2011 Country Policy and Institutional Assessment show that Nigeria has undertaken important reforms, particularly in public financial management, to improve efficiency in resource allocation and project and programme implementation. In addition, the government has made concerted efforts to fight corruption, especially through the Economic and Financial Crimes Commission and Independent Corruption Practices and Other Related Offences Commission.

The country has a good chance of achieving the Millennium Development Goals (MDGs) on universal primary education, promoting gender equality and women's empowerment, some aspects of environmental sustainability, and developing a global partnership for development. However, the goals on poverty reduction, child mortality, maternal health and disease will be difficult to reach and social indicators on education and health remain weak. Indeed, the 2011 UN Human Development Report ranked Nigeria 156th out of 187 countries.

The government has been implementing reforms since 2006 to improve access to education, especially with the introduction of Universal Basic Education. It increased the share of

education in budget spending from 4% in 2010 to 6% in 2011 and there have been some positive results: the literacy rate for the 15-24 age group was 80% in 2008, up from 64% in 2000. As regards health, a National Strategic Health Development plan was set up to strengthen the system, reinforce the immunisation programme and extend coverage of the National Health Insurance Scheme. Health spending in Nigeria's federal budget increased from 4% in 2010 to 6% in 2011³.

ENVIRONMENT

Nigeria is a signatory of the Kyoto Protocol on climate change and has adopted an ECOWAS regional action plan to reduce vulnerability to global warming. The government's economic growth plan, Vision 20:2020, and its economic modernisation policy, call for the sustainable use of natural resources and environmental protection as a priority in the drive for socio-economic growth. Several environmental and other sector-based policies and plans have been developed. These include the National Policy on Environment on the prevention and containment of natural disasters such as floods, drought, and desertification.

Nigeria's agricultural policy aims to

Social indicators (2011)

Population growth rate	(%)	2.5
Population ages	(% of total)	0-14: 42.8
		15-64: 53.8
		65 and above: 3.4
Population density	(people per sq km of land area)	174
Urban population	(% of total)	49.6
Literacy rate (2010)	(% of people ages 15 and above)	61.3
Children out of school, primary (2010)	(units)	10,542,105
Life expectancy at birth	(years)	51.9
Mobile cellular subscriptions	(million units)	95
Fixed broadband internet subscribers	(units)	215,675

Source: World Bank, Nigeria 2012 (<http://data.worldbank.org/country/nigeria>).



*Environmental
ecosystem in
Nigeria*

protect farmland from drought, desert encroachment, soil erosion and floods. Despite efforts to halve the proportion of people without access to safe drinking water and improved sanitation facilities, World Health Organization statistics indicate that the share of the

population with access to improved water sources increased from 47% in 1990 to 58% in 2008. But the proportion of people with access to improved sanitation facilities fell from 37% to 32% in the same period³.

(3) Source: African economic outlook, Nigeria 2012.

Environmental indicators

Country area	(sq km)	910,770
Protected area (2010)	(% terrestrial area)	12.8
Forested area (2010)	(% land area)	9.9
CO ₂ emissions (2009)	(ktonnes)	70,234
CO ₂ emissions per capita (2009)	(tonnes/capita)	0.45
Freshwater withdrawal (2011)	(billion cubic metres)	10.3
Freshwater withdrawal per sector (2011)	(%)	Domestic 31.5 Agriculture 53.4 Industry 15.1

Source: World Bank, Nigeria 2012 (<http://data.worldbank.org/country/nigeria>).

SAIPEM'S PRESENCE IN NIGERIA

Saipem's long-term presence in Nigeria dates back to mid-1960s, with the creation of Saipem (Nigeria) Ltd (SNL), the first Saipem Nigerian Subsidiary, operating in the country as an Onshore and Offshore Drilling Contractor.

Saipem Contracting (Nigeria) Ltd (SCNL) is nowadays the main operating Saipem Nigerian Subsidiary Company. Incorporated in Nigeria in 1989, SCNL operates principally as an Engineering, Procurement and Construction (EPC)

The Jumbo Workshop

In response to the growing need for fabrication in Nigeria, in 2010 Saipem upgraded its facilities at the Rumuorlumeni Base by commissioning an additional workshop for pipe-in-pipe structure fabrication. Popularly called the Jumbo Workshop, it has been used to fabricate the pipe-in-pipe quad joints for the Usan UFR & OLT Project and the Bonga Project. The Jumbo Workshop, created in addition to the existing facilities, provides extra covered space with its 64 metre two-bay width, its 230 metre length and its 17 metre hook height. In short, it is a veritable giant, equipped with 240-tonne total lifting capacity divided among 12/20-tonne bridge cranes. This huge shed allows personnel to work without being affected by the seasonal rains that characterise the region.

An extensive plan was implemented for the revision of welding processes and an equipment overhaul, with automated and semi-automated continuous wire systems being preferred. Investments were made with a view to developing coupling and welding systems – on both horizontal and vertical axes – for ferrule elements with diameters up to 8 metres. All ferrule handling methods inside the Jumbo Workshop were reviewed to make sure that handling could be performed without the use of scaffolding, and particular attention was paid to their compliance with health

& safety standards. Nigerian staff have been trained in the use of the new machines and the new fabrication techniques.

In the area of non-destructive testing, SCNL has worked to obtain certification for the use of the Phased Array UT ultrasound monitoring system, as part of the manufacturing process, thus saving up to 70% in terms of man-hours compared to manual checks.

A next-generation pipe-in-pipe manufacturing line, with a capacity of about 500 metres per day, was installed in one of the Jumbo Workshop's bays. The creation of these new covered and uncovered areas, including the new offices, meant that all installation personnel could be gathered in the yard, which resulted in improved interaction between project construction and installation phases, cost reductions, and more effective execution of the project overall. The Jumbo Workshop has brought the covered working area of the yard to 40,000 square metres. This investment strengthens Saipem's commitment to the innovative development of Nigerian Content, including state-of-the-art technologies that ensure quality, safety and efficiency in all operations.

'The Jumbo Workshop has increased productivity. Delays on project delivery have been reduced. While, in the past, bad weather affected delivery

schedules, this is no longer the case. The new machines have also improved efficiency.'

Francis Oghenekevwe

'The new machines in the Jumbo Workshop have also increased our productivity. For instance, the new precision cutting machines have greatly improved the quality of jobs we deliver to our clients.'

Iyoha Godwin

'With facilities like the overhead crane, the Workshop has made things easier and we work more efficiently. I am a twenty year piping professional and this is the first time in my entire career that I have seen or heard about such a facility like the Jumbo Workshop.'

Wealth Ebugewa

'Due to the emphasis placed on quality of tasks performed and the safety of work personnel, supervisors, foremen, inspectors and superintendents are always present to ensure strict compliance with established standards and to make sure that things are done in an orderly and appropriate manner. This instils a high degree of responsibility in the workers. From a production perspective, the scope of work has increased and the addition of this workshop is a step in the right direction because we have overcome challenges associated with weather conditions and in terms of safety we are more proactive. Production now moves faster, I must say.'

Nobis Nnaemeka

contractor for the execution of turn-key projects including oil, gas and water pipelines, oil, gas, and industrial plants, infrastructure, fabrication of offshore structures and maintenance services. Saipem's companies in Nigeria are based in Lagos (Head Office). Two logistics bases, in Onne and Warri, provide support for project execution and the fabrication yard in Rumuorlumeni represents a consolidated hub for all project-related operations for the Oil&Gas sector in Nigeria. Located at Rumuorlumeni (a community about 10 km from the town of Port Harcourt), the complex covers an area of over 1,000,000 square metres, including:

- the Office Area (main offices, engineering building, client project office, clinic, recreational facilities, mess hall, HSE training centre, stores,

maintenance area, etc.) of 11,600 square metres;

- a 370,000-square metre open fabrication area, concreted and stabilised with cement;
- a covered workshop area of 70,000 square metres;
- a blasting/painting cabin of 800 square metres with recycling, ventilation and dehumidification system;
- a warehousing and covered project material store of 30,000 square metres;
- accommodation for 430 expatriates with catering facilities;
- a fully equipped medical centre;
- a sports and recreation centre;
- direct access by road;
- direct access to Bonny River, 2 jetties (100 & 110-metre long) with 7.5 metre draft.



The Jumbo workshop

MAIN PROJECTS IN THE COUNTRY (2010-2012)

E&C projects by SCNL

Name	Start date	End date	Client	Project description
<i>Ongoing</i>				
EGINA project	2013	2015	Total	FPSO/SHR/OL piles – FLET - Spools and Jumpers-Buoyancy tanks - Flowlines – Skirt and Anchors.
Southern Swamp Associated Gas Solutions (SSAGS) Project	2012	2016	Shell Petroleum Development Co of Nigeria (SPDC)	Engineering, Procurement, Construction and Commissioning of Production Facilities for SSAGS. The Project aimed to eliminate routine flares from producing fields & deliver around 100 mmscf/d gas to the domestic market through developing opportunities in existing fields.
AFAM 2 Power Generator Unit	2012	2014	Rivers State Government	EPC Project for the construction of the second train of an OCGT (Open-Cycle Gas Turbine) power generation unit.
Otumara-Saghara Escravos Pipeline Project	2012	2014	Shell Petroleum Development Co of Nigeria (SPDC)	EPC of the new 6" bulk line and 4" test line from Saghara flow station to Otumara flow station (5.5 km), a gas export 12" x 12 km line and the replacement of 4" x 15 km flow lines. FOC from Otumara FS to Escravos flow station (21 km).
OFON Phase 2	2012	2013	Total E&P Nigeria Ltd	EPIC for oil and gas treatment, power generation, water injection, gas lift, water treatment.
Bonga North West	2012	2013	Shell Nigeria Exploration and Production Co Ltd (SNEPCo)	EPIC offshore project for production of pipe-in-pipe flowlines, water injection flowlines, as well as related production facilities.
Northern Option Pipeline (NOPL)	2011	2014	Total E&P Nigeria Ltd	EPC contract (pipes provided by client) including design, detailed engineering, procurement, supply, transportation, fabrication, construction, pre-commissioning, commissioning and assistance with start-up of the NOPL and above ground installations.
Usan Deepwater Development Project	2009	2013	Total E&P Nigeria Ltd	EPIC offshore project, for subsea development including umbilicals, flowlines, and risers connecting 42 wells heads, oil loading lines and FPSO anchoring.
OML 58	2008	2015	Total E&P Nigeria Ltd	Onshore construction project in Ogbogu and Obite. Scope of work is the revamping and increase in capacity of a flow station, treatment and production centres in order to increase the quantity of gas produced.
<i>Completed in the last three years</i>				
Olero Creek Restoration Project	2010	2013	NNPC/Chevron Nigeria Ltd joint-venture	Construction project for refurbishment and reinstallation of Olero water and flow stations in OML 49.
AFAM 1	2010	2012	Rivers State Government	EPC contract for an OCGT (Open-Cycle Gas Turbine) power generation unit in Port Harcourt.
Ebocha	2009	2010	Nigeria Agip Oil Co (NAOC)	Onshore construction at the Ebocha Oil Centre. The scope of work included the engineering and construction of a gas compression island and connecting facilities to eliminate gas flaring.
Nembe Creek-Cawthorne Channel project	2007	2011	Shell Petroleum Development Co of Nigeria (SPDC)	EPC project for construction of a 30"x 46 km pipeline, 6 minor feeder lines of different size, 2 new manifold line project with 24"/30" traps, 6 platforms with 30" Block Valves, decommissioning and mothballing of existing 28" pipeline.
OB/OB T4 & 5 Revamping	2007	2011	Nigeria Agip Oil Co (NAOC)	Onshore project for upgrading the existing gas treatment plant of Obiafu/Obrikom.
Gbaran PPL/ Gbaran FLB projects	2006	2010	Shell Petroleum Development Co of Nigeria (SPDC)	Two onshore construction projects in Bayelsa State: the scope of work was the construction of a 300-km long pipeline and a field logistics base.

Drilling projects by SNL

Name	Start date	End date	Client	Project description
Ongoing				
Okwori 27 ST1H	2013	2013	Addax	Offshore drilling activity with Scarabeo 3 - Water depth: 132 m.
Completed in the last three years				
Okwori 26	2012	2012	Addax	Offshore drilling activity with Scarabeo 3 - Water depth: 130 m.
Ofrima 2ST	2012	2012	Addax	Offshore drilling activity with Scarabeo 3 - Water depth: 80 m.
Asanga 3	2011	2011	Addax	Offshore drilling activity with Scarabeo 3 - Water depth: 131 m.
Okwori 22	2011	2011	Addax	Offshore drilling activity with Scarabeo 3 - Water depth: 140 m.
Okwori 23	2011	2011	Addax	Offshore drilling activity with Scarabeo 3 - Water depth: 130 m.
Okwori 24HST	2011	2011	Addax	Offshore drilling activity with Scarabeo 3 - Water depth: 137 m.
Udele 4	2010	2011	Addax	Offshore drilling activity with Scarabeo 3 - Water depth: 143 m.
Okwori 25	2010	2011	Addax	Offshore drilling activity with Scarabeo 3 - Water depth: 130 m.
Okwori 21H	2010	2010	Addax	Offshore drilling activity with Scarabeo 3 - Water depth: 137 m.
Okwori 20H	2010	2010	Addax	Offshore drilling activity with Scarabeo 3 - Water depth: 138 m.
OML137-Udele 3	2010	2010	Addax	Offshore drilling activity with Scarabeo 3 - Water depth: 163 m.

ORGANISATION AND MANAGEMENT

The complexity of the environment in which Saipem operates in Nigeria, coupled with the pursuit of efficiency, has resulted in the setting up of

an operating structure based on commercial, project execution, engineering, procurement, asset development and management activities, plus other supporting functional units of quality, HSE, procurement, HR, legal affairs and



Scarabeo 3

A 'Best in its Class' Local Engineering Centre

The SCNL Engineering Department, formerly called the Technical Services Department (TSD), provides complete quality engineering services capable of satisfying the most stringent requirements of Saipem's clients, such as IOCs and NOCs, as well as government and private investors, thanks to a strong commitment to improve and use the best technical skills and highly-qualified technical people available.

The Department is a focal point for turning engineering concepts into reality in Nigeria's Oil&Gas industry in onshore, offshore and deep-water fields, while SCNL is a first class engineering company in Nigeria in terms of Local Content. At the present time, 20 expatriates and 160 locals (of whom 98% are graduates in engineering from Nigerian universities) are

employed by the Department, generating approximately 430,000 engineering man-hours per year, expandable to around 600,000 considering the possibility to externalise part of the activities to local engineering partners in Port Harcourt, Lagos, Warri and Abuja.

Today, as has been the case for the past 45 years, the keywords for SCNL management are growth plan, capacity building, classroom training, on-the-job training, expertise development, and training support. These keywords are echoed at every level of the organisation, and on the ground have been translated into a dedicated task force to oversee the implementation of a strategic vision steered at the highest levels of the organisation.

It is in this spirit that SCNL has recently recruited some 60

engineers dedicated to subsea field development projects and 40 engineers dedicated to the onshore projects. A large number of these engineers are graduates with impeccable academic records and others are engineers with experience in subsea field development and onshore projects. It is a unique opportunity for these young graduates to meet principal engineers, experts, heads of departments, managers, and executive directors and to learn from their experience and long years of service in Saipem. Parallel to this, some experienced engineers have been recruited for the training of an environmental task force and their role is to mentor, follow up and oversee the progress of the young engineer trainees on a group and individual basis.

administration. These units possess co-ordination, steering and control skills for the operating and commercial activities of all Saipem companies.

The success of Saipem in Nigeria in this challenging environment can be attributed to the efficient and effective manner in which project activities are executed. This depends to a large extent on the ability to manage both the challenges and overall performance of the projects.

In line with the requirements of management system standards, including ISO 9001, Saipem Contracting Nigeria Ltd (SCNL) has adopted a management system organised according to a process model. This type of approach allows for real orientation towards customer satisfaction, as well as continual improvement and achievement of organisational results. Since 2005, SCNL has had a Quality Assurance Management System certified according to ISO 9001.

In addition, in 2008 the company certified its Occupational Health & Safety Management System according to the

OHSAS 18001 standard and in 2009 its Environmental Management System according to the ISO 14001 standard.

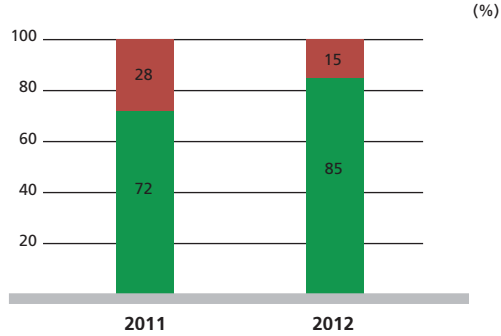
The Company HSE Management System has been developed in line with the Saipem Group's Policies and Guidelines that define principles, responsibilities and standards for all Saipem operating companies. The entire HSE Management System framework is embodied in a series of core elements which include leadership commitment, policy and strategic objectives, planning, implementation and management, checking, corrective actions and management review. The Company's commitment to improve its Health, Safety and Environment Management System has been continuously reinforced during recent years. After several stages of surveillance audit, in 2012 a third party certification body renewed the Company's certification according to ISO 14001 and OHSAS 18001 standards, acknowledging its dedication and commitment to HSE at all levels of personnel. The certificate is valid until 2015.

SUSTAINABILITY APPROACH

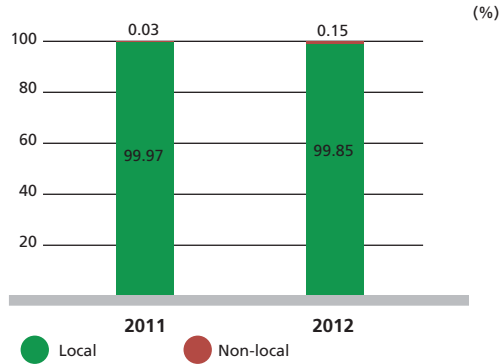
Local Content

Nigerian Content Development is a major and embedded concept in Saipem. Over the past 30 years, Saipem has been committed to adding value to the Nigerian economy and society through its operations in both the onshore and offshore Oil&Gas industry. Saipem has always participated in and demonstrated total commitment towards pursuing the government's law on Nigerian Content coordinated by the Nigerian Content Development and Monitoring Body (NCDMB). In terms of results achieved, Saipem has been rewarded for its efforts to integrate its activities in Nigeria and for its 'willingness to stay' strategy. Saipem has been working on the promotion and development of Local Content by creating long-term investments and partnerships with local companies, as well as maximising project value, local employment and procurement activities in the country. The value generated in Nigeria has been quantified through application of the Saipem Externalities Local Content Evaluation Model (SELCE), the results of which show that, amongst other things, Saipem's contribution to

Percentage of Local Content in projects executed (SCNL)



Percentage of Local Content in projects executed (SNL)



Saipem receives 'Excellence in Nigerian Content' award

In 2010, Saipem received an award for Excellence in Nigerian Content at the Nigeria Oil and Gas (NOG) Conference and exhibition, the foremost event in Nigeria's Oil&Gas industry. These prestigious awards acknowledge the companies and projects that have made an outstanding contribution to the Oil&Gas industry and implementation of Nigerian Content. They are open to all companies involved in Oil&Gas activities in Nigeria. Mr. Eithne Treanor, Senior Associate of the CWC Group, stated that the Nigerian Content



category of the award was duly evaluated by the key stakeholders in the Oil&Gas sector and he lauded the impressive work done by Saipem in the development of

Nigerian Content, describing the award as well deserved for the Company's efforts. He made these remarks at a gala night organised by NNPC for the 10th anniversary of the NOG conference in recognition of companies that had done well in the sector over the years. Mr. Treanor said that Saipem, as a company which has been in Nigeria for 43 years, has done much to develop infrastructure, train Nigerians, encourage participation of indigenous companies and nurture excellent community relations.

OML 58 Project and the Communities

A case in point is the OML 58 upgrade project being executed for Total Exploration & Production Nigeria Ltd in Egi land in the Ogbal/Egbema/Ndoni Local Government Area of Rivers State. It is a very interesting project in terms of both operations and community relations. There are essentially 8 communities impacted by the project, namely: Ogbogu, Obite, Obagi, Akabuka, Oboburu, Obiyebe, Ede, and Egita. Saipem is executing the works in collaboration with two other companies. As in most communities in the Niger Delta area, Saipem has to contend with various interest groups, beginning with the youth associations of the affected communities, the Egi Oil&Gas Landlords Association and the Egi Youth Federation. In addition to all of these associations, relationships were established with an umbrella organisation covering the entire Egi Clan known as the Egi People's Assembly as well as the

traditional institutions in Egi such as the Eze Egi and the Egi Council of Chiefs.

The various interactions with and engagement of these different interest groups have resulted in the drawing up of an Agreement with the whole Egi Clan as a community, which includes the Egi Youth Federation, the Egi Oil&Gas Producing Families, the Youths of the communities affected by the OML 58 project, the OML 58 Consultative Committee, the Egi Council of Chiefs, the Egi women and the Egi People's Assembly, amongst others. The Agreement captures and streamlines the mutual expectations and obligations of Saipem and its consortium partners, on the one hand, and the community, on the other. As usual, these expectations and obligations are manifested in the form of an exchange of promises, mainly in

the areas of employment, training, subcontracting and provision of a conducive operational environment.

To ensure close monitoring of the implementation of the Agreement, an Agreement Monitoring and Compliance Committee made up of representatives of community stakeholders was put in place. The Implementation Committee meets monthly, and/or in case of emergency situations, to evaluate the performance of the Agreement and any special situation or circumstance that may have arisen that jeopardises or seriously threatens the realisation of the mutual expectations. This approach has guaranteed the creation of opportunities and the building of capacities for the local communities in terms of employment, training and business development through effective stakeholder participation.

Nigeria's GDP was 0.31% in 2012 (see page 22).

Relations with local communities

The context evaluation and the identification of all relevant stakeholders is the key and crucial foundation for a successful sustainability approach for projects.

Since its presence began in Nigeria, Saipem has operated in many different areas such as Itshekiri land, Uhrobo land, Escravos, Oleh, Kwale, Yenegoa, Ikwerre, Eleme, Okirika, Iboland, Ogba, Egbema, Ekpeye, Kalabari, Bonny, Okirika and Akwa Ibom, engaging several communities, clans and tribes. Saipem is still working in some of these communities, despite the difficult period of unrest in the Niger Delta Region. This is testimony to the fact that both the

strategy and the relationship with these communities have been correct and mutually rewarding.

In every place it operates, Saipem endeavours to be highly transparent with local people and to keep the entire management in the loop. Community relations have become so fragile that the slightest mistake can have dire consequences on the entirety of operations. Some pillars are deemed necessary in community relations: honesty, confidence building, clear definition of goals and readiness to give prompt attention to issues raised by the community. These basic ingredients are crucial for a smooth and cordial relationship with the communities. In any area where Saipem operates in Nigeria, the negotiation and execution of a Memorandum of Understanding (MoU) is ensured. This defines the obligations of both the communities and



the Company. Issues usually covered by the MoU (depending on the magnitude of the project) include employment, subcontracting opportunities, training, and so forth. While the Company strives to ensure a consistent approach with all host communities, it is recognised that a feasible approach in one community may not necessarily work in another, considering that the communities, and even the clients, are not identical, while the impact of Saipem's activities on the communities can likewise vary. All these factors go towards defining the strategy to be adopted in reaching an agreement for each specific case.

The biggest impact Saipem has on the communities is manpower development, in terms of training and know-how transfer. Saipem has also embarked on training and retaining its workers, giving much prominence to the training of community youth. Development of skills

is now a major pillar of Saipem's strategy and the beneficiaries are mainly local young people. This was the case, for example, in the Irri community in Isoko Delta State, in Ogbaland, in Kwale and in Onne: some of the people employed during project execution on site are now still working for Saipem in other areas. Furthermore, via the ministry charged with the management of community matters and employment generation, Saipem maintains a constructive relationship with Government in all the states where it operates. In Rivers State, the Ministry of Chieftaincy and Community Affairs and the Ministry of Youth and Employment Generation are the main local institutional stakeholders, while in Bayelsa State, they are the Ministry of Peace, Conflict Resolution and Employment Generation, and sometimes the Ministry of Energy.

Measuring the socio-economic value of Saipem's Local Content strategy in Nigeria

To provide support for and evidence of the value generated through its commitment to sustainability in terms of wealth, skills and entrepreneurial capacity created, Saipem has quantified the economic impacts of its Local Content strategy. Indeed, measuring the tangible benefits of a Local Content strategy is the key to demonstrating a sustainable business approach and improving stakeholder relationships at local level.

Traditional methods evaluate Local Content in quantitative terms, by calculating only the direct component of the overall impact. These are the effects directly connected to operations (i.e. direct employment, direct purchasing from local suppliers and taxes paid to local government). These methods underestimate the overall real impact and the potential benefits

of Local Content strategies.

Saipem has implemented a methodology to measure the externalities produced as a result of its activities in an area. This is the Saipem Externalities Local Content Evaluation (SELCE) Model, a tool that facilitates calculation of the comprehensive footprint of Saipem's operations in the country and evaluation of the effectiveness of Local Content strategies.

Saipem first applied the SELCE Model in Nigeria the period 2007-2010 in order to understand and quantify the impacts of the Group in the country. The scope of the study included operations conducted by SCNL and SNL. Three key categories of impact were identified and measured: economic value, employment and human capital development. Moreover, the quantification of

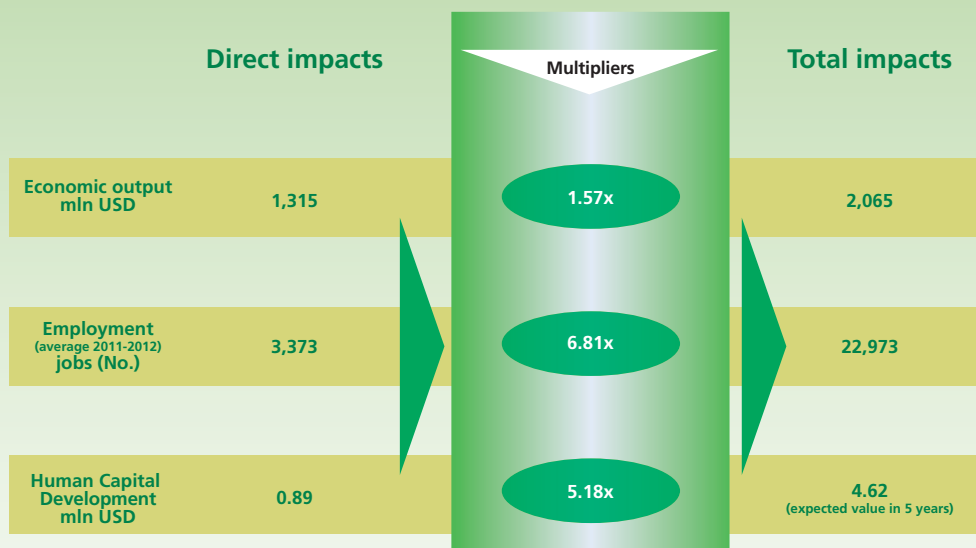
each impact was geographically split, and each related part attributed to the following administrative boundaries: Lagos State and River State. The initial study was updated in 2013 for the period 2011-2012.

Methodology

Three socio-economic categories of impact related to the Saipem Local Content strategy have been identified and quantified:

- Economic output: measured as the sum of direct, indirect and induced impacts of payments made by Saipem to finance its locally sourced operations and to pay taxes.
- Employment: Saipem makes an important contribution to local employment through the creation of direct, indirect and induced jobs.
- Human Capital Development: Saipem contributes to the increase

Nigeria (cumulative 2011-2012)⁽¹⁾



(1) Due to the rounding off of multiplier values, in some cases the sum of the direct effect and the multipliers differs from the total effect.

of knowledge and skills of its employees in terms of additional lifetime earnings expectancy and increased employability.

The output of the study is a final set of figures and information representing both qualitative and quantitative impacts of Saipem's activities and indicating the way forward to enhance and optimise further the positive Local Content impact.

Results

The study clearly demonstrates, in terms of absolute figures and multipliers, the important contribution of Saipem to the Nigerian socio-economic system and the value generated, especially in the Rivers State, where the fabrication yard of Rumuorlumeni is based. The contribution to Nigeria's GDP by Saipem has grown over the years, especially in 2010 and 2011, accounting for 0.44% and 0.40%

respectively. In 2012, the contribution was 0.31%.

Economic output

The total economic impact of Saipem's activities in Nigeria (2011-2012) was found to be around 2,065 million USD, comprising direct, indirect and induced effects. Its comprehensive contribution was about 1.57 times direct expenditures, meaning that for each US dollar Saipem spent in Nigeria an additional 0.57 USD were generated in the local economy. 65% of the total economic output was generated in the Rivers State, while 11% was generated in the Lagos State.

Employment

The employment figures for 2011-2012 show a yearly average of 22,973 jobs created directly, indirectly or induced. The multiplier indicates that for each job directly

created by Saipem in Nigeria, about 5.81 additional jobs were created as indirect or induced jobs. 66% of total employment impact generated by Saipem in Nigeria is created in the Rivers State, while the contribution to the Lagos State is 10% of total employment. Jobs created along the supply chain mostly benefit sectors such as subcontracting, transportation and logistics and equipment rental.

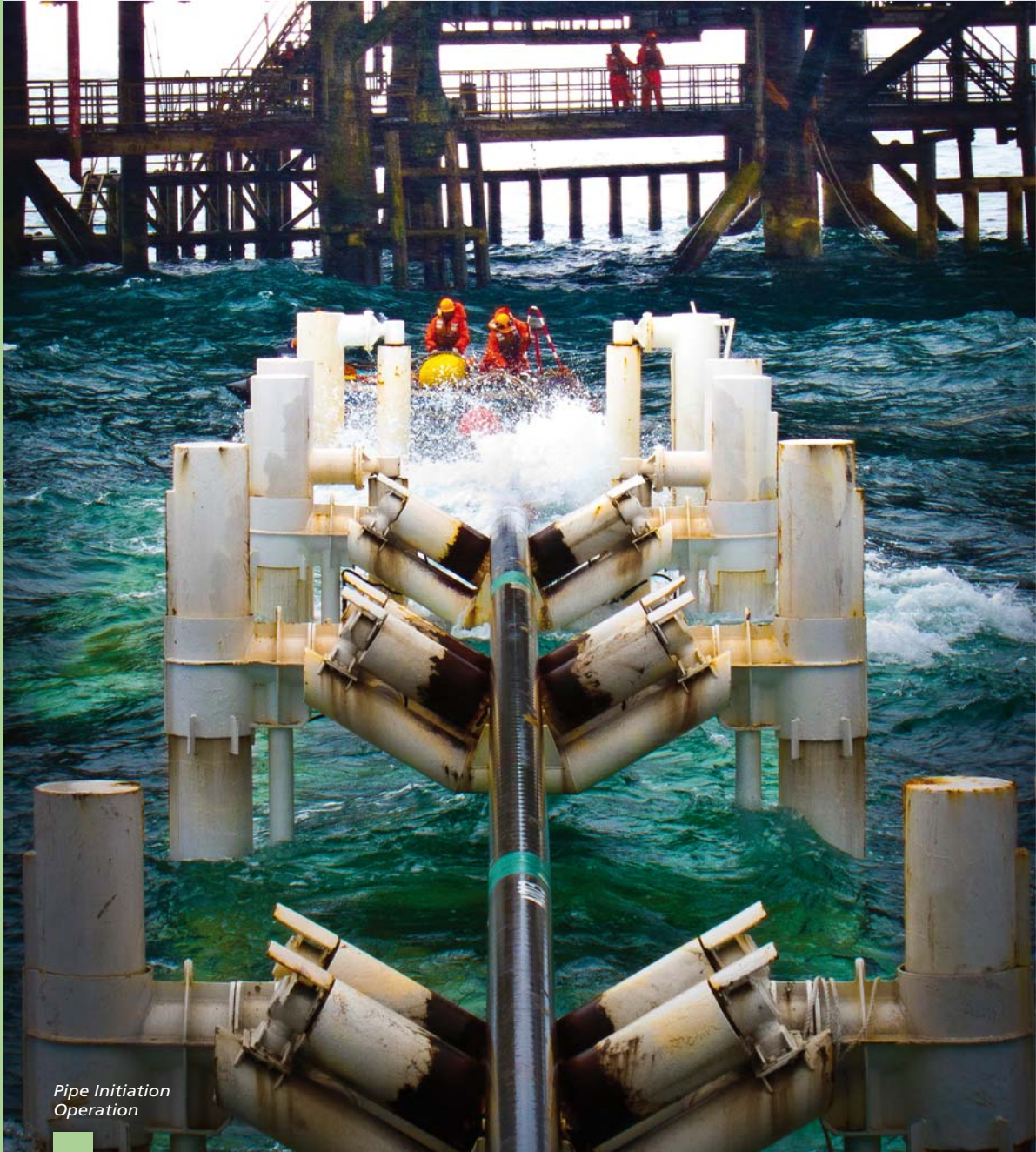
Human Capital Development

The investment in training for Nigerian employees over the period 2011-2012 generated a cumulative value of 4.62 million USD in the country, calculated over a 5-year timeframe. For each dollar invested by Saipem in Nigeria in the training of its local employees, an additional value of 4.18 dollars, calculated as increased life-time earning expectancy, was generated within society.

Economic impact generated in Rivers State and Lagos State in 2012

Data for 2012:
 Economic impact: 938 mln USD
 Employment 20,774 jobs





*Pipe Initiation
Operation*

SUSTAINABILITY PERFORMANCE

EMPLOYEES

Training and Development

Saipem is committed to training all cadre on managerial and technical skills relevant to work demands. The Company strives to promote and develop Local Content by placing emphasis on improving the knowledge and skills of its Nigerian employees. The major focus over the years has included specialised training courses and certification programmes.

Specifically, Saipem Contracting Nigeria Ltd has carried out internal training courses in various disciplines ranging from engineering, commercial, procurement, asset management,

project management, quality, health & safety and human resources. Main courses include:

- Project Management;
- Engineering Subsea Design;
- NDT;
- Multicultural Team Building;
- Conflict Management and Resolution;
- SAP Training;
- ISO9001 Lead Auditor;
- Microsoft/Cisco Certification Training;
- CIP 1, 2 & Peer Review Course.

In 2011 and 2012, total training hours for the Company were 74,362 and 108,784, respectively.

Alongside training for Saipem employees, SCNL also promotes training for non-Saipem employees,

Saipem Contracting (Nigeria) Ltd

		2010	2011	2012
Total employees (at December 31,)	International	973	642	425
	Local	4,290	3,380	3,622
Managers	International	214	199	72
	Local	85	90	114
White collars	International	451	85	285
	Local	1,567	1,319	1,520
Blue collars	International	308	358	67
	Local	2,638	1,971	1,988

Saipem (Nigeria) Ltd

		2010	2011	2012
Total employees (at December 31,)	International	-	-	-
	Local	115	60	57
Managers	International	-	-	-
	Local	3	2	2
White collars	International	-	-	-
	Local	21	16	15
Blue collars	International	-	-	-
	Local	91	42	40

mainly through internship programmes such SIWES (Students Industrial Work Experience Scheme), which enable young school-leavers from various institutions to acquire technical experience and skills before graduation. In addition, vocational training courses, mainly involving skills and entrepreneurship development, with a focus on welding and fitting, HSE and NDT activities, are targeted at project host communities.

Graduate programme

In order to maintain a competent workforce and to provide continuous support for the indigenous capacity building programme of the Nigerian Content Development and Monitoring Board (NCDMB), SCNL is involved in a variety of initiatives to promote development and training for both

its own staff members and those of stakeholders. SCNL has successfully completed more than 90,000 training man-hours for young unemployed graduates on its projects. 68 graduate trainees have taken part in Subsea Design, Quality, HSE and Project Management entry level programmes since 2008. A total of 30 graduates from different educational disciplines and cultural backgrounds were selected to participate in this scheme. The period for capacity building was twelve months from September 2011 to September 2012. Ten trainees undergoing training under a similar programme graduated in March 2013. With a view to equipping them with professional knowledge, increasing their employability and broadening the scope of their experience, the graduates

Interview with Adeniji Ramoni - Rig Manager for Scarabeo 3

How long have you been working in Saipem?

I joined Saipem on March 1, 1988 as a Toolpusher Trainee (I entered with a BSc in Petroleum Engineering). Due to the confidence that management had in my capabilities at the time, I became a Rig Supervisor soon after on one of the mechanical land rigs (5847). Then I was transferred to other SCR powered modern land rigs such as rigs 5892 and 5932. After spending upwards of ten years in the field, I was transferred to the base to follow up the activities of rigs while representing the Company with the client. I then moved to Lagos in April 2006.

Which difficulties did you encounter at the beginning?

As a trainee, the initial challenges encountered were numerous, among which:

- 1. Age as compared with the older colleagues who*

I needed to supervise.

- 2. The associated operational challenges which are natural to the drilling business.*

- 3. Problems and challenges posed by communities in the*



area of operations. On some occasions, operations were interrupted and I had to act as an intermediary before the arrival of the Community Relations Officers, who, in the past, were not always based on the project site.

- 4. Challenges from staff and sometimes language barriers.*

What is your role now?

Presently, I am the Rig Manager for Scarabeo 3. This means I am the Company's liaison with the client (Addax Petroleum in this case). I also managed the activities carried out in the Congo for Total E&P in 2010 and for Harvest Dussafu BV in Gabon for the period 2012-2013.

What is your perception of the Company?

Saipem has come to be recognised among the top multinational Oil&Gas contractor companies in the world today. With the large investments made and the strong focus on local development, I see the Company rapidly growing and possibly increasing its presence in most of the West African countries where opportunities are just beginning to emerge.

underwent a series of classroom based sessions on Project Management, Multicultural Team Building, Entrepreneurial Development and Leadership and Communication skills as well as on-the-job training. Some of the scheme's previous participants have been employed by Saipem.

Internship programme

SCNL offers opportunities to undergraduate students from universities, polytechnics and technical institutes in Nigeria to put their knowledge into practice by means of on-the-job training. The internship scheme cuts across various disciplines such as Engineering, Science and Humanities. The trainees follow a programme schedule set by their various departments and receive stipends during their internship period. Since 2006, the programme has involved 28 universities, 15 polytechnics and 12 trade institutions for a total of over 360 students and 42,766 hours of internship. In 2012, SCNL had 54 interns for a total of 33,604 man-hours.

Health

Saipem guarantees internally managed medical assistance on all sites and projects worldwide. The Rumuorlumeni Base has a clinic and a team of 7 medical personnel, comprising doctors, nurses, laboratory staff and technical staff. These provide medical assistance to employees and subcontractors working in the Base and on nearby operational sites. Furthermore, on each project in Nigeria, a medical team consisting of at least one doctor and one nurse provides support to all employees. The total number of people working in the medical department is 31 (of whom

26 are local). One medical team is also present on board the Scarabeo 3, with two doctors and two nurses.

In addition to providing treatment, the medical team implements measures such as periodical employee examinations and immunisations, health risk assessment and education programmes focused on malaria awareness and Sexually Transmitted Diseases (STD).

Implementing telemedicine

The telemedicine programme was first implemented in Saipem in 2007 with the application of telecardiology, aimed at monitoring known cases of chronic cardiovascular illnesses and preventing acute ones from developing. The programme hinges on the possibility of consulting specialists via internet. In Nigeria, the telecardiology programme was implemented in 2007 and since then 290 tele-cardio consultations have been conducted (132 in 2012), both for elective and urgent cases. Currently there are 4 doctors, all of whom have obtained the 'Master in Oil&Gas Telemedicine and Telepharmacy' degree from the University of Camerino, Italy.

Starting from mid-2010, it was decided to launch teledermatology as a pilot programme on Nigerian projects in order to test its effectiveness and usability and to prepare a ready-to-use model which could be applied to different Saipem projects worldwide.

Teledermatology (tele = over distance, dermatology = branch of medicine dealing with the skin and its diseases) is access to a dermatologist by means of telecommunications and information technology. It is the most simple application of telemedicine and does

Health performance indicators

	2010	2011	2012
Cases of repatriation (No.)	7	9	8
Medical check-up (No.)	21,737	25,202	19,180
Health expenditures (€)	1,559,208	1,647,374	1,634,114
Stewardable Malaria cases (No.)	54	50	31



Internship programme

not require complicated technologies or huge investments.

In Nigeria, health professionals put together a thorough health history of the patient, take several digital pictures of the skin and forward all this information via e-mail to the specialist. The diagnosis and treatment recommended by the dermatologist are then communicated back via e-mail within a timeframe of 24 hours or less.

This pilot programme has proven to be a functional, cost-effective and time-saving tool for Saipem projects worldwide. Using teledermatology, the Company can now 'bring' dermatologists to every remote project site.

Malaria prevention

Nigeria is a very densely populated country and the malaria incidence rate is high. In 2012, Saipem recorded 31 cases among its expatriate employees. According to the WHO's 'World Malaria Report 2011', Nigeria is still lacking preventive measures in the fight against malaria. All Saipem projects and vessels in Nigeria implemented aggressive information campaigns applicable to

local circumstances involving more than 3,200 Saipem employees. These were reminded about their social responsibility, as well as the need to be conscious of their behaviour and hence to avoid becoming a source of malaria that could endanger their colleagues.

The campaign included a written examination and those who failed were sent for further individual consultation with Saipem doctors.

The malaria prevention campaign also included initiatives for local communities (see page 43).

Other Health Initiatives

Although Malaria is a major area of focus for the Health Department in Nigeria, other health initiatives are performed in parallel. These include an Alcohol and Drug campaign, a Sight Day campaign for office based employees, a Hand Safety campaign, and so on. Dozens of different health topics are communicated to the entire workforce during Tool Box Talk sessions, at which medical staff participate, focusing on sensitive and current health issues such as the Harmattan season, cholera, cardiovascular disease prevention,

leading a healthy lifestyle, diabetes, conjunctivitis, and occupational health hazards such as manual handling, lower back pain, asbestos, vibration, noise, etc.

Safety

The Company's HSE Management System requires that all incidents, near misses and unsafe acts and conditions (non-conformances) are reported and recorded. All incidents and high potential near misses are investigated and recommended remedial actions are implemented to avoid recurrence. Lessons learnt are developed into safety alerts, communicated to all employees during Tool Box Talks and HSE meetings and posted in all HSE notice boards.

Every April 28, Saipem celebrates World Day for Safety and Health at Work. In 2012, WDSHW kicked off with the Company reinforcing the message of Leading Behaviours, thereby launching

the fourth LB, 'Challenge', to the entire workforce. The workforce was also engaged in a contest to show 'Love for Safety', a key concept of a new internal project launched on the occasion of WDSHW. All workers were called on to express their love for health & safety creatively and to find a way of sharing their project with friends and colleagues. The aim of the competition was to improve the value of health & safety at work through the creative expression and direct involvement of all employees. All those who took part were rewarded for their participation and initiatives.

On May 18, 2012, SCNL celebrated 45 years in Nigeria. The event saw the participation of Saipem's Engineering & Construction BU Chief Operating Officer, along with the Managing Director of SCNL. During the celebration, management presented awards to some local workers who had demonstrated outstanding attitudes

Safety performance

SCNL	2010	2011	2012
Man-Hours Worked	19,342,836	13,359,570	10,602,877
Fatalities	0	0	1
LTIFR	0.16	0.00	0.09
TRIFR	0.72	0.37	0.57

The Lost Time Injury Frequency Rate (LTIFR) is relatively positive, as a fatality was recorded in 2012, the first in 6 years of operations. Analysis of the LTIs shows that the activities which led to these accidents were working at height, lifting and loading and pipeline tie-in (alignment, oxy-acetylene cutting, welding). The Total Recordable Cases decreased from 11 in 2010 to 5 in 2011 and 2012. The number of Work Restricted Cases was down from 6 in 2010 to 3 in 2011 and 2 in 2012. Finally, Medical Treatment Cases decreased from 5 in 2010 to 3 in 2012.

Leading indicators

SCNL	2010	2011	2012
HSE Training Hours	58,923	56,484	36,992
SHOC	28,292	25,066	15,543
Tool Box Talks	43,099	32,523	32,765
HSE Meetings	1,619	779	724
Job Safety Analysis	29,010	17,072	14,546
HSE Inspections	24,078	24,757	31,529

All proactive indicators generally decreased in line with the downward trend in man-hours worked, except for HSE Inspections. This was a result of most projects coming to an end. However, efforts are being made to increase safety awareness among Saipem employees and subcontractors.

Safety performance			
SNL	2010	2011	2012
Man-Hours Worked	325,218	341,668	365,970
Fatalities	0	0	0
LTIFR	0.00	0.00	2.73
TRIFR	6.15	0.00	2.73
Leading indicators			
SNL	2010	2011	2012
HSE Training Hours	1,799	2,494	905
SHOC	12,658	27,488	11,987
Tool Box Talks	1,340	1,468	1,777
HSE Meetings	2,307	3,218	2,538
Job Safety Analysis	2,188	2,731	3,480
HSE Inspections	101	275	510

in terms of health & safety, especially those who effectively implemented the Five Stars intervention tool and/or actively participated in LiHS initiatives and campaigns (Leading Behaviours). SCNL long-term employees with more than 20 years of service also received awards.

Safe Crane Operations HSE Course

Five 3-day courses were held in February 2012 on the SCNL base in Rumuorlumeni. Course aims included 'providing the minimum level of

training needed to learn the technical and HSE skills required by employees responsible for the execution of onshore crane operations', as per ISO 23813 standard, with which the course in fact complies. The course was attended by 28 candidates from Nigeria with previous and proven experience in lifting operations. These were broken up into five groups to maximise course effectiveness. The main novelty of this type of experimental course is the use of a crane simulator for onshore operations. This enables participants

Our commitment to safety





to perform different types of lifting activities and exercises inside a training room, which means that they are not exposed to the hazards of practicing in a yard. Participants all took theoretical and practical tests on the various course topics, with 75% and 60% as the minimum scores for passing the theoretical and practical assessments, respectively. Candidates who passed each part of the course received a participation certificate.

For future courses, the potential of the simulator will be extended to other types of lifting equipment, such as dumpers, excavators, forklifts and tower cranes. Furthermore, the graphics for the simulator exercises will be customised to represent typical Saipem sites. It will also be possible to arrange 'Train the Trainer' courses on the course provider's premises or directly in the yards.

HSE Training

In line with the Saipem Group initiative in Leadership in Health & Safety (LiHS), SCNL was rewarded by the Saipem LiHS Foundation for contributing to the achievement of the 600th LiHS workshop in Saipem. The LiHS programme was first launched in 2007 and diffused in all Saipem Operating Companies, including those in Nigeria. The LiHS workshop held on June 4-5, 2012 in SCNL marked the 600th workshop so far held in Saipem worldwide. Overall, 341 employees were trained in 2012 on the LiHS programme, with a total of 22 sessions and an average of 264 hours. In addition, Saipem has carried out several HSE awareness campaigns ranging from hand, wrist and finger injury, working at height, welding and cutting, but also waste management. Furthermore, to enhance its staff's knowledge and understanding of health

& safety, SCNL has trained about 20 HSE personnel in the NEBOSH (National Examination Board in Occupational Safety and Health) International General Certificate.

Safety incentives programme

A safety incentive scheme has been established on board Scarabeo 3 to reward the best Safety Hazard Observation Card (SHOC). Safety awards are given on a weekly basis, while every month a prize is given for the best and second best SHOC of the month. The winners' pictures are posted on the safety notice board. Also, a Merit Award recognises workers with exceptional behaviour and work performance not only in relation to safety, but also for their honesty and integrity.

Main achievements

In December 2012, Saipem Nigeria Ltd celebrated 8 years LTI free on the Scarabeo 3 semisubmersible drilling vessel. The Managing Director of the Company participated in the event with the entire crew to congratulate them for their hard work and continuous commitment to health & safety.

Industrial relations

All Saipem employees in Nigeria are represented by the National Union of Civil Engineering Construction Furniture and Wood Workers (NUCECFWW), the Construction and Civil Engineering Senior Staff Association (CESSA) and CCESSA Pipe-Welders & Pipe-Fitters as the main trade unions, representing junior, senior staff and specialist

Security

During the crisis period between 2006 and 2008, Saipem implemented a 'Sustainable Holistic Security Strategy' aimed at protecting people's lives, as well as tangible and intangible assets through the use of Nigerian governmental forces.

This strategy also had to include the further strengthening of the Company's relations with local populations, its commitment to continuous development of host communities and its willingness to share with them the responsibilities of bringing a project to completion. Today, in every project in the Niger Delta local communities are also 'security' stakeholders and the Company is using this approach to expand its Local Content policies even more. Creating a secure environment for the Company's projects to proceed without difficulty is a goal shared by those communities impacted by and benefiting from the presence of Saipem Nigeria.

This holistic approach is already bearing fruit as proven by the

significant decrease, between 2008 and 2013, of security issues on projects that have involved the local communities as security partners. Where communities have been entrusted with a role in advancing the general security of the area and project, disturbances have been almost eradicated and the relationship with host communities has improved significantly. This has given the additional benefit of allowing the workforce to carry out its duties without disruption and, as a consequence, fewer union disputes arise. The on-going mentoring and training of Nigerian sub-contracted security companies that play a major part in this holistic approach have shown their effectiveness in the guards and supervisors being more committed and dedicated. Any community or workforce dispute is now much easier to resolve peacefully, and it is therefore the Company's intention to build on these successes and improve relationships in order to ensure that peaceful operations continue in Nigeria.

Security for Offshore Projects

Saipem offshore project security is managed by Nigerian owned and operated security service providers. These are typically small to medium size enterprises which predominantly employ local community personnel who have wide knowledge of the local maritime situation. These local service providers cooperate extensively with the Nigerian Navy and Inland Waterways Police and use only Nigerian registered vessels to provide maritime escorts and offshore field guarding. They are registered and licensed by the relevant authorities in Nigeria. Saipem's strategy is also to encourage security service providers to invest in and partner with local boat building companies and other related suppliers. In addition, Saipem is continuously collaborating with the river and coastal based communities to obtain information about the local situation and security issues.

Rumuorlumeni Base Security

The Rumuorlumeni Base and Fabrication Yard has a Saipem

workers, respectively. Local employees agreed to specific contractual conditions according to the Memorandum of Procedural Agreement signed by Saipem and local trade unions. These contracts are linked to the different employment categories existing within the Company: junior staff, senior staff and special workers (pipe fitters and welders). These agreements define the basic salary, detailed conditions, benefits and allowances paid by Saipem and are renewed every two years following negotiations between the two parties. The last agreement was signed in 2012 for the three unions, and will expire in 2014.

Trade unions support Saipem in maintaining a positive, strict and harmonious industrial relations climate within the Company and with workers.

Saipem Contracting Nigeria Ltd holds regular leadership orientation training workshops for labour union leaders within its system, as the need arises. The purpose of the leadership orientation programme is to bring the union representatives up to date on the latest best practices in labour relations, trade union leadership, meeting procedures, grievance resolution procedures, collective bargaining skills, letter writing skills, practical approaches to human management, and the industrial relations policy of Saipem Contracting Nigeria Ltd (SCNL), amongst other things.

The last leadership training session was held in 2011, with the attendance of 65 representatives of Saipem Contracting Nigeria Ltd workers from branches and units, representing various operational

security unit, with locally employed staff. This security group is responsible for supervising and managing the security service providers, which are Nigerian owned and operated companies. These security service providers predominantly employ local community personnel who have wide ranging knowledge of the situation in the local area. In addition to these security service providers, the Base also has a security workforce of various Nigerian Government Security Forces (GSF) for a total of 111 people, not including GSF occupied on Saipem projects executed throughout Nigeria.

Training of Security Forces

Saipem is committed to continuously conducting and ensuring mentoring and training for all locally employed security staff. On the job training (for all Saipem employed security supervisors and guards, as well as subcontractor security companies and guard forces) includes:

- The use of VHF & satellite communications
- Voice procedures
- Maintenance of all equipment
- Security incident procedures/

reporting as per SCNL protocols

- First aid training
- Improvised explosive device (IED) training
- Vehicle & personnel search procedures

In addition, specialist training is conducted as Continued Professional Development (CPD) of Security Department Staff. About 42 local security and transport drivers have undertaken advanced driver training techniques and the control room technical supervisors have been trained in the following advanced CCTV operations:

- CCTV installation
- CCTV maintenance
- CCTV observation
- CCTV position selection

Specialist training courses are conducted, by either Nigerian companies or international companies licensed to operate in Nigeria.

Respect for Human Rights and restraints in the use of force

Human Rights are the inalienable rights of all individuals, without distinction, by virtue of their belonging to the human race. They are based on the recognition of the dignity, freedom and equality of all human beings, and are

sanctioned in the United Nations Universal Declaration of Human Rights (December 10, 1948) as 'the foundation of freedom, justice and peace in the world'.

Respect for Human Rights is an essential part of the Saipem Group's Integrity Policy. As far as preventive and defensive security measures are concerned, the primary objective is to minimise the need for active responses to threats by public or private security forces. This is because, due to the implications arising from the use of firearms, such measures are used strictly for self-defence, for defence from direct threats, to prevent the perpetration of a life-threatening crime, and in any case, always and exclusively to a degree that is commensurate with the seriousness of the offence. In Nigeria, all contracts Saipem has signed with the security service providers include a specific and binding clause on respect for human rights. Alongside rules and procedures that security service providers need to comply with, agreements specify that any acts committed in breach of Saipem's Policy on Security and Human Rights will lead to immediate termination of contracts.

sites such as OB/OB, OML 58 Project, Afam Project, Onne Base, the New Operational Base in Port Harcourt and the Lagos Office. Trainers were from Nigerian universities, the Federal Ministry of Labour, organised labour and experienced industrial relations practitioners and professionals on trade unionism and labour matters. These workshops were effective and in fact SCNL union representatives made significant improvements in labour leadership positions in the Nigerian construction and civil engineering industry. For instance, the previous National Vice President of the Construction and Civil Engineering Senior Staff Association (CCESSA) was an SCNL union representative, while the SCNL Chairman of the Junior Staff Union (NUCECFWW) was elected National President-General of the Association in February 2013.

Internal Communications

Saipem in Nigeria publishes the in-house magazine MONO, which is targeted at employees. MONO shares information about Saipem's project activities, its operations, achievements, people management, sustainability programmes and social events.

In addition, 'Saipem Briefly' is an SCNL in-house newsletter published

to acquaint stakeholders with Local Content activities, achievements and future initiatives in Saipem's journey towards sustainable development, mentorship for indigenous companies and compliance with the Nigerian Oil and Gas Industry Content Development Act. SCNL is aware of its strategic role and responsibility in promoting the development of Nigerian Content in the Oil&Gas industry.

The HSE department produces a quarterly report on HSE activities and performance for the Base and all project sites. It is targeted at both internal and external stakeholders.

CLIENTS

Saipem is working in Nigeria for several customers in the Oil&Gas industry, such as Eni, Total, Shell, Chevron, ExxonMobil, etc. Oil companies operate and produce in Nigeria through locally registered branches, which sign joint venture agreements with the Nigerian National Petroleum Corp (NNPC). The relationship between Saipem and its customers is very close, and the Company can discuss specific issues concerning Local Content, quality, HSE, security and overall satisfaction directly with them. It is Saipem's permanent objective to ensure effective interaction with customers. This is achieved through regular meetings, discussions and monitoring of feedback. All of this aims to guarantee that activities geared towards project realisation continue to meet client expectations.

A number of activities have been designed to measure customer satisfaction levels. The Customer Satisfaction Survey tool has been deployed fully in SCNL. In a competitive marketplace like Nigeria, where businesses compete for customers, customer satisfaction is seen as a key differentiator and has increasingly become a key element of business strategy.

SCNL uses the Customer Satisfaction Questionnaire (CSQ) to measure the perception of its customers. The CSQ



is seen as a major tool in support of customer relationship management. The objective of the CSQ is to measure customer satisfaction and identify existing gaps between customer expectations and service delivery. CSQ data is collated, analysed and presented to top management for action. A typical analysis of customer data is seen in the figure to the side.

Customer Satisfaction Analysis

The results obtained for each questionnaire are represented by a value known as the Customer Satisfaction Index (CSI). They are examined on a periodical basis and specific reports are put together by analysing the results according to the type of client, the type of project and the contract value. With the aid of CSI, the CSQ thus facilitates acquisition of greater details about weak points requiring further root cause analysis and hence identification of the corrective and preventive measures that need to be taken.

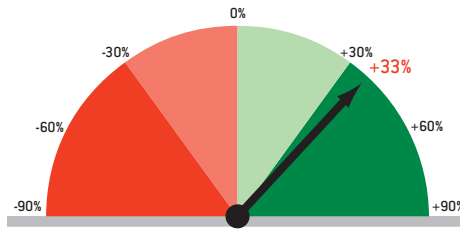
SUPPLIERS & SUBCONTRACTORS

Saipem promotes and increases the use of indigenous companies in project execution. More than 1,000 Nigerian companies are qualified in Saipem's vendor database, of which about 450 have a relationship lasting longer than 5 years. In 2012, over 180 local vendors were newly registered in the vendor database, made possible through vendor workshops and the placement of adverts in newspapers. Furthermore, 93% of orders issued by SCNL were local, involving a total of 490 local vendors.

Mentoring for local companies

As part of its Local Content strategy, and in response to the Federal Government's call to develop indigenous capacity, Saipem's management embarked on a mission to mentor local companies to achieve world class status. Some of these are Desicon, Allied Dominion

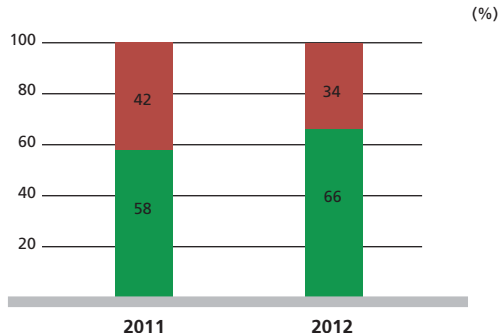
SCNL Overall Customer Satisfaction Index



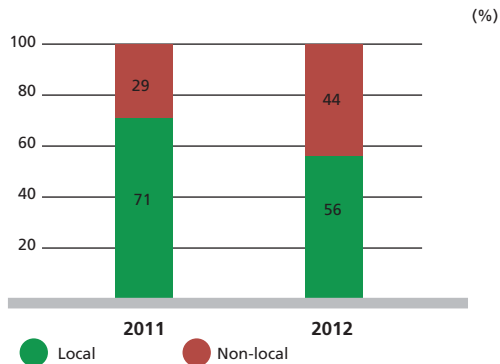
Oil Shipping Services (ADOSS) and Mudiame.

The relationship between Saipem and Desicon started in 1999. In that period, Desicon was operating mainly in community relations, whereas nowadays it owns a yard as well as an electrical

Total amounts ordered from local and non-local vendors (SCNL)



Total amounts ordered from local and non-local vendors (SNL)



and instrumental company. The relationship between SCNL and Mudiame started in late 2004 as a result of the absence of a metallurgical/welding laboratory for weld inspections and failure analysis purposes in Nigeria. Before that time, all welding processes requiring mechanical property examinations were usually sent to Italy, with a consequent increase in logistics and test costs. Possible delays associated with sending tests abroad and with retesting were also likely to cause an increase in costs. Hence to meet Saipem's testing needs and requirements, there was a real urgency to identify a serious local laboratory and support the development of its Quality Management Systems in compliance with international standards. With all the benefits of reducing the costs of testing, developing local capabilities and optimising welding operations by eliminating any delays associated with sending test samples abroad, Mudiame has now fully set up a mechanical testing laboratory and its personnel have been trained by the National Metallurgical Development scheme. The relationship between Saipem Contracting Nigeria Ltd and these companies has entered a new phase, in which SCNL expects them to grow and become potential competitors.

Engaging key subcontractors for shared success

Every year the SCNL HSE Department holds the HSE forum involving most subcontractors engaged on SCNL

operational sites. In 2012, 61 people attended the event on behalf of 20 subcontractor companies working for Saipem. The opening speech was held by the SCNL Managing Director, Mr. Vito Testaguzza, who stated that SCNL's aim is to achieve a safe and positive organisational safety culture through Leadership in Health & Safety. He encouraged all subcontractor leaders to be leaders not just in their field of expertise but also in health and safety, in such a way as to enable the Company to achieve its aim. During the forum, the SCNL HSE Manager, Mr. Arcangelo Lapomarda, emphasised SCNL's 14 Safety Rules - 'Zero Tolerance'. During the forum, subcontractor representatives were divided into groups to discuss and share their safety experiences. The groups with the best final presentation received awards.

ENVIRONMENT

In 2010, SCNL played host to some key stakeholders such as the Federal Ministry of Environment (FMENV) and the National Environmental Standards and Regulations Enforcement Agency (NESREA). The outcome of these engagements not only strengthened SCNL's relationship with the agencies but also resulted in the drafting of an Integrated Environmental Plan, which included environmental monitoring actions to ensure legal compliance for the Company. SCNL also received a letter of commendation from the

Working together with our vendors



FMENV for its environmental best practices and good housekeeping measures. Since then, SCNL has maintained a robust engagement with institutional stakeholders at both national, State and local level.

Environmental Impact Assessment

In Nigeria Saipem has always been committed to protecting the environment and complying with local, national and international laws within the areas of operations. In 2012, SCNL commenced an Environmental Impact Assessment (EIA) in relation to dredging activity carried out for maintenance of its jetty water front. The project comprises the dredging and removal of underwater materials from the old and new jetties to ease load out operations. The EIA process started in September 2012 when the project proposal, the EIA registration form and the Terms of Reference (ToR) were prepared and submitted to the FMENV, which thereafter conducted a mandatory site verification visit after which the EIA ToR were approved and the EIA screened and placed under category 2. Multidisciplinary field data was gathered in conjunction with the regulatory agencies in October 2012 after which a draft EIA report was prepared and submitted to the FMENV for review, scheduled and conducted on December 1, 2012 by a panel of experts and regulators. The feedback was positive and SCNL received a green light from the FMENV to start activities.

Celebrating World Environment Day

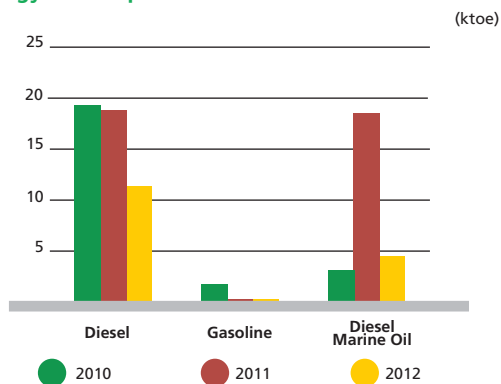
Every year on June 5, Saipem celebrates World Environment Day to show its commitment to protecting the environment. The event is celebrated at SCNL with pomp and pageantry focusing on the yearly themes including 'Many Species. One Planet. One Future' in 2010, 'Forests: Nature at your Service' in 2011 and 'Green Economy: Does it include you?' in 2012. These events

are celebrated through organised presentations, campaigns to create environmental awareness, combined Tool Box Talks on topical environmental issues and symbolic tree planting sessions.

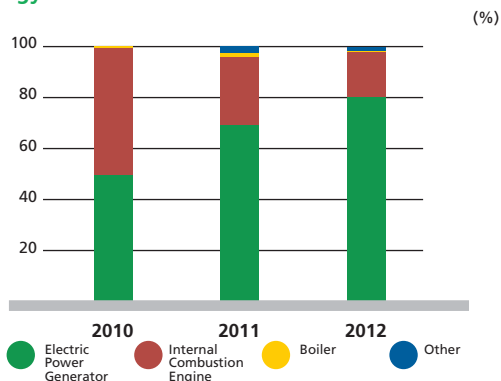
Energy

A campaign to reduce energy consumption in SCNL was started in 2010 with a view to stopping a yearly increment in energy use in the operational base. This campaign has been carried out through training sessions, Tool Box Talks, posters and stickers. The Company has also

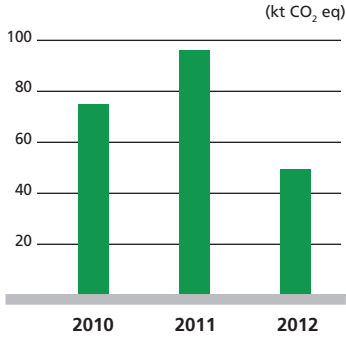
Energy consumption



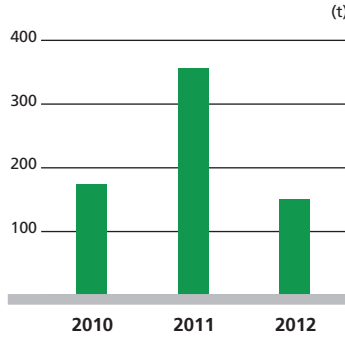
Energy use



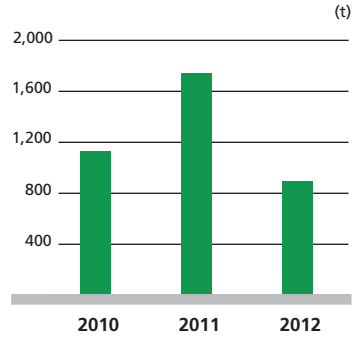
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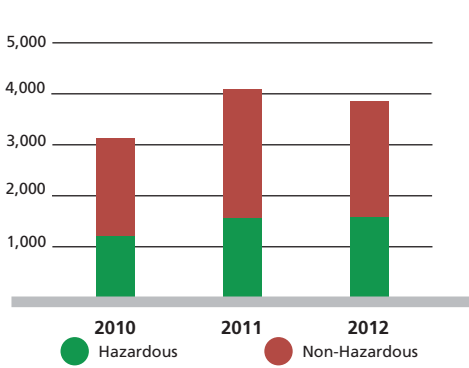
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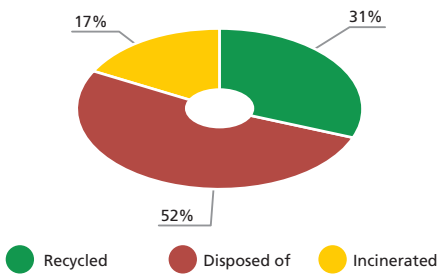
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Waste production



Waste Management (2012)



introduced energy efficiency policies and rules to support reduction in energy consumption and emissions into the atmosphere. These include switching off office appliances and lighting systems at the end of the day, the introduction

of energy efficient lamps and the use of timers in room water heaters.

At the end of 2012, electric power generators accounted for over 80.4% of fuel consumption in SCNL. This is why the Company has undertaken a plan to replace obsolete high fuel consumption generators with more energy efficient ones, in line with the regulatory emissions limits as specified by the FMENV.

Energy performance indicators measured over the last three years have revealed a consistent decrease in the volume of fuel consumed in the Company, clear evidence that the effects of the series of campaigns undertaken and the energy efficient policies introduced in SCNL are gradually becoming effective.

Waste

In 2012, a waste segregation campaign was launched in the Rumuorlumeni Base. This involved all employees with a message focused on proper waste segregation at source in order to help reduce the volume of waste being disposed of and to maximise opportunities for the recycling and reuse of waste materials.

The campaign culminated in the conversion of waste chemical drums into waste bins by decontaminating, reconditioning and reusing them. This simple environmental-friendly approach has reduced the costs associated with waste management of drums and the



purchase of new ones to replace those damaged.

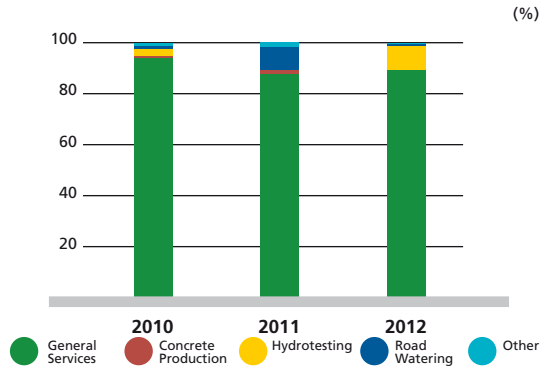
Water

In 2011, a water saving and reuse campaign was launched in the Rumuorlumeni Base and other operating units in Nigeria. The campaigns involved all employees with a message encompassed in the slogan 'Think today about tomorrow: save and reuse water'. Water saving tips were shared during the campaign and stickers bearing water saving tips were distributed to cascade the message. The result of the campaign is reflected in a remarkable reduction in water consumption in the base from 2010 to 2012 and the re-use of water from hydrotesting for dust suppression.

Spills

An Oil Spill Environmental Campaign was organised in 2010 where the issue of prevention was discussed and cascaded throughout the workforce operating on projects and in business units in Nigeria. This awareness campaign was promoted through

Water use



an exhibition of posters, numerous training sessions, the staging of oil spill emergency drills, and by dealing with campaign related issues during Tool Box Talks. The campaign is expected to change the attitude and behaviour of the workforce towards careless and reckless material handling practices in order to achieve a zero spill target. Positive results have already been achieved with zero spills recorded since 2010, hence a period of almost three years.

Oil Spills

		2010	2011	2012
Less than 5 litres	(No.)	0	0	0
Between 5 and 100 litres	(No.)	0	0	0
More than 100 litres	(No.)	1	0	0



Saipem's contribution to flaring down

In Nigeria, unwanted natural gas released during oil production is usually burnt off. This flaring and venting produces huge quantities of greenhouse gas emissions. Significantly reducing flaring and its harmful effects on health and the environment, while continuing to exploit Nigeria's crude oil resources, is a priority for the Government.

Saipem believes that durable competitive success can be best assured by conducting its business in a responsible way and by engaging in projects that benefit everybody. For this reason, the Company decided to get involved in the flaring down process

by building a new dedicated area at the Ebocha Oil Centre, operated by Eni, from where it worked on the installation and commissioning of a turbo generator, one medium and two low pressure compressors, and other connecting facilities.

The engineering design for a compression island was carried out by Saipem Energy Services, while construction was performed by Saipem Nigeria in partnership with the Nigerian contractor Desicon.

The project was successfully concluded in April 2010. Roughly 1.5 million standard cubic metres per day of gas previously flared at the Ebocha Oil Centre are now

compressed on the compression island and then delivered through the existing pipeline system to a gas hub, where they are made available for domestic use at Nigeria's Omoku Power Station. It is estimated the Ebocha project will reduce CO₂ equivalent emissions by 1.27 million tonnes per year. And with the new facility up and running, there is also a welcome end to the heat, light and noise that are among the other negative effects of flaring.

While the new Ebocha facility has already yielded significant environmental benefits, the project also stands out for the speed with which it was executed.



Pipe laying in the bush

LOCAL COMMUNITIES

As described on page 20, the relation with local communities is a fundamental aspect to guarantee the creation of long-term value for the area and the successful execution of activities. In every place where it operates, Saipem adopts a policy of maximum transparency with local people and creates and maintains an amicable communications with all social segments of the host communities in order to address their concerns and aspirations. In addition, Saipem establishes community development programmes and builds partnerships by enlisting the full participation of the host communities in project planning and implementation. Community

development programmes are designed in a way that the benefits of the initiatives implemented are distributed equally among community social groups with special attention to the most economically disadvantaged. These programmes include initiatives mainly focused on education and technical training for community members, entrepreneurship training programmes and community health promotion.

Education

As part of its commitment to community education initiatives, Saipem awards scholarships to 20 undergraduates selected and presented by the community of Rumuorlumeni. In 2010, an addendum to memorandum



Women entrepreneurship program

was made between Saipem and Rumuorlumeni by which the scholarship value was revised from 50,000 to 100,000 Naira for each undergraduate.

A total sum of 2 million Naira is disbursed every year to 20 students at various levels of higher education institutes in Nigeria.

As part of the education support programme, Saipem also promotes the participation of community undergraduates in the internship programme as described on page 27 above.

In 2011, Saipem contributed to the building of infrastructures in a secondary school in Rumuorlumeni to allow students to learn in an environment conducive to growth. Saipem contributed to the construction of the Primary School in the Mbguodohia

Community, where basic education institutions were not present. Saipem also built accommodation for Nkpor community teachers and provided facilities for the Mgbuosimini Secondary School and the Nkpor Primary School.

Promoting entrepreneurship

In order to promote entrepreneurship among local community women, in 2013 Saipem started a project aimed at creating skills in tailoring design and sewing through a dedicated training programme in collaboration with a local NGO. Fifteen women were selected out of over 160 candidates from the Rumuorlumeni communities. They have been trained to sew according to international standards. The workshop

Community training programme

According to the MoU signed with Rumuorlumeni communities, every year Saipem trains 40 local youths. In addition, Saipem organises vocational training for youths in communities where the Company is present or executes its projects.

With a view to developing local human capital, in 2010 SCNL provided a total of 28,936

welding and pipe fitting training hours for 44 members of the host community. In 2011, 66 youths (26 Obite and 40 Rumuorlumeni) and in 2012, 40 youths received 54,441 and 43,208 hours of training respectively. In 2013, the Company undertook a similar vocational programme in which 40 youths are participating. Saipem vocational training

focuses on welding and pipe fabrication. Some of the areas covered include:

- SMAW: weld execution passes; pipe end preparation and pipefitting process.
- Pipefitting: dimension verification; fabrication fitting orientation; bolted connections; plate and pipe cutting using oxy-fuel.

has been carried out in the Saipem Yard in Rumuorlumeni.

Community health promotion

Within the framework of the Roll Back Malaria strategy (a globally coordinated action against malaria), Saipem is committed to working on a prevention programme in accordance with WHO and UNICEF recommendations. In this context, Saipem in Nigeria is collaborating with the River State Primary Health-Care Board to conduct malaria awareness campaigns for all communities where the Company operates.

In 2012, SCNL, in collaboration with the women's group leaders in Umuokwa,

Umulu and Umuashibogu, launched a malaria prevention campaign in Igbo-Etche (River State) which included a presentation in local dialect, and the distribution of over 550 Insecticide Treated Nets (ITN) to different families of the Umuokwa, Umulu and Umuashibogu communities of the Edegelem clan (NOPL project). In addition, over 4,000 ITN were distributed among the communities of the Egi Clan (OML 58 project) in the rescue camp set up soon after the July 2012 flood disaster in Nigeria that affected 32 States, washing away hundreds of thousands of farmlands and killing over 300 people. Women, children and elderly people were the main beneficiaries of the initiative.



Malaria prevention campaign



GLOSSARY & ACRONYMS

EPIC

Engineering, Procurement, Installation and Construction.

EPC

Engineering, Procurement and Construction.

LTI

Lost Time Injury. Any work-related injury which renders the injured person temporarily unable to perform any regular job or restricted work on any day/shift after the day on which the injury occurred. In this case, 'any day' includes rest day, weekend day and holiday. The day of the accident is not

counted when calculating lost workdays. Fatalities and permanent total disabilities are included in the calculation of the total the number of Lost Time Injuries.

LTIFR

Lost Time Injury Frequency Rate.

$$LTIFR = \frac{\text{No. LTI} \times 1,000,000}{\text{Total man-hours worked}}$$

NNPC

Nigerian National Petroleum Corp.

SCNL

Saipem Contracting (Nigeria) Ltd.

SNL

Saipem (Nigeria) Ltd.

TRI

Total Recordable Injury. Term used to define the sum of Lost Time Injuries (including fatalities and permanent disability cases), Work Restricted Cases and Medical Treatment Cases.

TRIFR

Total Recordable Injury Frequency Rate.

$$TRIFR = \frac{\text{No. TRI} \times 1,000,000}{\text{Total man-hours worked}}$$

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Feedback

What you think of this Country Report matters to us.
As we are constantly striving to improve our reporting, we would very much welcome your feedback. We will also be pleased to answer any questions you may have.

Contact us at: sustainability@saipem.com

Special thanks to all those who contributed to the drafting of this report.

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