

saipem sustainability

2012 *in brief*



saipem

Message from the CEO



Saipem's business is a complex combination of activities, all of which must integrate and contribute to ensuring balanced and durable development. We

believe that sustainability is first and foremost a way of doing business. As a result, our targets are an increasing level of Local Content, maximum attention to the health and safety of our people, to environmental protection and to the development of human resources both in our Company and in those of our partners, suppliers and subcontractors. In short,

our ambition is to contribute to the social and economic growth of the countries where we operate. Country by country and project by project, 'Saipem Sustainability 2012' describes our efforts and the results achieved by the Company in this regard. Since we recognise that there is still a lot to do, our priority objectives are the integration of sustainability into the Company's business strategies, and ethics

in business as a binding condition. I consider this to be the only winning approach in both the short and long term, and I am certain that it will represent a real contribution to the success of our Company, to the satisfaction of the interests of our investors, our clients and the communities where we operate.

Umberto Vergine
Chief Executive Officer

Saipem at a glance

Saipem is a leading global contractor with a significant local presence in strategic emerging areas such as Africa, Central Asia, America, the Middle East and South East Asia.

Saipem enjoys an excellent competitive position in terms of EPIC and EPC services to the Oil&Gas industry, both onshore and offshore, with a special focus on technologically complex and difficult projects (remote areas, deep waters and projects involving difficult gas or crude supplies).

The drilling services offered by the Company stand out for the way they are provided in many of the most critical areas of the oil industry, often in synergy with onshore and offshore activities.

Saipem's ability to execute projects in critical and remote areas is ensured by efficient coordination between local and Corporate activities, guaranteed logistical support worldwide and the consolidated capacity to tackle any difficulties that arise locally.

Figures for 2012

The Company has two Business Units: Engineering & Construction and Drilling, which often operate in synergy for onshore and offshore projects. Offshore E&C activities in 2012 consisted in laying 1,435 km of pipeline and installing 122,765 tonnes of plant and equipment. Onshore E&C, on the other hand,

comprised the laying of 543 km of pipeline of varying diameter and the installation of 261,410 tonnes of plant and equipment. Offshore Drilling comprised the drilling of 109 wells, totalling approximately 193,866 metres, whereas Onshore Drilling comprised 347 wells, totalling approximately 953,022 metres.

€13,369 mln

NET SALES FROM
OPERATIONS

€2,207 mln

GROSS OPERATING PROFIT
(EBITDA)

€19,739 mln

TOTAL BACKLOG

48,455

TOTAL WORKFORCE

Sustainable business

Saipem's Business Model is based on the delivery of new, innovative and complex solutions utilising a globally integrated network of skills and assets with a view to improving business.

The continuous development of onshore fields is expected in the medium term, though offshore and drilling activities will be the most capital intensive areas. Meanwhile, technological advancements

and the depletion of reserves in onshore and shallow waters are behind the increase in drilling activities in deepwater offshore regions. Interest in offshore Oil&Gas resources in the Arctic has grown, though it is unlikely

these will contribute to global Oil&Gas supplies in the near future. With rising demand for LNG, the FLNG market shows exceptional growth levels and should become a game-changer for the Oil&Gas industry.

41%

OF SAIPEM'S TOTAL
BACKLOG IS
FROM NOC CLIENTS

New developments in offshore markets

Saipem's proven technical innovations and investments have made it possible to exploit the opportunities that have arisen in offshore markets. Some of the Company's most important recent accomplishments include the development of new and faster pipeline welding and laying procedures and of ultra-complex methodologies and assets for subsea field operations. The Company's substantial track record in the supply and lease of FPSOs is now being enhanced by the execution of an EPCIC contract featuring the first ever floating LNG regasification plant to be installed in open sea. Saipem has also developed numerous proprietary project design concepts for floating liquefied natural gas (FLNG) vessels.

Saipem's cutting-edge fleet

Scarabeo 8 and Scarabeo 9 are the latest offshore units to join Saipem's drilling fleet. They were designed to operate in water depths of up to 10,000 and 12,000 feet, respectively. Scarabeo 8 is a dual derrick semi-submersible, built to operate in cold and



over the unit in the event of an accident. At 330 m in length, the Castorone is the largest pipelay vessel in the world. It has an advanced DP3 system, triple-joint welding, an innovative stinger design to allow high productivity S-Lay, on board switch to J-Lay, from ultra-deep to shallow water flexibility and, finally, Sub-Arctic capabilities.



harsh environments, whereas Scarabeo 9 is a dual ram semi-submersible, designed for mild environments. Both are equipped with a Class 3 Dynamic Positioning (DP3) system that facilitates an increase in operating efficiency and better control



FOCUS ON FRANCE

Saipem France is an important organisational hub within the Group and plays a vital role in sustainability strategies. During commercial and bid phases, it engages with clients to identify the Local Content and community development initiatives to be implemented in execution

phase in partnership with local stakeholders. In addition, Saipem France contributes to sustainability training in the Group, supports local capacity building and provides training for young engineering graduates to improve their skills and competencies.

Saipem tops the global E&C rankings in size and quality

A September 2012 survey conducted by Transmar ranked Saipem third among the 16 largest Global E&C General Contractors. Saipem received an above-average score for nine critical factors out of twelve, including safety

organisation and project management. Furthermore, in its last issue of 2012, IHS Chemical Week declared Saipem to be the largest global E&C General Contractor in 2011 for onshore hydrocarbons and related sectors.

Sustainability as value generator

Valuing employees, leveraging their skills, promoting a Local Content strategy through employment and selection of

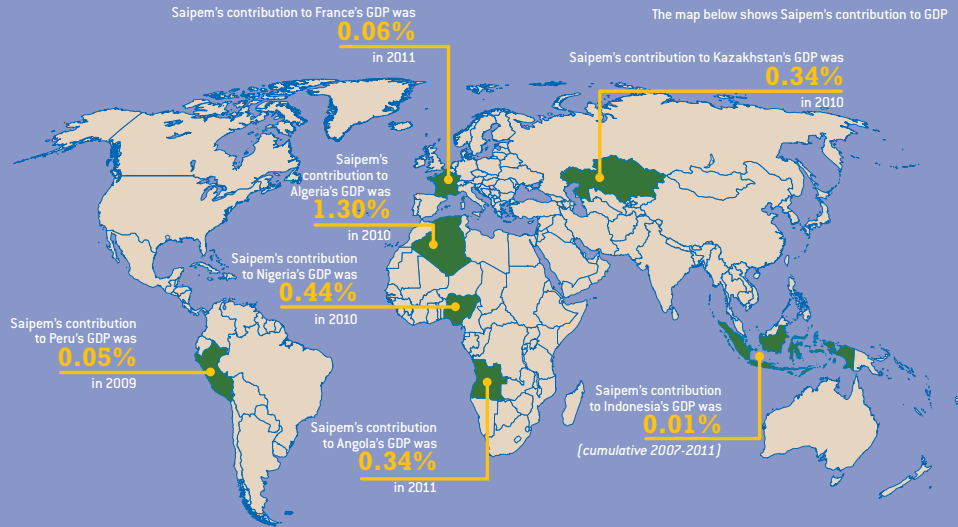
vendors and, finally, sustaining the socio-economic development of local communities: these are the cornerstones of Saipem's

operations which aim to enhance the Company's competitiveness and ensure its license to operate, while at the same

time increasing the wealth of the communities in which it operates.

Selce Model: quantifying the effects of Saipem's operations on local economies

In 2009, Saipem began to implement the Saipem Externalities Local Content Evaluation (SELCE) Model to measure the three key positive impacts of the Company's activities on local economies and societies. These are economic output (the overall financial impact generated by the payments made by Saipem and its suppliers to finance locally-sourced operating expenses and as taxes), employment (the total number of jobs created by Saipem's operations) and human capital development (overall economic value in terms of increased life-time earning expectancy linked with training). This quantification underscores once more the strong efforts of



Saipem to promote and maximise Local Content as a contribution to economic and social development and to the well-being of local populations.

Assessing the social and economic value generated in Karimun Island

To understand the economic and social impact generated by Saipem with the construction of the fabrication yard in the Karimun Regency (Indonesia) between 2007 and 2011, the scope of SELCE was broadened by integrating it with a Social Return On Investment (SROI) approach. The outcome was the Social Value Created model, which identifies Saipem's activities as inputs that generate outputs.

The latter have longer-term consequences, described as outcomes of which only a part is attributable to Saipem. The impact tree built in this sequence led to the identification of about 100 potential economic and social impacts (both negative and positive) that Saipem generated locally and nationally. These were then aggregated into 6 domains of societal progress (enterprise development, infrastructure

development, governance, community development, quality of life and ecosystem conditions). Results show that Saipem's operations had a positive impact far above the direct effects. The main contribution to social value creation was in the domain of enterprise development to the tune of 119 million USD, which consisted of business opportunities for many direct local vendors.

151 mln USD

WAS THE TOTAL SOCIAL VALUE CREATED IN KARIMUN

96 mln USD

WERE GENERATED AS IMPROVED QUALITY OF LIFE IN INDONESIA

People

People management is a key pillar of Saipem's pursuit of long-term sustainable growth. The diversity of Saipem's workforce, which consists of employees of different nationality, age and gender, gives the Company a competitive edge in today's complex environment.

Saipem reaffirms and is strengthening its commitment to promoting the development of local HR content initiatives and to supporting operating

companies in their efforts to implement them. In 2012, the main investments in this regard were programmes to develop the skills and competences of local

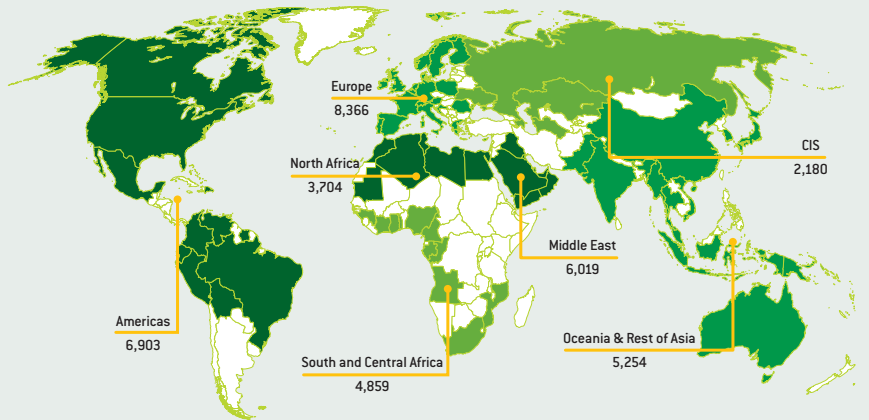
and native employees, whose level of self-reliance is enhanced as technology and know-how are gradually transferred. Programmes were specifically

targeted at young talents, as well as future local managers and technicians.

LOCAL EMPLOYEES

77% of the Company's 48,455 employees are employed locally, with the highest percentage in the Americas, the Middle East and North Africa.

Local employees as a percentage of the total workforce: ■ <60% ■ 60-70% ■ 70-80% ■ >80%



CONGO

The Saipem Pointe-Noire Port project, in conjunction with the Ministry of Professional Technical Education, has commenced a practical training programme for students from national technical schools to improve their employability after graduation. The programme, which is expected to continue in 2013, was successful, in as much as the students made significant progress and received job offers from Saipem Pointe-Noire Port Project.



FOCUS ON ANGOLA

Implementation of the Angolanisation Plan

Saipem is actively working to achieve implementation of the Angolanisation Plan. The Company has structured a Competence Development Plan [CDP], which includes a recruiting process, competence development and the identification of fast trackers. A Saipem Training Centre was set up in May 2012 in Luanda

to ensure proper integration of employees into key positions currently filled by expatriates. The syllabus includes courses on technical aspects, drilling, safety, Portuguese and English (a team of permanent English teachers in fact resides onboard Saipem offshore units). Furthermore, in order to meet the increasing challenges

of deepwater activities, the Company started a new investment scheme to create an engineering company in Luanda using mainly Angolan personnel in all key roles. The first part of the training programme covered general aspects and provided a global overview of the Company, with a special emphasis on health and safety.

The second part saw a focus on offshore materials, pipeline design, subsea structures, and subsea and umbilical control systems, as well as onshore operations including key design of structures, machines and processes, piping, control instruments and electrical systems.

Supply Chain

Saipem invests in strategic long-term collaboration geared towards maximising value for stakeholders. In the procurement process, this is expressed in the Company's focus on optimising local procurement while at the same time guaranteeing equal opportunities for all vendors.

From the moment the need arises for goods, services or materials, a standardised process is applied. This not only ensures that all stages are carried out in full observance of laws and regulations, but also that the best possible performances are obtained. An important element in the supply chain is the vendor qualification

process, through which the technical and managerial capability of a vendor can be checked and monitored objectively, as can its ethical, economic and financial trustworthiness. Saipem has inserted into all its general procurement conditions a sustainability clause according to which vendors must declare that they have received and

recognised the contents of the Company's Sustainability Policy and that they undertake to act in accordance with it. All vendors must likewise agree to mitigate whatever risks may arise from their operations and ensure that the latter do not, under any circumstances, imply unacceptable risks for people or the environment.

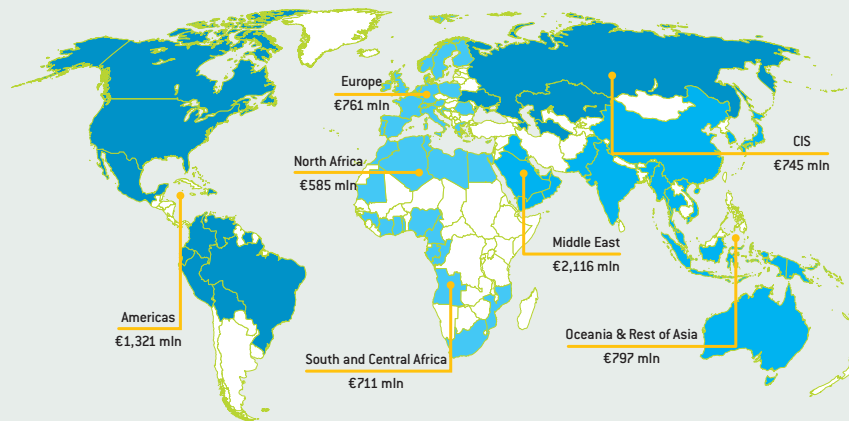
Saipem campaign for vendor social responsibility

To continue its review, launched in 2011, of social responsibility in its supply chain, Saipem has organised a new audit campaign at the premises of **19 vendors** in relation to child and forced labour, freedom of association, rights to collective bargaining, remuneration, working hours, discrimination, disciplinary practices, and health and safety. Results of the 2011 campaign were followed up and further inspections were carried out on specific vendors to verify the status and implementation of the improvement actions proposed.

LOCAL SUPPLY CHAIN

The map below shows the amount in millions of euro and the percentage of local orders by each geographic area of activity.

Percentage of local orders calculated considering the total amount ordered for operating projects: ■ <40% ■ 40-50% ■ 50-70% ■ >70%



FOCUS ON BRAZIL

Local Content development

In conjunction with its Corporate Procurement facility, Saipem do Brasil has launched a local scouting campaign to increase the number of Brazilian vendors

on its Vendor List and also to ensure an appropriate level of Local Content to its Brazilian projects. Saipem holds periodic meetings with local suppliers

to guide them in the process for qualification for their organisational, financial and technical skills, to evaluate them in accordance with Saipem's QHSE standards,

to familiarise them with the Company and its purchasing requirements and, finally, to launch collaboration which will include the transfer of know-how.

Local communities

Saipem develops local community relations using engagement strategies that are compatible with the local context and the type of business pursued, but which also create opportunities for the Company and for the communities in which it operates.

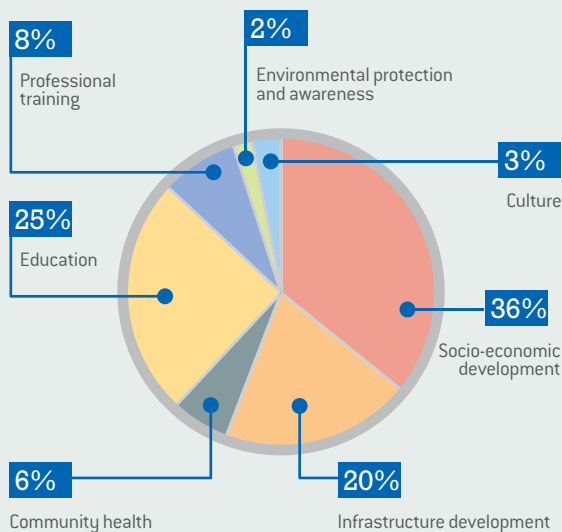
Most Saipem companies operating from a long-term perspective in a country have identified a framework system that ensures open and transparent relations with local

stakeholders. Understanding local stakeholders and analysing the local context in terms of deficiencies and opportunities for improving the socio-economic situation

is essential for defining methods of intervention that will contribute to improving the living standards of local communities. Initiatives implemented in this regard are

often managed in coordination with local institutions so as to ensure integration with existing programmes, empower local actors and explore possibilities for replication elsewhere.

PERCENTAGE OF TOTAL SPENT FOR SUSTAINABLE COMMUNITY INITIATIVES BY AREA



FOCUS ON KAZAKHSTAN

With a view to promoting human, social and economic development, Ersai Caspian Contractor LLC supports local communities through a number of activities, especially in the area of education. For the fourth year running Ersai successfully implemented its Scholarship programme for school-leavers from low-income families in Kuryk village. The scheme covers study fees for 5 years

as well as a monthly stipend for students. In recognition of the contribution made by Ersai Caspian Contractor LLC to the development of education in Mangystau Province, the Ministry awarded the company the prestigious title 'Patron in Education of 2012' in the category 'The Young Generation is the Future of the Country'.



FOCUS ON INDONESIA

A Stakeholders Perception Survey was carried out in Karimun Island as part of a study to quantify the social value created by Saipem with the construction of the fabrication yard. Respondents included local employees, vendors and subcontractors, local and national authorities,

the media, fishermen, and citizens from neighbouring communities. The results indicated that Saipem's contribution to social value creation is appreciated, particularly in the area of governance, though areas such as the environment require further improvement.



FOCUS ON COLOMBIA

The Puerto Nuevo Project's corporate responsibility strategy in Colombia has involved a series of initiatives and seminars held in areas falling under the direct

influence of the Project. Targeted at school-aged children and youths, they have focused in particular on health, environment, culture and self-entrepreneurship.



FOCUS ON VENEZUELA

The client Petroleos de Venezuela SA set up the Employment Democratization System through which inhabitants of local communities could gain temporary employment

on Petrex SA oil rigs. For its part, Petrex has devised 'Introduction to Drilling' workshops so that locals can learn to work safely and efficiently on the rigs whenever they are hired.

HSE Management System

Saipem values the safety and well-being of its employees and contractors as well as that of the communities where its projects are carried out. It considers people to be the core of

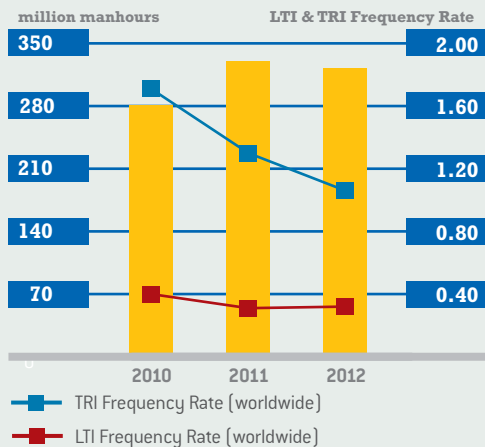
its business and protects them by means of a rigorous HSE Management System.

Health and Safety Performance

Safety performances in 2012 were in line with targets, with a significant improvement in the Total Recordable Incident Frequency Rate. Saipem's performance monitoring system includes several leading indicators designed to oversee how health and safety measures

are implemented. All leading indicators are monitored on a quarterly basis and provide useful information about areas in need of improvement. The results of HSE initiatives such as 'Leadership in Health and Safety' and the 'H-Factor' exceeded expectations.

SAFETY PERFORMANCE



HSE Training

In 2012, Saipem continued its intensive HSE training activity in various countries. In Nigeria, courses were held on onshore crane operations using a simulator. This enabled participants to perform various lifting activities and exercises without being exposed to the dangers of the yard. In Algeria, a course on Safe Working Systems, Confined Spaces and Commissioning & Pre-Commissioning Activities was held at the Saipem Contracting Algérie Ltd base. The main novelty here was the focus on strictly technical elements using coaching tools through which participants could become familiar with local culture, the setting of objectives, motivation techniques and strengths development. Finally, an HSE Officer training course was carried out at the Saipem Sharjah logistic base in UAE to train supervisors for Iraq, where there is a shortage of skilled staff. The course was designed to improve employee technical skills and provide general but comprehensive knowledge of quality, health, safety and environment themes.

1,687,258

HSE TRAINING HOURS
WERE DELIVERED

62%

OF HSE TRAINING WAS
ON SAFETY ISSUES

Leading Behaviours 2012

When the LiS programme was launched in 2007, it was not yet fully oriented towards health, as the missing 'H' from the acronym shows. Top Management subsequently founded the Company's 'Safety Vision' and LiS became LiHS in 2010. The system was reinforced with the method of the 'Five Stars' intervention and in 2011 by five 'Leading Behaviours',

the adoption and diffusion of which was entrusted to all Saipem people. Reports from around the Saipem world show that the LBs are being implemented successfully. Up to 2012, there had been approximately 23,000 attendees (multiple enrolments included) in at least one LiHS phase.



Health

Saipem is constantly involved in spreading a positive individual attitude in relation to health practices. The Company has continued its non-communicable disease prevention programme which includes a comprehensive

Cardiovascular Disease Prevention scheme. Linked to this is the 'H-Factor', which promotes a healthy food culture throughout Saipem. The Company has also developed its telemedicine initiative to provide healthcare at a

distance. This consists of the Telecardiology programme to ensure enhanced supervision of workers with known cardiovascular disorders, and, in Nigeria, Teledermatology, whereby doctors take digital pictures of the patient's skin and

forward these and other information to the specialist via e-mail. Diagnosis and the treatment recommended are then communicated back within a timeframe of 24 hours or less.

Malaria Prevention Programme

Saipem is constantly developing its management strategies to boost malaria prevention. All 51 Saipem sites located in high risk malaria areas were covered under the Malaria Control Programme in 2012. Aside from an efficient information campaign, fumigations of site facilities, as well as distribution of mosquito repellents and permethrin treated clothes, were also carried out. In Nigeria, employees were reminded of their social responsibility and the need to avoid becoming a source of malaria that could endanger themselves and their colleagues. In the Congo, Boscongo celebrated World Malaria Day on April 25 with a toolbox talk at which professionals stressed the importance of chemoprophylaxis for expatriate employees. Finally, Petromar Lda continued its mission in Angola by holding a Health-Expo in the municipality of Viana in partnership with local stakeholders. The project aimed to promote health in local communities by supporting low income families in combating malaria and other diseases.

5,355

EMPLOYEES ATTENDED
MALARIA AWARENESS
COURSES

0.08

IS THE MALARIA CASE RATE

Environment

One of Saipem's main commitments is to implement, where possible, strategies and initiatives to decrease energy consumption and/or increase the production and use of renewable energy. In this regard, the Company has continued its Environmental Awareness Campaign originally launched in 2010. This is targeted at all personnel with a view to promoting and influencing environmentally responsible behaviour. **Appropriate Energetic Assessments have been planned on**

some assets and buildings to identify critical areas and propose measures to increase energy efficiency in line with ISO 50001:2001 standard. The Ship Energy Efficiency Management Plan, now compulsory for all vessels over 400 GT, incorporates best practices for effective vessel fuel management. Saipem's ships Bar Protector and Saipem 7000 have already implemented SEEMP and four other vessels will follow in 2013. **Furthermore, with the aim of reducing navigation times and, consequently,**

fuel consumption, the Optimisation of Navigation Routes was implemented in 2012 and utilised systematically for the longest navigation transits. An average saving of 8% in navigation time is achievable, with a consequent positive impact on consumption and emissions. Finally, Saipem

Corporate launched the 'Green PC' initiative with the aim of reducing energy consumption when monitors are idle. 5,000 PCs are now using 'PowerMan' and results have shown that 374 MWh per year can be saved whereas CO₂ emissions can be reduced by 161 tonnes per year.



More on Saipem

Reports and publications:

Saipem Sustainability 2012

Description of sustainability initiatives performed over the year.



Addendum - Sustainability Performance

Details of Saipem's sustainability performance over the year.

Sustainability Country Reports and Project Reports

Documents focusing on a specific project or country, describing the activities taking place, best practices implemented and the results achieved on sustainability issues.



Online documents:

Interactive Report



App for iPad



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