

saipem sustainability 2014



saipem

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.



Message from the CEO

2014 was a challenging year for Saipem, but one in which we managed nonetheless to achieve many of the targets we had set ourselves.

Among these was the rebuilding of our order backlog. Thanks to the work carried out beginning 2013, our Clients have reaffirmed their trust in our Company. Our decision to put quality once again at the centre of our managerial and executive activities has produced some excellent results, which have also translated into renewed commercial success.

Considering the downward trend in the Oil & Gas market, caused by the sudden and substantial fall in oil prices during the second half of 2014, Saipem has continued to focus on operational efficiency in order to remain a key partner for our Clients by helping them reach their business objectives and contain costs.

As part of this strategy of 'Client engagement', the document *Saipem Sustainability 2014* is an important tool for ensuring the transparent communication to our stakeholders of the main results of the Saipem Group and the efforts made to achieve them. It both represents and discloses Saipem's commitment to maximising the value created for our stakeholders, an essential condition for long-term success based on a sustainable business model.

Workplace health and safety is, however, our number one priority. Saipem's undertaking in this regard is clearly reflected in the improvement in the Total Recordable Incident (TRI) frequency rate compared to 2013.

We can be proud of this result, though to be sure it does not mean we can lower our guard. The good results must be sustained and the work to be done is not yet finished: indeed, this year we had one fatal accident involving a subcontractor.

For me, the loss of life in the work place is intolerable and I remain convinced that our 'zero fatalities' objective is both achievable and sustainable over time, especially for a company like Saipem, which has developed what is now an advanced and widespread culture of health and safety. Our aim with the new programme 'We Want Zero' is to translate our renewed commitment to ensure the total safety of the people who work with and for us into

concrete actions, as identified by dedicated task forces. **Another crucial element of Saipem's sustainability strategy is the promotion and development of 'Local Content' which will continue to be a determining factor in our success, because it makes Saipem more competitive in the diverse and complex contexts in which it operates.** Saipem has developed tools for measuring the economic value generated by our 'Local Content' strategy, which seeks to contribute to the economic and social development of the areas in which we work. On many occasions our Clients have recognised and appreciated the value of this contribution, which is also due to their efforts and their investments.

Another fundamental issue is the development of our people and their skills. These are vital assets for successfully tackling the challenges of such a complex business sector that requires excellence in technologies and operational abilities. In this regard, Saipem has recently devised a system, K-Hub, for the development and sharing of knowledge and experience. The Company has also launched various initiatives for promoting employee engagement and for ensuring the clarity of the Company's strategy and programmes. Among these are the 'Strategy LineUP' and 'Cascade' campaigns, designed to convey the Company's targets to all employees, as well as the objectives assigned to each and every one of us, thereby promoting a stronger and more robust organisation.

I am convinced that *Saipem Sustainability 2014* provides an effective overview of the year which has just concluded and shows how sustainability is increasingly integrated into our way of doing business and our organisation. In this regard, the report can be understood as an expression of our willingness and ability to dialogue with stakeholders through a lens of mutual respect, attention and continuous improvement. Regardless of the way the market scenario develops during 2015, I am certain that sustainability will remain an essential factor in our success and in the satisfaction of our stakeholders.

Umberto Vergine
Saipem CEO

Scenarios, business environment and market conditions

The service industry for the Oil & Gas sector is characterised by increasingly consistent and evolving levels of criticality. An international company like Saipem is forced to deal with more and more complex challenges on a daily basis. These must be turned into opportunities, by improving all aspects in terms of the Company's ability to deliver technologically advanced projects in extreme environments, whilst taking into account the needs and interests of all the stakeholders involved.

The distinguishing feature of Saipem is its commitment to excellence in conducting business, which results in high levels of reliability in terms of technology, engineering and security in its operations.

The context in which Saipem operates is influenced by significant macro-factors:

- Political instability and serious civil unrest in several countries in Africa (Libya, Egypt, Nigeria and Somalia) and the Middle East (Iraq, Iran and Syria) and the economic consequences of the tensions between Russia and Ukraine that have led the European Union to apply sanctions on the former.
- A surplus in the supply of oil over and above demand:
 - caused by increased production in North America, a demand for oil in Asian countries that is below expectations and the conscious decision of OPEC countries not to regulate the overcapacity of global supply by reducing their production;
 - resulting in a collapse in oil prices in the second half of 2014 (it is estimated that in 2015 prices could reach a minimum of 40 \$/bbl) which is being borne by the oil companies, who have seen their revenues and future investment plans significantly decrease, forcing them to restructure in order to improve internal efficiency and reduce operating costs for purchasing goods and services.
- The potential growth in other areas (e.g. China) in the development of unconventional Oil & Gas deposits, today located mainly in North America.
- Growing demand from customers, on their own initiative and driven by emerging national laws, for significant percentages of Local Content in projects. This implies the ability to develop and integrate elements of these demands into the business process and therefore the need to possess a high level of expertise and know-how in:
 - the planning capacity of local industry, both in terms of available technologies and reliability;
 - existing infrastructures and how to improve them;
 - abilities of local staff (both in terms of work experience and formal education levels) and appropriate training.
- Technological progress, which increases the efficiency and decreases the costs associated with production, has a positive influence both on the development of unconventional fields (which are traditionally more expensive than conventional ones) and greater convenience in the development of renewable energy. An example is solar-powered energy which has reduced the cost of panels by 50%. The 50% reduction in the cost of lithium batteries may also influence the sale of electric cars.

Oil & Gas contractor business environment

As for the business areas in which Saipem operates, Onshore Engineering & Construction (E&C) has maintained good levels in the acquisition of Engineering, Procurement and Construction (EPC) contracts, with total investment figures comparable to or slightly higher than the previous year. On a global level, one third of investments were made in the Middle East (mainly Kuwait, Iraq and Saudi Arabia), with over half of these in the refining segment. Other significant investments were recorded in North America (USA and Canada), where there have been major contracts in the LNG segment, in the CIS (Russia, Turkmenistan, Azerbaijan and Kazakhstan), mainly in the LNG and petrochemical segments, and in Turkey, with a large pipeline.

The Offshore E&C market recorded a high level of investment in 2014, marking an increase from the previous year, thanks to the contribution of a number of projects awarded in recent years that are still ongoing. In the second half of 2014 there was a slide in new projects due to budget cuts by many operators, who have been reviewing the more expensive investments in their portfolio. The slowdown also affected study projects (FEED), signalling that the approach of operators to new investment is becoming more cautious.

During the year, the volume of investment from oil companies in Onshore Drilling remained on a high, and further growth was recorded compared to 2013, albeit at a slower rate due to the significant decline in oil prices starting from second half of 2014. In Offshore Drilling, a slight growth was recorded compared to the previous year, but starting from the end of 2014 there have been cases of reduction or postponement of previously planned drilling activity.

Market outlook

In this context, the markets are seeing the world's wealth grow at a slower pace than expected, less than 4% yearly over the next four years, driven mainly by less developed (non-OECD¹) countries and by the USA. Energy demand is also growing. In 2014, more than 50% of fuel consumption was linked to the demand for hydrocarbons (oil and gas), as well as coal, renewable energy and nuclear power. Oil and gas reserves are rising due to ongoing discoveries of unconventional deposits in the USA (tight oil and shale gas), Canada (oil sands) and Brazil (Pre-Salt). Saipem has a presence in these last two countries that has been consolidated over the years. The abundance of reserves and a growth in oil consumption below expectations, without regulating production, will favour the natural decrease in prices, which, on the one hand, reduces investment and, on the other, promotes growth in demand for petroleum products by encouraging consumption, and therefore investment, throughout the downstream segment (refining, petrochemicals and fertilisers). One example is the recent acquisition of Jazan in Saudi Arabia. Investment opportunities in the short to medium term remain positive for the time being, in North America (USA and Canada), in particular, but also in Asia-Pacific (with the majority of investments spread between China, Indonesia, Vietnam, India and Australia), the Middle East (mainly Iraq, Iran, the UAE and Qatar) and Africa (Nigeria, Mozambique, Egypt, Algeria and South Africa). The awarding of important contracts is also expected in Latin America (especially Brazil and Venezuela) and the CIS (mostly in Russia). World investment prospects are still affected by the uncertainties of the market and future developments in the currently unstable geopolitical situations.

[1] Organisation for Economic Co-operation and Development.

INVESTOR RELATIONS AND THE FINANCIAL COMMUNITY

Saipem's investor relations are based on continuous dialogue with the financial community. This is carried out in compliance with the rules and regulations designed to ensure full transparency and equal access during the disclosure of confidential information. All relevant documents are made available promptly on the Company website. As part of its institutional financial communications, in 2014 Saipem organised 20 roadshow days and

attended 10 international investor conferences and events. Company representatives exhibited Saipem's activities and results in Abu Dhabi, Amsterdam, Barcelona, Boca Raton (Florida), Boston, Copenhagen, Doha (Qatar), Frankfurt, Hertfordshire (UK), London, Milan, Nassau (Bahamas), New York, Paris and Yountville (California). More generally, in 2014 over 400 individuals, including portfolio managers and buy/sell side

analysts, were contacted during one-to-one meetings, group meetings and conference calls or video conference meetings, while more than 850 people attended the four financial results conference calls and webcasts. In 2014, Saipem provided a number of informative sustainability documents to GES Investment Services, the OP Trust, the Ethical Council and SustainAlytics.

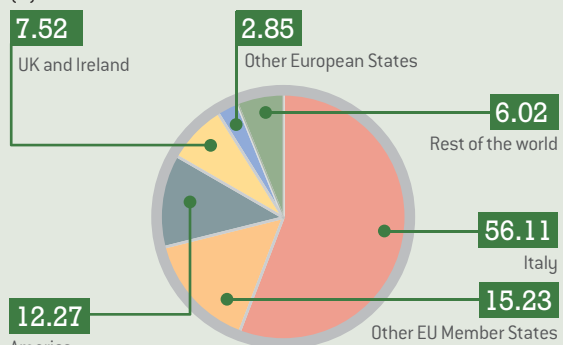
over 400

NUMBER OF INDIVIDUALS, INCLUDING PORTFOLIO MANAGERS AND BUY/SELL SIDE ANALYSTS, CONTACTED DURING MEETINGS

over 850

NUMBER OF PEOPLE WHO ATTENDED THE FOUR FINANCIAL RESULTS CONFERENCE CALLS AND WEBCASTS

SHAREHOLDERS BY GEOGRAPHICAL AREAS* (%)



(* Based on 2013 dividend payments.)




scarabeo 5

Thomas Fjellsbo, *Scarabeo 5 in the North Sea, Norway*

saipem sustainability 2014

'Saipem Sustainability 2014' provides an in-depth analysis of the most significant issues for business sustainability identified by way of a materiality analysis (see page 6 and pages 56-57).

To these have been added other themes related to the Company's sustainability activities in 2014 and deemed particularly useful for reporting to Saipem's main stakeholders in a transparent and efficient manner. A variety of country level focuses throw light on how policies and strategies are applied in practice in the areas where the Company is present.

The symbol  indicates that further in-depth documentation on a specific country or project is available online.

This document is an integral part of Saipem's reporting and communication system for sustainability.

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Saipem at a glance

FRANCE

Saipem operates in France through the companies Saipem SA and Sofresid sa. Its main operations are in Onshore and Offshore E&C, including the following product lines: Floaters, LNG, Maritime Works, Infrastructures, Offshore Wind Farms, Subsea Field Developments, Offshore Pipelines, Offshore Fixed Facilities, Platform Installation and Decommissioning, and Remote Subsea Technologies. The Company counts **2,078** employees, of whom **96%** are local.

○ *Top employer award and Share & Shape p. 33.*

ITALY

Saipem is present in Italy not just through the Parent Company but also through Servizi Energia Italia SpA, Consorzio Sapro and Snamprogetti Chiyoda sas. Saipem employs 5,107 people, of whom 95% is local. It principally operates in the Onshore, Offshore and Drilling sectors.

○ *Share & Shape p. 33, Costa Concordia project p. 44, Stakeholder engagement p. 19.*

CANADA

Saipem is present in Canada with **2,531** employees, of whom **95%** are local. The Company operates locally via Saipem Canada Inc and Saipem Construction Canada Inc. The main activities are Onshore EPC.

○ *SELCE p. 16, Aboriginal communities p. 20.*

MOROCCO

Saipem has been present in Morocco for more than 10 years. It is currently involved in a Maritime Works Project. In 2014, there were **293** employees, of whom **97%** are local.

○ *Community initiatives p. 24.*

COLOMBIA

Saipem has **453** employees in Colombia, of whom **98%** are local. Saipem operates primarily through Petrex SA, whose activities relate mainly to Onshore Drilling.

○ *Local competencies p. 8, Local vendors p. 14.*

VENEZUELA

Saipem is present in Venezuela with **3,012** employees, of whom **83%** are local. It operates mainly in Offshore and Onshore Drilling through Petrex SA.

○ *Introduction to drilling p. 11, LiHS for vendors p. 43, Local competencies p. 30.*

BRAZIL

Saipem's presence in Brazil began in 2002. The Company has **1,876** employees, of whom **61%** are local. Saipem operates via Saipem do Brasil Serviços de Petróleo Ltda. The main activities are Offshore, Drilling and Floaters. A new fabrication yard in Guarujá is also currently under completion.

○ *SELCE p. 16, Technical education p. 27, Share & Shape p. 33, Guarujá Yard p. 54.*

ANGOLA

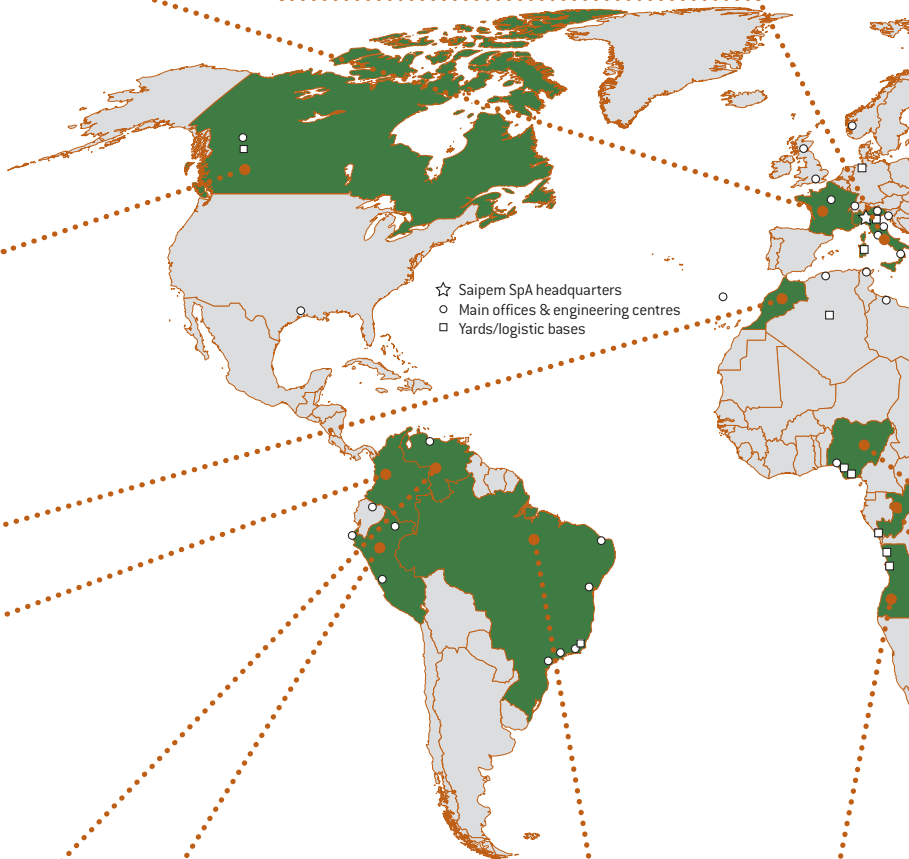
Saipem has been operating in Angola since 1982 and today has **3,344** employees, of whom **46%** are local. There are also **2,363** people working through temporary employment agencies. Saipem operates through Saipem SpA Angolan Branch, Saipem SA Angolan Branch, Petromar Lda, Kwanda Suporte Logístico Lda and Sagio - Companhia Angolana de Gestão de Instalação Offshore Lda. The main activities are Offshore Drilling and Onshore and Offshore projects.

○ *Sustainability planning p. 7, Angolanisation programme p. 12, Educational support p. 24, HIV prevention p. 45, Malaria prevention p. 47, Kaombo project p. 55.*

PERU

Saipem has been present in Peru since 1984 and has **1,567** employees, of whom **98%** are local. Currently, the Company operates through Petrex SA in the Drilling sector.

○ *Employee family support p. 20, Local competencies p. 30, Safety education p. 42, Malaria prevention p. 47.*



KAZAKHSTAN

Saipem has been present in Kazakhstan since 1995 and at year end 2014 had **2,690** employees, of whom **71%** Kazakh. Saipem operates locally through Saipem Kazakhstan Branch and ER SAI Caspian Contractor Llc. These companies operate mainly in the Offshore, Onshore and Drilling sectors.

Local communities p. 22.

RUSSIA

Saipem has been present in Russia since 2001. It operates mainly in Offshore and Onshore projects through its Representative Office in Moscow and Branch Offices in project locations, such as Saipem SpA Astrakhan Branch and Saipem SpA Anapa Branch. It has **185** employees, of whom **66%** are local.

Artesian village p. 21.

AZERBAIJAN

Saipem has been operating in Azerbaijan since 2001, and at year end 2014 had **670** employees, of whom **67%** are local. Saipem is represented locally by Saipem Netherlands BV Azerbaijan Branch, both on Offshore and Onshore projects.

Educational initiative p. 28.

IRAQ

Saipem is present in Iraq with Saipem SpA Iraq Branch and Sajer, a 60% owned joint venture. The Company operates mainly in Onshore and Offshore projects and in Drilling. At year end 2014 it counted **435** employees, of whom **80%** are local.

Local supply chain assessment p. 15.

SAUDI ARABIA

Saipem has been present in Saudi Arabia for more than 30 years with Saipem Taqa Al Rushaid (STAR), Snamprogetti E&C Co Ltd, Saudi Arabian Saipem Co Ltd and Snamprogetti Saudi Arabia Co Ltd. In 2014, there were **7,313** employees, of whom **85%** are local.

Subcontractor HSE forum p. 39, Jazan project p. 53.

INDONESIA

Saipem has been operating in Indonesia since the mid-1980s and currently has **2,416** employees, of whom **80%** are local. It is represented locally by PT Saipem Indonesia, based in Jakarta, and a Branch in Karimun, where a fabrication yard is now operating. The main activities are Offshore and Drilling.

Stakeholder engagement p. 25, Human rights training p. 55, Training assets p. 38.

NIGERIA

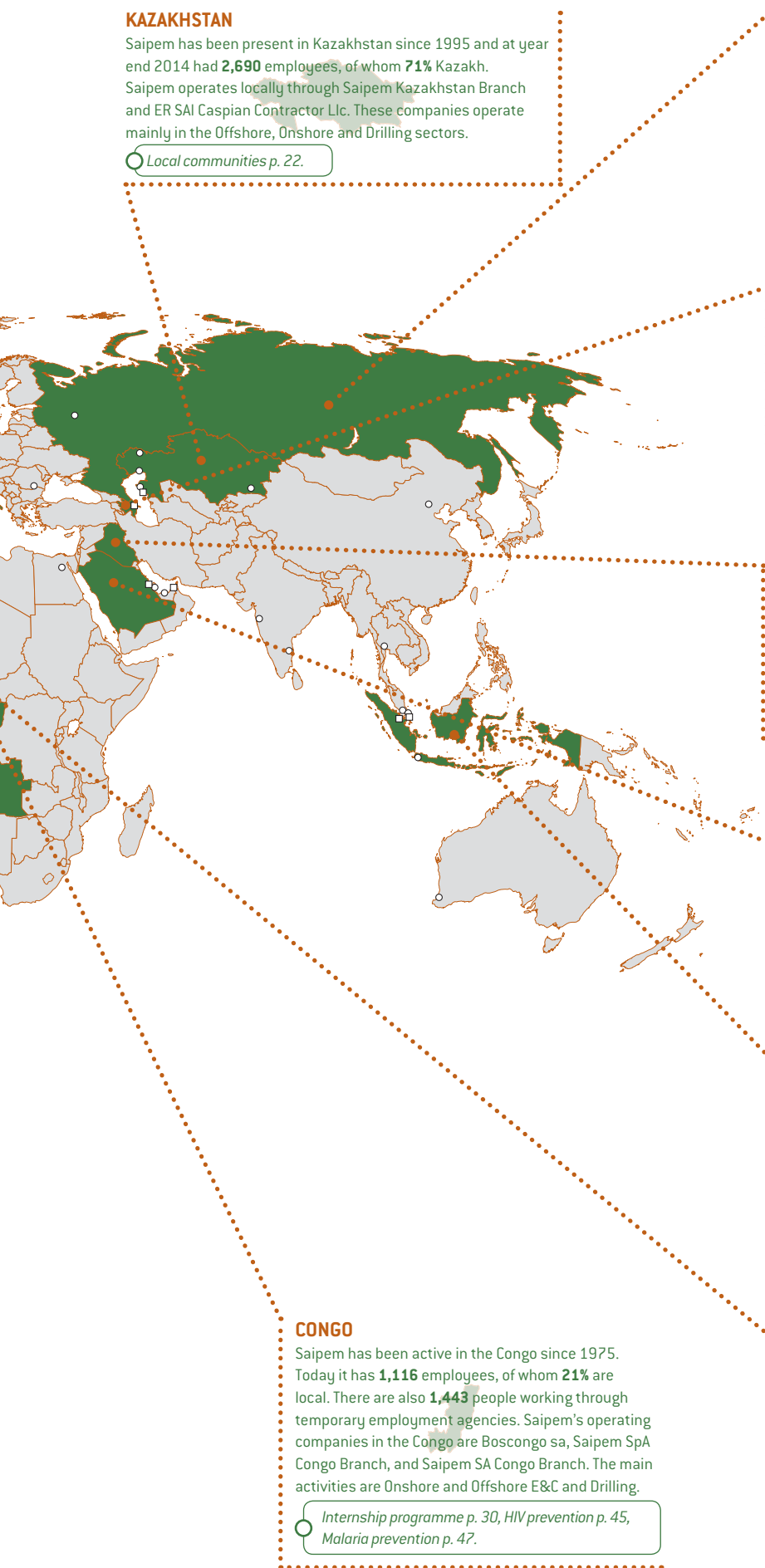
Saipem has been present in Nigeria since the mid-1960s. It has **4,580** employees, of whom **89%** are local. Saipem operates through Saipem Contracting (Nigeria) Ltd and Saipem (Nigeria) Ltd, mainly in the Offshore, Onshore and Drilling sectors.

SELCE p. 16, Community relations p. 18, Boosting local skills p. 29, Empowerment of women p. 18, HSE forum p. 39, Malaria prevention p. 47, Ebola emergency p. 45.

CONGO

Saipem has been active in the Congo since 1975. Today it has **1,116** employees, of whom **21%** are local. There are also **1,443** people working through temporary employment agencies. Saipem's operating companies in the Congo are Boscongo sa, Saipem SpA Congo Branch, and Saipem SA Congo Branch. The main activities are Onshore and Offshore E&C and Drilling.

Internship programme p. 30, HIV prevention p. 45, Malaria prevention p. 47.



Main Results 2014

Reinforce activities targeted at maximising Local Content

Objective	Results
Improve SELCE, Saipem's Local Content value assessment model	3 applications of the SELCE model in 2014: Canada, Nigeria (Egina project) and Brazil (Guarujá)
Increase the presence of local personnel at all levels of the organisation	79% of employees are local 43% of managers are local
Contribute to the sustainable development of local communities in the areas where Saipem operates in a win-win interaction and improve proactive engagement with stakeholders	€2 million spent on community initiatives Main initiatives were targeted at: - promoting professional development of local people, internship programmes; - socio-economic development and local entrepreneurship

Persevere in the improvement of frequency indexes and implementation of proactive projects

Objective	Results
Total Recordable Incident Frequency Rate (min 1.32, med 1.21, max 1.10)	1.09
Implement the pilot programme 'We want zero' in order to eliminate fatal accidents (min 1, med 2, max 4)	4 sites

Promote and reinforce a culture of integrity within the organisation

Objective	Results
Get senior managers to participate in an internal survey on business ethics (min 60%, med 70%, max 80%)	94% participation rate
Carry out audits on vendors in relation to workplace principles and rights (min 12, med 18, max 24)	25 audits
Deliver training on human rights to security personnel	1 training programme delivered in Karimun Yard to site personnel and managers

Improve efficiency of Company assets and management processes on operating projects

Objective	Results
Perform energy assessments (min 3, med 4, max 5)	5 energy assessments and analysis of new regulatory framework (Italian Legislative Decree No. 102/2014)

Other significant results:

Shared Value

79%

PERCENTAGE OF LOCAL EMPLOYEES

HSE

0.28

LOST-TIME INJURY FREQUENCY RATE

People

54,637

TOTAL NUMBER OF EMPLOYEES

56%

OF GOODS AND SERVICES ORDERED LOCALLY

759

LEADERSHIP IN HEALTH & SAFETY EVENTS PERFORMED

2.6

MILLION TRAINING MAN-HOURS DELIVERED

Minimum, medium and maximum attainment levels are defined for objectives.
Out of a total of 2.6 million training man-hours, 0.57 were delivered to subcontractors on HSE themes.

Stakeholder engagement

Identifying stakeholders and understanding their needs and expectations is an essential step for defining an effective engagement strategy in every location where Saipem operates.

Financial stakeholders

- 20 Roadshow days organised.
- 10 international investor conferences attended.
- Involvement of 3 financial stakeholders in the Materiality Analysis.
- Direct interaction with Ethical Council, GES, OP Trust and SustainAlytics.
- Participation in the Carbon Disclosure Project (CDP).

See pages 11, 48-49, 51-55 for further information

Local Communities

- Involvement of 4 local community representatives in Brazil and Kazakhstan in the Materiality Analysis.
- Public hearings in Kazakhstan.
- Memoranda of Understanding (MoU) in Nigeria, including periodical meetings with community representatives.
- Initiatives to support community development in the Congo, Angola, Nigeria, Colombia, Kazakhstan, Brazil, Peru, Venezuela, Morocco, Indonesia, etc.

See pages 18-25, 46-48 for further information

Local organisations and NGOs

- Involvement of 4 business associations in the Materiality Analysis.
- Involvement of 3 local and international NGOs in the Materiality Analysis.
- Continuation of cooperation with the NGO Eurasia Foundation of Central Asia (EFCA) in Kazakhstan for a community initiative on education.
- Continuation of cooperation with Junior Achievement Azerbaijan (JAA) for education targeted at university students.
- Cooperation with local NGOs for awareness campaigns in Peru.

See pages 20, 22, 42 for further information

Clients

- 104 satisfaction surveys.
- Involvement of 9 Clients in the Materiality Analysis.
- Direct meetings with Clients in Mexico, Middle East, Kazakhstan and South America on sustainability issues.
- Cooperation with Clients in sustainability programmes targeted at local communities, such as in Venezuela, Colombia and Angola.
- Cooperation with Qatar Petroleum in the Sustainable Development Industry (SDI) Reporting Qatar.
- Regular meetings on project sustainability issues.

See pages 48-49, 51-55 for further information

Employees

- Engagement of employees through the Strategic LineUP Meetings and 'Share & Shape' events.
- Engagement of all Senior Managers in the 'Survey on Integrity'.
- Employee surveys carried out in Kazakhstan, Peru and Venezuela on expectations and to obtain feedback on sustainability.
- Continuation of cooperation with educational institutions such as Senai (Brazil), local schools and the university in Kazakhstan, high schools and universities in Peru, Venezuela, Brazil and Colombia.
- Personnel engagement and training activities on sustainability themes.
- Meetings and workshops on sustainability targeted at managers.

See pages 40-41, 52-55 for further information

Vendors

- Periodic meetings with vendors with strategic agreements.
- Meetings with Corporate vendors in strategic and critical goods and services classes, mainly focusing on frame agreement campaigns.
- 61 suppliers involved in the Conflict Mineral Survey.
- Audits on social responsibility at vendor sites.
- Forums for local vendors in Venezuela and Colombia.
- Training activities organised for local vendors in Nigeria and Saudi Arabia.
- Engagement of local vendors to participate in and support community initiatives in Kazakhstan, Peru, Indonesia and Colombia.
- Involvement of security service providers in a workshop on Human Rights in Indonesia.

See pages 50, 55 for further information



Governments and local authorities

- Continuation of cooperation with the Municipality of Guarujá in Brazil under the 'Declaration of Intent'.
- Memoranda of Understanding (MoU) in Nigeria.
- Involvement of 5 representatives of government and local authorities in the Materiality Analysis.
- Cooperation with the Ministry of Health in the Congo, Angola, Nigeria and Peru in health prevention initiatives for local communities.
- Cooperation with universities in Kazakhstan, Nigeria, Italy, Azerbaijan, Algeria, etc.

See pages 18-19, 27-28, 47 for further information



Ettore Lattuada, Marlon and the jacket, Nigeria

CREATING SHARED VALUE

Valuing employees, investing in their competencies, promoting a Local Content strategy through employment and selection of vendors and, finally, partnering with local communities in order to sustain their socio-economic development: these are the basis of Saipem's operations which aim to reinforce the Company's competitiveness and guarantee its licence to operate, while at the same time improving the well-being of the areas in which it works. Saipem endeavours to amplify the positive impact of its presence in the communities where operations are located and to strengthen relationships even further.

Generating value through a Local Content strategy

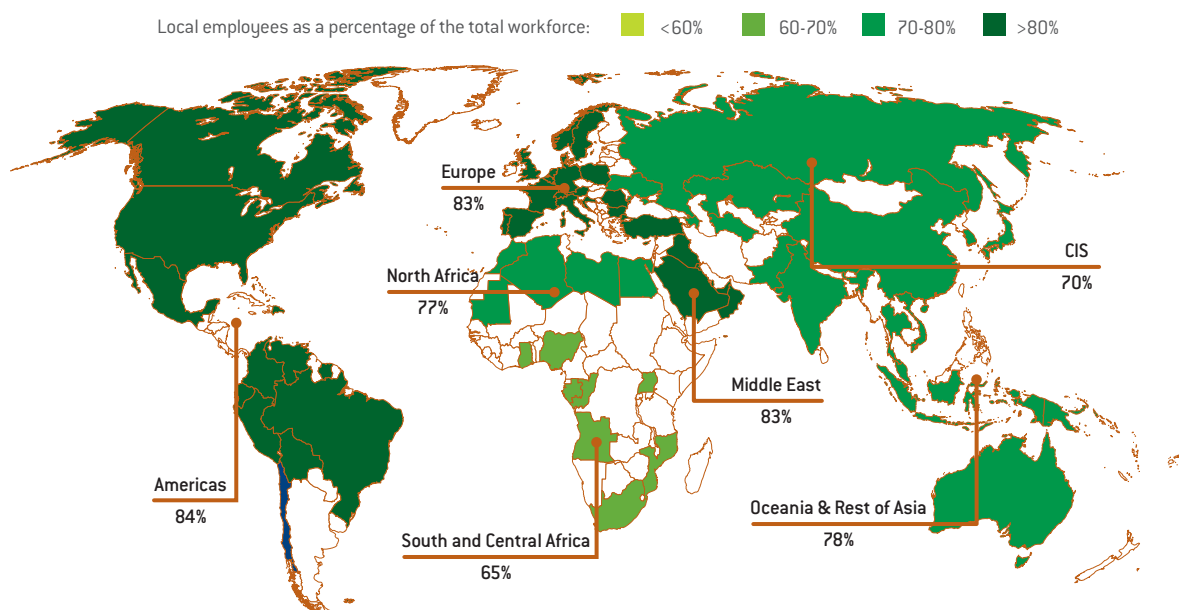
Saipem has always applied a comprehensive Local Content approach and considers it a key factor to its success. Maximising Local Content is a universally valid business principle that is gradually gaining a foothold in all operating contexts, regardless of the demands of Clients and/or local institutions.

Promoting Local Content means supporting the development of local communities, mainly by local recruitment, training and the transfer of know-how, but also by working effectively with local vendors and subcontractors to create socio-economic value. This approach helps to develop a durable and sustainable win-win relation with all local stakeholders, to reduce costs and risks associated with projects and to improve the perception of the Company. It also creates the conditions for a climate of mutual trust, thereby ensuring the Company's licence to operate. Saipem's Local Content strategy also generates positive effects on communities, contributing to the social stability and wealth of the local populations.

Saipem's yards – multi-disciplinary operating sites – ensure a timely and tailored response to business needs arising in a given country. It is around these needs that, for its part, the Company can invest in boosting relations with local actors and participate in the development of local social and economic conditions.

A number of established and nascent countries owning Oil & Gas reserves have adopted or are considering the adoption of Local Content policies which aim to obtain the greatest benefits for their economies from the extraction of these exhaustible resources. Saipem's commitment goes beyond meeting legislative requirements and the Company can proactively support its clients in achieving their business objectives.

LOCAL EMPLOYEES



79% of the Company's 54,637 employees are employed locally, with the highest percentage in the Americas, Europe and the Middle East.

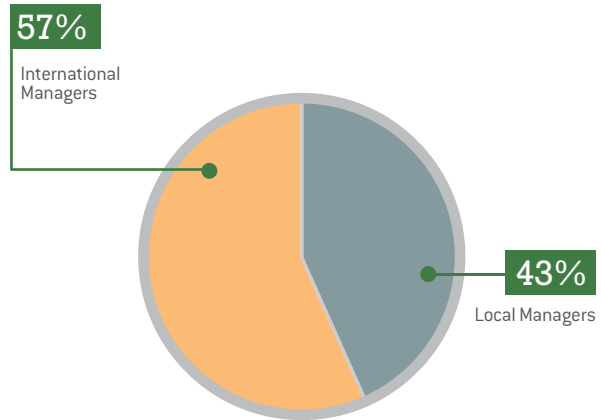
Developing a local employment strategy



Saipem reaffirms and strengthens its commitment to local employment and to supporting, training and building local expertise.

The types of skills required in the industry are highly specialised and require an advanced level of vocational and technical ability. This is why Saipem continuously designs and delivers development programmes in the countries where it operates. This maximisation of employment on Saipem's projects allows the Company to enter into and maintain ongoing relations with its host countries. It also enriches the diversity of the workforce, meets the general strategy of efficient and effective human resources management and ensures critical professional skills for future projects.

LOCAL MANAGERS VS. INTERNATIONAL MANAGERS



Excluding Italy and France, 43% of managerial positions (middle and senior managers) are held by local employees.

Promoting local hiring



Petrex, the Saipem drilling company in South America, yearly implements the 'Introduction to Drilling' workshops. These are an innovative and effective method to achieve different goals at the same time:

- contribute to local growth;
- comply with Petrex's standards;
- reduce the risk of accidents to temporary workers;
- comply with the Client's objective of distributing the benefits of the oil industry among the local population.

The workshops provide basic training to inhabitants of the local communities where Petrex operates. They teach operations, the tools used for drilling, safety, health, environment and labour rights. After attending the workshop, participants are capable of covering temporary employment positions in local Petrex operations. This initiative represents Petrex's commitment to comply with the 'System for Democratization of Employment' (SISDEM), established by the Client in order to promote the temporary hiring of local inhabitants by its contractors. During 2014, Petrex Venezuela carried out 24 of these workshops, benefiting 661 neighbours of drilling operations.

FOCUS ON VENEZUELA

24

INTRODUCTION TO DRILLING WORKSHOPS WERE CARRIED OUT

661

PEOPLE PARTICIPATED

Feedback from two workshop participants

'I'm very happy about the Petrex workshop held in my community. It has left us with many tools that we can use in the future.'

'I think it is a very good initiative as it allows participants to acquire knowledge in drilling, thereby broadening our job prospects in the oil sector.'

'Introduction to drilling' workshop



The Angolanisation Plan at Saipem companies in Angola



2,896

TOTAL PEOPLE EMPLOYED BY PETROMAR

2,197

LOCAL PEOPLE EMPLOYED BY PETROMAR

In general terms, Angolanisation is the replacement of an expatriate occupying a key technical, administrative or management position by an Angolan national with equivalent technical competencies, academic background and professional experience.

To ensure Saipem achieves its Angolanisation objectives, the Company has implemented several strategies to guarantee that the process occurs in conditions of safety, thus preventing any deviations from the business goals set. Each Saipem company operating in the country has started a training plan and a coaching plan for every Angolan hired, so as to ensure proper integration of employees into key positions according to the Company's Competence Development Plan (CDP) and National Human Resources Policy objectives within the framework of the Angolanisation Plan.

The programme involves first of all mapping the knowledge and experience requirements for every position. Once validated, the map is followed by interviews and tests to determine the existing gaps between the competencies held by a specific person, and those required by the job he or she should fill. Training is then provided in order to fill those gaps. In this context, the expatriates are designated as mentors during the entire training stage, coaching and advising the Angolan in his/her new position.

Saipem Training Centre

Since its creation in May 2012, the core objective of Saipem Training Centre has always been to ensure strategic recruitment of local talents in order to train and

develop their competencies for further integration into key administrative, technical and management positions within Saipem Angola Drilling Operations. This objective is also in response to Saipem's commitment to cooperate with local authorities on its talent development framework. The courses offered are welding, mechanics, electrical, soft skills, drilling equipment and techniques, well control familiarisation, offshore safety induction (working at height and lifting operations), firefighting, risk safety analysis and languages (English and Portuguese). Depending on the complexity of the courses, the Training Centre, which is located in Luanda, organises them either internally or externally. As regards internal courses, the Centre has developed a strategic Competency Framework that includes a course catalogue targeted at training drilling personnel.

Language courses are also performed at the Centre. English, taught mainly to local employees, is considered essential for proper use of Corporate tools and effective communication within the Group. Portuguese lessons are also held for expatriates in order to facilitate know-how transfer to local employees.

In addition, the Training Centre has established protocols with locally accredited training centres to satisfy training needs not yet available, such as Electrical and Mechanical Maintenance, Electro-Hydraulics, Pneumatics, Programmable Logic Controls and Mechatronics.

Petromar's approach

Petromar is one of Saipem's operating companies in Angola. In 1984, only 20% of Petromar's employees were Angolan. Currently the company employs 2,869 people (including agency personnel), of which 2,197 are nationals and 699 expatriates. But more needs to be done, and it is Petromar's policy to assign qualified Angolan personnel to positions with as high a degree of technical responsibility as possible. The Petromar Nationalisation Development Programme envisages the transfer to Angolans of 51 positions currently occupied by expatriates within 5 years.

However, already in 2014 positive results were seen. The goal for the year was to Angolanise 11 positions from different departments and this was achieved 100%,

thanks above all to the efforts the company has been making in organising training plans over the years. In 2014, 18 training courses were held for 22 employees in the framework of the Angolanisation Programme. Furthermore, through the incentive of recruitment to meet the company's short-, medium- and long-term goals, Petromar offers internal scholarships to university students in the fields of Mechanical Engineering, Civil Engineering and Electronic Engineering.

Petromar's programme in technical education

Soyo Municipality has been designated by the Government of Angola as one of six industrial growth centres in the country, and there are several Oil & Gas projects ongoing in the Kwanda base and the Angola LNG Project.

Industrial growth is the strong point of the region, yet there is no high level industrial school capable of training local staff who might then increase their chances of employment in the industrial sector.

Petromar launched an initiative with the MAPTESS Training Centre (MTC) in Soyo to provide welding students with new knowledge and operational training to high welding standards. The objective of this project is to provide skills and competencies to local students, thereby progressively increasing local social benefits in terms of development and possible employment on the Oil & Gas market.

In 2013, an agreement was signed between Petromar in Soyo and MTC to receive trainees in the Petromar Welder Training Centre. Since 2013, 14 students of MTC have attended a three-month course and undergone evaluation to test their new knowledge and evaluate their ability to meet Petromar's needs. Another session for 15 students is planned for 2015.

Saipem provided logistic arrangements and subsidies for the students. The initiative will be continued in order to guarantee the availability of a local workforce and to remove barriers to the development of local student welders.

Saipem SA Angolan Branch's approach

Saipem SA, through its Angolan branch, is committed to developing Angola's human resources, as well as its economic capability and capacity, in order to benefit locals and sustain the long-term growth of the company's business. Saipem SA boosted its Angolanisation programme and focused on the training of local staff with the help of its experienced and knowledgeable expatriates. The company also pursued partnerships with professional teaching institutions and set up an in-house training programme.

In 2012, the company had 44 positions filled by expatriates. As of year-end 2014, there were 29 expatriates and 109 Angolan workers. The deep knowledge and long experience of expatriate workers has been successfully conveyed to Angolan workers to enable the company to comply with the Angolanisation Plan effectively.

The development strategy in the Training Plan is based on technical training (provided by internal and external trainers along with locally accredited training centres), as well as managerial, HSE and language skills training. To improve the technical expertise of locals, in 2014 the Training & Development Area invested in the above courses, performing part of the technical training abroad (India, Italy and France) for the Kaombo Project and for yards.

29

EXPATRIATES EMPLOYED BY SAIPEM SA ANGOLAN BRANCH

109

ANGOLAN WORKERS EMPLOYED BY SAIPEM SA ANGOLAN BRANCH



Amilcare Berti, *Solitude*, Angola

Developing the local supply chain

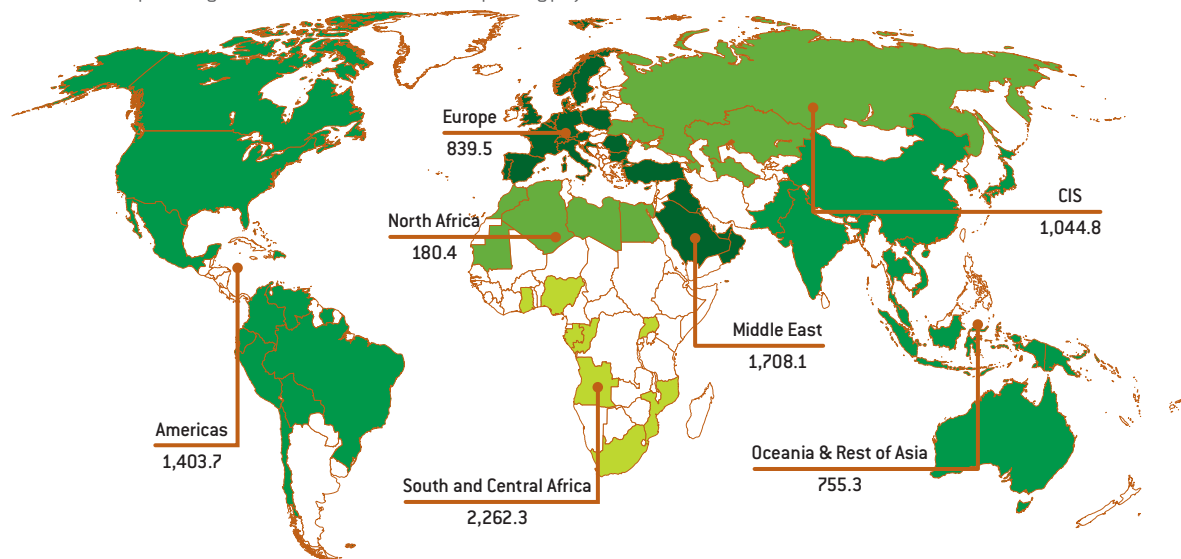


Saipem strives to promote an increasing number of local vendors who are compliant with international standards in terms of quality, HSE management systems, working conditions and cost control. Saipem helps them reinforce their skills not only to satisfy its own requirements, but also to assist them in expanding their businesses. In order to facilitate and increase local vendor qualification,

Saipem is simplifying the Corporate qualification process. It will be more decentralised and assign greater responsibility to local procurement departments to manage the qualification process for the supply of goods and services, both critical and non-critical, with economic limitations. This new approach will also facilitate better integration with local market contexts and conditions.

LOCAL PROCUREMENT (€ million)

Local orders as a percentage of the total amount ordered for operating projects: ■ <30% ■ 30-50% ■ 50-70% ■ >70%



In 2014, Saipem ordered €10.890 billion of materials and services, of which €2.696 billion were for asset investments and staff costs and the rest for operating projects. Of the total amount ordered for the operating projects, 56% was supplied by local vendors. The above map shows the amounts in millions of euro and the percentage of local orders by each geographic area of activity.

FOCUS ON COLOMBIA

Strengthening local vendors



Casanare is a town that has been undergoing accelerated growth in all sectors, mainly due to the arrival of Oil & Gas companies that have required multiple services. Small and medium enterprises were established with the aim of being selected as suppliers of these companies. Unfortunately, in many cases they did not meet the minimum standards required. In addition, these local vendors needed to improve their management skills so that they could be competitive in new markets beyond the Oil & Gas sector.

Petrex, the Saipem drilling company in South America, therefore decided to be part of a major project with the aim of strengthening local suppliers in order to help them comply with the sector's requirements and give them the opportunity to be included in the Petrex value chain in the future. Twelve companies benefited from an organisational diagnosis, and workshops focused on building and strengthening Marketing, Business Strategy, Sales, Costs and Safety in partnership with the Project FUNDES (Foundation for Sustainable Development in Colombia), the Client, Equion, and its contractors.

Feedback from two workshop participants

*'As a family business, we can now clearly identify our roles. We are prepared to compete in a wider market and not to be wholly dependent on the oil sector'.
'This project allowed us to improve the structure of our enterprise'.*

Local procurement is the area with the greatest potential for positive socio-economic impact.

*Petter Matthews,
Engineers Against Poverty*

Assessing the capabilities of Iraq's supply chain

Taking into account the positive business prospects in Iraq, Saipem has implemented a pre-qualification process for a number of Iraqi suppliers to evaluate the potential of the local market in relation to the construction/completion of civil and industrial works for electrical, mechanical and instrumental projects in the light of the minimum corporate qualification requirements.

Working in Iraq entails a series of difficulties such as the uncertain political environment, security issues, the lack of infrastructure and the lack of specific technical skills. In September 2014, Saipem organised one-on-one meetings with 39 Iraqi suppliers in Sharjah (UAE) in order to verify their expertise, management and

organisation system and consequently assess if they could be compliant with Saipem's business requirements. The evaluation was performed through analysis of the documents provided and the results of the interview.

The suppliers that were invited operate in the fields of civil works, mechanical erection and the execution of electrical and instrumental work. Their experience is primarily in the field of civil works in a pipeline, pump station or residential infrastructure context and, in particular, in site preparation and road works.

Depending on the development of the activities and the business needs in Iraq, some of these suppliers will be visited and audited at their production sites in order to qualify.

Saipem campaign for vendor social responsibility

By way of continuation of the project that began in 2011, assessing compliance with social responsibility throughout its supply chain, Saipem organised the fourth audit campaign at some of its suppliers' operating sites. The audits aimed to gather information on the behaviour of suppliers on major issues such as child and forced labour, freedom of association and right to collective bargaining, remuneration, working hours, discrimination and disciplinary practices, and health and safety. The results of the visits were condensed into audit reports that were submitted to the Sustainability Committee. As in previous campaigns, improvement actions

were proposed where relevant.

In 2014, 25 audits were carried out, reaching the target set. An analysis of the results of the 2014 campaign confirms the results already identified in previous campaigns, with weak points mainly in the areas of HSE management, remuneration and, more generally, the management system.

It confirmed that there were no major problems in terms of child or forced labour and, in general, no cases of discrimination or exploitation, or issues associated with freedom of association and representation.

The table below summarises the four years of the campaign.

NUMBER OF VISITS	2011	2012	2013	2014
India	10	8	7	12
China	6	6	12	13
Others (Brazil, South Korea, etc.)	1	5	5	0
Total	17	19	24	25

SAIPEM CAMPAIGN FOR LABOUR RIGHTS IN INDIA

An Indian vendor's improvement of its labour rights practices shows the effectiveness of Saipem's auditing campaign and is an example of a win-win business relationship. As part of Saipem's 'Campaign for Vendor Social Responsibility', the first audit was carried out on the vendor's

operating sites in 2011, when fourteen Social Responsibility issues emerged.

The 2013 follow-up audit highlighted the vendor's willingness to improve, as demonstrated by the implementation of eleven out of the fourteen corrective actions

requested. More positive results were shown in 2014, during the second follow-up audit, when only two criticalities were encountered. 2015 has gotten off to a good start: one improvement action has already been implemented, while the other is currently in hand.

Measuring the socio-economic footprint generated by Saipem's Local Content strategy

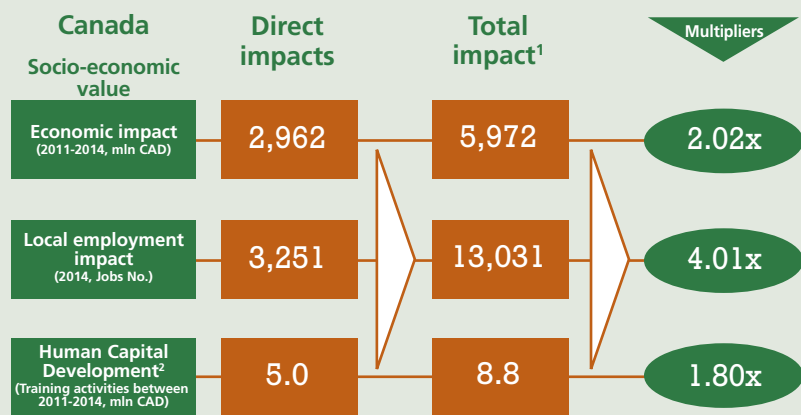
Since 2009, Saipem has applied the Saipem Externalities Local Content Evaluation (SELCE) Model in order to quantify the positive effects of its activities by calculating the direct, indirect and induced effects of operations on surrounding local contexts. The Model has been applied to several countries where Saipem operates or to projects Saipem is executing. In each of these cases, the study demonstrates how the overall value generated locally by Saipem is larger than the mere direct contribution (i.e. to local salaries, taxes and amounts directly spent by Saipem). This model has proved to be an effective tool enabling Saipem to promote and maximise Local Content as a contribution to economic and social development and to the well-being of local populations. In 2014, the SELCE methodology was applied to Canada and Brazil and on the Egina project in Nigeria.

Canada

The study covers operations of both Saipem Canada Inc and Saipem Construction Canada Inc in the period between 2011 and 2014. Overall, operations generated a cumulative local economic value of about 5,972 million CAD (Canadian Dollars), with a multiplier effect of

2.02, meaning that for each CAD Saipem spent in the local economy an additional 1.02 CAD were generated. In 2013, when the Edmonton fabrication yard was completed, the greatest effect occurred with Saipem's contribution, accounting for approximately 0.11% of Canada's GDP and about 0.6% of Alberta's.

in 2014, 75% of which were in the Province of Alberta. The investment in training for Saipem's Canadian employees was about 5 million CAD during the 4-year period, which created a total economic value of 8.8 million CAD in the country, with a multiplier effect of 1.8.



1) Due to the rounding off the multiplier values, in some cases the total is different from the product of the direct effect and the multiplier.
2) Calculated over a 5-year timeframe.

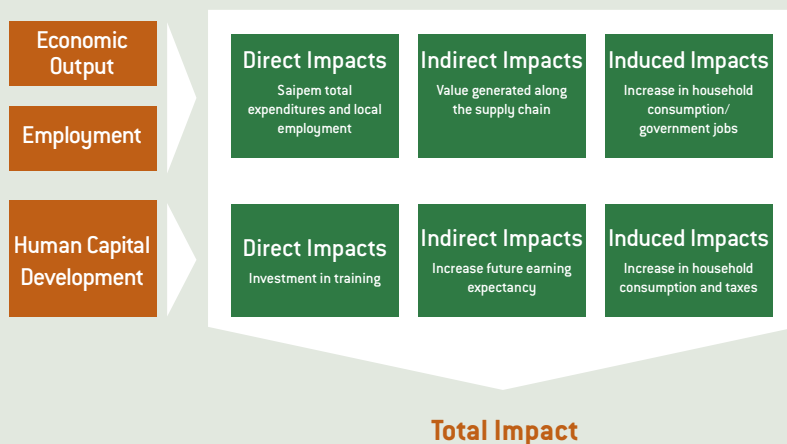
The Province of Alberta, where the fabrication yard and all operations are based, benefits most from the 85% of total local economic value created by Saipem, accounting for 5,103 million CAD. A peak of around 13,031 direct, indirect and induced jobs was triggered by Saipem operations

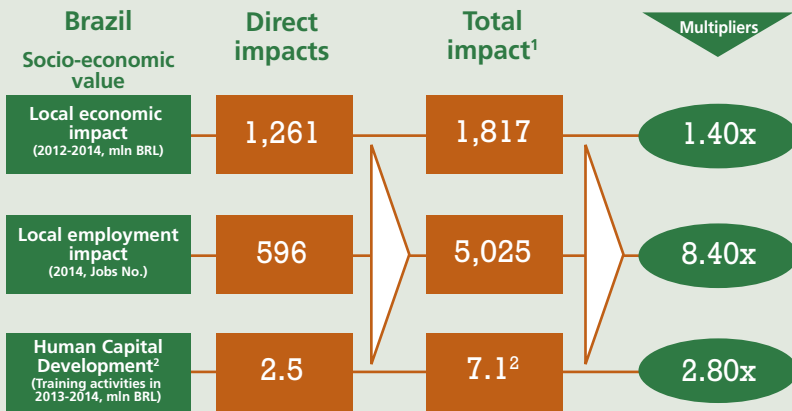
Brazil

Saipem has been operating in Brazil since 2002, currently through Saipem do Brazil Serviços de Petroleo Ltda. It focuses on offshore projects supported by the Centro de Tecnologia e Construção Offshore (CTCO), Saipem's fabrication yard in Guarujá, a metropolitan area located in the coastal region of São Paulo state.

The study assesses the construction of the Saipem CTCO and the activities carried out by the yard for Saipem's Brazilian projects in the years 2012, 2013 and 2014. Between 2012 and 2014, the CTCO generated a cumulative local economic value of approximately 1,817 million BRL (Brazilian Real). The overall impact was 1.4 times the direct effect, meaning that for each dollar Saipem spent in the local economy an additional 0.5 dollars were generated. Baixada Santista, where the CTCO is located, benefited from 970 million

Saipem Externalities Local Content Evaluation (SELCE) Model The Methodology





1) Due to the rounding off the multiplier values, in some cases the total is different from the product of the direct effect and the multiplier.
 2) Calculated over a 5-year timeframe.

BRL, 53% of the total local economic value generated. Furthermore, 5,025 Brazilian jobs were created directly, indirectly or induced and, once again, Baixada Santista benefited most, accounting for approximately 1,975 of these (39% of the total). The CTCO's cumulative investment in training created a total economic value of 7.1 million BRL, of which about 5.8 was related to training of Brazilian employees and about 1.2 to training provided to local community members.

Nigeria

During 2014, the SELCE tool was used to study the social and economic impacts of the EGINA UFR project in Nigeria. This is a turnkey project comprising engineering,

procurement, construction, installation and commissioning of flowlines, risers, offloading systems and offshore works in the deep-sea field OML130, 150 km off the coast of Nigeria with water depths reaching up to 1,750 m. The originality of the use of the SELCE for EGINA UFR is related to the time boundaries of the study. By developing the SELCE model from the outset, and anticipating a yearly update of the results, Saipem is able to measure, project and analyse the socio-economic impacts generated throughout the project's lifespan in two different geographic areas (Port Harcourt and Lagos). Furthermore, for the EGINA project the SELCE study was expanded to measure the impacts of the project

succession plan (replacement of expatriates by local employees throughout the project's duration) on human capital development, which means the development of the competencies and skills of Nigerians through vocational and on-the-job training. This is the second time that the SELCE methodology has been used on a specific project, since it is generally employed at country or regional level. It is an important landmark for this powerful internal tool, which will no doubt continue to develop and enhance Saipem's innovative approach to measuring local content performance.

Project key figures

Contract Effective date:

- April 15, 2013;
- 80% of Project Management in Nigeria;
- 80% of engineering in Nigeria;
- 85% fabrication activities in Nigeria.

Two construction yards in Nigeria:

- SCNL Port Harcourt, Nestoil/EWT Port Harcourt.

All pipes coated in Nigeria:

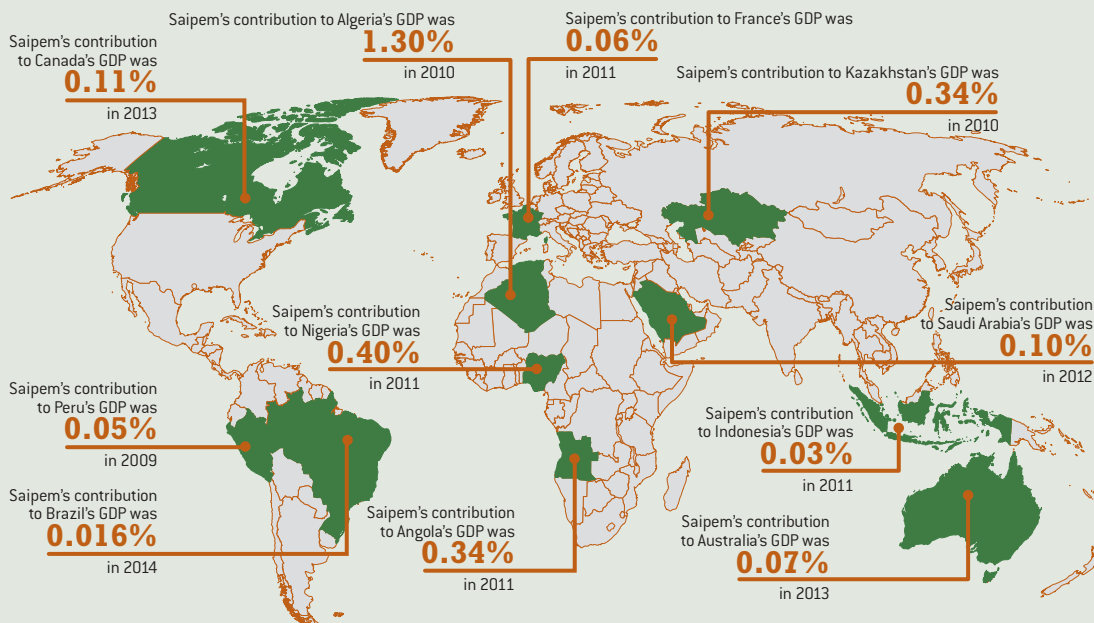
- PCNL/Tenaris in Onne.

Important investments in Nigeria:

- New Quadjoint/Doublejoint plant.

For further information please visit the Saipem's website.

SAIPEM CONTRIBUTION TO GDP



Strengthening relations with local communities

Engagement with stakeholders is a normal, everyday practice for Saipem at both Corporate and local level. In every place where Saipem operates, the engagement approach is based for the most part on the use of different forms of dialogue according to stakeholder type and the nature of the Company's presence in the area.



A framework system has been identified to ensure open and transparent relations with stakeholders, proactive engagement with them, and innovative approaches for their involvement in Saipem's activities, especially those stakeholders influenced by the Company's projects and site operations.

Saipem's presence in local communities takes on two main forms: long-term presence (in locations where Saipem has construction yards or other permanent facilities), or mid- to short-term presence (in locations where the Company is working on specific projects following the express demands of the Client).

Yard	Project
Long-term presence	Medium/short-term presence
Direct contact with local communities	Interaction with local communities in collaboration with Clients and/or Partners
Formal long-term commitment to Local Content in daily work by hiring local employees and availing of local vendors	Flexibility to adapt the work to different local contexts, applying local or customer requirements
Long-term investment for socio-economic development in collaboration with local stakeholders	Initiatives for socio-economic development carried out mainly in accordance with Client requirements
Engagement with local communities carried out directly by Saipem with a long-lasting and structured approach	Engagement with local communities and authorities mainly carried out by the Clients, while Saipem participates in the implementation of the activities

Relations with project host communities in Nigeria

As an EPC/EPCI contractor, Saipem Contracting (Nigeria) Ltd (SCNL) has for several years been successfully engaged in the implementation of various projects in Nigeria, especially in the Niger Delta area. The locations of these projects are often rural Niger Delta communities with developmental concerns and aspirations that have gone unaddressed. Today, there is an increasing desire in the local communities hosting the projects to be impacted positively by project operations through their participation and involvement as local entrepreneurs and

as workers. Management of relations with project host communities has therefore become fundamental: any planning of project implementation that is devoid of engagement with local community stakeholders will hinder successful execution and may even result in the project being aborted. In order to remain a major and competitive player in the industry, Saipem has developed strategies, procedures, action plans and initiatives to manage relations with communities within its operational area with a view to achieving a conducive business operational environment.



WOMEN'S EMPOWERMENT INITIATIVE IN NIGERIA: A FOLLOW-UP

After the six-month Saipem KFI (Kinabuti Fashion Initiative) training sessions on dressmaking delivered to 15 girls from Rumuorlumeni community in 2013, SCNL further

encouraged the transition of the young women into small scale entrepreneurs by providing the impetus to kick-start a business in the area of their training. In this regard, SCNL provided

dressmakers with start-up packs which included rental of business premises (stalls), generators for power supply, sewing machines and industrial weaving machines.

This has been mutually rewarding for both Saipem and the host communities.

The Community Liason Officer serves as a focal point for community issues.

Community relations on project sites are mostly carried out within parameters set by the Client. As Clients differ, so too does the approach to community management. Even before actual commencement of site operations, Saipem, in collaboration with the Client, sets up a forum to inform a project host community as to the nature and scope of the activities involved and the likely benefits deriving from the project. It is in these fora that the expectations of members of the host communities are streamlined and understandings are reached on the mutual expectations of the parties, including grievance handling mechanisms, as expressed either in the Memorandum of Understanding (MoU) or the Agreement. Fallouts from the fora are followed-up by the Saipem Community Relations Team with regular and continuous engagement sustained throughout the duration of a project.

The Community Relations Team comprises a Community Relations Coordinator (CRC), a Public Relations Officer (PRO) and a Community Liaison Officer (CLO). In practice, the CLO is usually sourced from the project host community and has enough knowledge of the locality to serve as a focal point on community issues.

This is a strategic approach to community engagement. As part of the strategy to instil a sense of belonging in the local communities as stakeholders in a project, SCNL guarantees participation of the host communities in its activities. It does this by providing opportunities for preferential utilisation of local manpower and awarding suitable subcontracts to local community entrepreneurs and providers of goods and services. SCNL also provides opportunities for training and development of certain levels of know-how that can boost the ability of relevant community members to seize opportunities as they arise in the course of project execution or elsewhere.

Effective engagement of local stakeholders in a highly dense populated area in Italy

The new Milan-Verona (Italy) High Speed/High Capacity line is an integral part of the TEN-T 'Mediterranean' Trans-European Corridor. Spanning some 140 km, the 27 km stretch between Milan and Treviglio (completed in July 2007) is already in operation.

The CEPAV Due consortium (Conorzio Eni per l'Alta Velocità – in which Saipem SpA has a 52% stake) began work on its Treviglio-Brescia route section back in April 2011, while the presentation of the definitive design for approval and declaration of public utility by resolution of the CIPE (Interministerial Committee for Economic Planning) for the Brescia-Verona route section is currently underway. The construction of the HS/HC line presents a high degree of complexity.

The new Treviglio-Brescia HS /HC line (39.6 km) crosses 29 municipalities, in one of the most built-up areas in Italy. Noteworthy in this regard are the various initiatives that aim to provide widespread, systematic and transparent information to the local collectives regarding the project, the progress of the work, the environmental and the social impacts and the methods employed to complete the work. The goal is to create a climate of consensus and widespread awareness in the region on transport, socio-economic and employment matters.

To this end, CEPAV Due implemented a series of events and publicity measures in 2014 designed to present the project to local communities, including specific press conferences and press activities on particular issues, meetings with the public and welcome days on-site for schools and universities, associations and journalists. Among the most important of these in 2014 was the presentation of the Treviglio-Brescia project to the local institutions in the province of Brescia and the local and national press.

Steady and continuous dialogue with the institutions and local communities is therefore vital for achieving optimal management and the resolution of any issues that might interfere with realisation of the works.

Another event to illustrate the design of the Brescia-Verona section was the seminar organised by Confindustria Veneto: 'Veneto and the European rail corridors. Ready to go!'

The main points of the design, currently under approval, were presented by the Consortium at the event.

In addition, the Consortium also participated in public openings of extra-line road networks delivered by the appointed entity, in agreement with the municipal and provincial institutions. Also noteworthy was the press conference to present the works schedule.

Saipem is very good at taking care of local community needs, for instance, addressing health challenges and improving rural livelihoods. These activities have positive impacts not only on workers but also on their families and children. This results in a positive reputation as a business partner with local communities.

*Olga Choy,
ExxonMobil*

In general, there were frequent and constant relations with the national and local press throughout the year in the form of interviews or information from several sources on environmental issues, the progress of work being carried out and future prospects for the Milan-Verona HS/HC line. In addition, the open days held for the university and vocational schools stand out among the site visits. There are also training days for professional associations, an important opportunity to share a top level infrastructure project.

Aboriginal community management in Canada

Three main groups of Aboriginal peoples are recognised in Canada: the First Nations and the Inuit (formerly called Eskimos), who were the first Aboriginal groups in Canada, and the Metis, who emerged after the settlement of Canada. Today, there are more than 53 distinct languages spoken by Aboriginal peoples. Aboriginal peoples are working to keep their unique cultures and languages alive. They are endeavouring to regain control over decisions that affect

their lives – in other words, to become self-governed. Just over 1.4 million people in Canada identified as being of Aboriginal heritage in 2011. This represents 4.3% of the total Canadian population.

Saipem Canada has appointed an Aboriginal Coordinator to build relations and develop positive dealings with the Aboriginal communities or First Nations peoples on whose land or in the vicinity of which the company's projects take place. Saipem Canada provides socio-economic opportunities with its construction projects, such as training, employment and business prospects. The impact creates stability for the area and improves the quality of life of those communities and peoples. When Saipem begins a project as a prime contractor, it supports the Clients in preparing policies, procedures and sustainability plans for Aboriginal employment and business development. Saipem Canada coordinates training programmes, employment and business opportunities according to the agreements negotiated between the owner company and the Aboriginal communities.

FOCUS ON PERU

Supporting employees' families



Petrex's sustainability initiatives place special emphasis on ensuring the welfare of employees in the workplace through such activities as health training, medical counselling and medical emergency response plans. Activities to promote healthy lifestyles and improve wellbeing are therefore carried out. For example, during September and November 2014, 1,220 students from two of Talara Public Schools attended workshops on the prevention of Sexually Transmitted Diseases (STDs), HIV and Cervical Cancer. These were arranged by Petrex in partnership with 2 public health centres from Talara. Furthermore, 30 women from the human settlement *El Progreso* and 70 wives and daughters of Petrex employees in Iquitos did the *Papanicolaou* test after a workshop in which the causes and consequences of cervical cancer were explained in a way that promoted timely diagnosis. The Municipality gave its support through its itinerant care modules with which the tests were carried out in partnership with a local clinic (analysis and diagnosis). Petrex joined the Ministry of Health to support the Campaign for Controlling and Preventing Dengue Fever in

5,599

FAMILIES INVOLVED IN THE INITIATIVE TO FIGHT DENGUE

endemic areas of high risk in Talara. The town suffers from inadequate water services which becomes more acute in some areas, such as Northern Cone.

In order to mitigate this situation, which undermines the security and health of the residents, the Ministry of Health conducts an annual programme in Talara to prevent and fight dengue. Petrex SA Base Talara joined the campaign in 2014 and this has facilitated the extension of the programme's scope to areas of greatest endemic risk. The Ministry of Health and Petrex conducted a health campaign from June 16 to 27, 2014. This was developed in two phases, diffusion (through posters placed in public places) and home inspections.

As a result of this strategic alliance between Petrex, the sub-region of Talara, the Ministry of Health and health inspectors of the Municipality of Talara, 5,599 families benefited from educational materials, health recommendations and home inspections.

Feedback from a Talara Health Centre representative:

'This partnership has allowed us to intervene in endemic areas of greatest risk and to bring information and educational material to locals. We hope to continue working closely with Petrex in order to benefit our community.'

Saipem strengthens community relations in Artesian village

In August 2013, the subcontractor for the Saipem Filanovsky Development Project (Svarochno-Montajniy Trest - SMT) commenced construction of the temporary camp and pipe storage area for the concrete-coated pipes in the Artesian village of Chernozemelsky region in the Kalmykia Republic. The project, implemented under the scope of work for the construction of the subsea export Oil & Gas pipelines, was completed in the village at the end of 2014. The temporary camp was constructed in a neighbourhood near Artesian village.

Saipem's community relations strategy of delivering mutually beneficial results is also deployed by all its subcontractors.

Before the commencement of construction works, SMT developed the Community Liaison Plan and the Community Grievance Mechanism in cooperation with Saipem. The Plan's main objectives were to:

- strengthen relations between Saipem, SMT and the Artesian village community based on transparent and open communications;
- avoid any negative social impact during camp and pipe storage area construction and operations;
- monitor any grievances from the community regarding operations;
- respond to social impact, community and landholder concerns in a timely and efficient manner using a proactive rather than a reactive approach.

Stakeholder Engagement & Grievance Mechanism

Since the commencement of works, the community's overall attitude to the planned camp construction

and operations has been positive. Several meetings with local stakeholders were held by Saipem and SMT management prior to project commencement. The community expects the project to generate a beneficial impact at local level as a result of job creation and local purchases. SMT management and the local authorities agreed to hold regular and on-demand meetings to discuss the project's progress and effect on the community. Additionally, Saipem meets with the

comments, questions, concerns, requests, suggestions and recommendations from community members are tracked from their original submission through to their resolution.

Socio-Economic Benefits: Job Creation and Local Procurement

The construction of the camp and pipe storage area generated 250 temporary jobs in Artesian village. Given the specialised and technical

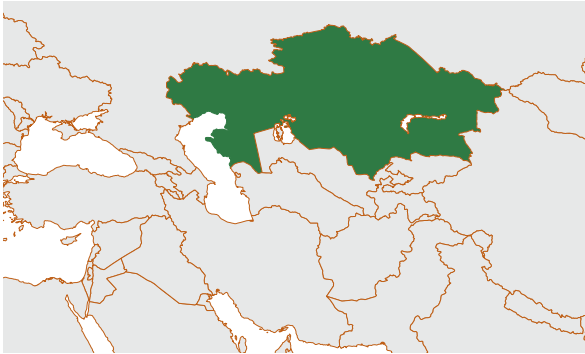


Temporary camp

administration on a monthly basis to follow up the subcontractor's strategy, as well as community concerns. The Community Liaison Plan also describes the strategy of the grievance management mechanism allowing individuals to make complaints about project activities and employees. Saipem's approach towards the community grievance procedure has been fully shared with subcontractors. As a result, all

nature of the project and associated work, SMT provided its own skilled workforce from its headquarters in Moscow. Nevertheless, considering its Local Content development strategy, Saipem advised its subcontractor to employ local workers for certain positions, mainly unskilled and semi-skilled. Even though the employment provided is envisioned as temporary, the project's beneficial impact is greatly appreciated by the local community.

Innovative approach to local community engagement: reinforcing a sense of ownership and involvement



In order to guarantee the strong involvement of local stakeholders and make them feel that they participate in and are responsible for any sustainability activities conducted, ER SAI Caspian Contractor Llc, in collaboration with several stakeholders from Kuryk village (heads

of educational institutions, health sectors, schools, kindergartens, and so forth), appointed local people as 'Project Sponsors' to take charge of the successful implementation of projects (in terms of supervision and monitoring of the execution of activities, verification of results, etc.) and the diffusion of information in relation to each local community initiative launched with the support of Ersai.

Project Sponsors are also responsible for presenting the results of the projects during the annual public meeting organised by Ersai together with Kuryk village to discuss activities conducted, results achieved and opportunities for the following years. This has proven to be a successful approach to increasing local stakeholder engagement and a sense of ownership for the activities carried out in Kuryk village and realised in collaboration with Ersai.

Supporting the education system

The 'School Education Development' project has a three-year duration. It focuses on improving teacher qualifications, increasing student motivation through the development of leadership and communication skills and, finally, building strong partnerships among schools, parents and the community.

Action plan activities for the second year have been accomplished on time and with good results. The teachers gained new skills and knowledge and improved their teaching processes. Parents expressed interest in school initiatives and took part in school competitions with their children. Students learned how to design and implement social projects, which helped them develop new skills and acquire new knowledge.

As a result of the innovative approaches to teaching, three students from the elementary school took home first prize

for their knowledge of English, Russian, and Kazakh. This was the first time that students from Kuryk village had won a republican competition. Another student took part in the TV 'Khabar'- XXI Century Leader competition and won second prize.

4

PROFESSIONAL TRAINING SESSIONS
AND MASTER CLASSES WERE CONDUCTED

105

TEACHERS FROM 4 SCHOOLS PARTICIPATED
IN THE TRAINING SESSIONS

Preschool education initiative

As part of the 'Growing Together' Preschool Education Initiative launched by Ersai in 2013 in cooperation with EFCA (Eurasia Foundation of Central Asia), in 2014, a tailored Montessori programme (a model of human development and an educational approach based on that model) was designed for Kuryk care-takers. In November, 8 care-takers participated in a study-tour to visit the 'Montessori Class' in Almaty. The programme included a seven-day introductory training course on Montessori

methodology with theoretical and practical sessions. In 2015, 3 additional training sessions will be delivered in Kuryk focusing on the needs of different age groups. Thirty-seven care-takers and administrators participated in training to integrate the involvement of parents in education and provide them with instruments for effective parent-teacher partnership formation. In December, the administration of four of the kindergartens involved presented results achieved

in 2014 in terms of professional development and improved parent engagement. The Head of the Karakiya Department of Education declared that 'Thanks to

the Ersai/EFCA programme, Kuryk kindergartens are exemplary models for all kindergartens in the Mangistau region'.

Improving child well-being

In 2014, Ersai, in cooperation with the DARA Foundation, launched the 'Ulaso' project, the primary goal of which is to promote better education, healthcare and cultural services for Kuryk children through a transfer of new technologies, expert knowledge and methodologies.

The population of Kuryk is over 8,500, including approximately 3,000 children. According to a preliminary analysis (conducted in 2012 on Kuryk education system), there are areas of the village that require particular attention and that directly affect the quality of education and health services for children. These include the lack of doctors, certain specialists (paediatric neurologists, paediatric cardiologists, speech therapists, etc.) and a shortage of institutions for children's development. The project seeks to assist local educators, parents, administrators and medical staff in utilising modern and advanced approaches to address the various needs of children with specific attention to those with disabilities.

It covers the whole spectrum of services for children, from healthcare and education to entertainment and community development. Activities were spread out through the calendar year and clustered around three main directions:

- 1) Education: through training and seminars for teachers on educational methodologies for disabled children; social adaptation and rehabilitation activities, such as crafting classes; and art-therapy for parents and teachers to improve communication with children with special needs.
- 2) Healthcare: through massage therapy for children with cerebral palsy; training of a local medical massage specialist in the basics of massage therapy for children with functional movement disorders; check-ups and diagnostics.
- 3) Culture: through the organisation of sports and cultural activities.

Entrepreneurship support programme

Ersai, in partnership with the Eurasia Foundation of Central Asia, finances the entrepreneurship support programme in Kuryk, a village surrounding the Ersai construction yard. A capacity assessment held by EFCA revealed that unemployment is one of the most pressing social challenges in the community, particularly among young people and women.

Given the economic and social challenges faced in these regions, entrepreneurship development is an important strategy for empowering rural residents to create jobs outside the oil industry, contribute to the local economy, and take initiatives to improve the quality of life. The project, launched in 2013 and continued in 2014, consisted of business start-up support and traditional crafts development. Ersai and EFCA analysed the local business environment, mobilised local residents interested in starting a business, developed a practical business training programme to build the capacity of residents in implementing their own business projects, provided post-training support and organised a grant competition and funding for the best business ideas. To support women's employment, Ersai and EFCA focused on the local crafts market, mobilising local craftswomen, and developing a training programme based on traditional regional crafts. This also included 9 two-day training sessions and post-training consultation, as well as craft

fairs and study tours for the most active handicrafts workers.

Feedback from craft training participant

'Thanks to the training, I realised that producing craft products may become a high-demand and profitable business. I have already sold my first products and earned my first 45,000 tenge. The felt slippers that Aizhan taught us to produce have become quite a commodity in our region. They are in high demand'.

Project results

5

ACTIVE BUSINESS START-UPS* WERE CREATED

46

PEOPLE RECEIVED TRAINING (OF WHICH 30 KURYK WOMEN PARTICIPATED IN CRAFTS TRAINING)

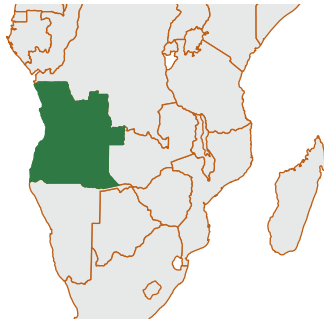
22

NEW JOBS WERE CREATED

[*] A taxi service, a quail farm, a beauty salon, a shoe repair shop and a felting workshop.

FOCUS ON ANGOLA

Cooperating with local stakeholders to promote primary education



In Angola, Saipem has developed several innovative and challenging initiatives in partnership with local stakeholders as part of a comprehensive sustainability programme. An example of this approach is the support programme for primary education schools. Quality primary education is the fundamental basis for an excellent pre-university performance. The Mediateca of Soyo is a government institution well-equipped for scientific research, since it has technical and skilled human resources to advise on any need related thereto. The municipality's primary schools are not equipped with computer labs, and students have a long way to travel to access the Mediateca. In July 2014, Petromar, the Municipal Department of Education and Mediateca of Soyo, therefore launched the initiative 'I Want to Learn'. This provides students from primary schools on the outskirts of Soyo with a course on information

80

SESSIONS PERFORMED

11,370

PARTICIPANTS

technology that will continue until 2015. The objective of the initiative is to strengthen the curriculum of primary school students with an introduction to topics related to informatics, the development of research practices, and the inculcation of a habit for reading. The trainers met children who had never been in contact with a computer before, teaching them basic handling, navigation and research techniques and how to access the primary, 1st and 2nd cycle textbooks provided by the Ministry of Education of Angola.



ESTABLISHING GOOD RELATIONS WITH THE LOCAL COMMUNITIES IN TANGER MED 2 PROJECT



Tanger Med 2 project

In Morocco, the Tanger Med 2 project, located in Tangier, was executed by an equal share joint venture between Saipem, Bouygues TP and Bymaro (TMBYS) and the quay joint venture Besix Somagec (BSTM). The project involved the construction of primary and

secondary breakwaters, as well as docking works for the new port of Tanger Méditerranée II. The project started in 2010 and was delivered in November 2014.

A wide array of activities was carried out, including earthworks, concrete prefabrication works, civil engineering works for superstructures, construction of dams, transport of materials, dredging, quarrying and marine works, such as material dumping with split barges or caisson and Accropode™ placing. About 20 million tonnes of rock and quarry run required for the construction of the breakwaters were produced by a quarry operated by TMBYS and located 15 km from the construction site. From the outset of the project, TMBYS was involved in several

actions aimed at establishing good relations with the local communities, especially those near the quarry area, contributing to their social and economic development. These included promotion of and contribution to education through the improvement of the school in the Taghramt village; a free literacy programme for local people; the organisation of a pick-up and transport service for adolescents from several villages to participate in the different professional training programmes organised by the Office for Professional Formation of Morocco and the distribution of schoolbags in schools close to the site at the beginning of the school year. Further initiatives saw the promotion of community health through the

FOCUS ON INDONESIA

Stakeholder engagement approach in Karimun Island



Saipem has been in Karimun Island since 2008. Besides the EPC(I) onshore and offshore projects that characterise its presence, Saipem has always been committed to operating in a sustainable way, focusing on maximising Local Content by generating local business and improving local life conditions. One of the essential steps to creating value for the local communities affected by and/or involved in Saipem's activities is proactive and effective engagement with stakeholders. In this way, Saipem conveys knowledge about its operations and projects to local people and in turn learns how these external parties view the operations and related risks, impacts and opportunities. Saipem has periodical meetings and contacts with all main stakeholders. In particular, it should be mentioned that Saipem organises a meeting every two months with the Head of West Pangke village, the closest community to Saipem's yard.

Community initiatives in Karimun Island

Saipem's permanent presence in Karimun Island dates back to 2008.

On October 12, 2014, an MoU (Memorandum of Understanding) was signed between the Regency of Karimun and PT Saipem Indonesia in order to improve the emergency management capacities of the local hospital. The initiative, which should be completed in early 2015, consists of:

- refurbishing the hospital's emergency room;
- providing new equipment;
- a three-day training session on General Emergency Life Support (GELS), which will be performed by a third party for 12 Karimun hospital doctors and 23 doctors from other islands nearby. Every six months a report will be drafted monitoring the use of equipment and the situation in the emergency room.

In the second half of 2014, following analysis of school facilities, and considering the increased number of students in the last year (due also to Saipem's operations), it was agreed that toilets should be refurbished and wash basins installed at the Elementary School in West Pangke Village. The equipment will be delivered in the first quarter of 2015. In order to maximise the effectiveness of this initiative, Saipem is also organising a hygiene promotion course.

supply of water (from the well drilled for quarry needs) to the village located, as well as medical and optical care for some villagers. On the socio-economic front, TMBYS contributed to the supply of materials for levelling roads leading to village, of 10 houses in the village of Mrah Debbane near the quarry used by TMBYS, and built a new house for a family of 7 with 2 handicapped children.

TMBYS was also involved in environmental awareness campaigns through the cleaning of areas adjacent to the project site and assisted civil protection units during a fire at a nearby location. In addition, the school in Taghramt village, located in the vicinity of the project quarry, and which was in an advanced state of degradation,

was renovated by a team of TMBYS workers:

- The caisson prefabrication production workers organised into teams for school renovation activities.
- The procurement office asked suppliers to contribute to the project by donating materials or furniture.
- The technical office designed the school.

The grand opening of the renovated school saw the presence of a delegate of the Ministry of Education, the Caïd of Taghramt region, local authorities, associations and the whole village participated in the event. An artistic programme was performed by children in the newly renovated schoolyard.



Competence: the most powerful engine

A strategic factor for Saipem in achieving its business objectives is the development of human resources and the promotion of the skills needed to maintain the Company's competitive capacities.

Saipem promotes a working environment with which people can identify and in which they can fulfil their potential, an environment that offers equal opportunities based on merit, with no discrimination in terms of gender, age, race, ethnic or religious orientation. Saipem assures fair systems tailored to individual expectations, performance, motivations, potential and

personal characteristics, by means of a constantly enhanced human resources development and management system. This is applied consistently worldwide, while respecting local circumstances. It covers all the processes of introducing employees into the Company, personal development, career management and professional and managerial training.

Skills management

Increasing and nurturing knowledge in a company like Saipem requires constant commitment. With this in mind, an integrated team was created in June 2014 and assigned the task of **relaunching the mapping, development and monitoring of skills**, starting with the analysis of an initial group of five key roles: Drilling Superintendent, Project Manager Offshore, Construction Manager Onshore, Procurement Manager and Project Technical Manager. This meant more than 400 people were involved worldwide, including people who supported the team in its activities.

The goal was to define an advanced data collection and reporting model designed to identify and provide a holistic view of the level of expertise and professional experience that Saipem people bring to their projects and daily activities.

The information collected was transferred to a summary dashboard that processes the data and presents it in different forms, facilitating easy analysis of the skills possessed by employees, as well as the types of experience gained on projects, in geographical areas and on technologies, etc. The tool was created with the goal of promoting awareness of the characteristics of the people working for Saipem, so that they can be put to best use and enable preparation of all necessary actions in terms of classroom teaching, on-the-job training and vocational experience.

It is within this scenario that another activity was started in 2014: **updating of managerial and technical career paths** in order to define the key experiences and skills required to transition from one role to another and the corresponding operational support actions. Also in this case, an integrated work team was initially tasked with defining a career paths development model and, at a later date, with its application to two pilot professional areas: Sales and Procurement.

Multiple challenges lie ahead. The goal for 2015 is the extension of all these activities to other key Company roles. First of all there will be the further expansion and improvement of the skills monitoring systems and their integration with other project management business tools.

53%

OF EMPLOYEES ARE COVERED BY PERFORMANCE EVALUATION TOOLS

3,495

NUMBER OF SKILL MAPPING EVALUATIONS PERFORMED

FOCUS ON BRAZIL

Promoting technical education



As part of the development of the Centro de Tecnologia e Construção Offshore (CTCO), Saipem do Brasil Serviços de Petróleo Ltda has defined specific sustainability goals to be achieved through a process of continuous improvement. These are in accordance with the signing in May 2012 of a Memorandum of Understanding (MoU) between Saipem and the PMG (Guarujá Municipality), a major stakeholder in the area. A key activity for qualification of the workforce is the partnership Saipem has established with SENAI (Serviço Nacional de Aprendizagem Industrial – a Brazilian State institution well recognised by industry in the qualification of manpower for the industrial sector) to develop an apprenticeship programme. The Training Programme for Local Manpower aims to facilitate the entrance of young people into the marketplace and improve their chances of being employed.

The main guidelines for the Programme are:

- Cooperate in qualifying public facilities for the training of manpower in the Guarujá area.
- Provide, at no charge, and with priority to inhabitants of the Guarujá area, opportunities for gaining technical expertise, focusing on high demand activities such as welding and steel pipe work.
- Define how many people will take part in training, taking into account the number of vacancies open and those that are estimated to open.
- Define, in conjunction with SENAI, the contents and methodologies required for each of the courses.

more than **500**

PERSONS TRAINED SINCE 2013

8,716

TOTAL TRAINING HOURS DELIVERED

- Establish a database of resources that attend the programme and use it in the hiring process.

Achievements

The first classes began in February 2013 using the facilities of 1º de Maio School in the Municipality of Guarujá, where CTCO is located.

The school facilities were refurbished by Saipem and now have 4 extra classrooms, 1 multimedia lab and 1 electrical lab.

For practical training, the majority of classes are held in SENAI Cubatão, 40 km from Guarujá.

Since the start of the programme in 2013, more than 500 people have completed the training course of whom 67 have been hired by Saipem.

SAIP
Saipem's investment in 2013 and 2014 to provide courses for SENAI trainees will generate 1.2 million BRL as a total impact on human capital development¹ until 2019.

For further information on SELCE Model see page 16.

Next steps

The programme will continue with SENAI's partnership in 2015 offering 48 vacancies per semester. In addition, a new approach will be introduced mainly focused on youth apprenticeships. A one-year welding training programme will be organised and Saipem will select 16 people from among Saipem employee family members and the Santa Cruz dos Navegantes Community located near CTCO. Training will be fully sponsored by Saipem, including salaries and general employee benefits such as transportation, meals, medical and dental insurance.

	2013	2014
Number of people trained	280	240
Total training hours	4,696	4,020
Number of trainees hired by Saipem	33	34

[1] Data calculated using the SELCE (Saipem Externalities Local Content Evaluation) Model.

Ensuring continuous improvement: a workshop for Vessel Management Teams

Current business needs require Vessel Management Teams (VMTs) to be extremely efficient in the day-to-day operation of their vessels. Yet equally important for them is good knowledge of other departments in Saipem, their processes and expectations.

Therefore the 'Leading Tomorrow: VMT Workshop' initiative was launched.

This programme is targeted at VMTs and their onshore colleagues with whom they deal on a daily basis, namely, Vessel Operations Managers, Vessel Asset Managers and Maintenance Engineers.

During 2014, the Schiedam (Netherlands) Training Centre hosted 7 workshops, attended by 70 people, and in 2015 the programme will proceed apace with 11 workshops attended by over 130 people.

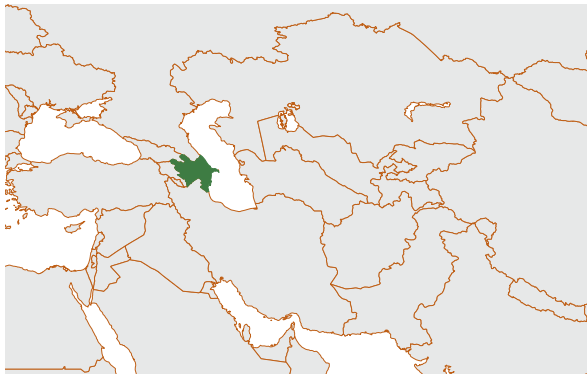
During the 5-day interactive workshop, participants meet, think about and work on matters that are crucial for the Company and its future. Areas addressed during the workshop include management and leadership, operational efficiency, assets management, HSE, Quality and HR. The overall purpose of the workshop is to have Vessel Management Teams that can work productively and safely, and who, at the same time, can lead the Company towards a sustainable future.

Of course, Company management also learns a great deal through these discussions, where the problems of the offshore area are brought up. In short, this two-way interaction allows efficient sharing of knowledge and the finding of agreed solutions to the most prominent offshore issues.

Each workshop is concluded by commitments undertaken both by VMTs and Corporate management.

FOCUS ON AZERBAIJAN

Saipem Branch in Azerbaijan supports educational initiative for young graduates



Since 2010, the Saipem Branch in Azerbaijan has been developing its 'Summer Internship of Young Graduates', an educational sustainability initiative in the framework of Saipem's Local Content strategy. The main idea of the initiative, in Saipem's long-term vision as a prominent employer of local resources, is to establish a formal mechanism that allows young talents to develop actual on-the-job experience during summer internships prior to their formal entry into the labour market. The implementation of the initiative was possible through the successful partnership with Junior Achievement Azerbaijan (JAA), a local organisation with over 15 years of business education experience in the country. Since 2010, Saipem Azerbaijan and JAA have selected, trained and provided career opportunities for 120 students (from a pool of more than 600) in their final year of study.

In the framework of the Saipem Sustainability Educational Initiative, students from seven universities take part in a rigorous selection process. Every year 30 students are selected to participate in 'Success Skills' training, an initiative

120

NUMBER OF STUDENTS TRAINED

44

NUMBER OF STUDENTS SELECTED FOR THE INTERNSHIP

designed to provide engaging, academically enriching and experiential learning sessions on work-readiness education and career perspectives. Based on their performances during training, post-training evaluation and interviews, students advance to the next stage of the programme to take advantage of industry induction and internship opportunities at Saipem's offices in Azerbaijan.

When the six-month internship period has been completed, and on the basis of the interns' performances, evaluations and results, Branch Management, together with Department Managers, invite them to continue and develop their careers in Saipem.

Saipem Branch in Azerbaijan is designing a new engineering module to develop local engineering skills to meet local market needs.

The main aim of the initiative is to increase the number of participating universities in order to engage more students in activities that will provide them with the necessary skills and capabilities, based on Corporate and industry-specific requirements and potential expansion in the Caspian region and beyond.

These are concrete observable actions that will improve the Company's performance.



2.6

MILLION TRAINING MAN-HOURS DELIVERED AT GROUP LEVEL

131

NATIONALITIES ARE REPRESENTED AMONG SAIPEM'S EMPLOYEES

FOCUS ON NIGERIA

Boosting local skills



As part of its commitment towards host communities, Saipem Contracting (Nigeria) Ltd (SCNL) promotes skills acquisition through vocational training of youths in communities located in the vicinity of operations. In 2014, the Rumuorlumeni community, as the host community of the operational base facility, benefited

with 40 candidates trained in two categories: vocational [17 welders and 14 fitters] and graduate internship [9 students entered internal departments]. This helped to broaden the skills base and extend the benefits to a greater cluster of participants. As another form of support to the Rumuorlumeni community, a total of 20 undergraduate students from various tertiary institutions benefited from the SCNL host community Scholarship Scheme 2014, each receiving a stipend as part of their education support. The company promoted the 'Industrial Attachment Scheme' targeted at undergraduate students cutting across all Universities/Polytechnics in Nigeria. These students were placed in various departments, based on their course of study, to enable them to gain relevant experience to complement their academic work through on-the-job training. The duration varies from 3 to 6 months or 12 months, depending on the course of study. In 2014, 51 undergraduate students were admitted to the Industrial Attachment Scheme with a total of 34,616 man-hours.

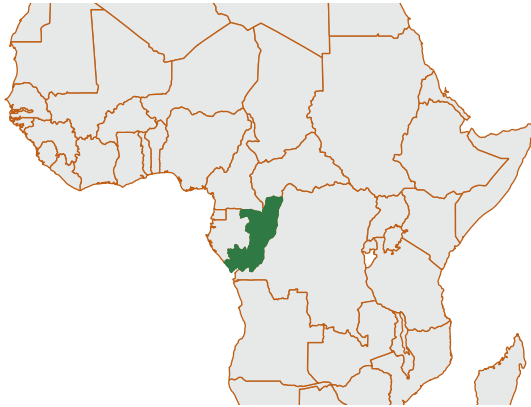
Moreover, SCNL introduced a new internship training initiative for 'specialised' skills for students from Nigerian universities. The first training session was in offshore engineering and had 4 postgraduate students from the Offshore Technical Institute of the University of Port Harcourt attached to the EGINA Project in Lagos for 3 months' intensive training. Courses covered were 'HSE

Induction', 'Introduction to Subsea Engineering' and 'Introduction to Deep Foundation Design (FPSO Mooring Anchor)'. Total man-hours were 1,760. The objective of this initiative was not only to provide training, but also to scout for the best talents that could be valuable in SCNL's activities.



FOCUS ON CONGO

Boscongo's internship programme



Boscongo, one of Saipem's operating companies in the Congo, organised an internship programme within the framework of initiatives for local communities promoted by the Litchendjili project. Some technical public schools were screened during the planning phase in order to analyse the feasibility of initiating the programme, which seeks to overcome the lack of apprenticeships in the local

educational system. The public technical school 'Thomas Sankara' in Pointe-Noire was selected for the programme. The official launch took place during a ceremony held in Boscongo yard in December 2014. In January 2015, 9 trainees started the one-month internship in Mechanical, Electrical and Civil Engineering.



PETREX: A LONG-TERM APPROACH TO LOCAL COMPETENCY PROMOTION

In 1984, Petrex began operations providing workover services in Peru. Four years later the company was acquired by the Saipem Group, which to that point in time had held a minority share in the company. Today, the number of projects has grown, and Petrex operates in Peru, Venezuela, Colombia, Ecuador, Bolivia and Chile, offering both workover and drilling services. In 2005, Petrex started its 'Sustainability Talent Programme', integrated into business management and designed to foster the Local Content of projects, establish close relations with stakeholders, train local workers and develop their skills. Since 2005, the programme has matured to become an important complement to the excellence of Petrex's services.

A Local Content strategy was promoted through different initiatives: on-the-job training, skills development & technical training,

workshops, and implementation of internship programmes in cooperation with local institutions (i.e. SENATI - the National Service for Industrial Labour Training). One of the ways Petrex developed Local Content from the outset was to transfer personnel with experience in leading and coordinating positions so that they could share their know-how with locals. In this way, locals could grow inside the company and expanded their horizons by applying for more skilled positions. Petrex also worked to develop soft skills such as leadership, teamwork and HSE culture. The company evaluated employees who applied for the position of operational supervisor in order to identify gaps in their technical and HSE skills.

Feedback was provided to the applicants and also forwarded to their leaders with a view to committing both parties to the

professional growth of the employee.

Over the past 10 years the 'Sustainability Talent Programme' has been successful.

In 2014, the company employed 5,343 people, of whom 5,107 were local, and increased the number of local managers in all its branches.

95%

OF EMPLOYEES ARE
EMPLOYED LOCALLY

63%

OF MANAGERS ARE LOCAL



Boosting knowledge to ensure the health and safety of people and the integrity of assets

In 2014, various initiatives were organised following the investigation into the accident that occurred on the Perro Negro 6 on July 1, 2013. In March, for example, a workshop was held in San Donato Milanese (Italy) to which 20 Saipem experts were invited. The aim of the workshop was to discuss and formulate a detailed draft of a Company standard procedure on rig moves and jack-up operations to apply to the Saipem fleet. Consequently, new Company documents were issued concerning Jack-up Drilling Unit moving activities, recommendations and practices to overcome and mitigate risks related to jack-up operations and rig move procedure.

In July and September, courses on 'Minimising Risks for Jack-up Drilling Units' were arranged for jack-up Vessel

Management Team members, including masters, rig superintendents, rig managers and operations managers. The aim of the course was to provide specific technical basics and to update personnel on the risks associated with moving a jack-up from one location to another, taking into consideration all the phases of a move, which are navigation, positioning and pre-loading, as well as lifting and lowering operations.

All risks were analysed, as was the potential impact on people's safety, the environment and asset integrity. 25-30 people attended each session and instructors were both in-house and external.

Other more detailed documents will be issued in 2015 to regulate emergency situations and drills, and audits will be carried out to verify implementation of the three documents issued in 2014.

The challenge of change: from local to global collaboration

In 2014, Saipem launched its K-Hub as part of its 'Bring Quality to the Next Level' programme.

K-Hub is a Knowledge Management portal with social functionalities, few restrictions and ease of contributions via posts, as well as a newsfeed of dynamic contents



based on the interests of the individual user to make it easier to exchange and circulate knowledge.

K-Hub is a common space where the person is at the centre of the system. There are 5 communities (Design & Supply Chain, Project Management, Construction, Fabrication and T&I, Drilling, Systems and Information Management) and each one has been assigned a facilitator, whose task is to coordinate activities, stimulate discussions and contributions from followers, and diffuse lessons learned, involving the relevant Corporate process owner at all times. The communities broadly engage colleagues from different professional backgrounds and geographical areas.

With the K-Hub portal, connectivity and the new enabling technologies have increased cooperation.

Today, K-Hub has 6,000 users, 2,000 posts and 30 webinars.

Growth and the creation of value now depend on the integration of these technologies into working methods and relations with others.

In order to grasp these opportunities, crowd-sourcing initiatives will be launched with the objective of reinforcing the brand identity, involving employees actively and assigning value to the capital which is knowledge and know-how.

These objectives will be achieved via the joint development of the Knowledge Management, Intranet and



Idea Innovation Management initiatives, namely:

- a renewed and more easy-to-use intranet portal integrated with the K-Hub Knowledge Management System, which for the occasion will be improved and even more focused on the extraction of tacit knowledge;
- an 'Innovation Challenge' portal where innovative ideas and solutions that meet the business challenges can be put forward.

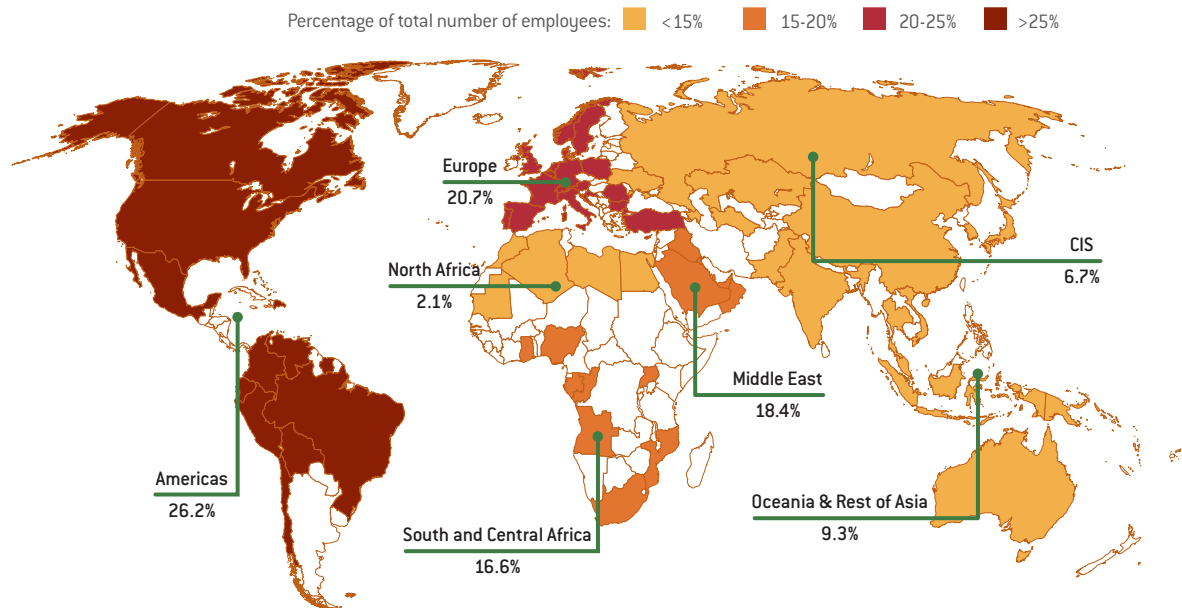
The development of these initiatives will encourage

cooperation between colleagues throughout the Saipem world, as well as the exploitation of collective intelligence to extract value.

Locally, it will become easier to find information, share knowledge and work experience and put forward innovative ideas for Saipem's business.

A shift will be made from engagement at local level to a common virtual home, thereby overcoming organisational boundaries and generating synergies between individuals.

WORKFORCE DISTRIBUTION



Out of a total of 54,637 employees at the end of 2014 (an increase of about 5% compared to the previous year), more than 65% work in the Americas, Europe and the Middle East.

More details on Saipem's workforce are available in 'Sustainability Performance 2014'.

Employee engagement

Employee engagement creates the necessary conditions for generating a proactive commitment above and beyond what is required by the resource's role, the upshot of which is outstanding performance in terms of business results. At the same time, this level of involvement requires a structured and continuous process of listening, dialogue and the development of specific activities or initiatives within the organisation.

In 2014, Saipem implemented two important processes of communication and involvement of its people: the *Strategy LineUP Meeting* and *Share & Shape*.

Strategy LineUP Meeting

The Strategy LineUP Meeting, Saipem's first cascading process, is a new way of communicating strategic priorities and translating them into objectives. It took place from

March 21 to May 30, 2014 and involved the entire Company. By means of a regular annual cascade process, the Strategy LineUP Meeting enables Saipem to:

- share its strategic, operating and organisational contents with all levels of the Company;
- engage managers and their collaborators through a semi-structured meeting system;
- communicate Saipem's results, objectives and strategies taking into account specific targets and possible cross-functional impacts.

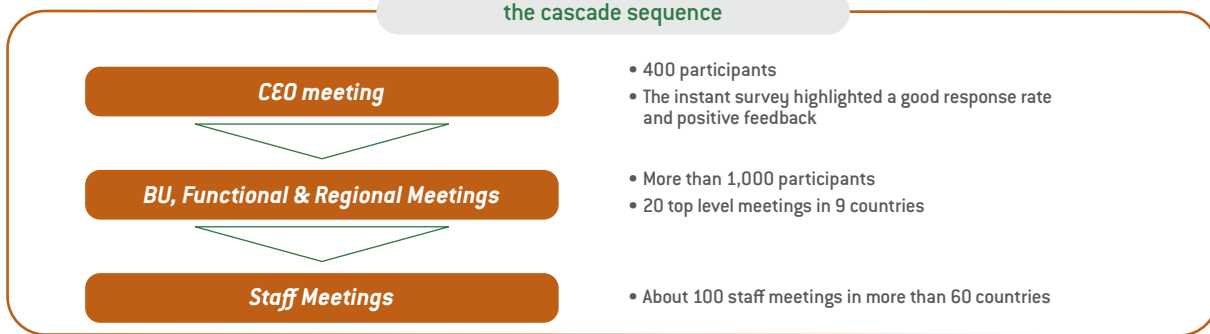
The first cascading level took place in San Donato Milanese. Saipem's top management presented senior managers with the results for 2013, as well as the targets and challenges facing Saipem's in the period 2014-2017. From one cascading level to the next, these themes were summarised, customised and integrated with specific information on results, projects, priorities and initiatives.

The figures emerging from this cascading process are remarkable.



2014 Strategy LineUP Process

the cascade sequence



20 institutional meetings cascaded into 100 staff meetings directly involving more than 10,000 employees in the over 60 countries in which Saipem operates.

The initiatives were evaluated through a feedback questionnaire to help improve them year by year. According to participants, the messages conveyed during the meetings were both clear and useful. Many comments underlined the value of the Strategy LineUP Meeting in facilitating transparent communication, relations, a sense of belonging and of team spirit, as well as alignment with Company objectives.

Share & Shape

Share and Shape is an innovative project, which invites young employees to share their ideas and shape the future. It offers a mix of individual and group activities conducted in an online community with the goal of getting participants to think about topics of interest to Saipem people. *Share & Shape* concludes with an event in which the work groups present top management with ideas and projects developed together with the aim of achieving continuous improvements in terms of both Company processes and working life in general. *Share & Shape* is about making young Saipem people protagonists responsible for their own and the Company's future. Participants have the opportunity to share what they think and make their point of view known; they are also asked to think innovatively and to reflect on how things can be done differently in order to make a concrete contribution to their Company's activities. *Share & Shape* can benefit Saipem in a number of ways. By giving Saipem people a say, it can generate innovation;



the exchange of ideas and the recognition of experience promotes learning and a sense of belonging and helps give meaning to people's work; finally, it can unlock and leverage people's passion for what they do – which is indispensable for understanding and overcoming the challenges that lie ahead.

Share & Shape was launched in Italy in 2013 and has since also been organised in France and Brazil. About 860 people have so far been involved in the project.

Saipem: a Top Employer in France for 2014

For the sixth consecutive year, Saipem was recognised as a Top Employer in France. The certificate, awarded by the Top Employers Institute, acknowledges the excellence of Saipem's HR strategies and policies at both national and international level. By awarding this certificate, the Institute recognises Saipem as a responsible employer for its use of a structured and transparent selection processes, its talent development policy and the constant motivation of employees. Top Employer certification is awarded exclusively to companies that adopt standards of excellence, in line with international best practices, in regard to the working conditions of their staff. The Top Employers Institute is an independent international certification body that since 1991 has been recognising and promoting the work of the most deserving companies in terms of human resources management and the adoption of best practices in relation to talent management.





Tomas Dzevecka, 'We go where no one else goes', Indonesia

RUNNING A SUSTAINABLE BUSINESS

The long-lasting success of a company such as Saipem is based on:

- implementation of an effective HSE Management System tailored to multi-local presence and multi-business operations which ensure a safe and healthy workplace and minimise environmental impacts;
- carrying out business activities in compliance with the principles of loyalty, fairness, transparency, efficiency and openness to the market;
- the ability to propose a business model that delivers new, innovative and complex solutions using a globally integrated network of skills and assets, while at the same time being flexible enough to adapt to market changes and Client needs.

Safe operations for people and the environment

The implementation of HSE Management Systems is based on the principle that all accidents are preventable and that HSE considerations must be embedded into every task and business decision. Saipem takes the welfare of its staff seriously, and strives to create and maintain safe and healthy working environments.



The organisational model of Health, Safety and Environment (HSE) defines different levels of responsibility, starting from the Company positions closest to the sources of risk, who are best suited to assess their potential impacts and to devise appropriate preventive measures. Meanwhile, specific HSE structures carry out steering, coordination, support and control activities and ensure the issue and update of guidelines, regulations and best practices with a view to achieving continuous improvement.

In Saipem, HSE issues are fully integrated into:

- commercial processes in bid phase and during design activities;

- the procurement process: qualification of vendors and contractors, with respect to the evaluation of their HSE system, their compliance with applicable legal requirements and material technical specifications;
- the operational process in project management and execution by identifying of trained and qualified personnel (e.g. project HSE personnel);
- employee training;
- Corporate Governance.

These issues are formalised in a HSE Regulatory System (e.g. Policies, Corporate Procedures, Work Instructions, Criteria, Specifications), as well as in HSE Plans, HSE Training Protocols and Risk Assessment documents.

Saipem has a very strong safety culture, putting safety of people first. Qualified reliable professionals operate in HSE at the Saipem Group.

*Olga Choy,
ExxonMobil*

HSE management system and certification process

Saipem seeks to keep its people safe and to prevent harm to the environment by analysing risks. Saipem Operating Companies and Branches carry out a self-analysis and classify themselves into different clusters of HSE significance level based on the activities they carry out.

- For those Operating Companies and Branches whose HSE significance is assessed as 'high' (e.g. carrying out onshore and offshore construction, drilling, FPSO), ISO14001/OHSAS18001 certifications are mandatory.
- Operating Companies and Branches whose HSE significance is assessed as 'moderate' (e.g. engineering activities) shall define a HSE Management System in

line with Saipem HSE Management System Guidelines, without certification obligations.

- Operating Companies and Branches whose HSE significance is assessed as 'low' (e.g. financial activities) are not obliged to define a HSE Management System.

The clustering process will officially start in 2015. However, 16 of the main Operating Companies and Branches (in terms of operations, including Saipem SpA) are already certified and the certification process is under way for another 3 Operating Companies.

Safety performance 2014

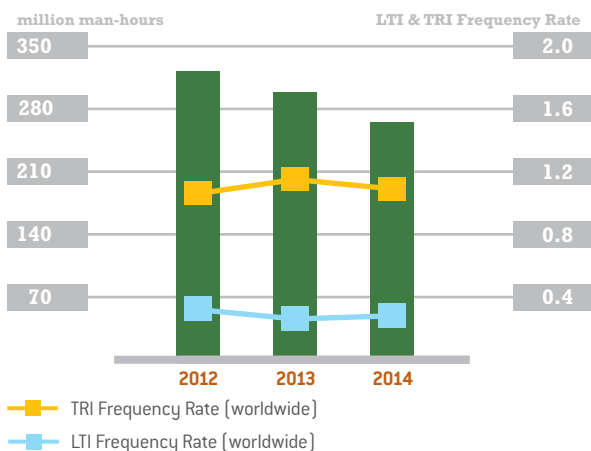


TRIFR (Total Recordable Incident Frequency rate) in 2014 was 1.09, hence below the established target of 1.21. Overall TRIFR performance in 2014 improved by 5% compared to the 2013 result of 1.15. The Lost Time Injury Frequency Rate (LTIFR) of 0.28 is in line with 2013 result of 0.26. This data underscores the fact that the overall number of accidents has decreased. Unfortunately, during 2014 one fatality occurred. It was

recorded on a project in Poland, when a subcontractor was found unconscious after entering a 'U' shaped pipe. The accident was duly investigated and the relevant corrective actions planned. Bearing in mind, however, that fatalities are always unacceptable, in 2014 Saipem launched a dedicated programme – 'We Want Zero' – with a view to eliminating them once and for all. Over time the Saipem approach to HSE has become more and more oriented towards prevention and the involvement of employees in their own safety and that of others. Indeed, proactive indicators are now monitored, recorded and analysed on Saipem projects and sites, both for Saipem and subcontractor employees, in order to gauge how health, safety and environmental measures are implemented and to provide indications for improving HSE and operations managers. Among these, the Safety and Hazard Observation Card (SHOC) rate has constantly increased over the years. SHOCs represent an immediate means for all employees to identify and notify unsafe acts and conditions in their workplace. Observations are dealt with immediately after notification and formally tracked until close-out. SHOCs can also be used to provide positive feedback and comments.

More information on the 'We Want Zero' programme is available on page 40.

SAFETY PERFORMANCE



It should be noted that safety data, including project based HSE training, also includes Saipem's subcontractors operating within the work perimeter (not necessarily geographical) in which Saipem is responsible for defining, implementing and monitoring HSE standards.

	2010	2011	2012	2013	2014
Safety Hazard Observation Cards	347,536	519,455	575,611	701,329	908,340

Management of subcontractors

A contractor's influence on Saipem's activities and safety performance is significant, since the amount of man-hours worked is more than 50% of the Saipem Group's total and their safety performance is consolidated with that of Saipem employees.

Therefore, Saipem constantly monitors contractor activities, in qualification and contract definition phases, prior to work commencement, and during project execution to improve their HSE performance.

Examples of supervision aimed at ensuring the full alignment of subcontractors to Saipem's HSE requirements include:

- verification of the correct implementation of HSE requirements within the qualification process;
- incorporation of HSE requirements in the General Terms and Conditions for goods and services;
- organisation of meetings/workshops with the main contractors in order convey Saipem HSE requirements and expectations;
- development and performance of a dedicated audit programme, especially for critical contractors, and

- monitoring of implementation of corrective actions;
- involvement of contractor personnel in HSE training courses and HSE awareness campaigns provided by Saipem, when appropriate.

132.2 mln

SUBCONTRACTOR MAN-HOURS WORKED

1.4 mln

HSE TRAINING MAN-HOURS DELIVERED OF WHICH

566,684

TO SUBCONTRACTORS

Floaters Business Unit 'Keep Your Hands Safe' campaign



Workers use their hands in 90% of their daily work activities and it comes as no surprise, therefore, to discover that more than 50% of incidents occurring on Saipem projects involve the hands. A lot of these are small cuts or burns, but also major injuries (i.e. fractures) some of which can lead to severe consequences, such as even amputation. All of this can have a huge impact of the people injured. In 2014, the 'Keep Your Hands Safe' campaign was developed by the Offshore Business Unit jointly with the Floaters Business Unit. In September, the campaign was launched onboard the two FPSOs: Gimboa (Angola) and Cidade de Vitória (Brazil). The first phase of the campaign focused on technical

assessment identification of pinch points on fixed equipment and assessment of portable powered tools. It also included the purchase of new dedicated gloves for riggers and for light and heavy duty mechanical activities.

The second part of the campaign will be launched at the beginning of 2015

and will consist of several training and communication sessions, based on dedicated posters and animation movies.

This will be done over 10 months, focusing on the key campaign messages which will be passed onto Vessel Management and cascaded down to reach more than 380 people onboard the FPSOs.



Offshore Business Unit Saipem Indonesia Karimun Branch: Investing in training assets



On September 4, 2014, after three months of planning, design and field development, the **Saipem Indonesia Karimun Branch (SIKB) outdoor training facility was officially opened**. With the awarding of the two biggest fabrication projects in Karimun, Jankrik and Kaombo, it

was immediately evident that the skills, competencies and safety awareness of this massive number of new employees were fundamental aspects of Saipem's global HSE approach. A complex training proposal was explored, based on the concerns generated by the scope of work of the aforementioned projects and the need to simulate and practice what is taught in the classroom. A feasibility study was subsequently undertaken to analyse the possibility

of upgrading the SIKB training centre, in terms of facilities and trainer skills, by taking advantage of the competencies already available in Saipem.

The Saipem Training Centre in Schiedam (Netherlands) was identified as an option for internal knowledge sharing because it can deliver specialised 'Train the Trainer' (TTT) sessions to SIKB trainers and provide assistance in designing the facilities where the theoretical lessons can be rounded off with concrete practice. All SIKB departments were involved in achieving this plan.

By August 31, two 40 foot containers and a scaffolding structure were transformed into a very appealing and safe confined space, with a working-at-height training apparatus. Then the courses were delivered. 83 people participated, totalling approximately 1,400 training hours. This achievement shows Saipem's commitment as a whole to safety and how important it is for the Company to live up to the motto, 'the safer the better' in the best possible conditions.



Onshore Business Unit

Commitment towards continuous improvement in subcontractor HSE standards



Saipem considers HSE related cooperation and engagement with its main subcontractors as a win-win strategy. It is therefore necessary to improve the focus and culture of subcontractors as regards HSE issues. For example, Saipem Contracting (Nigeria) Ltd (SCNL) organises an annual interactive HSE forum targeted at subcontractors. The aim of the 2014 event, held on March 14, was to demonstrate Saipem's commitment to continuous improvement in subcontractor HSE management and proper alignment with Corporate and SCNL requirements.

The forum, introduced by the Managing Director of SCNL, was attended by 74 people, representatives of 65 subcontractor companies, who play an active part in ensuring that their standards comply with SCNL's safe work systems. The effectiveness of the event was demonstrated by the active participation and contributions made during the workshop. Top managers attended the meeting from beginning to end, showing the commitment of SCNL to subcontractor HSE topics.

The event provided an opportunity for all subcontractors working under the SCNL umbrella to speak candidly with SCNL's top management team about challenges, equipment, performances and plans relating to HSE, as well as to promote collaboration and cross-learning, improve relationships and enhance understanding of applicable SCNL Safety Standards. SCNL believes this will bring about a regular and direct line of contact and communication between the subcontractors and the management team, without risking dilution through an unwieldy management structure.

In 2014, Snamprogetti Saudi Arabia Co Ltd LLC organised the first HSE workshop for the main subcontractors in Saudi Arabia. One of the principal goals of the workshop was to create a channel of communication with local subcontractors (the ones whom Saipem considers to be its own partners). It served as a useful platform for dialogue with the top management of these partners where Saipem was able to clarify its expectations in terms of HSE. The workshop also provided the opportunity to verify the development of their HSE management systems. The event took place on the weekend of November 17 and 18, and was attended by the top management of 9 subcontractors.

Despite the excellent results achieved in the country, there are definitely areas for improvement to ensure the safety of activities carried out in the yards. The presentation of HSE requirements was the first opportunity to share specific contractual obligations, but it was mainly an opportunity to explain the benefits of meeting the project standards to the full. Each company picked a theme and presented it to the other participants. The presentations gave rise to several points for reflection and allowed a number of areas for improvement to be identified. Saipem will monitor the consistency and coherence of the commitments taken on by the participants throughout the year, and during the course of the projects in general. These will then be discussed in next year's workshop, with a view to making the initiative a regular event in Saudi Arabia operations.

HSE workshop in Saudi Arabia



Drilling Business Unit

Barrier Management Programme



October 2014 saw the launch of the 'Barrier Management Programme' which aims to train, inform and further empower staff on subjects such as 'process safety', 'safety cases' and barrier management. The barriers themselves (technical, procedural and organisational) are identified as any actions that limit the occurrence of a 'top event', an adverse event related to Major Hazards in operating activities. 'Process Safety' and 'Barrier Management' are hotly debated topics in the Oil & Gas industry. In Norway, for example, the PSA (Petroleum Safety Authority) has developed an ad hoc document ('Principles for barrier management in petroleum activities')

outlining the key content of 'Barrier Management'. For the exact purposes of ensuring alignment with the standards expressed in this document, the Barrier Management Programme was initially launched on Scarabeo 5 and 8, both operating in Norway. Given the importance of these issues, a decision was taken to present the programme to the management team of the Scarabeo 6 and the Client in a dedicated workshop. Training materials and information (a workbook for the management team and a booklet for the crew) were prepared for the implementation of the programme, which are to be distributed to the project staff. The training material produced was reviewed with the direct collaboration of the management and operational personnel.

The programme also includes an intensive communications campaign centred on the creation of posters that are displayed in each area of the rig, highlighting any potential dangers in the area in question and the people responsible for the barriers. 58% of personnel on-board the Scarabeo 8 and 61% on-board the Scarabeo 5 underwent training in December 2014. It is expected that both rigs will reach the target of 100% in April 2015. As regards the Scarabeo 6, the activities will continue throughout the first quarter of 2015. At the conclusion of the training, the roles assumed for the maintenance or coordination of the barriers will be subject to the completion and signing of questionnaires in which the participants acknowledge their duties and responsibilities.

Spreading a HSE culture through innovative Saipem programmes

Now in its seventh year of implementation, the Leadership in Health and Safety (LiHS) programme continues its improvement, with the goal of making Saipem a safer place to work.

LiHS is moving forward as a project of cultural change that involves all levels of the organisation, with a view to changing the attitude of all personnel, and not only in the workplace. It is the product of several years of studies and research designed to identify the most appropriate tools for understanding the dynamics of behaviour, encouraging virtuous behaviours and isolating those considered harmful in terms of safety.

The first major challenge faced by this programme was identified through analysing the Safety Plateau concept: a residual number of accidents, including serious ones, which seemed impossible to eliminate, despite all the initiatives promoted by the Company. Starting from an examination of the causes of these negative events, the LiHS programme implemented a successful strategy that has produced a step change on two fronts: a reduction in the Safety Plateau by a margin of 60% and optimisation of the Corporate safety performance.

Despite the achievements in recent years, the challenge has not yet been overcome, since even today serious and,

in some cases, fatal accidents still occur. In its efforts to achieve the goal of 'zero fatalities', Saipem is today faced with a second Safety Plateau.

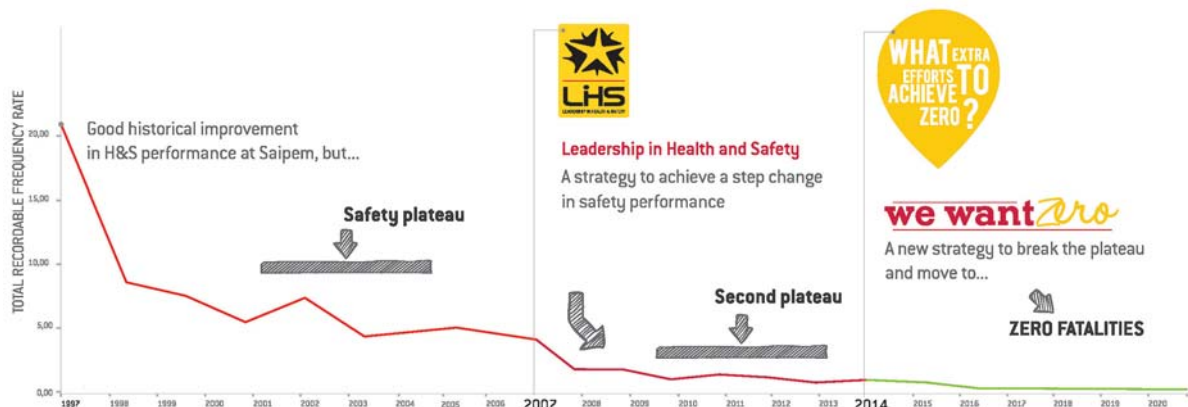
In order to find a way out of this new impasse, in 2014, Umberto Vergine, Saipem CEO, launched the 'We Want Zero' initiative in order to achieve the goal of zero accident on the workplace. As a result, the entire Saipem top management engaged in a series of workshops and brainstorming sessions in order to provide an answer to this question: 'What extra effort to achieve zero?'

We Want Zero represents both a difficult challenge and a great opportunity to consider the historical problems of the organisation using an innovative approach and, therefore, to motivate Saipem people to seek innovative and effective solutions, starting from their own experience, expertise and professionalism. An organisation may only change, in fact, when its people are able to change their way of thinking and to act with awareness.

The four initial brainstorming sessions with the top management of various business units, which took place between June and July, produced action plans on twelve themes that were deemed urgent and essential for achieving the objectives of the programme. Each theme

we want zero

From good to excellent



VISION

The safer, the better. "Everyone united by the same passion for H&S"



TARGET

ZERO fatalities at Saipem sites worldwide

FOCUS ON PERU

Education on safety



Most accidents at home are caused by children when using appliances, playing with fire or with medication, or being exposed to toxic substances. Therefore, Petrex decided to promote a safety culture at home with the support of the General Corps Volunteer Firefighters of Peru. The first 'Little Firefighters' workshop was organised for 50 children of employees aged between 4 and 12 years, who participated in both theoretical and practical sessions carried out in Iquitos National School. The first class, held on August 9, 2014, addressed the following issues: recognising danger, electrical hazards and prevention of fire and burn injuries. After these



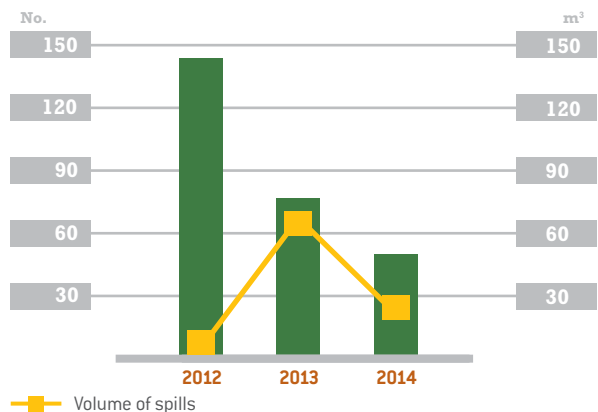
activities, children did practical fire evacuation and learned the emergency numbers. In the second class, held on August 16, children drew up a plan of escape and evacuation from their homes. In addition, members of the General Corp of Firefighters showed them the personal protective equipment commonly used by firefighters and the children visited the place where the tanker is kept. Each child learned how to use different types of jet to extinguish a fire. The objective of this workshop was to draw the attention of participants to the volunteer service performed by firefighters in the community and teach them how to prevent dangerous situations and behaviours in an emergency, thus highlighting the value of safety and raising the awareness of others to it.

Oil Spill Management and the new challenges

The environmental tragedy that occurred in the Gulf of Mexico (2010) was cause for deep reflection for many of the players operating in the field of exploration and production both in deep waters and otherwise. The Macondo disaster has caused many to ponder once again the issue of Marine Pollution incidents with varying degrees of severity. The oil industry has gradually shifted towards unconventional forms of oil extraction such as tar sands, oil veins and shale gas. The high levels of investment and the resulting technological advances have made deep waters more accessible and has shifted development strategies from the seabed to floating systems such as the Floating Production Storage Offloading (FPSO). The causes of major environmental accidents in recent years, are attributable not only to increasingly challenging and complex new work environments but also to poor management of the emergency services and a lack of preparedness and prevention. Prevention is Saipem's key strategy. To this end, action was taken to improve and harmonise the management documentation system and the operational control of vessels and operating sites that are most at risk of a possible environmental emergency. This approach has made it possible to set the framework and widely disseminate the minimum facilities and applicable best

practices. In addition to prevention, Saipem has decided to focus a great deal of energy on emergency preparedness by implementing, in recent years, an abundance of specific training packages. Saipem promotes a great deal of training on environmental

TOTAL SPILLS



In 2014, the overall number of spills decreased (50) compared to 2013 (77) and 2012 (144). The total volume of spills was 21.6 m³ in 2014, 67.2 m³ in 2013 and 5.4 m³ in 2012. In order to ensure better analysis, classification and optimal management of incidents, in 2013 Saipem modified its methodology for monitoring spills. Near misses and spills of under 10 litres are still reported, but are now separated from those of other types.

issues and, as regards the issue of the Oil Spill Response, is accredited by the IMO (International Maritime Organisation) as a company authorised to certify its employees without having to resort to external parties. This was possible thanks to the accreditation of the OSRT (the Oil Spill Response Team, Fano, Italy) with IMO International Certification.

Floaters Business Unit

Due to their adaptability to difficult working conditions, such as extreme weather or remote fields, as well as to their economic effectiveness, Floating Production and/or Storage Units are increasingly chosen as a viable solution for offshore field development. In Saipem, the Floaters Business Unit is likewise growing, currently encompassing two leased FPSOs in operation, two projects for FLNG design and two projects for FPSO/FPU construction and installation and operations.

Spill prevention measures

All personnel involved in spill response are duly trained and SOPEP (Shipboard Oil Pollution Emergency Plan) drills are carried-out regularly as part of the annual drill plan. The scenarios taken into account are of various types in such a way as to cover all possible kinds of spill. In an effort to prevent any substance from being released overboard, spillages of chemicals or oils onboard are managed through a series of technical solutions such as dedicated drains, containment skids or special sewage lines. Furthermore, oil spill kits with sawdust, absorbent blankets, sand, mops and antistatic blades, as well as plastic shovels, plastic buckets and specific PPE used by trained personnel, are available onboard to control the leakage and collect any contaminated material for proper disposal. In the event of a spillage that cannot be controlled onboard, measures are managed together with Client representatives and availing of their equipment. Emergency activities

are then coordinated among all vessels involved in the operations, according to the different Tier responsibilities defined in their Emergency Response Plans. If an emergency arises, Saipem personnel may be directly involved in the response operations and are thus trained according to their role. This includes sessions and practical presentations with the use of stand-by vessels, boom deployment and dispersant spray from special sprinkler systems.

In order to ensure the proper management of any emergency scenario involving chemical spillages, and to guarantee the effectiveness of the coordination of all parties involved, Saipem conducts dedicated drills together with Client representatives and with other vessels at least once a year.

Further details on Emergency Response Plans are available on page 51.

Spill reporting

In 2014, the Floaters BU reported a total of 420 hours of environmental training, of which 14% were on Spill Prevention and Response. Nine SOPEP drills were also carried-out at regular intervals on the two leased FPSOs. A strict reporting standard has been implemented in Saipem, whereby all environmental accidents or near misses must be logged, regardless of their volume. The threshold for reporting a spill in the official records is set to a low value (10 litres) to facilitate accurate recording and analysis. On the four floater design and construction projects, no incidents have been recorded so far. On the two leased FPSOs, the official figures for 2014 show 2 environmental accidents with a total of 45 litres of oil lost at sea and 6 near misses, encompassing 95 litres of oil and 1,425 litres of chemical substances that were completely contained. Compared with the volumes of oil and chemicals circulated by the FPSOs for their daily operations, these amounts are virtually negligible.

FOCUS ON VENEZUELA

LiHS local vendor forum



Local vendors are key partners in the development of Petrex operations and, through the LiHS vendor forums,

Petrex shares with them its health and safety culture, thereby making it possible to work together in a more fluid and harmonious way.

In 2014, representatives of 30 local companies attended the events held on the Petrex bases of El Tigre and Ciudad Ojeda. They learned about the LiHS programme and its tools to prevent unsafe behaviours.

Petrex was also able to learn from the experiences of its vendors and receive their opinions, in this way strengthening mutual relations. This characteristic transformed the event into a win-win activity, where the organiser and the attendees gained valuable knowledge for their safety policies.

More details on the LiHS programme are available on page 40.

The decommissioning of the Costa Concordia: an example of green ship recycling

The company 'Ship Recycling', a consortium comprising Saipem SpA and San Giorgio del Porto SpA, was created to carry-out the decommissioning of the Costa Concordia, which sank near the island of Giglio (Italy) in January 2012. The project began in July 2014 and has an expected total duration of 22 months. All phases of the work will be carried out in Italy in the port areas of Genoa. The ship, whose net tonnage is around 87,000 tonnes, is almost 300 metres in length and 35 metres wide.

Phase 1 will see the removal of approximately 10,000 tonnes of fixtures and fittings of the bridges. In phase 2, 12 of the 17 bridges will be demolished and in phase 3 all the 'sponsons' or lateral flotation caissons will be removed. Finally the remaining dismantling and complete recycling operations of the wreck (in an appropriate dry dock) will take place in phase 4.

From the environmental point of view, the project presents numerous difficulties. First, the authorisation phase has proven to be highly complex since the operating site consists of a ship recycling plant, a shipyard, a waste plant, a ship still registered in the naval registry and a temporary shipyard with 3 local operating units located inside the port area. The yard is the first in Italy to have obtained ISO 30000:2009 certification for the management of the dismantling and recycling processes of ships no longer in service (Ship Recycling Management). The project is also a first in terms of size and method used for the flotation of a vessel in Italy and the EU and is therefore an opportunity to start a ship dismantling chain in Italy, 'green ship recycling', i.e. sustainable dismantling from an environmental perspective.

Another element of complexity is the condition of the wreck which, in order to achieve buoyancy, requires the abovementioned lateral flotation system (sponson). Further criticalities include the limited available handling space (both on land and on-board the wreck), and the high dependence of the activity on weather/marine conditions. Containment booms have been installed in order to



Concordia dismantling

prevent spills and to limit their impact.

The yard also has a sea emergency vessel and there are numerous spill kits containing materials to absorb oil spills and chemical substances on land. A series of specific emergency operating procedures have been adopted in coordination with the local Harbour and Port Authority, such as training for the intervention teams and regular testing of the emergency management. Samples of sea water are collected in the vicinity of the ship on a daily basis to ensure that no substances have been spilt into the sea. There will also be regular monitoring of the air, sea water, marine sediments and noise.

Another factor in the complexity of this project is, without doubt, waste management. Saipem carries out a preliminary mapping of the materials and a classification of the different types of waste. It subsequently separates out the different types of materials in order to maximise the quantities recovered. It is currently estimated that about 46,500 tonnes of metal will be recovered out of an estimated total weight of the ship of around 65,000 tonnes. Management activities will be minimised on land by packaging waste on-board and, subsequently, reducing the volume of waste on the quay. The recovery/disposal of waste is managed according to the principle of proximity, i.e. through the selection of the closest recovery/disposal plants to the production site.

Spill prevention activities



FIGHTING HIV

According to UNAIDS (the Joint United Nations Programme on HIV/AIDS), HIV, the virus that causes AIDS, has become one of the world's most serious health and development challenges. In Angola, Saipem organised an awareness campaign, held in the Soyo and Ambriz yards, in which about 500 employees from different projects took part. Boscongo, one of Saipem's operating companies in the Congo, continued to promote its voluntary and anonymous HIV screening campaign among its employees. In August, it participated in KERSIVAC, the HIV/AIDS prevention fair organised by the CNLS (National Council for the Fight against AIDS). Held annually since 2008, KERSIVAC is striving to educate Congolese youth on issues related to HIV/AIDS. In both the Congo and Angola, Saipem participated in World AIDS Day, which aims to highlight the importance of prevention, access to testing, treatment and care. In 2014, this took the form of a global campaign organised around the theme 'Goal Zero': Zero new HIV infections. Zero discrimination. Zero deaths related to AIDS.

Health promotion

587

MEDICAL PERSONNEL WORKING ON SAIPEM PROJECTS WORLDWIDE

47,048

EMPLOYEES UNDERWENT A MEDICAL FITNESS ASSESSMENT

107,890

CONSULTATIONS AND FOLLOW-UP VISITS WERE HANDLED BY THE HEALTH DEPARTMENT

Saipem's approach during the Ebola Emergency in Nigeria

Ebola Virus Disease (EVD) is an acute and often fatal illness that has caused worldwide alarm. The outbreak affected the Oil & Gas industry, particularly those projects located in Africa. Despite the fact that the risk of contracting Ebola is low in Nigeria, Saipem Nigeria took urgent measures by creating a proper prevention plan involving all stakeholders.

Initially, Saipem Contracting (Nigeria) Ltd (SCNL) set up a Local Crisis Management Team in charge of monitoring the situation within the company and the country.

It communicated with Corporate management, held daily evaluations of all available information and took decisions regarding the immediate actions to be taken in order to safeguard the health of employees. The Crisis Management Team set the criteria for assessment of immediate and potential danger as tiers of colour-coded levels and related action plans. The plans were developed separately for Port Harcourt Base, the Lagos office and project sites and agreed upon with Corporate. SCNL management set up an 'EVD Preparedness Plan' including information and guidelines for management of all Saipem projects/sites/vessels in the event of an Ebola outbreak. Moreover, was also issued with detailed instructions on how to react if a case of fever detected among employees were set up. Knowledge about the possible risks and the measures required to prevent Ebola infection was considered a key

factor in overcoming the panic, fear and general public anxiety. The main initiative was a mandatory training programme for the whole workforce. Posters, brochures, training sessions, meetings and regular tool box talks were also useful for disseminating information. Saipem senior management gave their support with the presence at the site.

Corporate Ebola Health Bulletins were issued twice a week and distributed via email and on the intranet health portal. Saipem distributed an 'Ebola letter' to the health care providers of all expatriate employees in their home countries.

Since Lagos was initially affected by the outbreak in Nigeria, the first set of precautionary measures was deployed in Saipem Lagos office. Personnel were screened for high body temperature and a general hygiene culture was reinforced, including a 'No hand shake policy' and broad use of hand sanitizers. Movement of personnel was restricted and limitations were placed on entry to Saipem facilities. These precautionary measures, including mandatory thermo scanning, were implemented with written work instructions on all sites in Nigeria immediately after a case of Ebola was confirmed in Port Harcourt. Fever assessment facilities (stand-alone caravans or single rooms for the assessment of feverish patients, and isolation of suspected Ebola cases until local health care authorities arrived) were arranged on Saipem sites. These procedures were communicated to all subcontractor companies for adoption. Thanks to these measures and to the cooperation of subcontractors, Saipem has managed to maintain its normal level of productivity despite the difficulties related to EVD.

Malaria overview

It is common knowledge that malaria is a life threatening disease caused by parasites that are transmitted to people through the bites of infected mosquitoes.

Of the four types of plasmodia parasites known in the world for causing malaria in humans, the most important in Sub-Saharan Africa is the Plasmodium Falciparum Parasite.

Although malaria is preventable, controllable and curable, the mortality rate from it is still high. According to the 'World Malaria Report 2014', published by the WHO (World Health Organisation), in 2013 malaria mortality rates decreased globally by an impressive 47% between 2000 and 2013 (reaching an estimated 584,000 deaths in 2013) and by 54% in the WHO African Region. Out of 198 million cases of malaria worldwide, most of these (82%) were in the WHO African Region.

Saipem's approach

Saipem is not exempt from the impact of malaria. Not only do many Oil & Gas operations take place in areas where malaria is endemic,

presenting a risk for both local employees and expatriates.

In 2014, 48 sites located in endemic areas were all involved in the Saipem Malaria Control Programme. The number of personnel working in malaria risk areas eligible for awareness raising courses was 6,226 and consisted of both Saipem and subcontractor employees, mainly non-immune people.

All attended the awareness lecture about malarial disease, its prevention and prophylactic measures.

The overall Malaria Case Rate (MCR), defined as the incidence of stewardable malaria cases per 200,000 exposure-hours, was 0.13 in 2014 (0.09 in 2013).

This figure is based on an increase in stewardable malaria cases for expatriates, whereas worked man-hours (WMH) for the same group decreased.

On the other hand, a clear improvement can be noted for subcontractor employees, for whom the same number of malaria cases are reported but in the context of increasing WMH per respective group: 0.08 MCR in 2013 (9.6 million

WMH and 4 cases) versus 0.06 MCR in 2014 (15.8 million WMH and 5 cases).

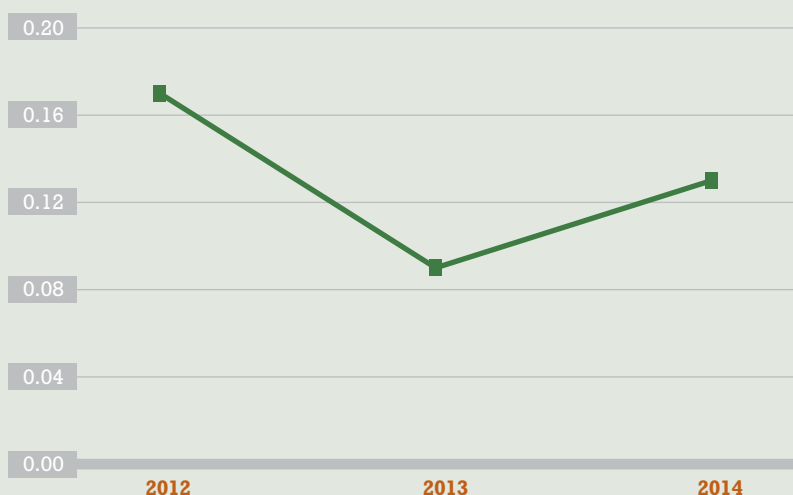
All effective preventive measures, awareness campaigns and antimalarial chemoprophylaxis were reinforced and focused on expatriate employees, especially during the wet season.

The general pattern of MCR in high-risk malaria African countries (the most affected areas) shows cyclical improvements, with an accentuated downward trend over the past few years, followed by a slight increase in the second half of 2014.

Due to the possible risk of malaria infection during transit, employees working offshore in malaria endemic countries were also provided with malaria information courses. Distribution of repellents and antimalarial chemoprophylaxis were also carried out onboard all vessels located in or passing through malaria risk areas.

Saipem's efforts in fighting malaria are rooted in the belief that healthy communities produce healthy employees, and that this in turn leads to improved economic circumstances in the places where the Company operates.

MALARIA CASE RATE OVERALL DISTRIBUTION



34

MALARIA CASES IN 2014

48

SITES LOCATED IN ENDEMIC AREAS MONITORED

100%

OF NON-IMMUNE EMPLOYEES (SAIPEM AND SUBCONTRACOR) ATTENDED MALARIA AWARENESS LECTURES

A snapshot of Saipem's efforts on its sites located in malarial areas

Nigeria

As part of a global effort to eliminate the scourge of malaria, Saipem Nigeria joined the world to celebrate 'World Malaria Day' on April 25, 2014. It did so through the awareness programme 'Invest in the future, defeat malaria' and the topic 'Protect yourself'. Doctors and nurses performed malaria awareness campaigns simultaneously on different projects. The main beneficiaries were local pregnant women and children, of whom over 1,000 attended. The programme focused on the simple ABCD method of protecting oneself from malaria, with a display of the different bite prevention mechanisms (use of insecticide creams and sprays, mosquito treated nets and shirts, external fumigation, etc.) and a demonstration of their use to women. At the end of the programme, a total of 1,200 ITN (Insecticide Treated Nets) were distributed to community women and children, while an additional 200 were donated to the Obite Primary Health Care Centre for patients.

Angola

As part of its community initiative plan, Petromar started a malaria prevention programme in line with

the Global Malaria Programme instructions. The programme was held in Soyo Municipality, with local health authorities as the main partners. Lectures were given on the Malaria Awareness Campaign, Indoor Residual Spraying (IRS) training was carried out, and insecticide-treated mosquito nets (ITN) were distributed. IRS training, which followed WHO instructions, was provided to 19 locals from May 26 to 28, 2014. Training took place in the Municipality Hospital of Soyo and was targeted at people from 4 different communities. The programme was divided into 2 days of theoretical and 1 day of practical work.

Congo

Malaria prevention initiatives continued in the Congo in 2014. The purpose was to boost technical capabilities in remote communities (Loango village) in order to improve the reliability of malaria diagnosis and provide appropriate treatment. The programme involved local health authorities, third party local community laboratories and local health workers. To achieve this goal, Boscongo plans to build a laboratory in the area of the Loango village health facility and train the local health personnel. Some essential equipment will be provided such as microscopes and other much needed consumables for blood testing.

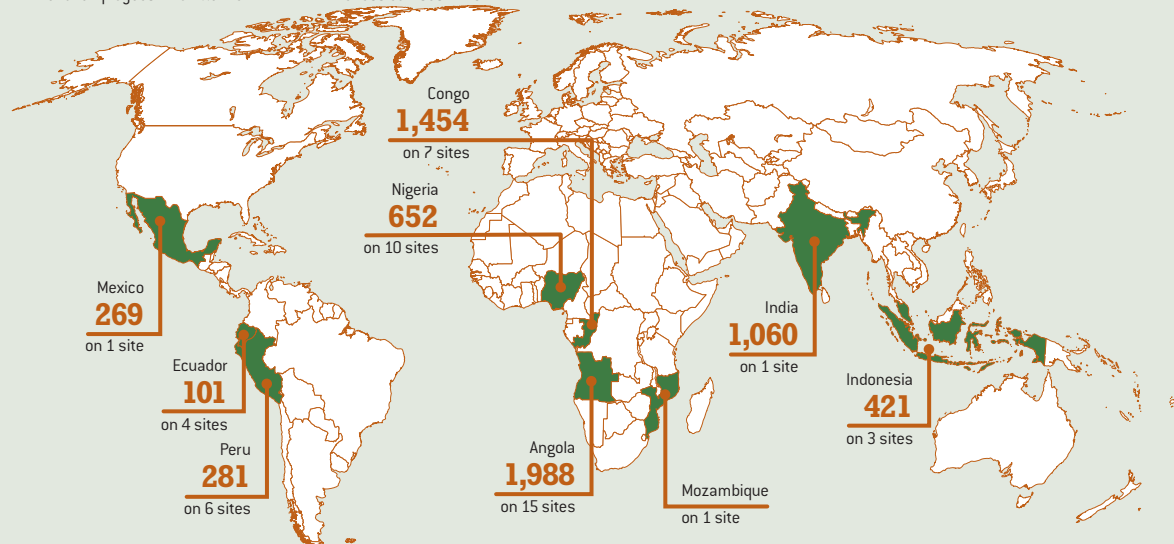
Boscongo has shouldered the cost of training of some health workers in the 'Biomedical' laboratory. This programme, approved by local health authorities, is still ongoing and focuses on the best methods for malaria diagnosis.

Peru

According to the epidemiological report from the Regional Health Direction of Loreto (Peru), up to September 2014, 44,782 cases of malaria were reported in this region, 80% of which were in the district of San Juan Bautista. Given this situation, and knowing the government's lack of resources to raise awareness of the disease, Petrex decided to support the Iquitos community of Nina Rumi, in collaboration with the Health Post Zungarococha, through the promotion of malaria workshops. During November 2014, 150 families participated in a 'Cleaning Journey' and Sensitisation Workshops designed to impact their behaviour and promote the reduction of instances of malaria. Nine health community agents were trained in thick blood smear tests (to diagnose malaria) and management of self-sustained medical kits. Petrex, the regional health authority, municipal agents and Nina Rumi authorities worked together to develop these activities successfully.

MALARIAL COUNTRIES IN WHICH SAIPEM OPERATES

Number of employees who attended malaria awareness courses in 2014



In 2014, 48 sites were monitored by the Malaria Control Programme and 6,226 employees attended malaria awareness courses. The map shows the distribution by country.

Managing operations for long-lasting success

For Saipem, sustainability is an element for stimulating the Company's business and for providing a competitive advantage over its peers. Saipem is an internationally oriented company which, on account of its size and the importance of its activities, plays a significant role in the marketplace, and in the economic development and welfare of its employees and of the communities in which it operates.



The complexity of Saipem's market context, the challenges of sustainable development that the Company faces, and the need to take into consideration the interests of all stakeholders, all combine to

underscore the importance of defining clearly the values that Saipem accepts, acknowledges and shares, as well as the responsibilities it takes upon itself in its effort to help build a better future for everyone.

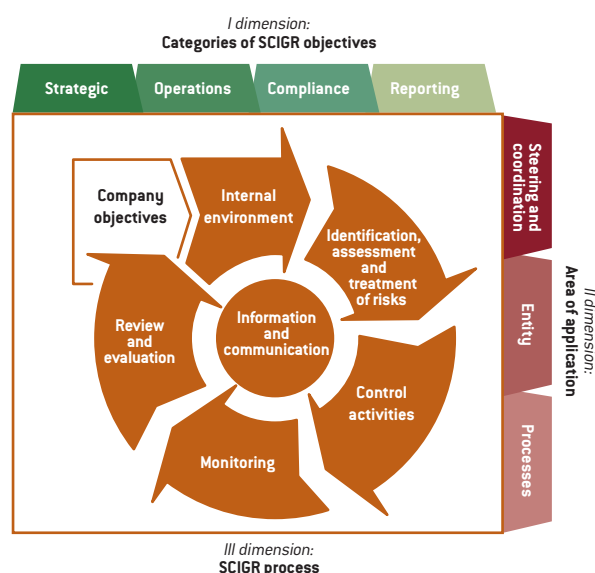
Internal Control and Risk Management System

Saipem has proceeded apace with implementation of its 2013 programme to bolster its Internal Control and Risk Management System (Sistema di Controllo Interno e di Gestione dei Rischi - SCIGR).

The SCIGR consists of a set of rules, procedures and organisational structures aimed at facilitating identification, measurement, management and monitoring of major risks, as well as implementation of controls for achieving Company objectives.

The SCIGR is defined in accordance with the models of compliance and governance adopted and in line with national and international best practices. To this end, Saipem has approved the Corporate Governance Code for listed companies and complies with the CoSO Report (Committee of Sponsoring Organisations of the Treadway Commission, Internal Control, Integrated Framework) which represents the internationally recognised benchmark for the understanding, analysis and integrated evaluation of the SCIGR's effectiveness.

The Board of Directors defines SCIGR policies in order to ensure the identification, measurement, management and monitoring of the main risks to which Saipem and its subsidiaries are exposed, and on a half-yearly basis assesses their suitability, efficiency and effective functioning. The CEO ensures implementation of policies, overseeing the design, realisation and management of the SCIGR and constantly checking its adequacy and effectiveness.



The I dimension represents a vision of the SCIGR based on the objectives and correlated risks which it monitors: Strategic, Operational, Compliance and Reporting. The II dimension refers to the ranges of application used as a basis for structuring the SCIGR:

- The direction and coordination that Saipem SpA exercises over its subsidiaries.

- Entity: based on their legal and managerial autonomy. Saipem SpA and the subsidiaries shall establish an adequate and functioning SCIGR under their own responsibility.
- Processes: adopted by Saipem and used as a basis for organising the SCIGR.

The III dimension refers to the SCIGR process, which is continuous, integrated into Company activities, and interactive (in as much as the single phases, despite being in logical sequence, can be influenced by the development of each of the other phases).

The strengthening of the system should be read in the broader context of its ongoing alignment with national and international best practices and is concerned not just with the implementation of appropriate internal regulatory instruments, but also with the ultimate aim of pursuing governance practices in relation to risk management, independent monitoring and control over Group

companies, as well as the balancing of powers and proxies and the clarity of roles and responsibilities.

The main strengthening initiatives implemented in 2014, and still ongoing, concerned the setting up of internal bodies to oversee monitoring and policy making for compliance, governance and risk management, as well as verification and updating of tools for the management of Company powers and responsibilities, with a special focus on processes and activities considered to be the most sensitive, the balancing of competencies and the segregation of duties. Further measures involved the review of procedures for the appointment of subcontractors and the qualification of vendors, as well as a complete overhaul of standard contract clauses regarding procurements.

Details of actions taken to reinforce the SCIGR are available in the 'Corporate Governance and Shareholding Structure Report 2014'.

Saipem's Anti-Corruption procedures

Saipem has been active for several years now in the fight against corruption. The Company's Code of Ethics is adhered to by all Saipem personnel and expressly accepted by all vendors as part of the qualification process. Indeed, the Code expressly prohibits 'corrupt practices, illegal favours, collusive behaviour, and requests, both direct and/or through third parties, for personal and career benefits for themselves or for others'. Saipem is committed to observing the United Nations Convention against Corruption, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and Transparency International's Business Principles for Countering Bribery. In an effort to improve the reference framework of rules and procedures already in place in the area of anti-corruption, which are implemented by Saipem on an ongoing basis in order to ensure maximum compliance with applicable national and international Anti-Corruption laws and conventions, on April 23, 2012, the Board of Directors of Saipem SpA approved the new 'Anti-Corruption' Management System Guideline (MSG). As part of the ongoing development of the Saipem procedural corpus on the subject, this guideline has replaced the previous procedure 'Anti-Corruption Compliance Guidelines' issued in February 2010.

The 'Anti-Corruption' MSG has been formally acknowledged by the Boards of Directors of all companies in the Saipem Group. With regard to associated companies, Saipem representatives on their Boards of Directors have formally announced the adoption by Saipem of the 'Anti-Corruption' procedure, and have gone as far as they can to lay the groundwork for acceptance in those companies of the standards defined in the abovementioned MSG.

The main features of the 'Anti-Corruption' MSG are:

- reference to so-called 'private corruption', with explicit

mention of the UK Bribery Act, where applicable;

- explicit prohibition of 'facilitation payments';
- the provision of a 'Registry' in which any 'gifts, economic or other benefits offered or received by Saipem personnel' are duly recorded;
- a ban on political contributions, unless required under local law and only after following a specific authorisation procedure, which includes conducting a Due Diligence on the beneficiary;
- explicit inclusion of 'vendors' among the parties required to comply with Saipem's ethical standards and pre-qualification requirements, as defined in the MSG 'Procurement';
- extension of the notion of 'Covered Business Partners' to any party that may have significant contact with a public official, including consultants (who will be subject to Due Diligence and specific Anti-Corruption clauses, declarations and guarantees);
- a duty to report any requests for unlawful payments, gifts, personal benefits, meals or entertainment expenses, employment or other benefits made by a public official or a private person that are not considered reasonable and in good faith.

Saipem requires compliance with Anti-Corruption laws from all intermediaries, business partners and 'Covered Business Partners' who may have significant contact with public officials when conducting business on behalf of Saipem.

Every Saipem staff member is responsible for compliance with Anti-Corruption legislation. All documents pertaining to this are easily accessible via the Corporate intranet portal. Any suspected or known violations of the Anti-Corruption laws or guidelines must be reported immediately. Disciplinary measures will be taken against anyone who violates Saipem's Anti-Corruption rules, who does

The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ('The Guidance') is the first example of a collaborative government-backed multi-stakeholder initiative on responsible supply chain management of minerals from conflict-affected areas. It is an on-going, proactive and reactive process through which companies can ensure that they respect human rights and do not contribute to conflict. Due diligence can also help companies ensure they observe international law and comply with domestic laws, including those governing the illicit trade in minerals and United Nations sanctions. In accordance to the due diligence principle, the US Securities and Exchange Commission (SEC) adopted a new form and rule pursuant to Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to the use of conflict minerals. The conflict minerals rule requires certain publicly traded companies to determine whether the products they manufacture (including any parts or assemblies therein) contain gold, cassiterite,

columbite-tantalite, wolframite and their 3T derivatives (tin, tantalum and tungsten). If so, the Company must conduct a reasonable inquiry to determine if the Conflict Minerals originate in the Democratic Republic of Congo (DRC) or its nine adjoining countries (Angola, Rwanda, Burundi, South Sudan, Congo, Uganda, Zambia, Republic of Tanzania and the Central African Republic).

Saipem has undertaken due diligence to determine whether its products contain conflict minerals.

The Company's efforts for 2013 and 2014 included the following four steps:

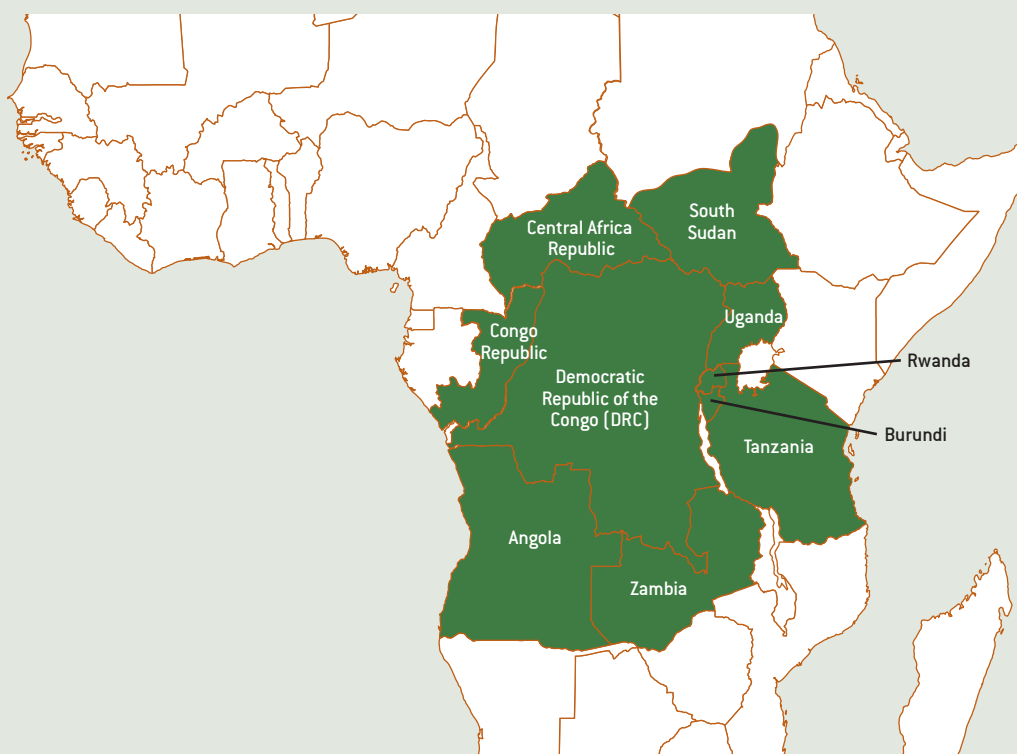
- 1) analysing the portfolio and identifying the suppliers who could produce or resell some products containing conflict minerals;
- 2) carrying out a survey with each supplier previously identified, in order to understand if conflict minerals are produced in the Democratic Republic of Congo or an adjoining country;
- 3) collecting data resulting from surveys filled in and follow-up with suppliers who have not replied;
- 4) conducting due diligence and

drawing up ad-hoc reports to demonstrate the current situation about the use of conflict minerals in Saipem's supplier portfolio. The aim of these activities is to boost the development of increasingly conflict-free supply chains in order to reinforce Saipem's sustainable approach.

Beginning in 2014, Saipem has filled in each purchasing order for materials or contract for materials with the phrase: 'As part of the purchaser's commitment to Corporate responsibility and respect for human rights in its business, the purchaser is committed to use tantalum, tin, tungsten and gold in the supply of goods only when these do not directly or indirectly finance or benefit armed groups. Therefore the supplier shall adopt policies and establish systems to procure tantalum, tin, tungsten and gold from sources that have been verified as 'conflict free' and provide supporting data on their supply chains to the purchaser when requested'.

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SUPPLIERS SURVEYED



not attend the training programmes, who fails to report any violations of which they are aware, or who retaliates against anyone else who reports violations. Saipem has also issued more specific Anti-Corruption regulatory instruments on different topics and areas that are particularly vulnerable to the risk of corruption. These internal procedures are subject to constant checks to ensure that they are updated if necessary.

Specifically, in addition to the Corporate Standards on 'Intermediary Contracts' and 'Joint Venture Agreements - Prevention of illegal activities' revised in 2012, during 2014 further ancillary procedures to the Anti-Corruption programme were approved.

Information on Saipem's legal proceedings can be found in the 2014 Annual Report.

Training programme on business ethics

Training plays a central role in Saipem's Anti-Corruption programme. The Company is constantly investing in ongoing education programmes in Italy and abroad in order to provide adequate knowledge of Anti-Corruption laws and regulations and internal anti-corruption rules. This renders the adoption of the 'Anti-Corruption' MSG and ancillary procedures, where provided, more effective. The programme is divided into different types of training. There are classroom and e-learning modules (in cooperation with Eni Corporate University) on the theme of the Organisation, Management and Control Model (which includes the Code of Ethics) and Anti-Corruption procedures.

The Company organises institutional training meetings dubbed 'Welcome to Saipem', for newly-recruited graduates, with the goal of providing a general overview of the Saipem Group and its activities. It also organises courses on the 'Legal, contractual and insurance aspects of projects' for employees with a more advanced level of seniority and expertise in the field of Procurement, Project Management, and so forth. The goal is to explore the language and main types and phases of contracts and project management. Specifically, this training provides the appropriate tools to assess the impact of national and international regulations on contractual provisions and the precautions required to mitigate any associated risks. The Company also supplies a special intensive course called 'Maximising Performance-Managing Director', organised in cooperation with Eni Corporate University for the Managing Directors of foreign subsidiaries.

It includes a specific module called 'Legal and regulatory context'. During 2014, a specific lecture on the Code of Ethics, Anti-Corruption procedures and Nominated Sub-Contractors was inserted into the training meeting 'Working with the Board' aimed at providing practical instruments to members of the Boards of Saipem subsidiaries when carrying out their duties of office. Moreover, a new specific e-learning module on anti-corruption is available to Saipem personnel in Italy and abroad. In addition, specific training sessions are organised for At-Risk Personnel (employees who have contacts with public officials or who may enter into contracts with third parties on Saipem's behalf) working in the countries where Saipem operates. Finally, all At-Risk Personnel are subject to a mandatory Anti-Corruption training programme.

To this end:

- when hired or given new responsibilities, or, if this is not practicable, as soon as reasonably possible, At-Risk Personnel receive a copy of and training in the Anti-Corruption MSG and relevant Anti-Corruption laws;
- At-Risk Personnel are themselves responsible for completing the relevant courses and must receive periodic refresher training. Each manager of At-Risk Personnel must ensure that this commitment is met.

1,353

PARTICIPANTS IN ANTI-CORRUPTION, GOVERNANCE AND COMPLIANCE TRAINING

Emergency and Crisis Management



The protection of workers, the environment, public safety and the integrity of its own vessels, as well as the safeguarding of its Corporate image, are among the primary objectives and priorities for Saipem, which conducts its activities by adopting principles, procedures and behaviours geared towards and guided by standards of excellence.

The operational management of emergencies is founded on the principle of proactivity and effectiveness in the prevention, management and control of events that

may generate emergency situations and may end up escalating into full blown crises. Precise procedures have been defined to be implemented upon the occurrence of any kind of emergency (1st, 2nd or 3rd level), classified on the basis of the seriousness of the event and the potential consequences thereof.

In December 2013, a Crisis Committee was established, chaired by the CEO and consisting of the heads of the major business functions, in order to ensure integrated management of all operational and environmental crisis

situations that give rise or may give rise to significant impacts and substantial damage to production facilities, infrastructure, the health and safety of workers, the environment or the Corporate image.

Depending on the nature of the events that may be generated, emergencies are classified into three main categories:

- Operational: an emergency that occurs when conducting operational activities;
- Natural: an emergency that occurs through events of non-human origin that are exogenous to the conducting of operational activities (e.g. earthquakes, floods, hurricanes, sandstorms, etc.);

- Security: an emergency that occurs through events of human origin that are exogenous to the conducting of operational activities (e.g. revolts, riots, civil disturbance, terrorist bombings, kidnappings, assaults, etc.).

In line with the Saipem emergency and crisis management model, each Operating Company/Branch must produce its own crisis management model, which must clearly identify the members involved and the responsibilities of the local crisis unit. Furthermore, wherever there are personnel or possible events that could lead to an emergency or crisis, it is mandatory for each Operating Company/Branch to prepare its own operational emergency plans.



SAIPEM AND RESPONSIBLE LEADERSHIP: FROM A CULTURE OF COMPLIANCE TO A CULTURE OF INTEGRITY

In a continually evolving market with increasingly complex economic dynamics, Saipem faces constant challenges in meeting the demands of ever more exigent stakeholders, not only in terms of the quality of products and services, but also the social impact and risk to reputation arising from management decisions.

To this end, starting from 2014, Saipem's efforts and focus have been moving towards a structured programme of training and internal communication, aimed at creating a common culture of 'Responsible Leadership' which is also distinctly 'Saipem' in identity.

This culture must be capable of rooting itself in the strategic and operational aspects of business decisions and of contributing to productivity and profitability in a virtuous manner.

'Responsible Leadership' is, in fact, managerial action. **Fulfilling roles as responsible leaders requires the ability to harmonise the long-term perspective with short-term urgencies.** It also requires evaluation of the consequences of actions towards stakeholders and compliance with the fundamental ethical values that underpin the Company.

With this goal in mind, in May and June 2014, Saipem involved its top management in two workshop

sessions held at its head offices in San Donato Milanese, in collaboration with Eni Corporate University and the faculty of the SDA Bocconi Management School. The results of both workshops facilitated the design of a structured training event applicable to all Saipem managers. This was first rolled out on the 'pilot' procurement family between October and December and will be extended to all professional families in 2015. Both events proved to be a valuable opportunity for a discussion on the ethical dilemmas and choices that Saipem's business managers are called upon to face on a daily basis and to lay the foundations for a cultural leap that will strengthen compliance ethics and cement a culture of responsibility.

Decision, Vision, Integrity and People are the basic elements of the Saipem Leadership Model, the driving forces that will, over the next few months, pervade all training, information and engagement initiatives that involve Saipem people everywhere.

Survey on integrity

For Saipem, 'Integrity' is a way of conducting business while at the same time maintaining the highest levels of trust and reputation for the Company and ensuring maximum honesty and moral values in its operations and

business relationships. It is a vital and core issue that the Company has addressed and discussed thoroughly. Indeed, in May 2014 an internal survey was launched to highlight the importance of the issue, to raise and monitor internal awareness among the senior management population in relation to it and to identify any further activities that could support its full implementation in Saipem. The survey was distributed to all Senior Managers in Saipem through an online application. Of these, 94% filled in the questionnaire. This participation rate demonstrates the understanding of the issues at stake and their implications for Saipem's business. The input collected through the questionnaire has provided valuable material to design future initiatives that can be of use in a number of different but important business situations.

2

WORKSHOPS WERE CARRIED OUT

94%

OF SENIOR MANAGERS FILLED IN THE INTEGRITY SURVEY QUESTIONNAIRE

Integrated Risk Management

Saipem understands the central role that the identification, assessment and control of risk play in decision-making processes. On the basis of the 'Principles of Integrated Risk Management' approved by the Board of Directors in July 2013, Saipem therefore developed and implemented a model for the integrated management of Company risks. This is now an essential part of the Risk and Internal Control Management System.

The new model underscores the Company's commitment to a more organic and concise vision of the risks to which it is exposed, greater consistency of methodologies and tools to support risk management, and strengthening of awareness at all levels of the positive impact that an appropriate assessment and management of risks of various types can have on the achievement of objectives and on the Company's value.

The model contains a system of Risk Governance, which defines roles, responsibilities and information flows for the management of the main risks and describes the risk

management process, in particular its guidelines for risk management, assessment and handling (how to avoid, accept, reduce and share risk), monitoring and reporting. The risk mapping process commenced at Corporate level in 2013 and was extended to include 15 companies in the Saipem Group in 2014. The outcomes provided with the first cycle of risk assessment were reassessed at Corporate level in the mid-2014. Furthermore, the project has seen the realisation of top risk business cases to support risk owners in their efforts to achieve the most accurate and objective risk assessment possible of the causes of risks and their potential consequences. In this way, they can weigh up the best risk-handling strategies to implement, and monitor top risk business cases so as to provide information on the risk trends and the progress of their treatment actions, thereby strengthening the risk management system. The second risk mapping cycle was performed at Corporate level in 2014 during which the mechanisms for

FOCUS ON SAUDI ARABIA

Jazan Integrated Gasification/Combined Cycle Project



In May 2014, Saipem was awarded two EPC contracts by Saudi Aramco. KSA Package 1 comprises the Gasification Unit, the Soot/Ash Removal Unit, the Acid Gas Removal and the Hydrogen Recovery Units. Package 2 includes six Sulphur Recovery Units (SRU) Trains and relevant Storage Facilities. The scope of work of both packages includes engineering, procurement, construction, pre-commissioning, assistance to commissioning and performance tests of the facilities concerned. A component of the new Jazan Economic City, located on the Red Sea in the southern areas of the Kingdom of Saudi Arabia, the Refinery and Terminal Project is part of Saudi Aramco's strategic intent to facilitate a diversified and sustainable expansion of Saudi Arabia's economy and of its vibrant energy sector into new, hitherto less developed regions of the Kingdom.

It is expected that these new programmes will create over 300,000 jobs in that area. The IGCC (Integrated Gasification Combined Cycle) complex, to be built adjacent to the new 400,000 bpsd (barrels per stream day) grassroots refinery, will be capable of generating 2,400 MW of electricity. With 15 gasification reactors (versus 1 or 2 normally) and total feed capacity of 110,000 bpsd, it will be almost five times bigger than the next largest IGCC units ever built in the world (also designed and constructed by Saipem). This project is at the cutting edge of sustainable technology development and environmental protection. The gasification technology licenced by Shell allows the conversion of the heaviest oil fractions, vacuum residuum and asphalt, into electric power, with minimal emissions, since most of the impurities, such as sulphur, ashes, etc., are chemically removed, purified and sold. Secondly, efficiency of power production from an IGCC complex is far higher than that from conventional gas- or coal-fired power plants, which leads to considerably lower emissions of greenhouse gases. The execution challenge will also be huge: it is estimated that at least 40 million man-hours will be needed for site construction, with the mobilisation of over 2,000 workers at peak time. Indeed, in an interesting complementarity between Saipem's traditional strategy of maximising Local Content and Saudi Arabia's drive for 'Saudisation', as much work as possible will be performed by local personnel and local companies.

the functioning of risk assessment were reinforced. In compliance with the Integrated Risk Management process, and following completion of the second cycle of risk assessment, on January 26, 2015 the CEO submitted details of the main risks Saipem faces to the Board of Directors.

These concern operational HSE risks (accidents, malfunctions, breakdowns, damage to people and to the environment), country risks (political, social and economic, in countries where Saipem operates or intends to invest), and specific project risks (mainly regarding

EPC(I) and drilling contracts onshore and offshore, from commercial to execution phase).

The HSE risk control system encompasses management of operations that ensures maximum efficiency in the prevention, handling and control of risks and is based on periodical monitoring (quarterly, half-yearly and yearly) of HSE indicators and on a structured auditing plan for all sites. More detailed information on the internal controls and risk management system can be found in the Corporate Governance and Shareholding Structure Report and in the Directors' Report 2014.

A partnership in the subsea field sector: creation of the Xodus Group

In 2014, Saipem formed an alliance with the Xodus Group, active in the field of marine engineering, and the Chiyoda Corp, with the goal of creating an autonomous company, Xodus Subsea. This stand-alone company will support the growing activity in the development of subsea fields. Xodus Subsea will provide studies, engineering and consultancy services focusing mainly on the early phase of projects, such as front end engineering, conceptual studies and basic design.

The best skills and experience of the three partners will come together to create a key player in the subsea market, particularly at the high end of engineering, and this will provide the necessary contribution to push the boundaries of the Oil & Gas subsea sector even further. Saipem will be able to benefit from early visibility on projects which will subsequently progress into execution

phase, as well as from the technological developments required and from Client orientation. Saipem will continue to manage the bidding for and execution of EPCI contracts on subsea and pipeline projects.

Commenting on the establishment of the new company, Umberto Vergine, Saipem CEO, said: 'We believe that the subsea sector is continuing to grow and that through this partnership Saipem will gain an early understanding on how future projects are being developed. We will then be able to anticipate market needs, supporting our Clients through new technology, improved operations and the whole subsea development chain of activity'.

FOCUS ON BRAZIL

Saipem's fabrication yard in Guarujá



In order to exploit new project opportunities off the shores of Brazil, particularly in the newly discovered Pre-Salt fields, several years ago Saipem started investing massively in the development of a world-class fabrication yard in Guarujá. Together with the parallel development of the engineering and project execution centre in Rio de Janeiro, this overall investment allows Saipem to execute

most, indeed almost all, offshore EPCI projects in Brazil entirely from its Brazilian establishments using mostly local employees.

Following the initial land purchase in 2011, the first jetty licence was obtained in 2013 and in mid-2014 the industrial licence for fabrication was also obtained. The licence for office work will be received shortly. The Guarujá yard is thus almost fully operational. In 2014, numerous projects for Petrobras benefited from fabrication of the risers and PLETS (Pipeline End Termination) for Sapinhoà Norte and Cernambi Sul, and for the Lula Norte, Sul and Extremo Sul projects, as well from support for major pipe-laying projects, such as the Sapinhoà Norte and Iracema Sul and Lula ME - Cernambi flowline.

Saipem do Brazil is today a large and expanding employer with over 1,200 full-time employees, divided broadly between the fabrication yard in Guarujá and engineering and project execution in Rio.

FOCUS ON ANGOLA

Kaombo Field Development Project

In April 2014, Saipem was awarded two large contracts in Angola by Total, for a combined value exceeding 4 billion USD, respectively for the engineering, procurement, installation and commissioning of two converted turret-moored Floating Production, Storage and Offloading units (FPSOs), and a seven-year operations and maintenance contract for the Kaombo Field Development project located in Block 32, offshore Angola. The two FPSO units will each have an oil treating capacity of 115,000 bpsd (barrels per stream day), a 100 mscfd (millions of standard cubic feet per day) gas compression capacity and an oil storage capacity of 1.7 million barrels. Following Saipem's strategic approach, aimed at maximising Local Content and developing durable relationships with the communities in which it operates, a big part of the project's design and execution (namely, some of the engineering and procurement and most of the fabrication) will be carried out in Angola by Saipem, by Petromar (a Saipem operating company) and by other Angolan suppliers.

Indeed, a critical factor in the success of this challenging project, which is to be executed on a 'fast-track' basis, is the engagement of numerous local stakeholders from the earliest project definition stages, as well as the creation of a friendly, collaborative and 'win-win' relationship with the Client.

This has facilitated the streamlining of the project execution plan, as well as significant cost reductions with respect to earlier concepts studied during the preliminary project phases. The critical challenge now will be the effective and consistent implementation of these concepts.

For design and execution, and for the initial engineering and procurement stages, Saipem currently utilises approximately 700 permanent employees, which should expand to 2,000 at a later stage. This large team is based in numerous well-coordinated Saipem offices in Angola, India, Indonesia and Singapore, all led and coordinated from the project's head office in Paris.

PROMOTING HUMAN RIGHTS THROUGH SECURITY MANAGEMENT

Saipem's Security Policy is compliant with the values set out in the Code of Ethics and in the Company's sustainability principles. These are of core strategic value for the Company's global operations, as they help to create a safe and secure workplace, guarantee business continuity, minimise financial losses and protect the integrity and reputation of management and stakeholders. Pursuant to Corporate integrity standards, respect for human rights is an essential part of any contract that Saipem enters into with security service providers. With reference to the Management System Guideline 'Security', all contracts with private surveillance companies must expressly provide for:

- the possibility of terminating the contract for human rights violations;
- compliance with the law;
- actions that are only defensive and proportional to actual threats: the primary objective is to minimise the need for active response to

threats by public or private security forces. In particular, because of the implications related to the use of firearms, such measures are to be 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 in a manner commensurate to the offence;

- the obligation of the contractor to notify the Company when force has been employed.

Saipem has implemented an innovative internal human rights training programme with the following objectives:

- Develop a better understanding of Corporate responsibility to respect human rights and security in relation to the Oil & Gas industry in a sustainability framework.
- Develop a better understanding of key human rights and security risks and issues relating to the Oil & Gas industry.

- Reinforce Saipem's expectations and requirements, in terms of both reputation and management aspects, with regard to human rights, especially in multicultural and challenging conditions.
- Develop a deep understanding of the local environment in which the Company operates (Operational Environment), including an understanding of all related cultural/sustainability factors, in order to ensure a holistic approach by Saipem to security.
- Become familiar with external security resources and their behaviour to help manage potential human rights and security issues.

The first operational session of the training was performed in Karimun fabrication yard in Indonesia on December 5, 2014. The programme will now be adapted and implemented in other countries that are important for Saipem's operations. It will also be included in commercial proposals for projects in sensitive areas.

Methodology and Reporting Criteria

Reporting principles

'Saipem Sustainability' was established in order to provide complete, detailed information about the matters of greatest interest to the Company's stakeholders. The following principles have been used to identify the contents of the document: materiality, stakeholder inclusiveness, sustainability context and completeness, as set out in Global Reporting Initiative (GRI) guideline version 3.1. To guarantee the quality of the information contained in the report, the principles of balance, comparability, accuracy, timeliness, clarity and reliability were followed, again as per GRI guidelines.

The report is published annually and is approved by the Board of Directors. It is distributed at the Shareholders' Meeting convened to approve the Annual Report.

Materiality analysis

In order to define the sustainability themes considered most significant, both within the Company and in relation to stakeholders, a materiality analysis was once again carried out in 2014, hence for the fourth year running. The first step entailed identifying the significant aspects which are considered in the analysis in order to pinpoint those that are material. The identification is based on the sustainability context and on the analysis of the stakeholders involved. In order to simplify analysis and comparison of results, the 34 topics identified were broken down into 5 macro categories.

Final long list of issues	Topic
Environmental sustainability	Climate change mitigation, GHG emissions, Non-GHG emissions, Energy efficiency, Water management, Water pollution, Biodiversity and impact on ecosystems, Waste generation, Spill prevention and response, Renewables.
Business management	Anti-Corruption and ethical business practises, Public policy engagement, Transparency, Corporate governance, Safe operations, Asset integrity and process safety, Ethical supply chain, Innovation and business flexibility, Technology innovation.
Employees	Global diversity and inclusion, Gender diversity, Professional/Talent development opportunities, Health, Safety, Talent attraction and retention, Training and development.
Human rights	Child labour, Forced and compulsory labour, Labour rights, Security practices.
Local communities	Local Social Licence to operate, Local Procurement, Local employment, Community Initiatives, Charity, Donations and volunteering, Emergency preparedness.

The level of internal significance was set by a panel of Saipem managers, a balanced representation of both Corporate and local functions, areas of competence and geographical presence. They identified the issues which are most important – in terms of risk and opportunities – for the long-term success of the Company.

The level of external interest was defined by interviewing and surveying a balanced mix of external stakeholders, in terms of types of organisation (9 Clients, 3 NGOs, 4 local communities representatives, 3 Business Partner, 4 Business Association, 3 Investors and 5 Government & Regulator representatives) and geographical focus (9 international, 3 European, 4 from CIS area, 4 African, 6 American, 2 Asia-Pacific area and 3 Middle East).

The materiality of topics is determined by the nexus of internal and external significance.

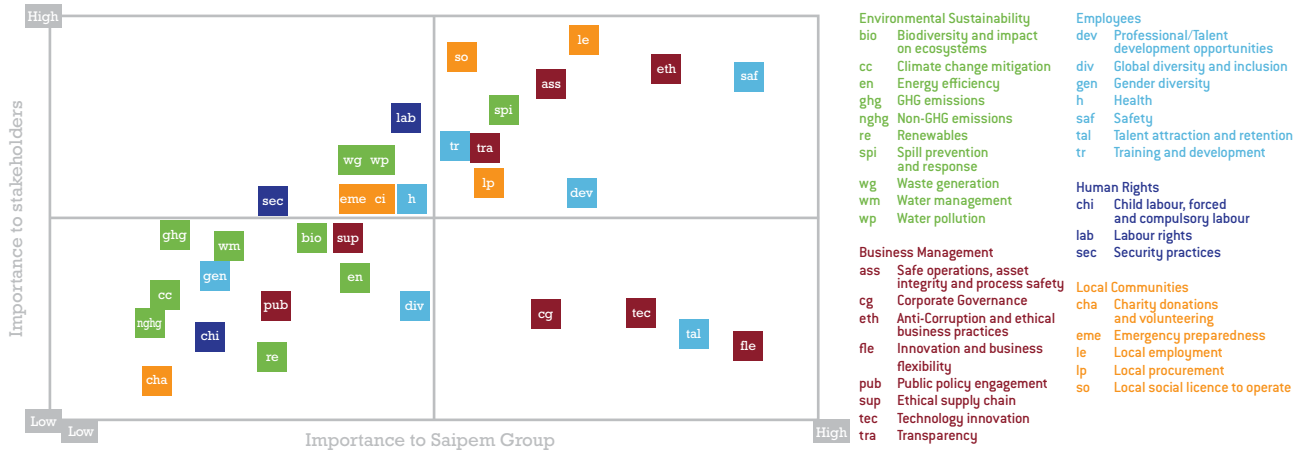
The results of this analysis were submitted to a panel of external stakeholders in order to obtain preliminary feedback before the Sustainability Report was drafted. The materiality analysis results were verified by the Sustainability Committee in February 2015.

Materiality analysis results and report content

The most significant themes form the basis of the present document and provide qualitative and quantitative information on the Company's sustainability performance. They are: (a) safety; (b) local employment; (c) local procurement; (d) local social licence to operate; (e) Anti-Corruption and ethical business practices; (f) safe operations, asset integrity and process safety; (g) spill prevention and response; (h) training and development; (i) professional/talent development opportunities; and (j) transparency.

Selection of the activities and programmes to be reported in detail in relation to themes identified as 'material' was carried out with due regard for the sustainability context in which Saipem operates. Greater weight was assigned to those issues and geographical areas in which the Company has a more significant impact. Where possible, the project performance indicators reported were contextualised with reference to detailed information on local conditions.

MATERIALITY MATRIX



The reporting boundary

In order to facilitate reader comprehension of performance trends over time, Saipem Sustainability contains information on, and a description of, the sustainability initiatives and the performance indicators of Saipem SpA and all of its subsidiaries, including any companies involved in joint ventures with it, for the period 2012-2014. Furthermore, for some material issues, Saipem discloses additional data and qualitative information beyond the organisation’s boundaries, as shown in the column ‘External boundary’ of the graph below. This is a reporting overview and should not be understood as an impact analysis.

Material issue	External boundary
Safety	Subcontractor and agency personnel
Safe operations, asset integrity and process safety	
Spill prevention and response	Subcontractors
Local employment	Vendor and agency personnel
Local procurement	Vendors
Local social licence to operate	
Anti-Corruption and ethical business practices	Vendors and subcontractors
Transparency	
Training and development	Vendors and subcontractors
Professional/talent development opportunities	

As regards financial data, in accordance with the criteria adopted for the drafting of the Annual Report, the reporting scope also includes, on a line-by-line proportional basis, the data of subsidiaries and companies managed under joint operating agreements.

For HSE data, non-operating entities and subsidiaries that do not produce significant effects are not included in the reporting scope. In some cases, HSE indicators considered to be of particular importance for the business of the Company, for subcontractors and/or for vendors working on Company projects, are encompassed.

For different kinds of data, the operational criterion is adopted, which is to say that the Saipem Group reports 100% of operations in which Saipem SpA or one of its subsidiaries exercises operational control.

Exceptions to the above criteria are expressly indicated in the text, as are any changes made to the indicator calculation methodologies, without this in any way affecting the general commitment to maintain consistency in information and data reported.

Assurance Statement

To assure the reliability of the information provided and to improve the reporting process, ‘Saipem Sustainability 2014’ is subject to limited assurance by the same external independent auditor used for the Consolidated Financial Statements and for ‘Sustainability Performance 2014’ (the Addendum included in the Saipem Group’s Annual Report).

Assurance Statement



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Independent auditors' report on the limited assurance engagement of the "Saipem Sustainability 2014" Report of Saipem Group

To the Shareholders of
Saipem S.p.A.

1. We have carried out the limited assurance engagement of the "Saipem Sustainability 2014" Report of Saipem Group (hereinafter "the Group"). The Directors of Saipem S.p.A. are responsible for the preparation of the "Saipem Sustainability 2014" Report in accordance with the reporting principles detailed in the paragraph "Methodology and Reporting Criteria", as well as for determining the Group's commitments regarding the sustainability performance and the reporting of achieved results. The Directors of Saipem S.p.A. are also responsible for the identification of stakeholders and of significant matters to report, as well as implementing and maintaining appropriate processes to manage and control internally data and disclosures indicated in the "Saipem Sustainability 2014" Report. Our responsibility is to issue this report on the basis of the work performed.
2. Our work has been conducted in accordance with the principles and guidelines established by the "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board. This standard requires the compliance with ethical principles ("Code of Ethics for Professional Accountants" issued by the International Federation of Accountants - I.F.A.C.), including professional independence, as well as planning and executing our work in order to obtain a limited assurance, rather than a reasonable assurance, that the "Saipem Sustainability 2014" Report is free from material misstatements. A limited assurance engagement of the "Saipem Sustainability 2014" Report consists in making inquiries, primarily with company's personnel responsible for the preparation of information included in the "Saipem Sustainability 2014" Report, in the analysis of the "Saipem Sustainability 2014" Report and in other procedures in order to obtain evidences considered appropriate. The procedures performed are summarized below:
 - a. comparison between the economic and financial information and data included in the "Saipem Sustainability 2014" Report with those included in the Group consolidated financial statements as of December 31, 2014 and for the year then ended, on which we issued our auditor's report on April 2, 2015, pursuant to art. 14 and 16 of Legislative Decree n. 39 dated January 27, 2010;
 - b. analysis of processes that support the generation, recording and management of the quantitative data presented in the "Saipem Sustainability 2014" Report. In particular, we have carried out the following procedures:
 - interviews and discussions with Saipem S.p.A.'s management to obtain an understanding about the information, accounting and reporting system in use for the preparation of the "Saipem Sustainability 2014" Report as well as of the internal control processes and procedures supporting the collection, aggregation, processing and transmission of data and information to the department responsible for the preparation of the "Saipem Sustainability 2014" Report;

Reconta Ernst & Young S.p.A.
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- interviews and discussions with Saipem do Brasil Serviços de Petróleo Ltda's personnel carried out in Rio de Janeiro (Brazil) and on-site verifications at operations in Guarujá (Brazil);
 - analysis, on a sample basis, of the documentation supporting the preparation of the "Saipem Sustainability 2014" Report, in order to obtain evidences of the processes in use, their adequacy and the operation of the internal control system for the correct treatment of data and information in relation to the objectives described in the "Saipem Sustainability 2014" Report;
- c. analysis, on a sample basis, of the compliance of the qualitative information included in the "Saipem Sustainability 2014" Report with the guidelines identified in paragraph 1 of this report and of their internal consistency, with particular reference to the strategy, the sustainability policies and the identification of the significant matters for any category of stakeholders;
- d. analysis of the process relating to the engagement of stakeholders, with reference to the procedures applied;
- e. obtaining of the representation letter, signed by the legal representative of Saipem S.p.A., relating to the compliance of the "Saipem Sustainability 2014" Report with the guidelines indicated in paragraph 1, as well as to the reliability and completeness of information and data presented in the "Saipem Sustainability 2014" Report.

No procedures have been performed on data and information reported in the paragraph "Measuring the socio-economic footprint generated by Saipem's Local Content strategy", within the section "Generating value through a Local Content strategy" of the "Saipem Sustainability 2014" Report.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement performed in accordance with ISAE 3000 and consequently we may not have become aware of all the significant events and circumstances which we could have identified had we performed a reasonable assurance engagement.

With respect to the data and information relating to the prior year, presented for comparative purposes, reference should be made to our auditors' report issued on April 8, 2014.

3. Based on our work, nothing has come to our attention that causes us to believe that the "Saipem Sustainability 2014" Report is not in compliance, in all material respects, with the reporting principles stated in the paragraph "Methodology and Reporting Criteria".

Milan, April 2, 2015

Reconta Ernst & Young S.p.A.

Pietro Carena
(Partner)

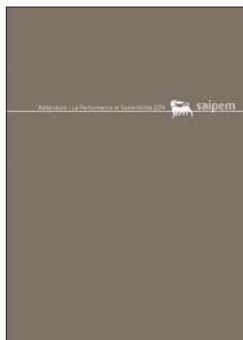
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Reports and publications:



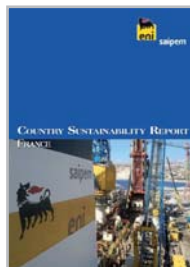
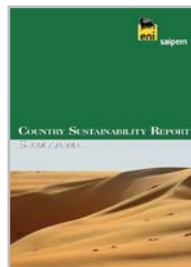
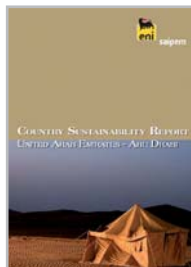
Annual Report:

details of Saipem's financial and operating performance over the year



Addendum: Sustainability Performance

details of Saipem's sustainability performance over the year



Sustainability Country Reports and Project Reports:

Documents which Saipem has published since 2003, focusing on a specific project or country, describing the activities taking place, best practices implemented and the results achieved by Saipem and its operating companies on sustainability issues.



Saipem discloses its financial and non-financial commitments and performance in both print and online media on the Company's Website

www.saipem.com

You can order Saipem's printed publications or request more information by writing to:

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saipem

saipem Società per Azioni

Share capital: €441,410,900 fully paid up

Tax identification and Milan Companies' Register

No. 00825790157

Feedback

What you think of the Saipem Sustainability 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.

You can leave your comments by sending us an email to sustainability@saipem.com.

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

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Cover picture: 'Hand Shaking with snap', by Ettore Lattuada, Nigeria.

Most of the pictures included in this report are the work of Saipem colleagues who participated in the annual in-house Sustainability Award.



