



# COUNTRY SUSTAINABILITY REPORT

## PERU



## ABOUT THIS COUNTRY REPORT

*The present report is part of the Sustainability reports that Saipem began to publish in 2003, aware of the importance of informing stakeholders on the sustainability approach Saipem implements in the areas of the world where it operates.*

*The report focuses on a specific country or area and describes the principles, activities and performance achieved by Saipem and its Operating Companies toward sustainable development.*

*The report has been structured to provide easy access to key indicators and information. It is divided into two parts: the first part gives an overview of Saipem and its business around the world, while the second part focuses on the specific country. The latter part is composed of a first section describing the country, a second section describing Saipem's presence in the country and its sustainability approach, and finally a third section reporting the overall sustainability performance of Saipem, addressed to different stakeholders.*

*The report has been structured taking the GRI Guidelines as a reference, identifying those indicators most representative of Saipem presence in the country.*

*The Country Sustainability Reports, together with the annual Saipem Sustainability Report and the Project Sustainability Reports, represent the main Saipem tools for communicating its vision for Sustainability to all its stakeholders.*

*In order to define the contents of this Saipem Country Sustainability Report, reference has been made to the principles of materiality, stakeholder inclusiveness, sustainability context, and completeness. For the purpose of guaranteeing the quality of the information provided, the principles of balance, comparability, accuracy, timeliness, reliability, and clarity have been followed. As for the yearly Corporate Saipem Sustainability Report, this Report is strongly focused on stakeholders. All relevant and legitimate stakeholders in Peru have been identified and their needs analysed. This Report is intended to describe Saipem's performance and its engagement with its stakeholders in Peru.*

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

*Data is taken from the information systems used for the general management and accounting of the companies' operations or from public data made available by recognised institutions.*

*This Sustainability Report illustrates Saipem activities in Peru conducted by Petrex SA.*

*All data has been reported for 2009 and, when available, for previous financial years.*

*Information and data updated at 2009.*

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# MESSAGE FROM THE CEO



*Umberto Vergine*

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

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

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

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

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

## MISSION

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

# OVERVIEW OF SAIPEM IN PERU



petrex

## *Developing local content through our business*

Saipem is present in Peru as Petrex, working in the main oil and gas regions of the country, from the sunny northern coast to the vast Amazonian rainforest. It has the mission of providing quality services to its clients and, through this, to contribute to the local development of those regions: jobs for local residents and trade relations with local suppliers are the key elements for this contribution.

Number of Peruvian employees: **1,324**

Percentage of Peruvian employees vs. total workforce: **98%**

Percentage of local purchases: **21.4%**

# LETTER FROM THE MANAGEMENT

It is five years now since Petrex started to explicitly integrate sustainability as part of its business. During this time, we have found that implementing the Sustainability Talent Program has been a step forward towards our maturity as a company which is part of an international group like Saipem. The endeavour of implementing the sustainability tools has been a very interesting process: we recognised that many sustainability aspects were already integrated into our management style and that there were also many opportunities for improvement and increased efficiency.

The sustainability approach has provided us with a holistic perspective on what we do: we revised our circle of influence, identifying our main stakeholders, who were strongly influenced by our activities, and now we are engaging with them. We realised that compliance with standards set by local laws is not enough to continue on a sustainable path, and now we go beyond those standards where ever possible. We have also reaffirmed our belief that our most important asset is our people and their talent, thus a strong impulse has been given to their training and to the health and safety practices associated with our activities.

Bidirectional communication has become a key tool in our activities; it is the starting point of our stakeholder engagement and of our sustainable business. It allows us to transmit our values and our style of doing things; at the same time, our stakeholders have an open channel for expressing their expectations, and in this way we jointly manage our relationship and make it mutually beneficial.

In parallel, our clients have also developed their own social responsibility culture, in line with our approach. As a result, Petrex is now recognised as one of the pioneering companies of the Peruvian oil industry in terms of sustainability and social responsibility. This has become a competitive advantage for new tenders in our market, where requirements associated with sustainability strategy and performance are now more frequent. All this progress serves to encourage us to continue our effort to remain at the vanguard of our sector. We know we count with the support of Saipem, as well as the desire on the part of all our people to be a better company.

We believe that this Case Study reflects our sincere efforts to contribute in a meaningful way to Peruvian development, and that it will serve as a useful contribution to the advancement of the integration of sustainability into the culture of all Saipem companies and all companies in general.

**Luciano Furini**  
Petrex Managing Director  
Saipem Group Country Manager Peru and Venezuela

# INTRODUCTION TO SAIPEM

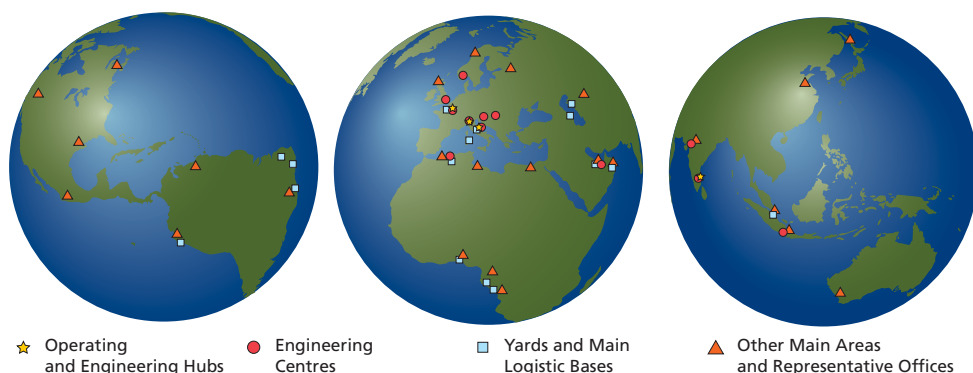
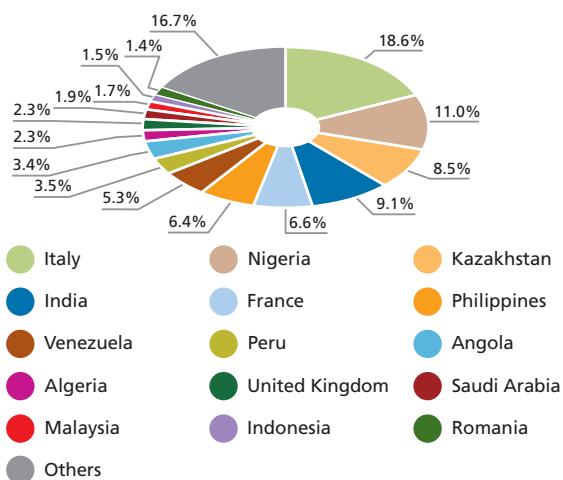
Saipem is an international group with a strong bias towards oil and gas related activities in remote areas and deepwater. The Company began operations in the 1950s and it is now a leader in the provision of engineering, procurement,

project management and construction services with distinctive capabilities in the design and the execution of large-scale offshore and onshore projects.

The organisation, since providing many different kinds of services, has been rationalised into three global Business Units: Onshore, Offshore, Drilling. It enjoys a superior competitive position for the provision of EPIC/EPC services to the oil industry both onshore and offshore; with a particular focus on the toughest and most technologically challenging projects – activities in remote areas, deepwater, difficult oil. The Group is a truly global contractor, with strong local presence in strategic and emerging areas such as West Africa, Americas, Central Asia, Middle East, North Africa and South East Asia.

Saipem is an international company employing over 38,000 people from around 115 nationalities. The major part of its human resources (85% in 2009) is locally employed.

## Saipem workforce distribution by nationality (2009)



# SAIPEM'S SUSTAINABILITY APPROACH

Saipem believes that a correct, open and cooperative relationship with all stakeholders is vital for the success of each complex project Saipem carries out, frequently in very remote and most challenging areas.

Saipem has a presence in many locations around the world, operating with a decentralised organisation in order to respond to local needs and sustainability issues. Everywhere it works, the Company plays an active role in the local communities, mainly offering employment opportunities, and personnel training; by working effectively with local suppliers and subcontractors, creating economic and

social value, and finally by contributing to infrastructures construction (e.g. access roads, construction camps with all the facilities such as hospitals, power generation, etc.).

Saipem's international workforce and breath of internationalism is another facet of sustainability: all personnel are treated with dignity, always respecting their rights, cultural values, local customs and traditions, their diversity and identity.

For each project, social, economic and environmental effects are continuously monitored, as well as the satisfaction of customer's requirements.



# SAIPEM AT A GLANCE

## OFFSHORE

Saipem's pioneering work in pipeline installation (a total of 28,000 km laid since late 1950s) is matched by its experience in installing offshore platforms, in which it has mastered both the heavy lift and the float-over techniques.

Saipem has now evolved into an integrated EPCI contractor, having completed some 120 offshore construction projects over the last ten years, including groundbreaking achievements from complex deepwater developments to major trunk line systems.

FPSO (Floating Production Storage and Offloading) units are also part of Saipem's offshore line of products, both as new-built delivered turnkey to the customer, and as tanker conversions leased to and operated for the customer, as well as marine terminals and conventional buoy moorings.

Saipem owns a strong, technologically advanced and highly-versatile fleet

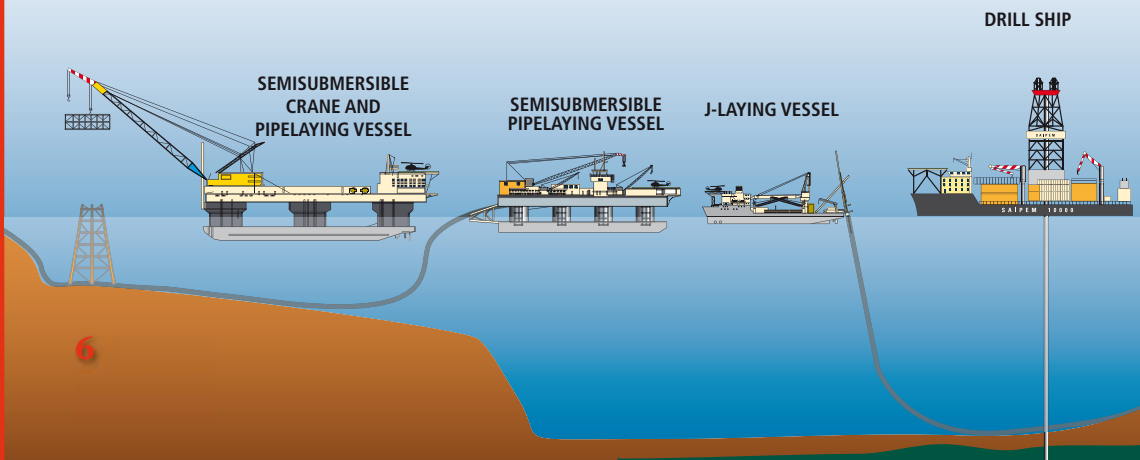
(including 28 construction vessels and FPSO), and world class engineering and project management expertise.

Saipem capabilities are also supported by significant fabrication capabilities based at the core of major oil and gas provinces (Angola, Azerbaijan, Congo, Kazakhstan, Nigeria, UAE, Mediterranean Sea and Indonesia), with a potential of fabrication of 130,000 tonnes per year.

These unique capabilities and competences, together with a long-standing presence in strategic frontier markets, represent an industrial model that is particularly well suited to EPIC (Engineering, Procurement, Installation, Construction) projects.

## DRILLING

Saipem vast experience in managing drilling activities, associated with an adequate technological and operational level, have progressively developed the Company's actual capabilities. Over many decades of performance, Saipem





has drilled over 7,100 wells, 1,750 of which have been offshore, totalling an overall depth of about 17.8 million m.

Offshore, Saipem operates both in shallow and deep water using jack-ups, semisubmersible units, a tender assisted drilling vessel and a drill ship. For Onshore, Saipem operates with around 100 rigs self-owned.

## ONSHORE

Saipem offers a complete range of services, from feasibility and front-end studies to design, engineering, procurement, and field construction, most often on an EPC contractual basis, for complex oil & gas facilities, including production, treatment, liquefaction, refining and petrochemical plants, pipelines, pumping and compression stations and terminals.

Saipem's expertise focuses on the execution of large projects with a high degree of complexity in terms of engineering, technology and

operations, with a strong bias towards challenging projects in difficult environments and remote areas.

Land pipeline design and construction has historically been one of the mainstays of Saipem business. The Company has laid a record of 100,000 km of pipelines on five continents.

Saipem Group has designed and built 37 grass-roots refineries, more than 500 process units and more than 400 plants worldwide to produce chemicals from natural gas.

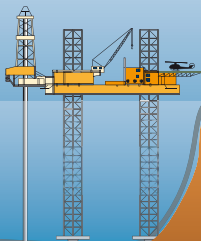
In recent years, the Company has designed and constructed more than 40 power plants and four Integrated Gasification Combined Cycle plants, two of which are the world's largest, with a power output of about 550 MW each.

Saipem plays also a significant role in the design and execution of a large-scale civil infrastructure projects and also offers integrated environmental remediation services, such as those relating to soil and ground water and contaminated sites.

SEMISUBMERSIBLE DRILLING RIG



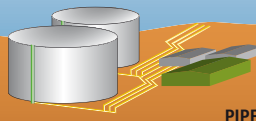
JACK-UP DRILLING RIG



DRILLING RIG



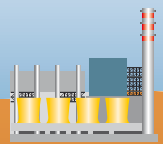
REGASIFICATION PLANT



PIPELAYING



POWER PLANT



# SAIPEM IN THE WORLD

REST OF EUROPE		2007	2008	2009
Revenues	(€ million)	954	878	860
Investments	(€ million)	14	9	11
Workforce	(units)	3,618	4,793	4,220
Local Workforce	(% of total)	85	73	81
Energy Consumption	(toe)	44,386	63,095	55,930
HSE Training	(hours)	43,991	29,444	28,602

ITALY		2007	2008	2009
Revenues	(€ million)			
Investments	(€ million)			
Workforce	(units)			
Local Workforce	(% of total)			
Energy Consumption	(toe)			
HSE Training	(hours)			

AMERICAS		2007	2008	2009
Revenues	(€ million)	745	590	598
Investments	(€ million)	188	233	45
Workforce	(units)	4,021	4,562	5,218
Local Workforce	(% of total)	71	87	79
Energy Consumption	(toe)	52,392	115,130	157,889
HSE Training	(hours)	68,401	74,357	113,346

WEST AFRICA		2007	2008	2009
Revenues	(€ million)	1,677	1,950	2,315
Investments	(€ million)	54	49	61
Workforce	(units)	5,814	6,471	8,160
Local Workforce	(% of total)	69	67	70
Energy Consumption	(toe)	52,744	56,633	63,411
HSE Training	(hours)	102,014	146,953	148,707

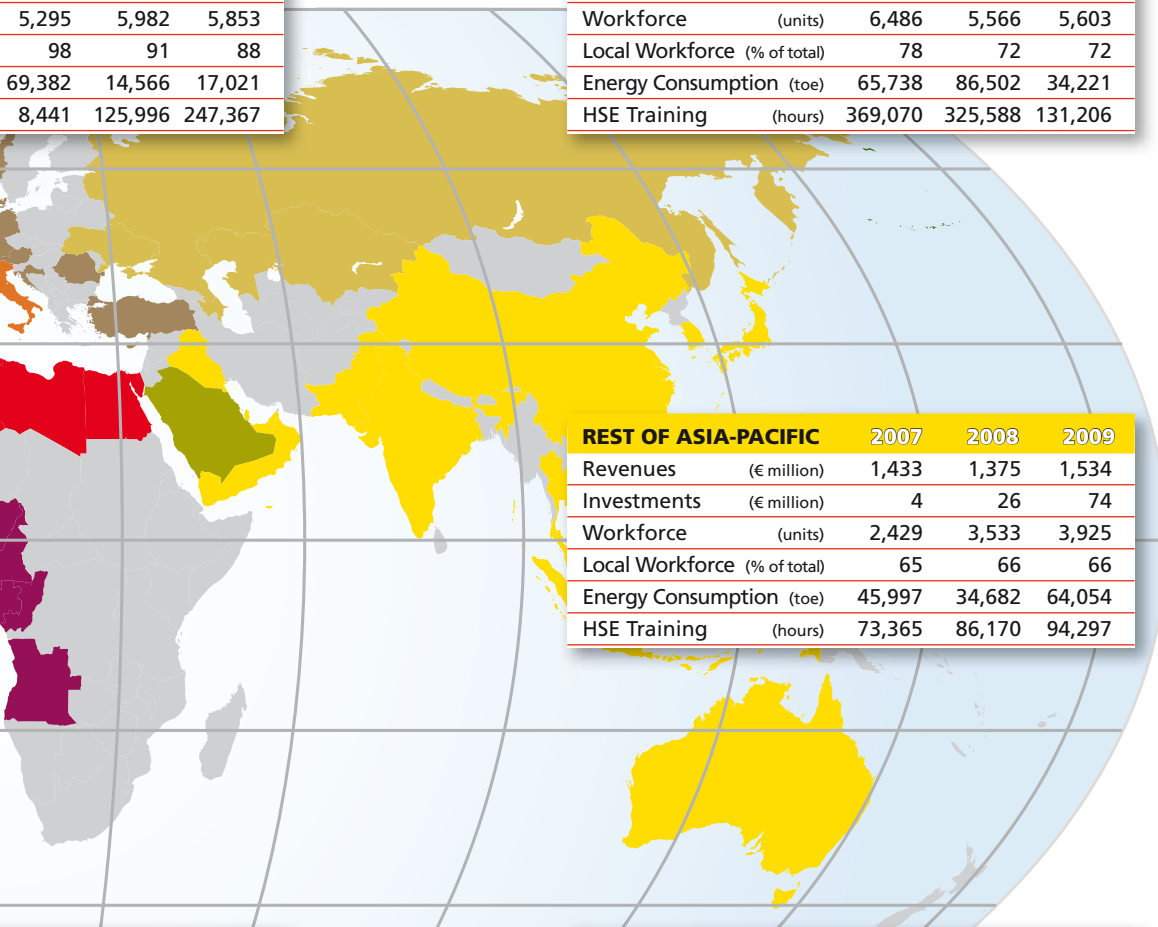
NORTH AFRICA		2007	2008	2009
Revenues	(€ million)			
Investments	(€ million)			
Workforce	(units)			
Local Workforce	(% of total)			
Energy Consumption	(toe)			
HSE Training	(hours)			

## Additional data for investments

Further investments not allocated by Areas were (in € million) 1,184 in 2007, 1,463 in 2008 and 1,211 in 2009.

2007	2008	2009
1,051	1,135	1,139
18	68	106
5,295	5,982	5,853
98	91	88
69,382	14,566	17,021
8,441	125,996	247,367

CIS		2007	2008	2009
Revenues	(€ million)	1,031	1,092	1,186
Investments	(€ million)	75	107	95
Workforce	(units)	6,486	5,566	5,603
Local Workforce	(% of total)	78	72	72
Energy Consumption	(toe)	65,738	86,502	34,221
HSE Training	(hours)	369,070	325,588	131,206



REST OF ASIA-PACIFIC		2007	2008	2009
Revenues	(€ million)	1,433	1,375	1,534
Investments	(€ million)	4	26	74
Workforce	(units)	2,429	3,533	3,925
Local Workforce	(% of total)	65	66	66
Energy Consumption	(toe)	45,997	34,682	64,054
HSE Training	(hours)	73,365	86,170	94,297

2007	2008	2009
727	1,475	1,791
42	8	4
1,690	1,783	1,749
43	55	69
33,160	35,991	32,766
36,765	47,626	45,258

SAUDI ARABIA		2007	2008	2009
Revenues	(€ million)	1,912	1,599	869
Investments	(€ million)	65	81	8
Workforce	(units)	4,937	5,300	3,324
Local Workforce	(% of total)	97	96	96
Energy Consumption	(toe)	59,322	64,439	47,402
HSE Training	(hours)	89,275	210,281	50,112



## COUNTRY OVERVIEW

*Peru is located on the Pacific coast of South America. It has a territory of 1,285,216 sq. km. and is divided into 25 regions, while the capital city is Lima.*

*A combination of geographical conditions<sup>1</sup>, such as its tropical latitude, the presence of the Andes Mountains and two ocean*

*currents (the Humboldt and El Niño) gives Peru a variety of climatic conditions, ranging from arid deserts to cold highlands and tropical rainforests.*

*According to the 2007 census, its population is 28,220,764, showing an average annual growth of 1.6% since the 1993*

*census. Lima is the most populated region, with 8,445,211 inhabitants. Peru has three main ethnic groups<sup>2</sup>: Mestizo (mixed Amerindian and white) 57.6%, Amerindian 26.9%, and white 4.8%; the other 9.1% is composed of groups including Asians and those of African descent.*

## SOCIAL OVERVIEW

Peru's geographical regions reflect their social differences. The coast concentrates 54.6% of population, mainly because Lima and other urban centres are located in this region; 32% of the population lives in the Andean region and 13.4% occupy the jungle region<sup>3</sup>. Most internal migration has occurred from the Andes to the coast, as a result of tough living conditions in the highlands and the terrorist violence of the 1980s.

Peru's official languages are Spanish and Quechua. Aymara, another native

language, is still widely spoken in the southern Andes. Also, many native communities in the Amazon rainforest preserve their dialects. Censuses have shown that language learned in early childhood is a strong determinant of social inclusion: illiteracy and lack of documentation are more frequent in persons who have grown up speaking a native language different than Spanish<sup>4</sup>.

Thus, education is a strong tool for inclusion. Access to public schools is free, although there is a growing preference for private schools.

Attendance at basic education institutions is 94.2% in children of primary school age and 74.8% in those

### Social indicators

Population	(No.)	28,220,764
Median age	(years)	25
Life expectancy <sup>(a)</sup>	(years)	71.23
Illiteracy rate	(%)	7.1
Unemployment	(%)	4.5
Population below the poverty line <sup>(b)</sup>	(%)	39.3

Sources:

All data is available at INEI Digital Library (<http://www1.inei.gov.pe/Bibliointer4.asp>), specifically from:

(a) 'Projections for Population in Peru 1995-2025', section 3.2 Projection of Mortality.

(b) 'Peru: Profile of Poverty by Department 2005-2007' (page 19).

The remaining data is from '2007 National Census - Sociodemographic Profile of Peru'.



View of Lima,  
Peru's capital city

of secondary school age. Rates of attendance tend to be lower in rural areas because children often help with the work on family-run farms<sup>5</sup>. Tertiary education only reaches 31.1% of the population<sup>6</sup>.

Peru has a labour force of 10,637,880, 95.5% of whom are currently employed, although they are not necessarily adequately employed or earning the minimum subsistence wage<sup>7</sup>.

## ECONOMIC AND ENERGY OVERVIEW

### Economic Overview

The Peruvian economy has passed through a period of sustained growth with rates above 4% since 2002<sup>8</sup> (except for 2009, 1.1%<sup>9</sup>). During 2006 and 2008 economic growth has accelerated: real Gross Domestic Product

#### Economic indicators

Gross Domestic Product (GDP) <sup>(a)</sup>	(billion \$)	Purchasing Power Parity - 253.4
GDP per capita <sup>(a)</sup>	(\$)	8,600
GDP by sector: <sup>(a)</sup>		
- agriculture	(%)	8.2
- industry	(%)	25.1
- services	(%)	54.5
Inflation rate (consumer prices) <sup>(b)</sup> (2009)	(%)	0.25
Industrial production growth rate <sup>(a)</sup>		(5.5)
Labour force <sup>(c)</sup>	(units)	10,637,880
Labour force by sector: <sup>(a)</sup>		
- agriculture	(%)	0.7
- industry	(%)	23.8
- services	(%)	75.5

Sources:

(a) CIA World Factbook ([www.cia.gov/library/publications/the-world-factbook/](http://www.cia.gov/library/publications/the-world-factbook/)).

(b) BCRP, Weekly Note Statistical Charts, Chart 49 'Price Indexes'.

(c) INEI, 2007 National Census - Sociodemographic Profile of Peru.

**Supply and consumption**

	Production	Import	Export	Consumption
Coal and Peat	78	877	-	699
Crude Oil	5,550	5,569	(1,383)	-
Petroleum Products	-	1,301	(2,598)	6,223
Gas	2,336	-	-	482
Nuclear	-	-	-	-
Hydro	1,681	-	-	-
Geothermal, Solar, etc.	7	-	-	7
Combustible Renewable and Waste	2,561	-	-	2,333
Electricity	-	-	-	2,313
Heat	-	-	-	-
<b>Total</b>	<b>12,214</b>	<b>7,747</b>	<b>(3,981)</b>	<b>12,056</b>

All values are expressed in thousand tonnes of oil equivalent (ktoe) on a net calorific value basis.

Source: IEA Energy Statistics, 2007 ([http://www.iea.org/stats/balancetable.asp?COUNTRY\\_CODE=PE](http://www.iea.org/stats/balancetable.asp?COUNTRY_CODE=PE)).

(GDP) has grown at an annual average of 8.81% (compared to 2.19% in OECD countries<sup>10</sup>). This growth is explained by the significant increase in the international prices of metals, aggressive trade liberalisation policies and a big push in the construction sector. Also economic performance is sustained by the government's free market economic policy, with its tendency to foster private investment (both Peruvian and foreign), coupled with strict control of inflation by the Central Reserve Bank.

Current challenges for the Peruvian economy include the reduction of unemployment, the improvement of labour quality (adequate employment), redistribution of wealth among the most marginalised regions and the need to boost non-traditional exports, which are less dependent on fluctuating commodity prices.

### Energy Supply and Consumption

Peru's estimated proven oil reserves were 447.38 million barrels at the end of 2007<sup>11</sup>. From 2006 to 2008, average oil production rose from 115,265 to 120,028 barrels per day. Peruvian production accelerated in 2008 in

the context of international oil price changes. In 2009 this context changed and average daily production decreased to 71,032 barrels per day<sup>12</sup>.

Peru's refining capacity is divided among seven refineries, the largest of which is La Pampilla, with a crude oil throughput capacity of 110,000 bbl/d. It has been a public company since 1996 and it is currently controlled by Repsol. Petroperu (the state oil company) operates four refineries: Talara (62,000 bbl/d); Iquitos (10,500 bbl/d); Conchan (15,500 bbl/d); and El Milagro (1,700 bbl/d). Finally, Maple Gas Corporation controls the Pucallpa refinery (3,300 bbl/d), while the Shiviyacu refinery (5,200 bbl/d) is owned by Pluspetrol Norte<sup>13</sup>.

### ENVIRONMENTAL ASPECTS

Environmental issues in Peru are mostly associated with to water use, adequate industrial waste management, the conservation of biological diversity and forest management. In response to these issues, the Ministry of the Environment was created in 2008, and charged with conserving the environment, fostering and assuring a

**Environmental indicators**

Area <sup>(a)</sup>		(km <sup>2</sup> )	1,285,216
Land use: <sup>(a)</sup>	- arable land	(%)	2.88
	- permanent crops	(%)	0.47
	- other	(%)	96.65
Electricity consumption <sup>(b)</sup>		(GWh)	29,721
CO <sub>2</sub> emissions (2007) <sup>(c)</sup>		(t/y)	109,465,653
Freshwater withdrawal <sup>(a)</sup>		(km <sup>3</sup> /y)	20.13
Freshwater withdrawal per sector: <sup>(a)</sup>	- agricultural	(%)	82
	- industrial	(%)	10
	- domestic	(%)	8

## Sources:

(a) CIA World Factbook 2009 ([www.cia.gov/library/publications/the-world-factbook/](http://www.cia.gov/library/publications/the-world-factbook/)).

(b) MINEM, National Balance of Energy 2008 (page 52).

(c) MINAM, National System of Environmental Information (SINIA [sinia.minam.gob.pe](http://sinia.minam.gob.pe)), Peru: Emission of Greenhouse Effect Gases 1994-2007.



*Peruvian  
environment  
in the Amazon  
forest*



Petrex drilling rig

sustainable, responsible, rational and ethical use of natural resources and the environment that sustains them and thereby contributing to the integrated development of present and future generations of Peruvians. The Peruvian National Service of Natural Protected Areas (which is under the control of

the Ministry of the Environment - MINAM) has established 86 protected natural areas, which together represent 14.97% of national territory (9 are located in Loreto and 2 in Piura; together they represent 5.98% of national territory)<sup>14</sup>.



Source: PNUD Peru Human Development Report 2006 (adapted map)

## The regions where Petrex works

*Petrex is mainly working in the regions of Loreto and Piura. Recently new operations have been set up in the continental shelf of Tumbes region and in the rainforest of Cusco region.*

### **Loreto**

*Loreto, located in the north-eastern side of the country, is the largest region in Peru, despite its size, Loreto has only 891,732 inhabitants; this is because its territory is covered by Amazon rainforest. The rainforest and the rivers are generous sources of natural resources such as minerals, timber, fish and several endemic species of flora and fauna. The rainforest is also an invaluable asset in terms of tourism activities. Petroleum activity in Loreto is intensive; most of the oil extraction is concentrated in this region, including Block 1AB and Block 8, which together*

*produce almost half of all Peruvian crude.*

### **Piura**

*The region of Piura is located on the northern coast of Peru. Around 1,676,315 people live here. The region has land suitable for agriculture (particularly fruit and industrial crops such as sugar cane), metallic and non-metallic mining, and an intensive tourism industry due to its beaches.*

*The petroleum industry is particularly developed in the province of Talara, which has been an oil enclave since the early fifties, thanks to the reserves of crude located beneath its plains and the continental shelf. Talara has around 129,396 inhabitants and, besides the oil industry, its coast is especially rich in marine resources.*



# SAIPEM PRESENCE IN PERU

Saipem operates in Peru principally as Petrex SA, which was acquired by the Saipem Group in 1998 (before this date, Saipem held a minority share in the company). Since 2002, the company has also operated in Venezuela, where drilling activity grew significantly in 2008 in the context of the international oil price. Since 2009 Petrex has also operated in Colombia and Ecuador.

In Peru, Petrex has three administrative offices located in Talara, Lima and Iquitos. Operations in Peru are carried out mainly in Talara (Piura), Trompeteros (Loreto) and Teniente Lopez (Loreto). New operations have been introduced: in the Tumbes region (on the northern coast) two offshore drilling rigs have been established, and in the rainforests of the Cuzco region one drilling rig has been set up at a new natural gas field.

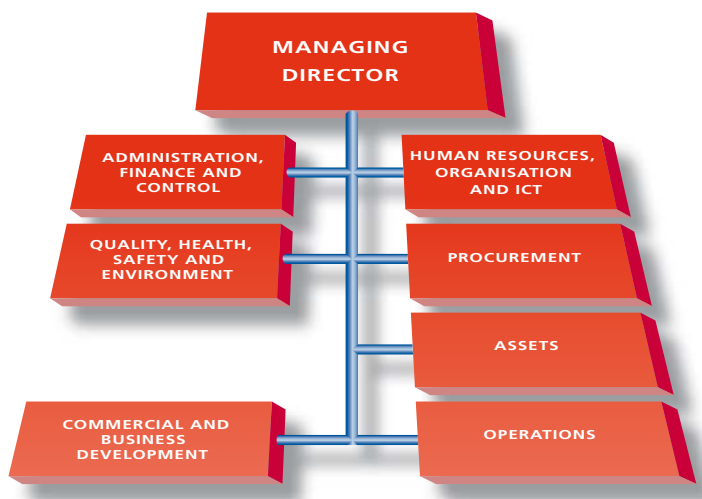
Petrex onshore and offshore operations consist of drilling, pulling and workover. Pulling and workover operations form part of the maintenance of previously existing wells.

## COMPANY ORGANISATION AND MANAGEMENT SYSTEM

The Managing Director is in charge of the business in Peru, Venezuela, Ecuador and Colombia. Under the Managing Director are seven departments which are headed by Department Managers. The Operations Department is divided into: Operations in Peru, Ecuador and Colombia, managed from Peru, and Operations in Venezuela, managed locally.

In recent years, Petrex's management structure has changed, with the creation of the Commercial Department in 2007. The Commercial Department is in charge of analysing and evaluating every possible market opportunity, establishing contact with clients, preparing and presenting commercial proposals, defining and finalising the terms of contracts.

In 2008, a new local manager was assigned to oversee Quality, Health,



Source: Directive No. 01/09, dated August 5, 2009: Company Organisation.

## MAIN PROJECTS

Name	Client	Description
Trompeteros - Block 8 Teniente Lopez - Block 1AB	Pluspetrol Norte	10 workover rigs. The joint production of both blocks represents nearly half of all Peruvian oil production (49.5% in 2008)
Talara - Block Z1	BPZ Energy	2 oil drilling rigs
Talara - Block Z2B	Petrotech	3 workover rigs
Talara - Blocks 3 & 4	Interoil	1 workover rig
Block 58	Petrobras	1 operating gas drilling rig
Block 64	Talisman	1 operating oil drilling rig
Block 67	Perenco	2 operating rigs

Source: Petrex internal database.

Safety and Environment processes, which were formerly handled by the Human Resources, Organisation and ICT Department Manager.

With regard to Sustainability issues, at the start of the process of implementation of the Sustainability Talent Program, 'Sustainability facilitators' were introduced in order

to carry out those sustainability activities related to their specific areas of expertise, relative to the activities of the different units of the company. Sustainability Facilitators are present in each of Petrex's location in Peru (Iquitos, Lima and Talara), and also in Venezuela. They are responsible for promoting Corporate Sustainability Policy and Principles within the organisation.

## Petrex's QHSE Management System

*Petrex's QHSE system was implemented based on Saipem corporate standards, guidelines and principles, international standards (ISO 9001, ISO 14001 and OHSAS 18001), local regulations and client requirements. The first step was the development of a base line diagnosis and the implementation of several plans and programs.*

*The QHSE team, supported by senior management with the participation of the operations superintendents, supervisors and all workers, is responsible for developing and monitoring the proper application of the QHSE system. In addition, every year the QHSE department prepares the 'Annual HSE*

*Plan' and the 'Annual Quality Plan', taking into consideration specific QHSE activities focused on the continual improvement carried out during the previous year.*

*During the implementation of the QHSE system, the stakeholders are provided with guidelines and standards to maintain and follow. Likewise, briefing meetings are carried out during the implementation of the system. During the entire QHSE process, support is received from all the other departments of the Company. Local authorities, through 'Safety and Health in the Workplace' regulations, encourage Peruvian companies to implement a health and*

*safety management system. Petrex took up the proposed initiative and prepared its system based on the OHSAS 18001 standard.*

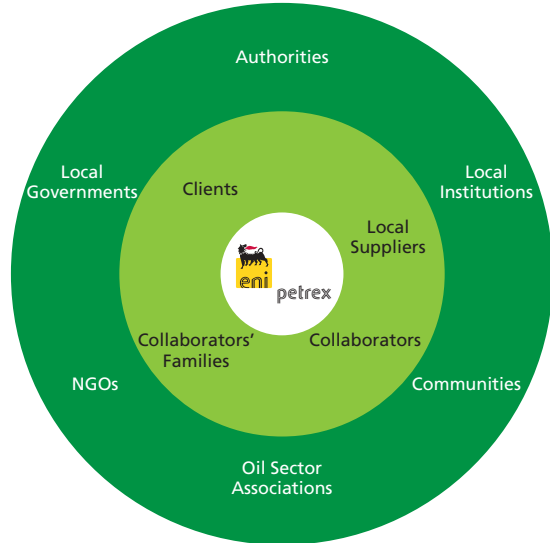
*In October 2007, Petrex achieved the ISO Standard 9001:2000 quality certification, emitted by Lloyd's Register Quality Assurance for the processes of drilling services, workover and pulling (Onshore/Offshore) carried out in Peru and Venezuela. Now, the continuous improvement of processes and of the quality system itself forms part of Petrex's approach in everyday work: adherence to standards, the review of documentation and the solution of non-conformities are a priority.*

## THE APPROACH TO SUSTAINABILITY IN PERU

Petrex has a longstanding presence in Peru, and it has built direct contact with local stakeholders, particularly local communities, with the aim of promoting local content and local community development. In 2005, Petrex formally defined its 'Sustainability Talent Program', integrated into its business management and designed to foster the local content of projects, establish a close relationship with stakeholders, train local workers and develop their skills, and protect the environment. Since 2005, the program has matured to become an important complement to the excellence of Petrex's services. For Petrex, the Sustainability Talent Program represents an effective strategic tool for facing the challenge of conducting its activities without jeopardizing satisfaction of the needs of future generations.

The personnel of Petrex have understood that the role of the company is not only to provide a service designed to meet its customers' requirements and generate revenue. Petrex is aware of its responsibility towards people within and beyond the organisation and its stakeholders. This responsibility extends to the company's employees, their families and the host communities where the company operates, with whom the company encourages constant dialogue and interaction. With regard to employees, sustainability activities are especially focused on guaranteeing their welfare in the workplace. Safety and health training, medical counselling and medical emergency response plans form part of these activities.

It is usual for fathers who work for Petrex to be absent from their home for long period, since rigs are located far from the cities where they live. In these cases, their families become a very special stakeholder in the company. In order to improve their wellbeing,



*The stakeholder map above was adapted from the model published in the 3<sup>rd</sup> Sustainability Newsletter dated Dec. 2007 (the 'Authorities' stakeholder group includes the Ministry of Energy and Mines and other sector related authorities).*

the Company carries out activities to promote entrepreneurial skills among wives and children, ensure children's education, including skills taught in entrepreneurial workshops and the use of software, and providing emergency response skills.

Finally, since companies cannot grow without the communities where they operate, Petrex is firmly committed to supporting initiatives which improve the living standards of vulnerable members of the population of host communities.

### Stakeholder Engagement

The stakeholder engagement process seeks to balance the needs and expectations of Petrex and its stakeholders, in order to achieve mutually beneficial results from these relations. The Sustainability Talent Program is a strategic tool to build and continually refine relations with stakeholders: participation, open



dialogue and transparent reporting of economic, social and environmental impacts enable Petrex to adequately plan future activities.

### Petrex Sustainability Policy

In accordance with the principles established by the Saipem Corporate Sustainability Policy and the values of the Company, in November 2009 Petrex released its Sustainability Policy. This document defines the main objectives of stakeholder engagement by Petrex, the support of the senior management and the responsibility of the Sustainability Unit to ensure compliance.

### Sustainability Newsletter

In 2007, a new tool for communicating sustainability activities was introduced: the Sustainability Newsletter as a vehicle for internal and external dialogue. This newsletter covers Sustainability Talent Program activities and other aspects related to business sustainability, in order to keep the principal stakeholders informed and to provide them with a way of formally sending Petrex their opinions (the newsletter includes a slip which the readers can fill out with their comments and suggestions).

This document is distributed on a quarterly basis to each employee, client and key local providers, as well as oil sector authorities and associations. By the end of 2009, seven sustainability newsletters had been published. The latest newsletter is available at the Petrex website.

### The Sustainability Facilitators Network

The sustainability facilitators' network is the team of Petrex collaborators who are in charge of carrying out the Sustainability Talent Program. They belong to different units and the sustainability initiatives they manage are related to the responsibilities of their position.

An annual meeting is held to review the activities of the past year and to prepare the annual sustainability plan. Facilitators from each location participate in this meeting: Talara, Iquitos, Lima and Venezuela. This is also an opportunity





*Petrex network of sustainability facilitators*



*Meeting of sustainability facilitators in 2008*

for an exchange of the different experiences encountered during the implementation of initiatives, and for analysing strengths and weaknesses and

making a general analysis of the status of sustainability in Petrex. This event allows defining a common path towards a sustainable business in all Petrex sites.

## SUSTAINABILITY PERFORMANCE

### PEOPLE

The people management objective is designed to assure that Petrex has the optimum personnel required for its operations and support processes. Thus, recruitment and selection are focused on finding those persons who comply with the requirements and skills considered in each profile and who are also aligned or may align themselves with the Company's values, principles and institutional culture.

Keeping valuable collaborators is another main objective and in order to fulfil it, in Petrex, people have an established career trajectory which allows for their professional growth and is complemented by training programs based on previously identified needs.

### Total Workforce

At the end of 2009, Petrex had 1,357 employees in Peru, of which 98% were Peruvian citizens. The local component

Workforce		2006	2007	2008	2009 (*)
Managers	Local	2	2	3	15
	International	3	4	4	7
Administrative Staff	Local	350	404	512	497
	International	1	2	24	26
Operative Staff	Local	737	727	891	812
	International	-	-	-	-
<b>Total</b>		<b>1,093</b>	<b>1,139</b>	<b>1,434</b>	<b>1,357</b>

(\*) In 2009, deputy managers, project chiefs, and base chiefs were recategorised as middle managers.

## Interview to José Fasabi, toolpusher of Workover Rig 01 in Trompeteros project

*José started at Petrex as roustabout in 1987 and progressed through various positions until he reached the one he currently occupies.*

What is your perception of the company? What do you think about Petrex?

*Petrex has been a school and a second home for me. Here I learned to love and value myself, the people around me and the team leaders I have had during my years in the company.*

*I am proud to belong to the great Petrex family because it supported me during the toughest times I lived through in the field.*

What do you consider are the company's strengths? I perceive as a strength the fact that the company trains staff to be prepared for their job. I participated to several training programs that were conducted in Iquitos, Lima and Talara. This allowed me to gain a better understanding of the operating system and to share my ideas with staff from other operations.

*Petrex dedicates attention and care not only towards its workers, but also with their families. This*

*leads to workers feeling more committed to the company and to greater efficiency.*

Can you mention what values you perceive in Petrex?

*One of the values I perceive is the commitment of the company to its collaborators. This commitment goes further, extending to other aspects. One aspect is the activities of the Sustainability Program, which considers the care and preservation of the environment and creates awareness campaigns among the wives and children of collaborators.*

From the 6<sup>th</sup>  
Sustainability Newsletter  
June 2009

is still predominant in Petrex's staff; although a significant increase of international employees in operational positions has also been registered in recent years, particularly in 2008, when the demand for Petrex services increased.

### Training

Petrex believes training is an activity that has to be planned, based on real needs and focused on acquiring knowledge and abilities which the workers can

then apply efficiently to the tasks they perform. For this reason, in 2005 Petrex created the 'Training Unit'; in order to identify and attend to the training requirements of those workers who work in the projects.

The training Petrex offers provides the workers with opportunities for their continuous development either in their actual role or in future positions. Likewise, it contributes to the change of attitude of the worker, promoting a competitive and healthy environment,

#### Petrex Training Hours - Peru <sup>(a)</sup>

	2006	2007	2008	2009
Technical professional skills <sup>(b)</sup>	878	968	3,603	1,896
Managerial behaviour and skills <sup>(c)</sup>	116	7	106	3
Other professional skills <sup>(d)</sup>	240	36	875	568
Information technology and languages <sup>(e)</sup>	n.a.	n.a.	4,859	1,973
<b>Total</b>	<b>1,234</b>	<b>1,011</b>	<b>9,443</b>	<b>4,440</b>

n.a. Not applicable in the corresponding year.

(a) Training hours exclude QHSE training, which is included in the safety section.

(b) Training focused on developing and improving skills on subjects related to the company's core business.

(c) Training focused on spreading the corporate commercial vision, creating the skills required of managers and consolidating knowledge of business.

(d) Training that enables improvements in the performance of non operative units.

(e) Training in the use and development of software and in language acquisition.

increasing motivation and making them receptive to supervising techniques.

Training is one of the most valuable strengths Petrex possesses within the structure of the organisation. Training makes it possible to lead and instruct individuals, with the aim of developing tasks as a team and in this way achieving the desired result through the active participation of everyone in solution of problems and in the suggestion of new alternatives for the achievement of objectives and goals.

Training activities enable improvements in work systems, leading to better management of the working environment, which is recognised as a key factor for all organisations which seek to get ahead and to continue to act as leaders in their respective fields.

**Internship Program for young graduates at SENATI**

The National Service for Industrial Labour Training (SENATI) is a public institution dedicated to technical education. It is present all over Peru and each of its locations specialises in preparing qualified technicians for the industrial activities of the region where they are located. Graduates of SENATI Talara usually aim to work in the oil industry, since this is the main activity of their locality, although work experience



Petrex workers during daily meetings

has become a common requirement of oil companies when hiring new personnel.

Thus, in order to promote the employability of SENATI graduates, Petrex provides its top students with a three month internship in Talara's maintenance facilities. Since the program began in 2007, most interns have been subsequently hired by the company. At the end of the program all participants have found jobs suitable for their skills.

In 2009 nine new interns joined this program. They are graduates from three different fields: metallic constructions, maintenance mechanics and auto mechanics.

**Testimonies about the Internship Program**

**Ms. Antonieta Serrano**, industrial relations coordinator, says: *'The decision of Petrex to offer professional training to students graduating from SENATI fills a major gap in the development of the town... (The internships) give young technicians the opportunity to reinforce the knowledge they have acquired and to increase their chances of finding a job in order to improve the quality of their own life and that of their families'.*

**Pedro Valdez**, from the SENATI School, is an operator on pulling rig 314 and here he tells us about his experience as an intern and how this enabled him to join Petrex: *'Since I joined I have learned a lot. I found the tools to develop myself, other workers always taught me and helped me to improve. I thanked them and exerted myself, until Mr. Vincenzo Roppo (external maintenance adviser) gave me the opportunity to go to the field, first with*

*several people, then all by myself. I also think that my preparation at SENATI helped me a lot because, although in theory I had the knowledge, then I started to implement it in the workplace. When the end of my internship was approaching, I was concerned and then Mr. Roppo told me he wanted me to continue working on the rigs'.*

From the 5<sup>th</sup> Sustainability Newsletter - February 2009



Graduate of SENATI during the Internship in Petrex

### Safety

Petrex bases its safety system on Saipem internal standards, the OHSAS 18001, local regulations and client requirements. In order to guarantee compliance, Petrex developed and implemented programs and activities standards for accident prevention on operational sites.

The Petrex safety performance system measures not only reactive indicators but also how proactive operational sites are in terms of the implementation of safety standards.

Under the Petrex accident management system all incidents are reported and investigated in order to identify the root causes and implement corrective actions designed to prevent re-occurrence. From 2007 to 2009 there were no fatal accidents.

The proactive indicators are SHOC Cards, Tool Box Talks, HSE Meetings, Job Safety Analysis, HSE Inspections and HSE Training man hours.

#### The STOP program - SHOC Cards

In addition, as part of its activities Petrex has developed the STOP Program - Safety Training Observation Program. This program aims to prevent injuries and lost time through preventive observation. During STOP training, participants acquire skills to enable them to recognise and eliminate unsafe acts and unsafe conditions, the main causes of injuries at work. Also, this program aims to encourage supervisors to reinforce safe actions and correct the unsafe actions of collaborators, conducting 'STOP Audits' and talking with people to change their attitudes towards safety.

### Safety performance

	2006	2007	2008	2009
Worked man hours	2,469,567	2,898,081	3,580,053	3,377,387
LTI Frequency Rate	1.62	1.04	0.56	0.89
TRI Frequency Rate	7.29	7.94	5.87	7.70

The table shows the evolution of reactive indicators. Although during the period 2006-2008 period, the trend for Lost Time Injury Frequency Rate (LTIFR) and the Total Recordable Incidents Frequency Rate (TRIFR) was downward, during 2009 both indicators increased to values near those of 2007.



Aware of the importance of safety in activities and as a reinforcement to STOP program, Petrex has created a scheme for the recognition of the Best STOP Card, which every month seeks to recognise those personnel who have contributed, through their observations and the proper implementation of STOP techniques, to the correcting of unsafe conditions and actions with a high potential for causing injuries.

**Job Safety Analysis**

The implementation of a hazard map at rigs, with complete hazard identification and a risk assessment process related to drilling and work over activities led to a significant improvement in terms of Job Safety Analysis carried out by operational teams.

**HSE Training**

The importance of Health, Safety and Environment at Petrex is reflected in the training hours dedicated to these topics. The annual HSE training program is an important proactive tool and every year it sets more ambitious goals in order to strengthen the HSE skills of Petrex employees, so that they will always be aware of their own wellbeing and the wellbeing of others.

The initiatives developed by Petrex are:

- Implementation of HSE Training

passport as a tool to control the training performed.

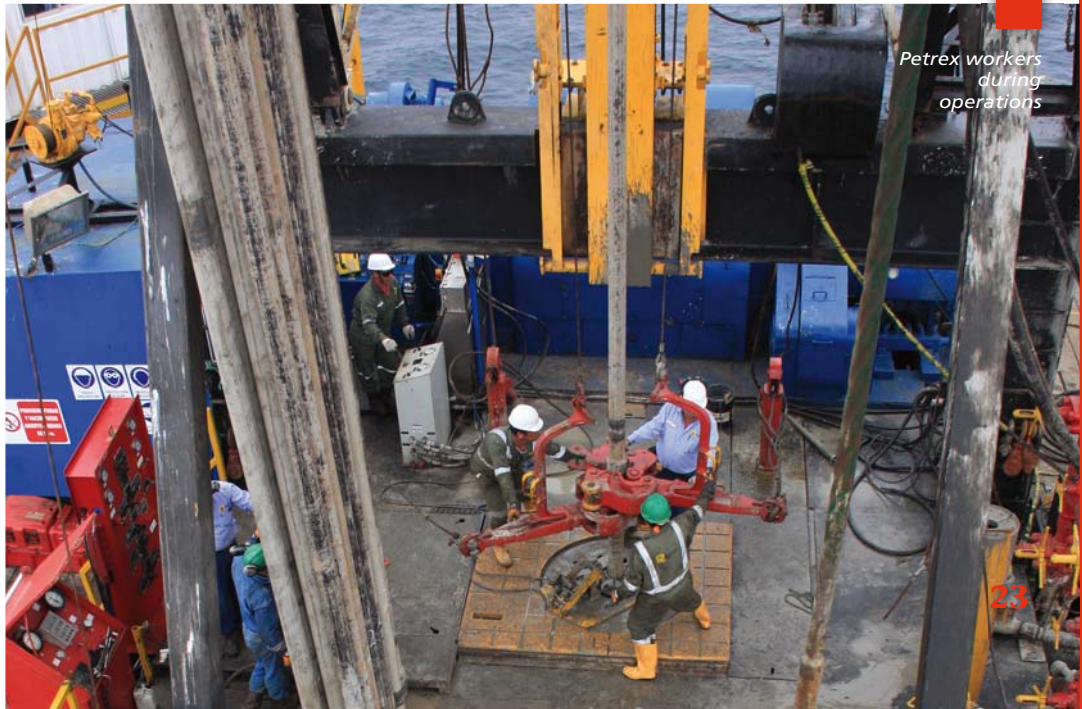
- Certification of key HSE personnel as OHSAS 18001 Lead Auditors, enabling them to perform audits oriented towards compliance with that standard.
- HSE induction program for all personal details on all Company systems. Videos are used during training hours.

**Tool Box Talks**

Tool Box Talks are brief (10-15 minutes) meetings focused on particular safety issues and conducted prior to work commencing by a supervisor whose responsibility is to assure that the appropriate information is given to promote awareness and understanding of all the potential hazards which may affect the safe and efficient completion of the job.

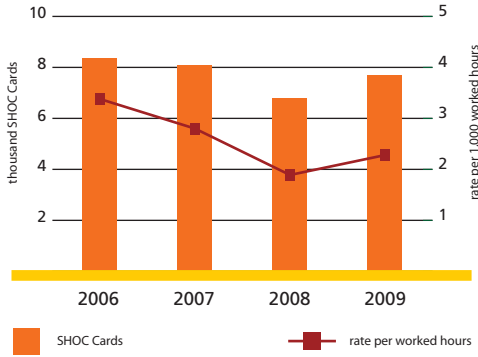
**HSE Inspections**

A planned, methodical, recorded and exhaustive activity performed by supervisory or 'HSE' personnel, consisting in the verification by examination, interview or functional tests of the measures put in place. Through this preventive tool unsafe conditions are detected and appropriate measures to correct them are planned and executed in accordance with the magnitude of the hazards involved.



*Petrex workers during operations*

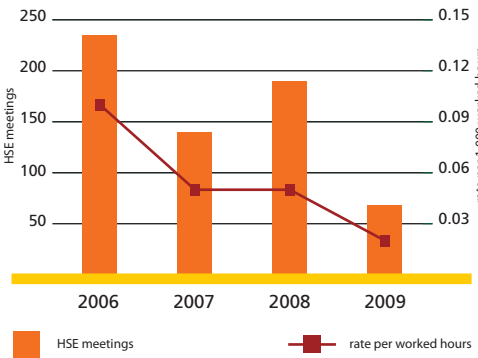
### SHOC Cards



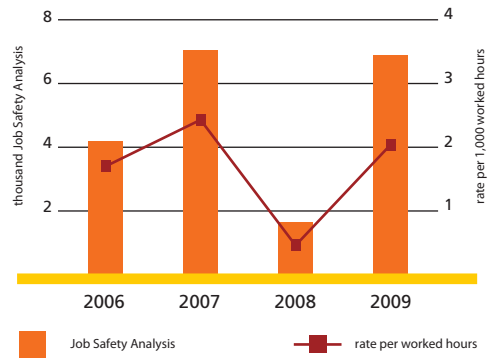
### Tool Box Talks



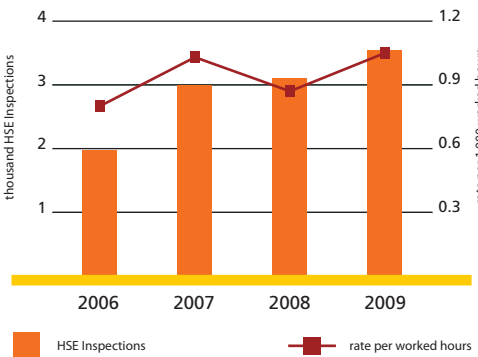
### HSE Meetings



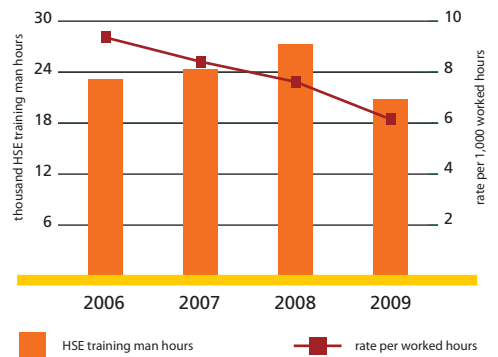
### Job Safety Analysis



### HSE Inspections



### HSE Training Man Hours



**Leadership in Safety (LiS)**

The Leadership in Safety Program (LiS) is a great organisational initiative and an original program unique to Saipem which is aimed at all the company's personnel throughout the world and led directly by the Saipem CEO.

- The aims of the LiS program are to:
- raise the quantity and quality of Safety Leadership at Petrex;
  - provide a highly interactive and enjoyable training experience;
  - disseminate the Saipem Safety Vision;
  - focus on values, emotional commitment and courage for safety.

The LiS Program is divided into three phases:

- Phase 1: LiS Workshops for Management and Supervision Staff. This phase aims to produce and consolidate a great change in the safety culture of the company.
- Phase 2: Managers present the workforce with a high influential speech as evidence of their commitment to safety. Phase 2 will provide an opportunity for senior leaders to bring leadership in safety to every employee by designing high

impact/influential events. This also promotes the organisation's priorities and intentions regarding safety throughout the entire workforce, disseminating the Saipem Safety Vision and sustaining the LiS focus beyond the workshop, while also building interest within the workforce and preparing them for Phase 3.

- Phase 3: Delivery of The Five Stars Intervention training tool throughout the organisation. The Five Stars intervention tool is implemented in order to provide a simple structured way to intervene in the case of unsafe acts and reinforce safe behaviour by standardising intervention within Petrex. Following the implementation of Phase 2, Phase 3 sustains the LiS focus among all employees, and involves practically everyone with the LiS process.

The LiS Course provides participants with a clear understanding of the importance of safety for the organisation and their own lives. In this way, every one of them is able to identify their responsibility and is provided with a real opportunity to contribute in an efficient way with their



*Petrex Managing Director during the LiS workshop*

knowledge, experience and personal motivation.

In 2009, nine instructors (HSE personnel) from Venezuela, Ecuador, Colombia, Peru and Brazil were trained; they gained an understanding of the LiS focus and learned about the LiS tools.

The next activity involved the task of taking the program to the supervision line through workshops lasting one and a half days. These workshops served as a means of promoting and strengthening awareness of safety, motivating the participants to become Safety Leaders and creating a deeply-rooted culture in which safety must be placed first.

By the end of 2009, 10 LiS workshops had been completed in Peru, with the participation of 146 collaborators who had been transformed into new champions of safety.

Continuing with the second phase of the LiS, in December 2009 a highly influential speech was delivered as part of the LiS Program dissemination. This session was led by the Managing Director of Petrex, Mr. Luciano Furini.

Mr. Furini addressed the 239 attendees, saying that Petrex is committed to providing a safe and healthy working environment for its

people. To that end, he exhorted them to complete their tasks safely and avoid injuries.

'The causes of the accidents we've had, he said, are related to unsafe acts, which probably were observed and deemed to be dangerous; but nobody had the courage to intervene'. He encouraged those present to intervene in unsafe actions, and to remember that their priority should be their own well-being and that of their colleagues.

Hempler Hernandez (Operations Manager), Adolfo Rimac (Deputy Operations Manager of Talara) and Marilu Malvaceda (QHSE Manager) also participated in this important moment dedicated to strengthening the culture of safety.

### **Safety Recognition**

Respect and care for the lives and health of individuals is expressed in the actions of every Petrex worker and in the habit of always working while bearing in mind personal safety and the safety of co-workers. The development of these habits helps to consolidate the culture of safety, which is one of the objectives of the company's Safety Unit.

Acceptance of the culture of safety can be seen reflected in several aspects: measuring safety indicators, correcting unsafe actions or the analysis of safe

## **Recognition from Mapfre**

*Since 2000, Mapfre Peru, the insurance company which is a subsidiary of Mapfre Spain, has recognised the safety activity of the companies to which it provides insurance policies. Petrex was the winner of this prize in 2008.*

*The prize is awarded after a competition in which the*

*participating companies present a summary of their safety performance: established policies and practices, their prevention plan, objectives and goals and their performance indicators.*

*Mapfre Peru evaluates the documents presented, while bearing in mind the OHSAS 18001 regulations, the safety standards adopted by the*

*participants and the effectiveness of their prevention plan.*

*Petrex also won this award in 2003 and 2004, thanks to an important development in the company's work risk prevention system, the minimising of exposure to losses and a reduction in the frequency of accidents in the workplace and occupational illness.*



Fire fighting training

practices. For this reason, Petrex has designed a new procedure to reward those rigs and workers who make a special effort to improve safety in the workplace. The categories for the award are as follows:

- Drilling, workover and pulling rigs, which are assessed while bearing in mind three indicators: the Total Recordable Incident Frequency Rate (TRIFR), Non-Productive Time (NPT) and the number of times that the 'List of Weekly Inspection' of the Drops Prevention Program is filled out.
- Operational bases, where the Total Recordable Incident Frequency Rate (TRIFR) is evaluated, together with the number of times the inspection record is presented and the level of compliance with the 'Maintenance Workshop and Warehouse Inspection List'.
- The best STOP card of the month presented by a worker from each rig or operational base.
- Accumulation of accident-free days by the rigs (365, 700, 1,200 and 2,000 days).
- Safety slogans related to the safety campaigns scheduled for each year.



Life support training

## Health

Since 2007, at Petrex there has been a special focus on training as a key preventive health tool. Thus, specific training for health staff (doctors and nurses) was programmed. Also, training aimed at all personnel, particularly those working on the rigs, was included. Specific training was also carried out for the prevention of Sexually Transmitted Diseases (STD), as well as First Aid Techniques.

Advances in preventive measures other than training have also been introduced. The extent of the Preventive Occupational Health Program (medical check-ups) has increased and now includes almost the entire workforce. In addition, immunization campaigns, sanitary control at rigs and Medical Evacuation (Medevac) drills have been carried out as planned.

### Prevention of cardiovascular diseases

Cardiovascular diseases and their complications are the main cause of death

#### Health data

	2006	2007	2008	2009
Preventive Occupational Health Program <sup>(a)</sup> (%)	88.2	90.2	97.6	96.5
Immunizations <sup>(b)</sup> (%)	100	100	100	100
Control of sanitary aspects at rigs <sup>(c)</sup> (%)	100	100	100	100
Develop the rig evacuation plan <sup>(d)</sup> (%)	100	100	100	100
Health staff training <sup>(e)</sup> (%)	n.a.	33.3	62	97.2
Personnel training - STDs <sup>(f)</sup> (%)	n.a.	84.6	74.3	63
Personnel training - First Aid <sup>(g)</sup> (%)	n.a.	39	15	37

(a) This indicator assesses the compliance of periodical medical examinations for all Petrex personnel. Medical examinations enable workers to be in optimal fitness for work and, should any health issues be detected, they can be addressed immediately and receive adequate treatment.

(b) This indicator assesses the fulfilment of vaccination requirements for Petrex personnel exposed to infectious diseases. Vaccination is a standard measure of preventive health.

(c) The hygiene of campsite facilities is a key preventive measure contributing to prevent diseases and impacts to the environment as well. The indicator shows the coverage of the control activities on sites.

(d) The indicator measures compliance with medical evacuation procedures. These activities enable medical personnel to be prepared to face a real medical emergency.

(e) Petrex's medical personnel are trained in Pre Hospital Trauma Support (PHTLS) and Advanced Trauma Life Support (ATLS) in order to provide adequate treatment. The courses are valid for 4 years, and after this period a recertification is needed. The percentage indicates the medical personnel trained.

(f) This indicator addresses the percentage of personnel trained in the prevention of sexually transmitted diseases (STDs) and of HIV-AIDS.

(g) The indicator shows the percentage of personnel who have completed the first aid course.

in today's world. According to information from the Saipem Medical Department, cardiovascular pathologies cause 25% of repatriations from the work place and constitute one of the main causes of absenteeism for medical reasons.

The Petrex Occupational Health Unit is highly involved in the prevention of these diseases and the factors that can generate them.

The actions being taken are:

1. Promotion of a healthy lifestyle for all workers through an information campaign at all levels:

- Training of all personnel.
- Placing of informative material at all rigs (posters, brochures, etc.).
- Sending relevant information by electronic mail (sent directly by the Deputy Manager of Occupational Health).

2. Promotion of initiatives within the Health Unit which lead to the prevention of the factors which cause cardiovascular diseases.

- Control of blood pressure among workers on rigs.
- Dietary control.

Other initiatives include: celebration of World Heart Day, healthy eating and the promotion of activities which stimulate physical exercise.

## Industrial Relations

After their complete disappearance during the nineties, trade unions emerged again during the last four years, although only 3.3% of Peruvian companies have trade unions<sup>15</sup>. Now these organisations provide better advice and better services for their affiliates and for the organisations themselves. Globalization has allowed them to maintain contact international federations, share with them their experiences and receive better training for their representatives.

Petrex recognises three trade unions which represent most of their workers

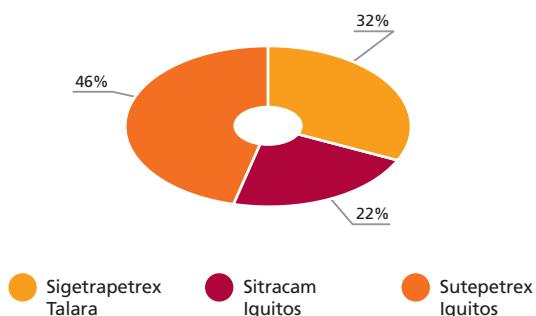
in Talara and in Iquitos (rainforest operations). These groups work actively to provide benefits for their affiliates while maintaining a relationship with the Company through direct dialogue for the management of collective agreements in accordance with Peruvian legislation.

The three Petrex trade unions in Peru are:

- Sindicato General de Trabajadores de la Empresa Petrex SA (Sigetrapetrex), founded in Talara on September 21, 2003.
- Sindicato de Trabajadores Campo Petrex y Afines (Sitracam), founded in Iquitos on March 2, 2005.
- Sindicato Unitario de Trabajadores de la Empresa Petrex (Sutepetrex), founded in Iquitos on March 3, 2007.

Collective agreements have been reached amicably with the three trade unions. In general, dialogue has been maintained throughout the process of establishing collective agreements. In 2009, by common agreement with trade unions the collective bargaining sessions were suspended for four months, due to the context of economic uncertainty. After these months, despite of the world economic crisis, the bargaining was closed with benefits for employees.

**Distribution of Affiliates among Trade Unions in Petrex (December 2009)**



Percentages are calculated based on the total number of affiliated workers (370 persons)



Meeting of the workforce

## ENVIRONMENT

In its operations, Petrex follows the recommendations established by the client as well as its own procedures regarding environmental aspects. All potential environmental impacts are evaluated.

The Petrex environmental management system is conducted in conformity with

the 'Environmental Management Plan' prepared by the client and submitted to local authorities.

The main requirements are to reduce disturbance in the surrounding communities as well as to local flora and fauna.

Petrex adopts actions to eliminate or to reduce environmental damage,

## Reducing water consumption

In order to reinforce awareness among Petrex's workers regarding the importance of the adequate

The campaign poster to promote the responsible use of water in Petrex activities

use of this resource, Petrex started a campaign named 'Let our job protect what gives us life' which focuses on guiding the personnel to produce their own practices to reduce water consumption at rigs, particularly drinking water. At the end of the

campaign, each rig presented a plan to achieve the goal of 180 litres daily per inhabitant.

Participants in the workshop focused on the reduction of water consumption





with the aim of recovering original conditions.

In accordance with its Environmental Policy, Petrex has been working in the following key aspects, which demonstrate its support for the prevention of pollution and environmental conservation principles:

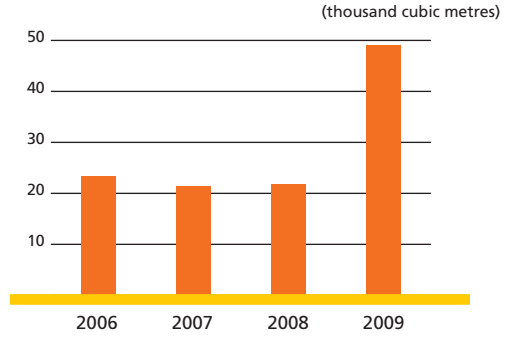
- reducing environmental impact through an effective use of materials, energy and natural resources;
- proper waste classification and disposal in facilities as defined by the client or local authorities;
- sewage control through periodic laboratory analysis of samples collected at discharge points;
- keeping areas clear and practicing good housekeeping to prevent contamination with lubricating oil, chemicals or mud;
- periodic rig inspections performed by the tool pusher and the crew and the implementation of remedial actions for identified non-conformances;
- oil/chemical spill response plan put in practice through periodic drills.

**Environmental training**

Petrex's employees improve their environmental skills through the tool box talks and short environmental courses held on the rigs. These field courses employ materials such as videos and posters.

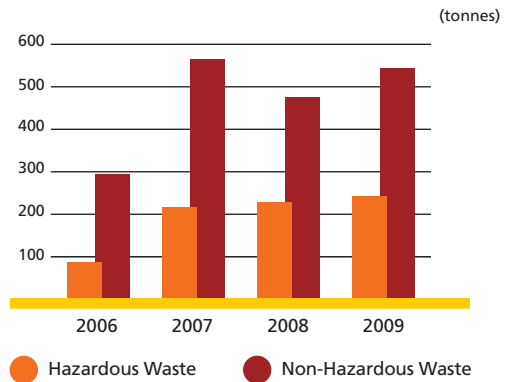
In addition, a mandatory environmental course for new and current employees is carried out in the offices. The course covers six modules: 1) Environmental management system, 2) Waste management, 3) Waste minimisation,

**Water Consumption**



In 2009, as an improvement in water consumption monitoring, administrative bases (Lima, Talara and Iquitos) have also been included. This improvement is reflected in the increase of water consumption reported.

**Waste Generation**



In 2009, the maintenance workshops conducted cleanup campaigns in order to dispose of inoperative equipment and tools. Most of these residues were unused metal structures, which were added to the waste generation as scrap iron and explain the 34% increase of non-hazardous waste reported that year.



Petrex operation site in the Amazonian forest

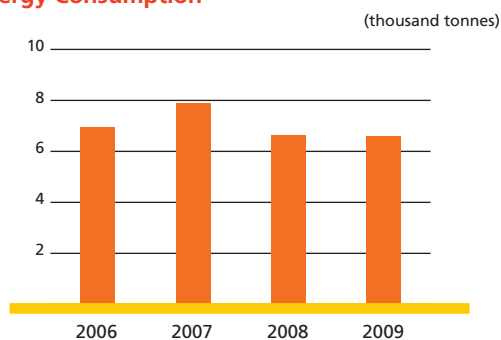
## Minimising waste generation

*Petrex operations are committed to reducing the waste they generate. To this end, a number of practices have been established, such as the classification and segregation of residues at source, according to pre-established colour codes.*

*Waste classification area in Talara*



## Energy Consumption



The graph shows the amount of diesel consumption required to carry out Petrex operations.

- 4) Effective use of water and energy resources, 5) Emergency plan for oil and chemical spills and 6) Environmental incidents report. This is actually a workshop, where the participants share the initiatives and new measures implemented in the field.

### Preventive environmental activities Preventing spills

As part of the company's commitment to prevent pollution, protection measures have been implemented in the areas where there is the greatest risk of spills, due to the workover and pulling activities involved. These measures

include the use of geomembranes, plastic and contention systems which prevent soil and water pollution.

### Laboratory analysis

Waste water from camps passes through treatment plants to reduce the level of contamination. This process prevents water contamination and complies with the parameters set by regulations controlling effluent. Each month, the HSE officer monitors the performance of treatment plants; this practice provides enough information to predict whether or not effluents may cause a significant impact on the environment. If significant impacts are detected, remedial actions are promptly implemented.

### Protection of Biodiversity

In Talara, the area surrounding the rigs is characterised by dry forest with low trees and shrubs where the most representative species are carob, sapote, and cacti. To promote the protection and conservation of biodiversity, Petrex's workers planted two cacti species per each onshore workover rig before they left the operating location.

These species belongs to the cactus family, which are plants that need little water for growth. They have very efficient when it comes to absorbing CO<sub>2</sub>, especially at night, thereby



Cacti plantation

avoiding evapotranspiration during the day.

A total of 65 cacti species were planted during 2009. The initiative was supported by the client.

## CUSTOMERS

The Peruvian hydrocarbons sector has shown sustained growth during 2006 and 2007, but it was in 2008, with the peak in the price of oil, that demand for Petrex's drilling services increased significantly. The fall in the price of oil since the end of 2008 has slowed down drilling activities in Peru. According to statistics produced by the Ministry of Energy and Mines, by December 2009 only 60% of the new exploratory wells planned for 2009 had been drilled<sup>16</sup>.

Petrex business growth was very strong in its Venezuela branch and new operations were also demanded in Peru. By the end of 2009, Petrex had 7 drilling rigs and 19 work-over rigs in Peru, servicing BPZ Energy, Interoil, Perenco, Petrobras, Pluspetrol, Petro-Tech and Talisman. It was also a year for international expansion: Petrex started new projects in Ecuador and Colombia, which are managed from the Peru office.

Petrex's main competitive advantage in the Peruvian market is related to its technical capacity and its rigs. These characteristics, plus the talent and professionalism of its collaborators and the adequacy of its tools, enable Petrex to satisfy the requirements of its clients.

Another key factor for good service is the ability to solve problems in a timely and appropriate manner. Due to its decentralised bases, located in strategic cities within the context of the Peruvian oil industry, Petrex is able to provide quick and adequate solutions to any event or occurrence which may affect its operations.

The Quality, Health, Safety and Environment management system has also been recognised by clients as an element for providing better and safer services. On this topic, an important milestone was the ISO 9001:2000 certification obtained in October 2007. The creation of the Commercial Department in 2007 strengthened the company's market position. This Department evaluates market opportunities, establishes contact with clients, presents commercial proposals, defines contractual terms and looks after the relationship with customers throughout the entire lifespan of a contract.



Offshore operations

Acquiring contracts with the main operators in the country has meant the consolidation of Petrex's leadership in Peru which is guaranteed for subsequent next years, given the medium and long term perspective of current projects. Furthermore, the confidence all its customers have in Petrex has been reinforced by the results for 2008, thereby guaranteeing Petrex's high visibility for all future customers interested in operating in the country.

In addition, the Sustainability Talent Program has provided Petrex with a competitive advantage in Peru and South America as a whole. Clients recognise Petrex's maturity with regard to this issue and see Petrex as a socially responsible company. This characteristic leads to the awarding of new contracts, when social responsibility aspects are considered in the tenders.

### Gonzalo Bravo Block 8 Superintendent from Pluspetrol Norte

*'I have received the sustainability newsletter; when I finished reading it, there was nothing more to do but congratulate Petrex*

*for the targets set through the Sustainability Talent Program, which seeks to satisfy the social, economic and environmental*

*triangle of its business management.'*

*(communication received in September 2007)*

#### Location in Peru

Rigs	Drilling	Workover
Talara (BPZ, Interoil, Petrotech, Petrobras)	3	9
Trompeteros (Pluspetrol)	-	4
Teniente Lopez (Pluspetrol)	-	6
Block 64 (Talisman)	1	-
Block 67 (Perenco)	2	-
Block 58 (Petrobras)	1	-

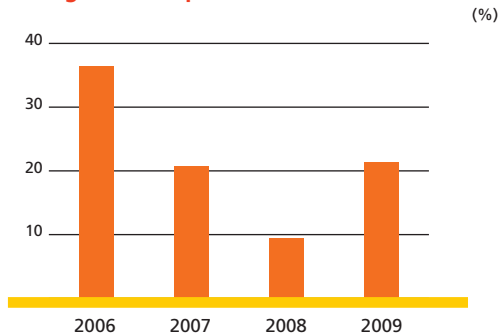
## SUPPLIERS

In the context of developing local content and promoting economic development in the areas where it operates, Petrex has strengthened the use of local suppliers and subcontractors. About 90 frequent suppliers are local companies based in Lima, Iquitos and Talara. However, due to the specialised nature of Petrex operations, most assets, tools and equipments have to be imported (since there are no specialised manufacturing companies in Peru). Thus, 21 international suppliers frequently provide the company with these types of goods.

The decrease in the percentage of local purchases related to the total purchases for 2008 is explained by the increase in Petrex activity: this required an increase in technical equipment, tools and assets which needed to be imported, in the absence of local suppliers. If seen in terms of value, the amount of local purchases increased at an annual rate of 25.10% during this period.

Petrex believes that local suppliers are a key factor to providing high quality services to clients. The quality of their commodities and services, timely delivery and the support they provide are strong determinants of the quality of Petrex's services. Within this perspective,

Percentage of local purchases



and thanks to the coordinated work of employees from several units of the Company with their suppliers, Petrex organised the first Supplier's Forum, 'Strengthening the Sustainable Value Chain', which was held on November 27, 2009.

The event welcomed 24 guests representing 20 key companies. Petrex speakers developed several themes related to vendors, focusing on vendor management, labour intermediation and contractual obligations, sustainability management and the SA 8000 standard, occupational health management, industrial safety management and Peruvian legislation, payment procedures and a quality management system.

### Vanessa Vecorena Representative of Divesa Service SA (provider of hydraulic accessories)

*'Generally speaking, clients and their suppliers have only a commercial relationship involving the buying and selling of products or services, forgetting that behind each transaction there are people who make possible the failure or success of the business. I can say that this forum organised by you humanizes the business vision, showing that you, just like us, form part of the team and that our relationship is one*

*of cooperation and not subordination; a relationship in which we both learn together and when you benefit, we benefit also. The strengthening of our commercial relationship in this innovative way makes us suppliers feel more committed to our work with your Company, giving a sense of the important and necessary links for the accomplishment of a great mission: satisfying the needs of our clients.*

*This idea is fundamental in enabling us all to advance in the same direction, optimising in this way our products and services, maximising our strengths and reducing our weaknesses, and this is achieved through dialogue, training and, above all, feedback presented in a coordinated and real manner, based on **being**, and not **must be**, and I believe that in this way we open up another route towards excellence.'*



## fortaleciendo la cadena de valor sostenible

Lima, Viernes 27 de Noviembre de 2009



guests presented their conclusions, emphasizing how the forum had contributed to mutual gains in terms of the client-supplier relationship.

### LOCAL COMMUNITIES

Local communities' engagement and the activities to support communities' development are mainly held in those areas where Petrex is present.

Petrex operations are located in a context where the abundance of natural resources goes hand-in-hand with strong socioeconomic inequalities and an institutional development which still has a long way to go. Petrex operations in Peru are mainly located in Talara and Iquitos. As an important drilling contractor in the country, Petrex is considered one of the top companies in these localities. The need for an effective engagement with local stakeholders is evident.

The Sustainability Talent Program is the tool for developing and nurturing this stakeholder engagement. In particular, Petrex has identified the most important stakeholder groups in the local communities: employees' families, children and young people.

All activities are planned and carried out as part of the Petrex Sustainability Talent Program and focused mainly on health promotion, socioeconomic development,

The newest theme was the SA 8000 standard for Social Accountability, which provoked a very interesting discussion among those in attendance, which was a good sign of their willingness to improve their performance beyond the economic aspect.

The event created a climate suitable for analysis of commercial relations beyond orders and contracts, and their improvement through innovative practices. At the end of the event, the

## Socioeconomic overview of Talara<sup>17</sup>

*Talara is one of the seven provinces of the Piura region, and it is located on the country's northern coast. It has a population of approximately 129,396, distributed among 6 districts.*

*Talara city (Pariñas District) was established in the fifties as an oil encampment by North American companies, which were nationalised in 1968. About 80% of their inhabitants used to work in the*

*oil industry, the other 20% were fishermen. The encampment became more modern over the years until it grew to become a proper city with all the necessary public services, recreation and cultural spaces.*

*The 1983 El Niño phenomenon caused great damage to the agriculture activities of the region. This led to massive migration to Talara, as people sought new job*

*opportunities. Thus, an unplanned and disorderly growth of the city began and public services were no longer adequate for the population. The concession of oil blocks in Talara in 1996 allowed many foreign companies to enter the sector.*

*Currently, Talara has problems associated with a shortage of potable water and a lack of adequate educational centres for children and young adults.*

education, protection of culture and the environment.

## Community Initiatives in Talara

### Health Promotion

#### Health campaigns and workshops

Urban expansion in Talara has meant that access to local health centres implies travel over long distances and high transport costs. This is an important concern for those facing a medical emergency. In response to this situation, the Petrex Health Unit in Talara has been developing health workshops and campaigns in order to enable people to be ready to respond to medical emergencies, identify the symptoms of common diseases, and provide first-aid attention when required. The workshops developed between 2006 and 2009 included: mother and teenage health (2006); injections and drip-feeds application (June 2007); first aid and emergencies attention (April 2008); mother and child health (May 2009). These campaigns and workshops were focused on Petrex families, since most of them are residents of Talara; but these activities also included the participation of organised groups of mothers from the community. All of them were carried out with the support of local educational institutions, health authorities or local health institutions.

### Rehabilitation of El Alto Health Centre

In 2007, Petrex sponsored the rehabilitation of the El Alto district Health Centre, which belongs to the Peruvian Ministry of Health. The centre serves this district of more than 7 thousand inhabitants where almost half the population lacks any kind of health insurance. Petrex's involvement contributed to the recovery of the infrastructure of this centre.

### Socioeconomic Development Productive workshop

The development of local component goes beyond Petrex employees. The



Rehabilitation of El Alto Health Centre

Company has understood that there are many business opportunities for employees' families. They only need to learn the adequate skills to exploit these opportunities. Under this vision, the Social Work Unit has organised productive workshops, where the relatives of Petrex employees can develop abilities which enable them to take advantage of such opportunities. In December 2009 workshops on preparation of marmalades were completed.

### Safety seminars and safety-at-home workshops

As one of the companies in the Talara area, Petrex is conscious of its duty to expand the culture of safety among families and also to the technical students who are about to become new professionals. Thus, the Safety Unit organises two main activities: safety seminars and safety-at-home workshops.

Safety seminars are carried out by Petrex's safety personnel and aimed at SENATI students who are about to graduate. The seminar covers the basics of industrial safety, allowing them to learn a little more about the requirements of the companies where they may work in the future.

Also, the culture of safety is transmitted to families, since Petrex employees' relatives are invited to participate in the safety-at-home workshop, where a specialist helps them identify the dangers found in an ordinary house, how to reduce risks and how to react when an accident occurs.

### Integration of persons with disabilities

'Nuestra Señora del Perpetuo Socorro' is a public special education centre that serves the area of Talara for children

with disabilities. Petrex intervention with this institution had as its objective the complementing of the education of its students by allowing them to develop skills for self employment and thus assisting in their integration into society.

The students were evaluated by professional psychologists in order to identify those who have the capacity to develop the skills required for making handcrafts. Later, the team of psychologists advised parents and teachers on how to interact with the children. This group began workshops where they started producing articles such as trays, photo holders, and pencil holders. The workshop was complemented with classes to develop interpersonal and cognitive abilities. The closing activity of these workshops was the exhibition and sale of the products made by the students who participated in the program, which began in 2007 and ended in March 2008. As a result of the program and the centre's proper activities, 8 children were accepted in regular school.

#### Education Computer workshops

Mastering the most common computer software is a necessary tool in the current academic and labour context, where most information is transmitted through computers. Considering this, the Company developed an initiative to organise computer workshops for its employees' children. In this way, they will be better prepared to engage in new academic challenges, such as

higher education, and also to perform better when they begin work.

Workshops have been held in August 2006, June 2007, May 2008 and August 2009 in collaboration with recognised educational institutions, such as SENATI, and they covered the most common tools that children might need for their studies or their professional development.

#### Environment 'Clean Street' campaign

In Talara, this campaign took place in 2007 and the plastic bags and bottles spread along km 5 of Pan-American highway and La Campana Cemetery were collected. This activity was carried out in coordination with the principal of the Andres Avelino Caceres School. A total of 120 3<sup>rd</sup> and 4<sup>th</sup> grade high school students and 15 teachers participated. This activity sought to make the community aware of the need to improve their own surroundings.

This activity was a good example of how working in coordination with authorities, institutions and local companies is the most effective way to promote and develop initiatives to benefit the communities where Petrex does business. The activity received the support of the Municipality, EsSalud (the Peruvian social security and health institution), the Peruvian National Police, the Municipal Police, the Ministry of Health, and the transport companies within the community.

## Socioeconomic overview of Iquitos<sup>18</sup>

*Iquitos is the capital city of Maynas province and the Loreto region in the north-eastern rainforests of Peru. It is the largest city in the Peruvian rainforest, with 406,340 inhabitants.*

*It was established as a Jesuit mission in 1757, but its importance*

*and population growth began in the 1880's with the short rubber boom. 25 years later, the economy of Iquitos entered a deep depression. Oil exploitation in the rainforests of Loreto began in 1938, but its boom came in the mid seventies with the construction of the North Peruvian pipeline. In*

*recent years the city of Iquitos has developed a new activity: tourism is popular due to the city's location on the Amazon river.*

*Iquitos's main social problems include child labour, malnutrition, teenage pregnancy and a lack of adequate sanitary infrastructure.*



## Community Initiatives in Iquitos

### Health Promotion

#### Health campaign and workshops

Petrex's Health Unit in Iquitos promotes activities with employees' families together with local institutions in order to prevent the common diseases of the region and improve quality of health.

In this context, the Health Unit and the Social Work Unit have carried out campaigns and workshops with the population, which is highly exposed to threats to their health such as AIDS, sexually transmitted diseases and malnutrition. The institutions which have participated in these activities are focused on the wellbeing of children, and they include 'Casa de la Niña de Loreto', which works with girls from poor households or girls who have been sexually abused, and INABIF, which receives abandoned or orphaned children. The workshops are focused on teaching preventive health practices.

Since 2009, health workshops have also been organised for employees' families. During 2009, employees' wives participated to a first-aid and injections workshop, which enabled them to learn these useful skills. These workshops and campaigns were held in September 2006, August 2007, April 2008, and March, June and October 2009.

### Socioeconomic Development

#### Entrepreneurial workshops

Iquitos is a city with very dynamic commercial activity, and as a result many of the youngsters who are about to end high school consider starting a business after finishing their studies. For this reason, In October 2009 Petrex organised, together with the Universidad Científica del Peru, a business workshop addressed to employees' children who are in the final years of high school. The participants in the workshops learned how to plan and manage a business and, at the end of the course, each one presented their business project.



Workshop on preventive health practice at INABIF

### Productive workshops

The Petrex collaborators' in Iquitos are usually responsible ones for their households as a result of the working patterns of their husbands. Therefore, in the event of an economic need they will be the first ones to respond, while their husbands will certainly be concerned regarding their situation while they are working far away in the middle of the rainforest.

In this situation, the Social Work Unit has developed, in collaboration with specialised institutions, productive workshops in specific activities which Petrex's wives can then undertake, such as the design and making of bags (2008), embroidery (2008), lingerie production (2009) and Christmas decorations (2009). As a result some women have started their own businesses, employing the skills learned during the workshops.

### Safety seminars and safety-at-home workshops

As in the Talara area, Petrex seeks to increase awareness of the culture of safety within the community. To this end, two activities are carried out periodically by the Safety Unit: safety seminars and safety-at-home workshops.

Safety seminars are carried out by Petrex's safety personnel aimed at universities and other higher education institutions in the city. Students of careers related to industrial activities are invited to participate in the seminar, which covers the basics of industrial safety.



Computer workshop in Iquitos

Families also participate in the spreading of the culture of safety through the safety-at-home workshops, in which a specialist helps them to identify the dangers found in an ordinary house, how to reduce risks and how to react when an accident occurs.

#### Personal development through art

Canoa sin Fronteras is a non-profit organisation that seeks to promote children's rights and the integral development of the children of Iquitos, especially working children. Petrex found this objective congruent with its commitment to the promotion of development in the places where it operates, and the company joined this association in order to develop an educational and artistic program, which was mostly aimed at children at risk.

Child labour is a crude reality in the city of Iquitos. Their premature contribution to their households or, in the worst cases, to their own subsistence exposes them to several dangers to their development, health and safety: child labourers often leave school in order to work; they have a barely adequate diet and therefore suffer from problems associated with malnutrition; and while they are on the streets they are exposed to the risk of violence, drugs and sexual abuse. They hardly ever have somebody to listen to them or who can help them.

In this context, the program (2007-2009) provides an opportunity for children to express themselves through art: and this means expressing their problems and the reality they live in, but also their dreams and aspirations. This new channel for expressing what they feel and know was a tool for creating

self-confidence and for improving their social interaction skills. The workshops also helped them to develop their learning skills and to establish objectives for their lives. Currently, some of the first participants in this program have returned to teach the new children what they learned.

#### Education Computer workshops

As in Talara, Petrex encourages its employees' children to learn computer skills, since knowledge is a tool that will never be taken from their hands. Thus, computer workshops have been held which focus on the most commonly-used software. These workshops have been held in collaboration with prestigious institutions such as the Universidad Científica del Peru, which was Petrex's partner for the 2009 computer workshop.

#### Environment 'Knowing our natural spaces' campaign

Raising awareness of environmental issues is important in order to successfully reduce impact on the environment, given that many people who know very little about their environment and they are not even aware of the ways in which it can be protected. Therefore, Petrex launched the campaign 'Knowing our Natural Spaces', which was mainly addressed to employees' children aged between 9 and 12.

Children aged between 9 and 12 show great sensitivity and an interest in everything around them, for they are very receptive and observant. This formative stage is essential for learning good habits and, at the same time, it is the best moment to start transmitting the concepts of environmental protection. This campaign was organised and led by the Environment and Sustainability Unit, together with the local office in Iquitos.

In October 2007 in Iquitos, 50 Petrex employees' children participated on

this campaign. The starting point was the Iquitos office, where there was a roll-call and information leaflets were distributed. Then, the participants were transferred to the Quistococha Ecological Tourism Park, with the help of Petrex's social work unit.

The campaign began with an introduction to Petrex's drilling and hydrocarbons operations. It is important to mention that the children showed great interest in the activities of the Company, since they have been internalising the working patterns taught by their parents since they were very young.

Through the guided visit to the Quistococha Tourism Park, the children's awareness of local environmental issues was raised, and they were taught to recognise every species that inhabits the area.

#### Environmental workshops

In June 2008 an environmental workshop was held for 50 teenagers

between the ages of 13 and 16, all of whom were children of employees working in the projects in blocks 8 and 1AB.

The workshop concluded with recommendations from children for reducing energy and water consumption and waste production.

The community initiatives are a continuous learning process, in which the Company progressively learns more about the expectations and needs of its stakeholders. Most initiatives are welcomed by them; however initiatives like the English courses in Talara and Iquitos left lessons on how to deal with different expectations from stakeholders. These experiences have led Petrex to start including face-to-face meetings with the main stakeholders, in order to accurately identify how the engagement process can be improved.

## FUTURE CHALLENGES

Although it possesses a good, recognised performance in terms of individual sustainability aspects such as safety, environmental management and community support, Petrex still needs to continue to develop its sustainability program as a tool crossing all the organisation's processes.

A key step to achieving this maturity is the implementation of a structured process for stakeholder engagement. This step will enable Petrex to formally identify its network of interaction with other organisations and the stakeholders. Mapping these interactions will make it easier to design individual strategies to optimise the relations with each stakeholder.

Following on from stakeholder engagement, another important step is the identification of procedures and formats for the most frequent sustainability activities and their subsequent inclusion in the company's documentary system. This will provide continuity and comparability for the sustainability program.

Finally, a key complement for stakeholder engagement is the design of ways to keep stakeholders informed regarding those aspects of the company which are relevant to them. Both ethical behaviour and a transparent communication are keys to confidence-building in the relationship with stakeholders.

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## GLOSSARY & ACRONYMS

### EPIC

Engineering, Procurement, Installation and Construction

### EPC

Engineering, Procurement and Construction

### LTI

Lost Time Injury. Any work-related injury, which renders the injured person temporarily unable to perform any regular job or restricted work on any day/shift after the day on which the injury

occurred. In this case 'any day' includes rest day, weekend day, holiday. The day of the accident is not counted when calculating lost workdays. Fatalities and permanent total disabilities are included in the calculation of the total the number of Lost Time Injuries.

### LTIFR

Lost Time Injury Frequency Rate.

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

### TRI

Total Recordable Incidents. Term to define the sum of Lost Time Injuries (including Fatalities and Permanent Disability Cases), Work Restricted Cases and Medical Treatment Cases.

### TRIFR

Total Recordable Incidents Frequency Rate.

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

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

Contact us at: [sustainability@saipem.com](mailto:sustainability@saipem.com)

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