

different **LIGHT** on Saipem **WORLD**

Quality | Health | Safety | Environment



Saipem

DIFFERENT LIGHT ON SAIPEM WORLD



Saipem

The aim of this document is to present to our stakeholders - Investors, Clients, Employees, Local Authorities and Communities - the Saipem world in a different light from the usual description of our activities and performance. This document in fact highlights Saipem's models and organisation relating to the management of Socio-Economic factors and Quality, Health, Safety and Environment elements within the core processes of the Company.

Our Core business is the provision of full services to the Oil & Gas Industry. Our commitment is to provide these services in full line with the most advanced QHSE standards and to contribute to the Socio - Economic development of the Countries where we operate.



different LIGHT on Saipem WORLD

CONTENTS

4. OUR ACTIVITIES AROUND THE WORLD
7. MISSION AND CORE VALUES
8. STRATEGY & CORE COMPETENCIES
11. THE MANAGEMENT SYSTEM

Quality

- 16. QUALITY POLICY
- 19. QUALITY MANAGEMENT PRINCIPLES
- 20. QUALITY MODEL
- 24. QUALITY CHALLENGES

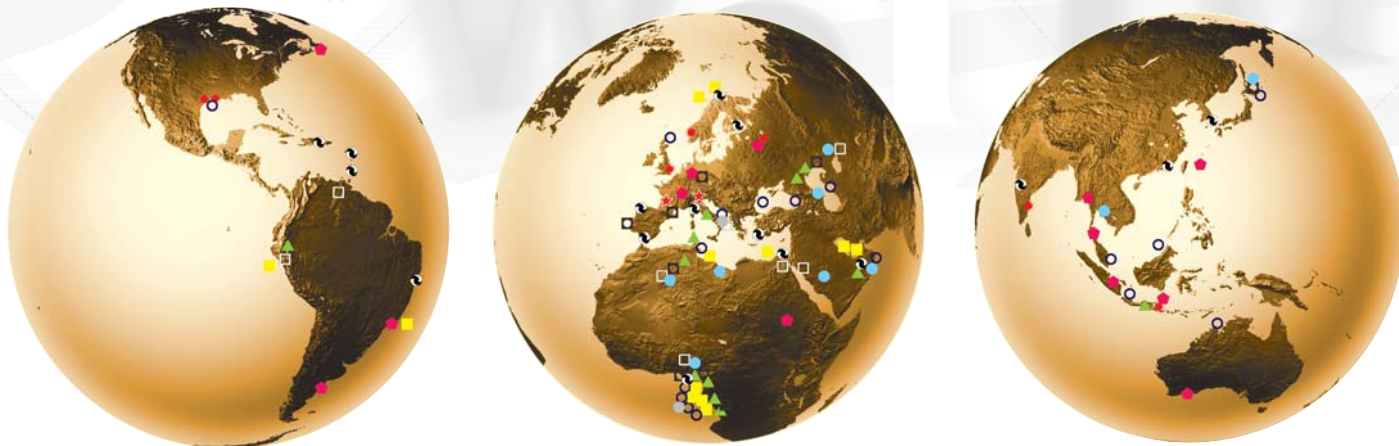
Health, Safety and Environment

28. HSE POLICY
30. HSE MANAGEMENT PRINCIPLES
34. HSE MODEL
36. HSE CHALLENGES

Social and Economic Responsibility

40. SUSTAINABILITY POLICY
42. SOCIAL & ECONOMIC RESPONSIBILITY PRINCIPLES
45. SOCIAL & ECONOMIC RESPONSIBILITY MODEL
46. SOCIAL & ECONOMIC RESPONSIBILITY CHALLENGES

OUR ACTIVITIES AROUND THE WORLD



★ **PRINCIPAL OPERATING CENTERS** ○ **OFFSHORE** ■ **OFFSHORE DRILLING** ● **FLOAT. PROD.** ☉ **LNG & MARITIME WORKS**
 ● **ENGINEERING CENTERS** ● **ONSHORE** □ **ONSHORE DRILLING** □ **MAINTENANCE MODIFICATION AND OPERATION (MMO)**
 ▲ **YARDS/BASES** ◆ **OTHER OFFICES/ACTIVITIES**

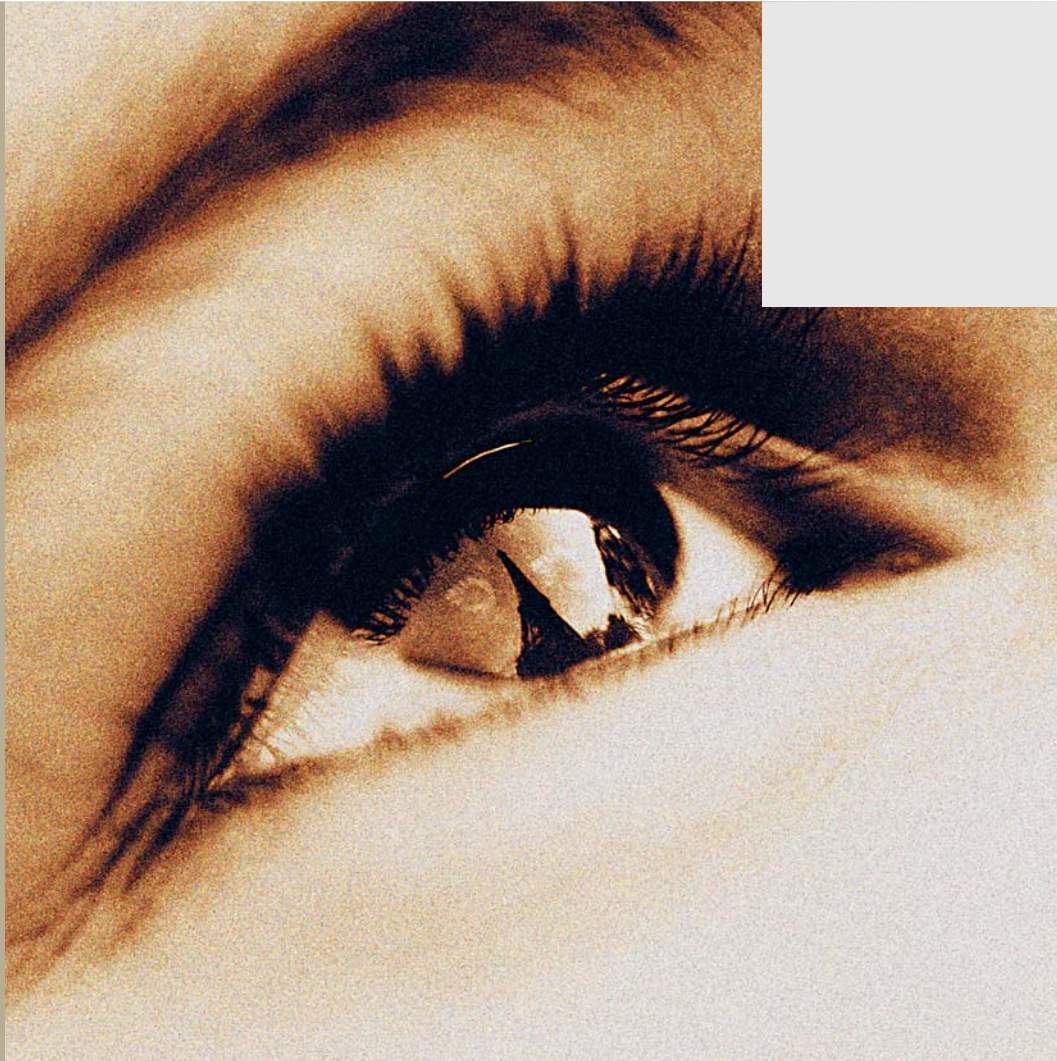
Our distinctive operating abilities make Saipem a world leader in the execution of “turn-key” projects for oil and gas industry. For this reason Saipem is in a strong competitive position in engineering, project management, procurement, construction and installation services for the development of hydrocarbon deposits. Saipem has developed wide ranging capabilities to undertake operations in extremely challenging environments such as deep water and remote areas.

Saipem Vision

- Decentralized & Multi-local presence in key areas
- Develop Local Content in Strategic Areas
- Foster Human Resources Pool Based on Diversity
- Use Core Competencies at 'Frontiers'

Strategic Overview

- Preserve and Develop Core Competencies
- Renowned for Innovation
- Best Concepts
- Receptive to Change
- Best Methods





MISSION AND CORE VALUES

Mission

"Pursuing 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 for the communities where we operate"



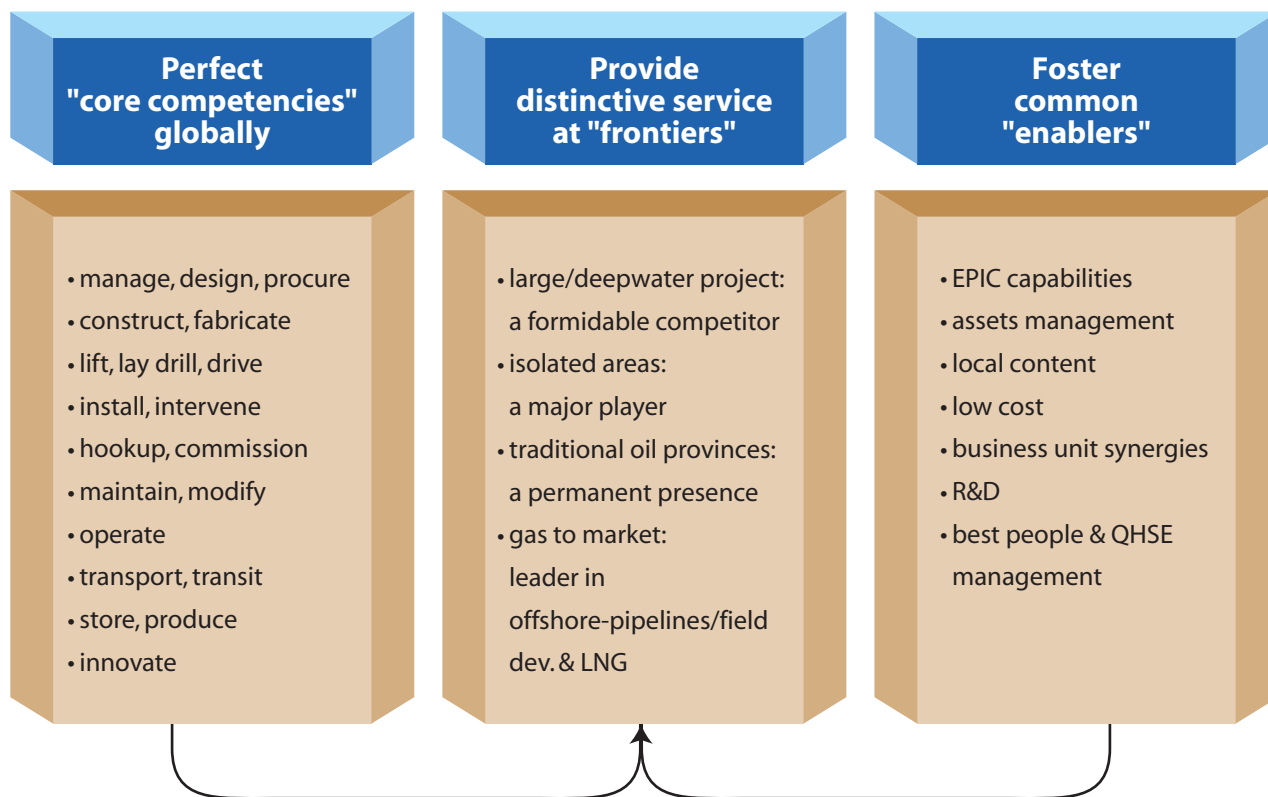
Core values

- Commitment to Safety
- Integrity
- Openness
- Flexibility
- Integration
- Commitment
- Innovation
- Quality
- Competitiveness
- Teamwork
- Humility
- Internationalisation

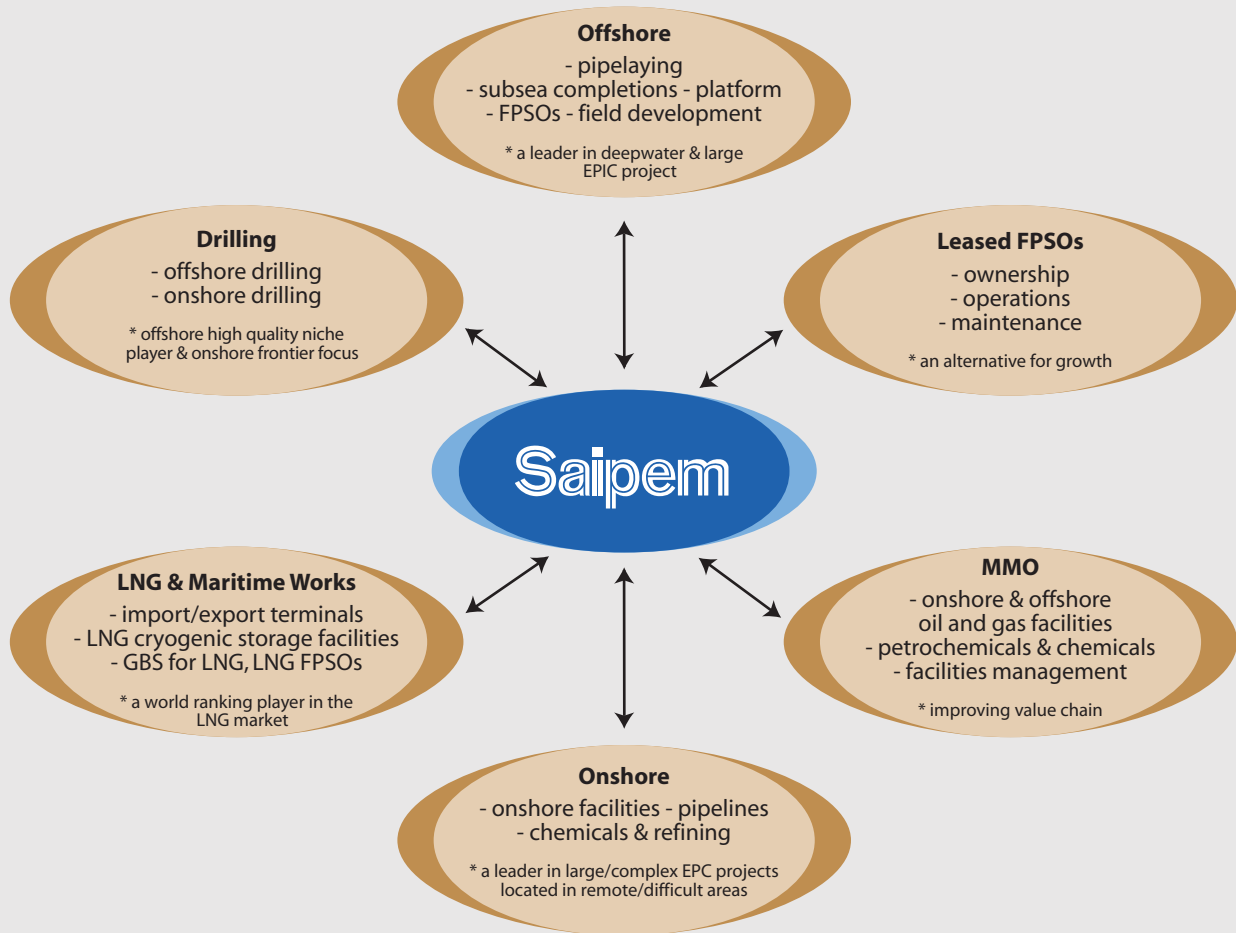
Step 3

STRATEGY & CORE COMPETENCIES

Our strategy & core competencies



Six global business lines





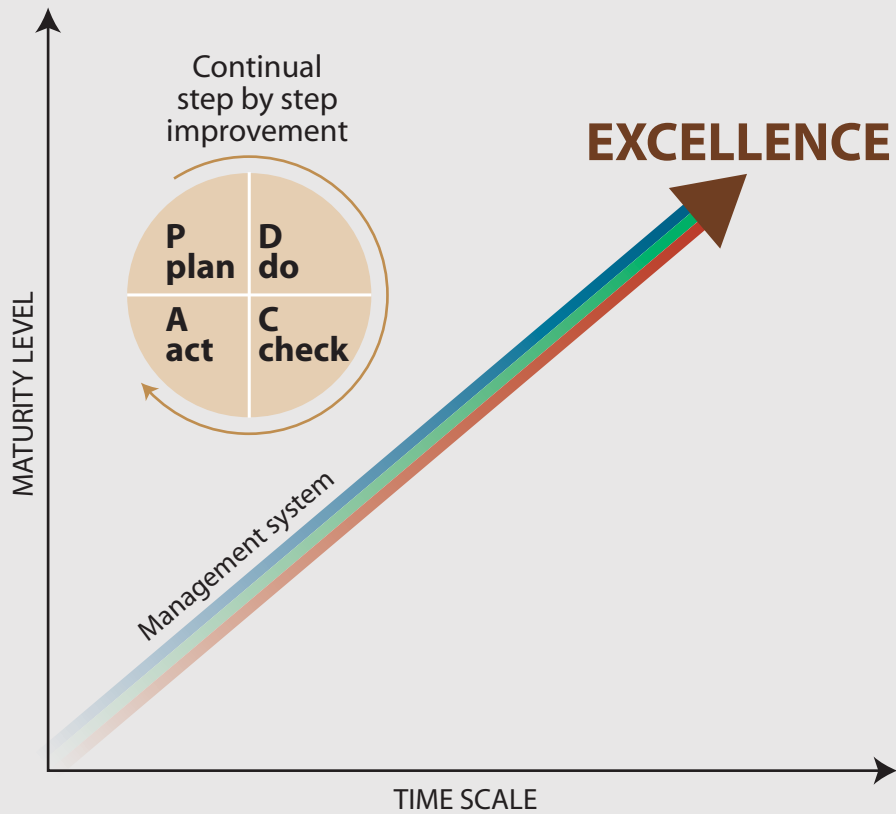
Quality



Health
Safety
Environment



Social
and Economic
Responsibility



THE MANAGEMENT SYSTEM



The Quality, Health, Safety and Environment Management System, thanks to our efforts over the last few years, has reached a high level of implementation across the Company by use of a common set of tools. Awareness of Social and Economic Responsibility is characterising our operations to an ever increasing degree. The approach used follows the same model as implemented for QHSE management.

The international approach which characterises Saipem's activities and the ever increasing complexity involved in modern projects is our continuous motivation for developing an efficient management system.

Due to the complex and varied nature of Saipem projects, the Corporate Managers rely on the Operating Companies and the Project Managers to achieve the established objectives.

The relationship between the Corporate Managers and the Project Managers is based on a clear and mutual understanding of Mission, Policies and Objectives.

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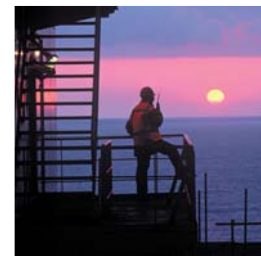
Management System

Saipem enjoys a superior competitive position for the provision of EPIC services to the oil & gas industry; with a particular focus on activities in remote areas, deepwater environments and gas related projects.

Saipem manages these aspects and pursues the same standard of quality in each of its activities through an effective, reliable and proven multilevel QHSE Management System.

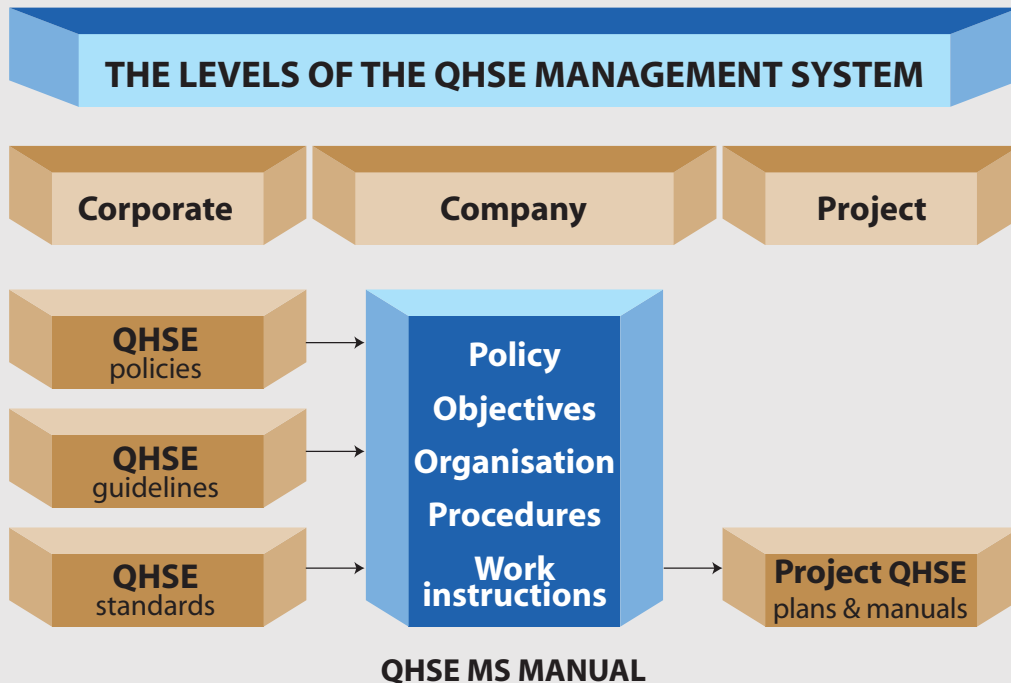
The Management System is mainly organised at three levels, to assure a consistent performance level throughout its operations:

- Corporate Level: defining policy, guidelines and standards for all Saipem Operating Companies
- Operating Company Level: defining policy, objectives, organisation, procedures and work instructions to be adopted in each Operating Company
- Project level: defining specific plans and procedures for each specific project.



Saipem QHSE Management System

Saipem QHSE Management System (MS) is a core characteristic for the entire Group. The System is strengthened to be in compliance with Local legislation and Clients requirements. The QHSE MS is structured on three levels - Corporate, Operating Companies and Projects. All employees are continuously involved in a communication and training "cascade" process with the final aim to enhance their QHSE awareness.



The effectiveness of the QHSE System is reviewed and guaranteed by the data acquisition and performance monitoring system implemented by the Corporate Departments.

QUALITY IS
**QUALITY IS CUSTOMER SATISFACTION
AND CONTINUAL IMPROVEMENT**





Our primary objective is to satisfy clients needs by achieving a high level of effectiveness and efficiency in each phase of a project (Engineering, Procurement, Construction and Installation) and to meet the clients expectations, both stated and implied.

Saipem has defined fixed steps specifically aimed at implementing an effective Quality Management System:

- establishing the Quality Policy
- defining the Quality Objectives
- providing the resources needed to achieve the stated objectives
- communicating, throughout the Saipem organisation, the importance of complying with client and compulsory requirements
- carrying out periodic Reviews of the Management System



QUALITY POLICY

OUR POLICY IS BASED ON THE FOLLOWING PRINCIPLES:

- ensure promotion and implementation of continual improvement of our activities using a process approach based on established objectives defined in the Company Quality Policy
- ensure customer satisfaction by meeting the relevant contractual requirements for the services offered and by analysis of feedback from customer
- ensure that all personnel are aware of the importance of their activities, and how they contribute to the achievement of quality objectives

CONSEQUENTLY

All Saipem Group Operating Companies develop, implement and continuously improve a Quality Management System based on the following activities:

- annually issuing their Quality Policy based on a structural framework, aimed at establishing and reviewing Quality objectives
- monitoring of customer satisfaction through the development of appropriate instruments
- management of the Company processes and resources in a planned, efficient and controlled manner
- promotion and implementation of Company's processes for continual improvement
- involvement and training of all personnel in the Quality Management System activities
- the compliance with ISO 9001 standard is considered the minimum requirement



Identifying our principles





QUALITY MANAGEMENT PRINCIPLES

Customer Focus

Organisations depend on their customers and therefore should understand current and future customer needs, should meet customer requirements and strive to exceed customer expectations.

Leadership

Leaders establish unity of purpose and direction of the Organisation. They should create and maintain the internal environment in which people can become fully involved in achieving the Organisation's objectives.

Involvement of people

People, at all levels, are the essence of the Organisation and their full involvement enables their abilities to be used for the Organisation's benefit.

Process approach

A desired result is achieved more efficiently when activities and related resources are managed as a process.

System approach to management

Identifying, understanding and managing interrelated processes as a system contributes to the Organisation's effectiveness and efficiency in achieving its objectives.

Continual improvement

Continual improvement of the Organisation's overall performance should be a permanent objective of the Organisation.

Factual approach to decision making

Effective decisions are based on the analysis of data and information.

Mutually beneficial supplier relationships

An Organisation and its suppliers are interdependent and a mutually beneficial relationship enhances the ability of both to create value.



QUALITY MODEL

- **Customer Focus**
- **Process Approach**
- **Continual Improvement**

SAIPEM CONSIDERS AS FUNDAMENTAL:

- the Company's success depends on how the activities are carried out and their level of integration; i.e. the ability to manage the balance between optimising single activities and overall performance
- the global perspective where the Organisation activities are perceived in a Company "management by processes" model, is the only one which allows for a real client focus since as what matters is producing a value output for client.

Management by processes continually improves the way a Company performs its activities and meets the objectives set by the Senior Management.

The tangible advantage of the management by processes approach is that it maintains continuity, control of relations between single processes, and their combinations and interactions.

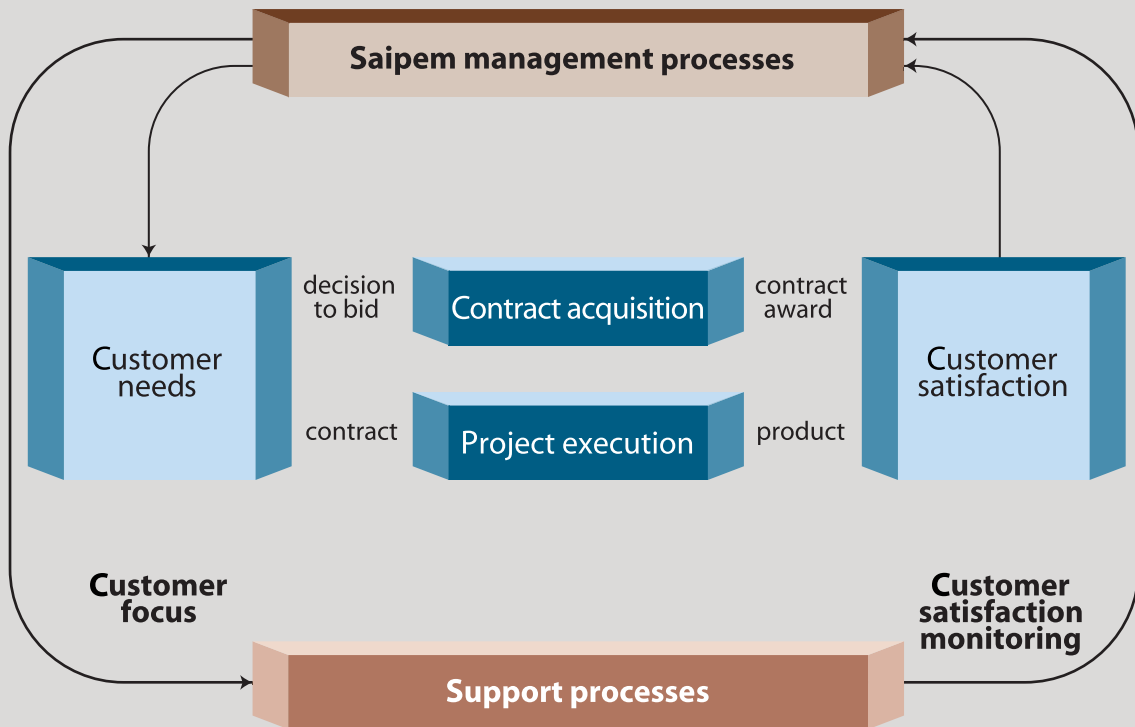
ADOPTING THIS APPROACH IN THE QUALITY MANAGEMENT SYSTEM HIGHLIGHTS THE IMPORTANCE OF:

- understanding and implementing requirements
- evaluating the processes in terms of added value
- achieving performance and relevant processes efficiency results
- continually improving the processes on the basis of objective measurements.

In Saipem the "management by processes" model promotes the development, implementation and improvement of the effectiveness of the Quality Management System with the aim of increasing Client satisfaction through observance of Client's requirements.

The Saipem's "management by processes" model, see opposite page, shows how customers play a fundamental role in defining input requirements and providing the necessary feedback to the Organisation on their level of satisfaction.

Implementation of quality principles



BASED ON ISO 9001

FEEDBACK = CONTINUAL IMPROVEMENT



These elements are essential to be able to take the appropriate measures for continual improvement.

In Saipem it is therefore possible to define primary processes, more closely linked to the Group's core business and support processes which guarantee operating capacity, efficiency and effectiveness of primary processes.

The advantages of this model are that the various Departments assume joint responsibility for achieving the objectives and results, thus stimulating mutual actions outside their natural role to ensure that the overall process proceeds as it should.

Then each basic process is eventually subdivided into one or more processes.

THEREFORE PROCESSES ARE MAINLY DIVIDED IN:

- Management processes

These processes affect the way the Organization operates and responds to its environment - e.g.: Policies and Process objectives establishment, Risk Management, Continual Improvement, Customer Satisfaction Monitoring

- Core (primary) processes

These processes generate added value and have a direct impact on Customer Satisfaction - i.e.: Contract Acquisition (Commercial Processes) and Project Execution (Project Management, Engineering, Procurement and Operating Processes of Construction and Installation)

- Support processes

These processes are essential for the correct operation of the Organization and of the Core processes. Their added value is not always directly perceptible by customer (e.g.: Human Resources Management, Assets Management, Project Control, QHSE, Organisation, Administration).

In order to further define our Policy and Principles (particularly: Process Approach, System Approach to Management, Continual Improvement and Factual Approach to Decision Making), a process monitoring system is implemented inside Saipem by means of indicators and measurable targets. Such a system ensures an effective approach to Continual Improvement of Saipem Quality Management System.



QUALITY CHALLENGES

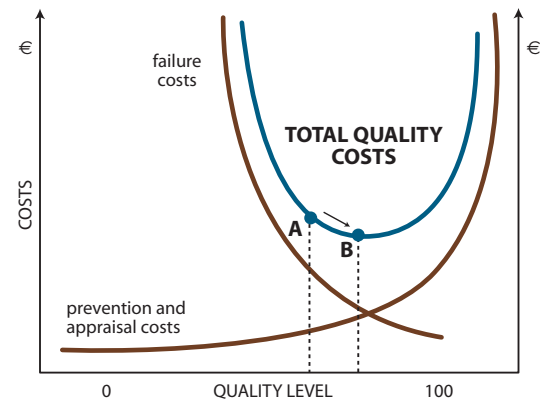
The Quality Costs represent the costs supported by the Company, in terms of prevention, check and internal/external failures management, in order to realise products/services in compliance with required and defined quality/time features.

THE OBJECTIVES OF THE “TOTAL QUALITY COSTS ANALYSIS” MODEL IN SAIPEM ARE TO:

- ensure awareness of the Top Management concerning the economic aspects of the Quality Management System
- manage the Quality System in an overall-costs point of view, clearly classifying costs (Positives, Negatives, Internal and External Failures)
- change the attitude of the employees toward failures/losses during the different phases of the process
- join Quality Management System with economic valuations, as a tool to support decisions and make all the Organisation aware
- allow the Management to plan and carry out the improvement of processes and activities
- allow the Management to improve the planning and objectives management system by means of new indicators.

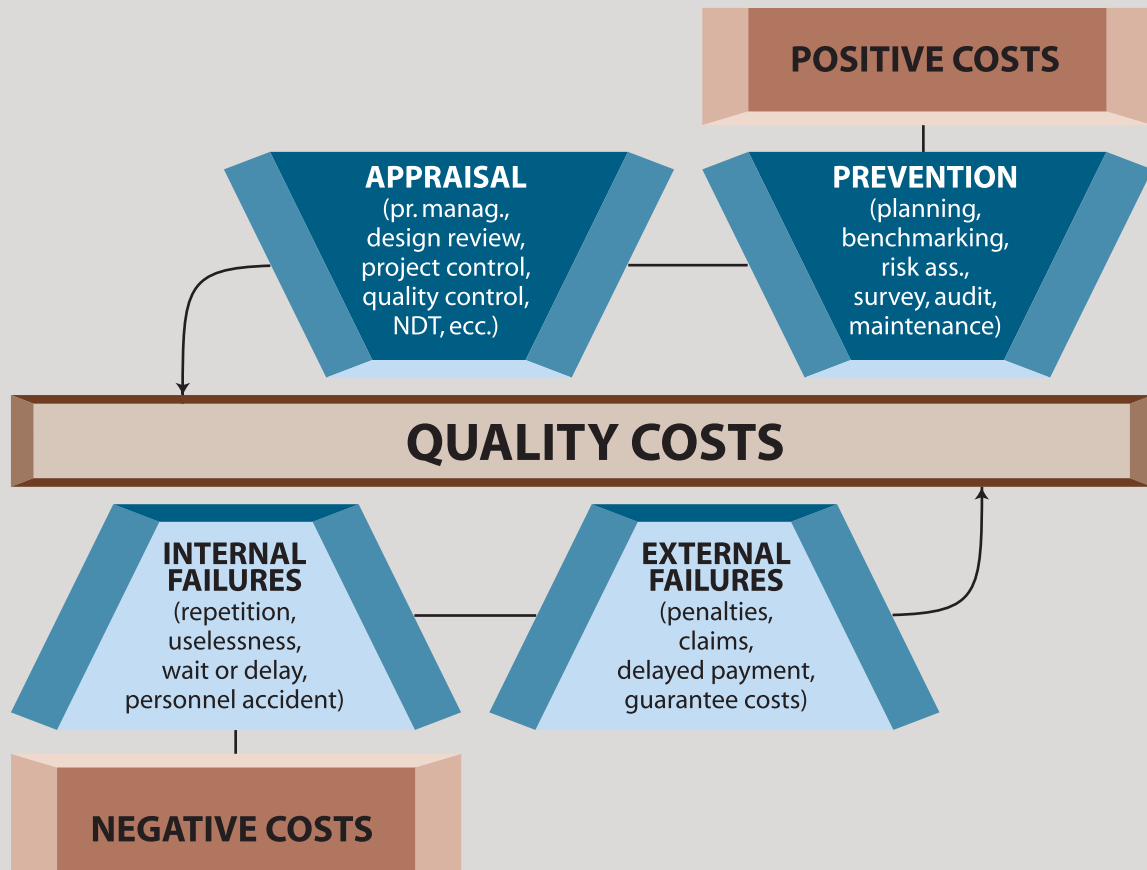
THE REDUCTION OF TOTAL QUALITY COSTS HAS A DIRECT IMPACT ON COMPANY PROFITS AND CUSTOMER SATISFACTION

relationship between different quality cost components



Legend: A=ACTUAL B=TARGET

Quality costs management structure





HEALTH IS
**PROACTIVELY & DIRECTLY MANAGED,
FOCUSING ON PREVENTION**

SAFETY IS
**STRIVING FOR AN ACCIDENT FREE WORKING
ENVIRONMENT**

ENVIRONMENT IS
**PROMOTING ENVIRONMENTAL PROTECTION
DURING ALL OPERATIONS**



Management of Health, Safety and Environment issues in Saipem requires detailed attention from planning and engineering phases through to operational activities on site.

Saipem manages all health related issues, implementing proactive and preventive evaluation and monitoring system in order to safeguard employees' health. The aim is to guarantee optimal psycho - physical conditions of our people.

Safety is proactively managed by identifying and evaluating all task-associated risks, personnel training, needs, use of superior equipment and systems, building a positive safety culture, proper analysis of undesirable events and implementation of the lessons learned.

Environmental impacts are limited by a proper assessment in the planning stage of a project and by development and implementation of appropriate plans, procedures and techniques on site.

HSE POLICY

Saipem is committed to achieve the highest standards of Health, Safety and Environment within all its business activities and to maintain their continual improvement.

All our Saipem Operating Companies develop, implement and maintain a HSE Management System based on the following principles:

- all accidents are preventable
- Health, Safety and Environmental issues have priority on all activities
- compliance with relevant National and International legislation and standards is a minimum requirement
- Health, Safety and Environmental Protection is the responsibility of all Saipem personnel.

SAIPEM HSE POLICY IS SUPPORTED BY THE FOLLOWING PRIMARY OBJECTIVES:

- identification of all hazards and management of all relevant risks
- systematic and accurate management of all methods and activities for safeguarding health, safety at work and protecting the environment
- performance of operating projects in line with current laws, best available technologies and practices
- continual reduction of the number of undesirable events with the ultimate aim of achieving zero accidents, and occupational diseases by adopting suitable measures for preventing or

reduce professional risk exposures

- limiting impact on the natural environment where projects take place.

HSE MANAGEMENT OBJECTIVES ARE ACHIEVED THROUGH:

- consolidating years of operative experience to maintain an high level of safety and employees health
- conducting awareness and training programs for personnel on safety at work, work/site related health problems and environmental protection
- pursuing the continuous pro-active approach to the HSE issues
- maintaining an open and effective communication system
- influencing attitudes and behaviours to personal safety and health protection
- achieving excellent safety performance by the implementation of rewarding schemes for both management and the workforce, based on proactive involvement.



HSE MANAGEMENT PRINCIPLES

Management Commitment

Senior Management provides visible, strong and pro-active leadership and commitment to develop, implement, audit and maintain the HSE Management System and the relevant culture.

Risk Management

All hazardous operations and conditions are identified, the risks assessed and controlled; the relevant mitigation measures implemented throughout the activities in order to prevent all accidents and occupational diseases.

Human Resources

All personnel have adequate physical fitness, competency, training and attitude to carry out their duties in a safe manner.

Communication

An effective and open communication system on HSE matters is established and maintained for internal and external interested parties.

Environmental Protection

All potential environmental impacts are identified, evaluated and actions are taken to avoid any damage to the environment and to restore original conditions.

Commercial

Basic processes are adopted in order to guarantee that all cost factors and other commitments are assessed to carry out the activities in accordance with Saipem HSE Management System and Clients expectations.

Engineering

All facilities, plants and equipment are engineered in compliance with the best international HSE requirements, statutory legislation and that all risks associated with the final operation of the facilities, plants and equipment are suitably addressed.

Purchasing

Suppliers are selected, inspected and assessed in order to guarantee compliance with HSE requirements and that only safe material and equipment are purchased and used within Saipem activities.

Operations Management

Safe methods of work are implemented by carrying out all operations in compliance with Company HSE Procedures, Clients requirements and Statutory legislation.

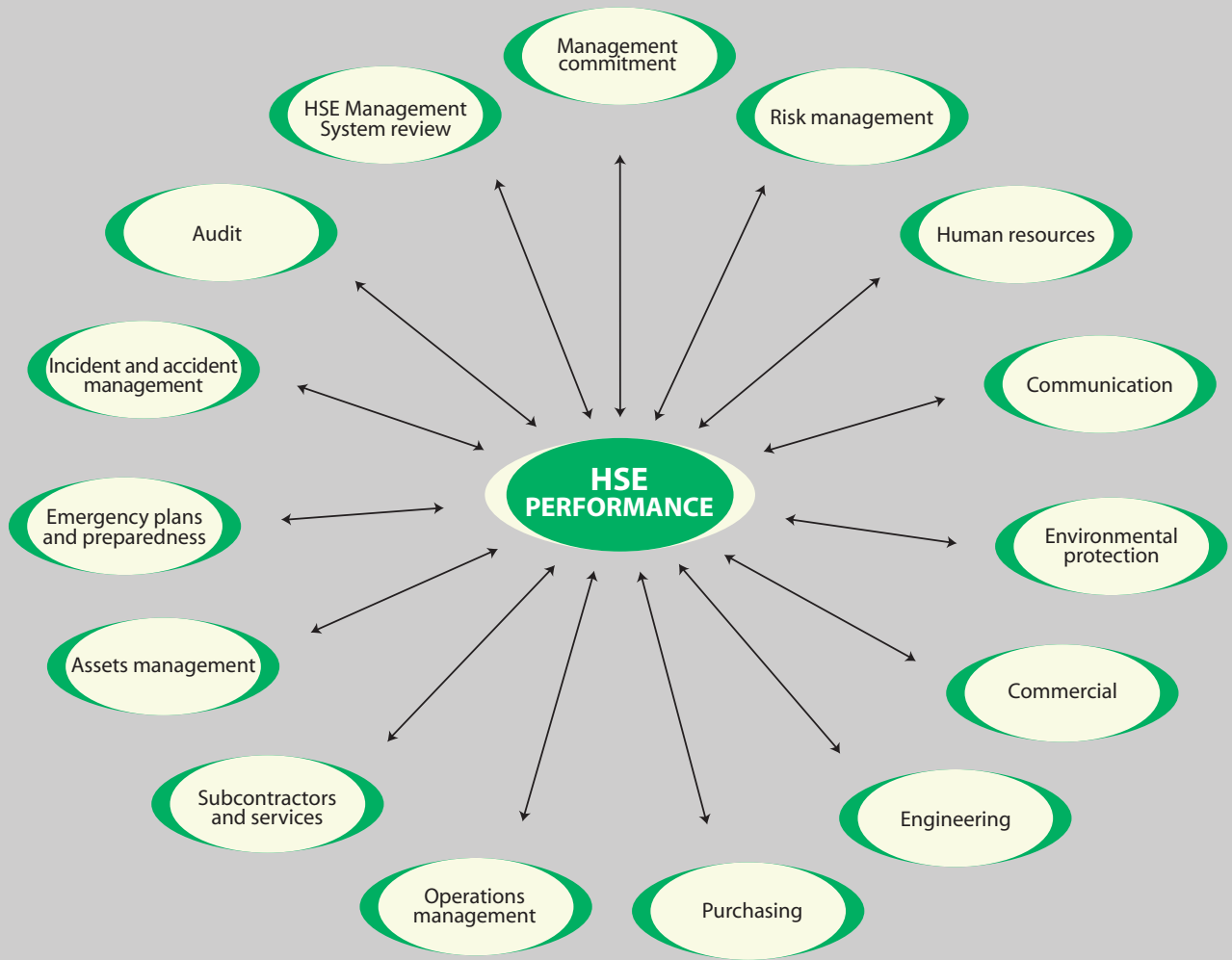
Subcontractors and Services

Sub-contractors' and Service Companies are selected to ensure best available services and are in full compliance with Saipem HSE requirements. Their activities are audited and evaluated in order to ensure that healthy and safe conditions are maintained at the working sites.

Assets Management

All assets are maintained, examined and inspected in compliance with the Statutory requirements, Company and International safety standards.

Identifying our principles







Emergency Plans and Preparedness

Emergency plans, concerning identified hazardous conditions and accidental events are prepared and maintained, and periodical emergency drills performed and monitored.

Incident, Accident and Occupational Diseases Management

All incidents, accidents and cases of occupational diseases are fully investigated to identify and understand the root causes and to ensure similar situations and events are not repeated at any work sites.

Audit

An independent audit system is implemented to determine whether activities and related results conform to planned performance and are suitable to achieve the HSE Policy and objectives.

HSE Management System Review

The HSE Management System is periodically reviewed by the Senior Management to guarantee a continuous improvement, as well as to meet new requirements and to ensure that past experiences are kept in proper consideration.



HSE MODEL

Requirements included in the 15 principles of Saipem HSE Management System are implemented through their integration in all Company's processes. They are also key elements of the improvement process that is part of the complexity of Saipem activities.

The commitment of the Senior Management is described in the HSE Policy that presents targets and tools adopted to achieve fixed performances. Policy clearly defines activities related to the planning and risks' identification and the commitment to ensure the implementation of the HSE program in all projects phases.

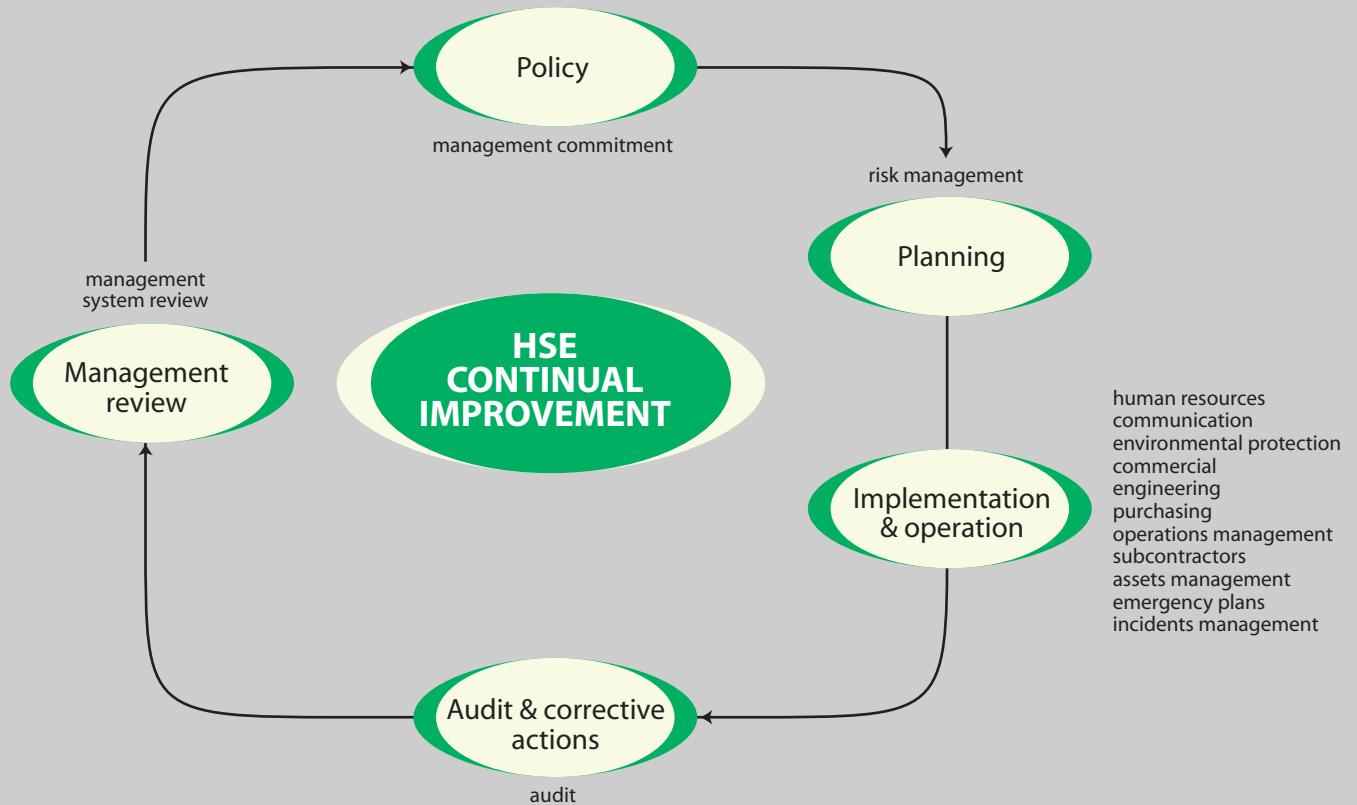
The subsequent implementation of the system shall take into consideration the identified risks and the planned activities in the various phases of the Saipem activities and projects.

Technical and Behavioural HSE training programmes are widely implemented in order to build a safety culture and ensure that all new employees fully acquire and understand the Saipem's expectations.

Implementation of Audits and management of corrective actions are useful in order to monitor performances and improvement actions. They also provide the Senior Management with the necessary information in order to review the entire system.



Implementation of HSE principles



BASED ON ISO 14001 AND OHSAS 18001

HSE CHALLENGES

The major challenge for an organisation such as Saipem is to develop its own system and to guarantee an effective implementation in all operations and work sites, to ensure the development of a HSE culture which is independent of where the operation is located, of the contractual requirements and the various local contests.

Health and Safety awareness exceeds the common technical and managerial approach of many Companies. Health and Safety awareness is part of the culture of the individuals and of the organisation in which they work. The entire

organisation's commitment and support to the HSE MS are the key elements of the Company success.

The culture on the HSE is inherent in the human behaviour, guaranteeing the correct implementation in every activity, respecting the human and natural resources.

A correct attitude to HSE has to become an asset of all Saipem personnel. This is the real challenge and target for Saipem and it can only be achieved through a continual educational and training process in which Saipem Senior Management is fully committed.



SOCIAL & ECONOMIC RESPONSIBILITY IS
**OUR ATTITUDE TO PROVIDING SUSTAINABLE
DEVELOPMENT FOR THE COMMUNITIES
WHERE WE OPERATE**

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Social and Economic Responsibility

Care and consideration for the local communities where we operate has long been a distinctive Saipem trail. This involved optimising the socio-economic impact of our operation and avoiding damage to the environment. Consistent with its conscious strategy, particularly that of investing in local content, Saipem is now going further. A more formal approach to Sustainability is being adopted including incorporation of appropriate criteria associated with “Sustainability for Oil & Gas services” in our business activities. This long term approach has potential value for Saipem stakeholders because it will support Saipem’s competitive position in frontier markets and better equip the Company to evaluate and manage the risks associated with aspects of our activity which are not easily predictable.

SUSTAINABILITY POLICY

Sustainability incorporates three principles that are of particular significance within Saipem: protection of environment, respect of social rights of employees and contribution to local economic development.

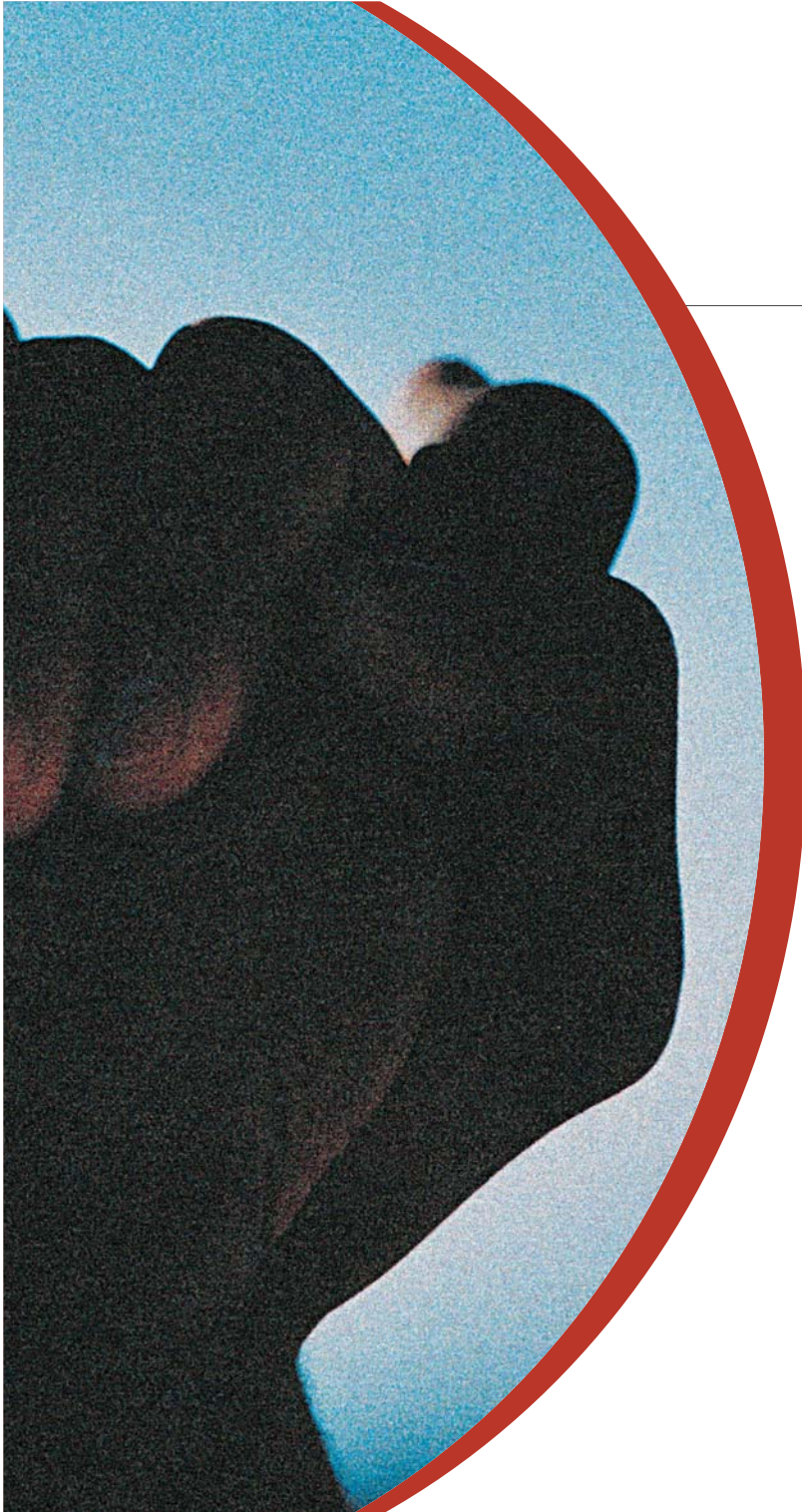
We are committed to promote Sustainable Development in all facets of our global activity in a manner that is compatible with the socio-economic and environmental needs of our Clients.

Saipem employees should have the opportunity to develop while working in an environment that is increasingly healthy and safe, whether on site or on board a vessel.

Saipem's approach to Corporate Sustainability is based on creation of long term shareholder value by contributing to the development of the local communities where we operate.

Such development will be achieved through environmental protection, economic growth and social progress, attention to local suppliers and professional training for local employees.





This commitment is managed through these shared Sustainability Practices:

- conducting operations and relationships with integrity and honesty, valuing the richness of each culture and respecting Human Rights
- managing the Health, Safety and Environmental aspects in compliance with existing HSE Policy and Principles
- maintaining an open and transparent dialogue in decisions which affect stakeholders
- researching the possible impacts of activities in host countries, both prior to, and during, project execution
- monitoring social, economic and environmental performance with the aim of measuring Saipem's impact so as to ensure compliance with legal requirements and best practice guidelines
- establishing a reliable verification system for the performance of suppliers according to Sustainability Principles
- providing training to develop human capital and build competencies in the management of field of Sustainable Development
- implementing an effective and transparent Sustainability communication network within the Group

SOCIAL & ECONOMIC RESPONSIBILITY PRINCIPLES

Saipem operates in compliance with the United Nation Declaration of Human Rights, the Fundamental International Labour Organisation (ILO) Conventions and with the Organisation for Economic Co-operation and Development (OCSE) guidelines for Multinational Enterprises. As stated in the Code of Conduct, Saipem assures employees' rights, freedom of association, dignity, health, safety, repudiation of any kind of discrimination, repudiation of the forced, juvenile work and corruption, protection of the natural biodiversity and environment.

INTEGRITY

Saipem conducts its operations and relationships with integrity and honesty

TRANSPARENCY

Saipem believes in transparency and openness principles for a good business

DIVERSITY

Saipem operations are characterised by a multicultural approach, valuing the richness of each culture and respecting Human Rights

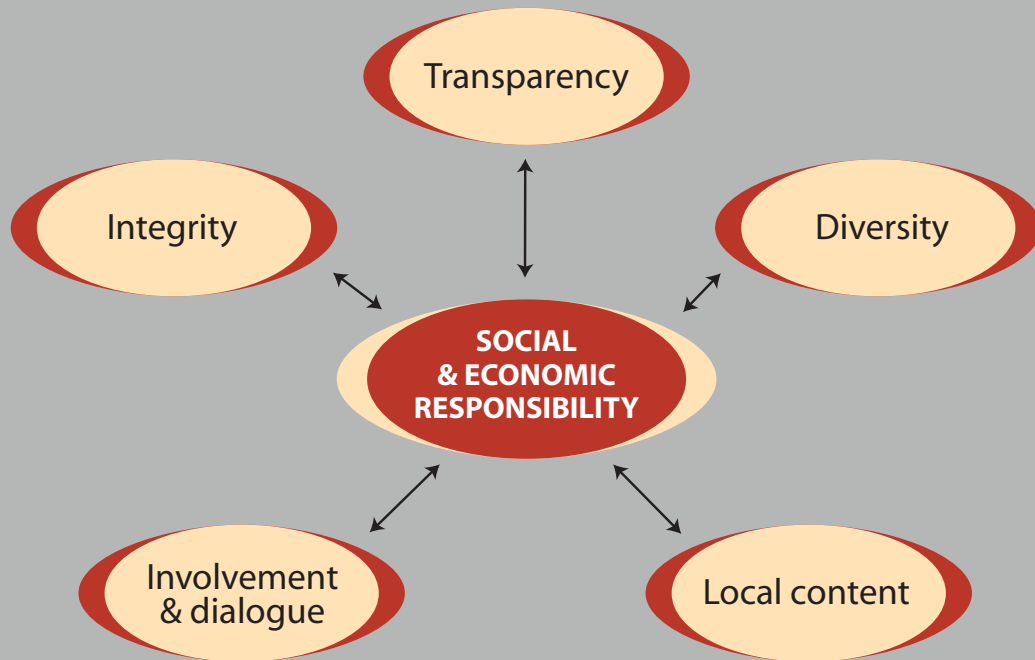
LOCAL CONTENT

Contribution to Local Content is the Saipem way to strike root in frontiers

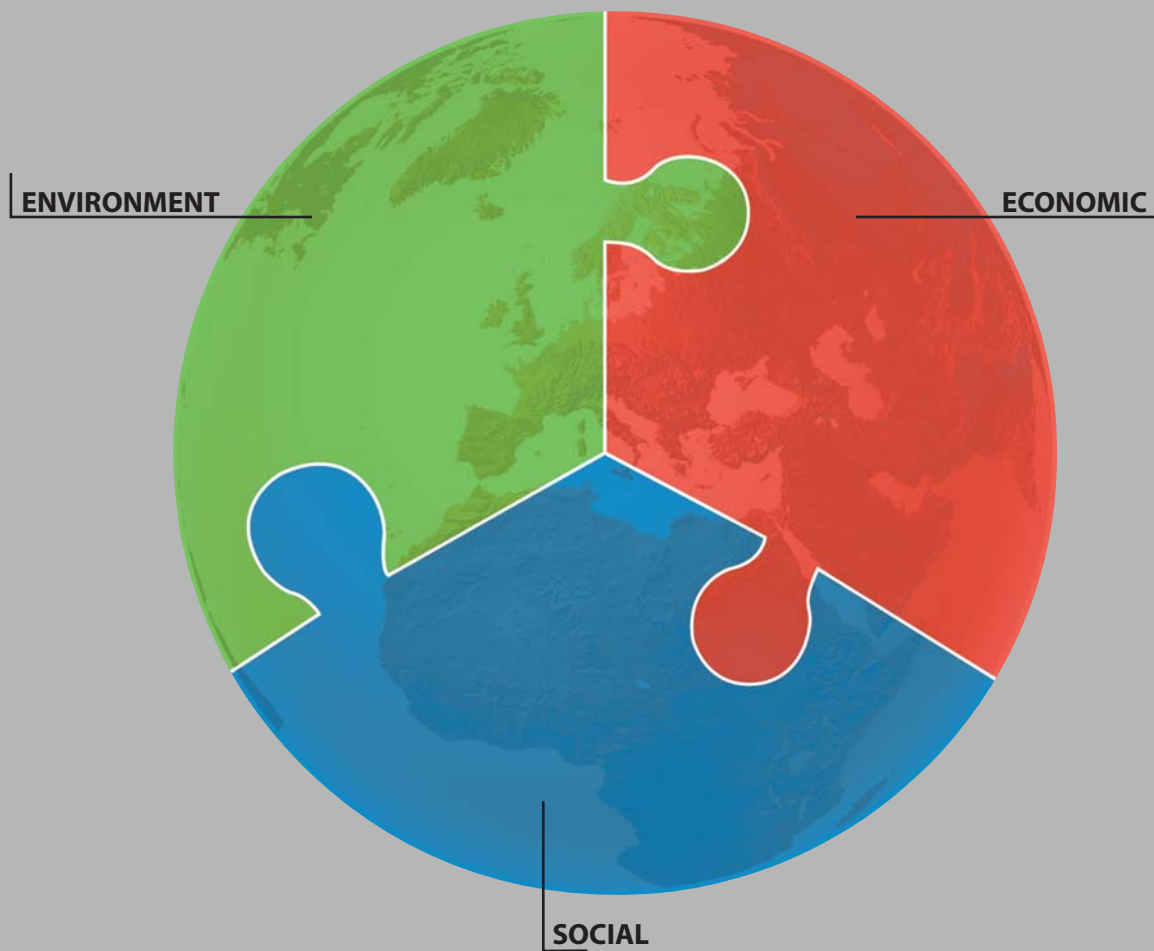
INVOLVEMENT & DIALOGUE

Saipem encourages dialogue on the environmental and social responsibility with its stakeholders

Identifying our principles



Saipem Sustainability Talent



SOCIAL & ECONOMIC RESPONSIBILITY MODEL

Social & Economic Responsibility is our approach to manage business, especially in frontier areas, and to maximize positive socio-economic effects of our operations.

Saipem is managing these issues both at Corporate level, through the sustainability team, and at site level thanks to the involvement of the “Sustainability facilitators”, who are our landmark for local stakeholders.

One of the most significant aspects in Social & Economic Responsibility is the evaluation of direct and indirect effects of Saipem operations on local economy and society involved in the project execution.

Aiming to increase the positive effects of Saipem operations, our main efforts are focused on:

- technical capabilities and training
- medical assistance
- local content of projects, including local employment, local businesses development, taxes and local contribution to the community
- consultation and disclosure.

In line with the QHSE Management System, the management of the Socio-Economic responsibility is being developed in Saipem by applying the continual improvement model taking into consideration also the development of the discussion regarding these issues at international level.

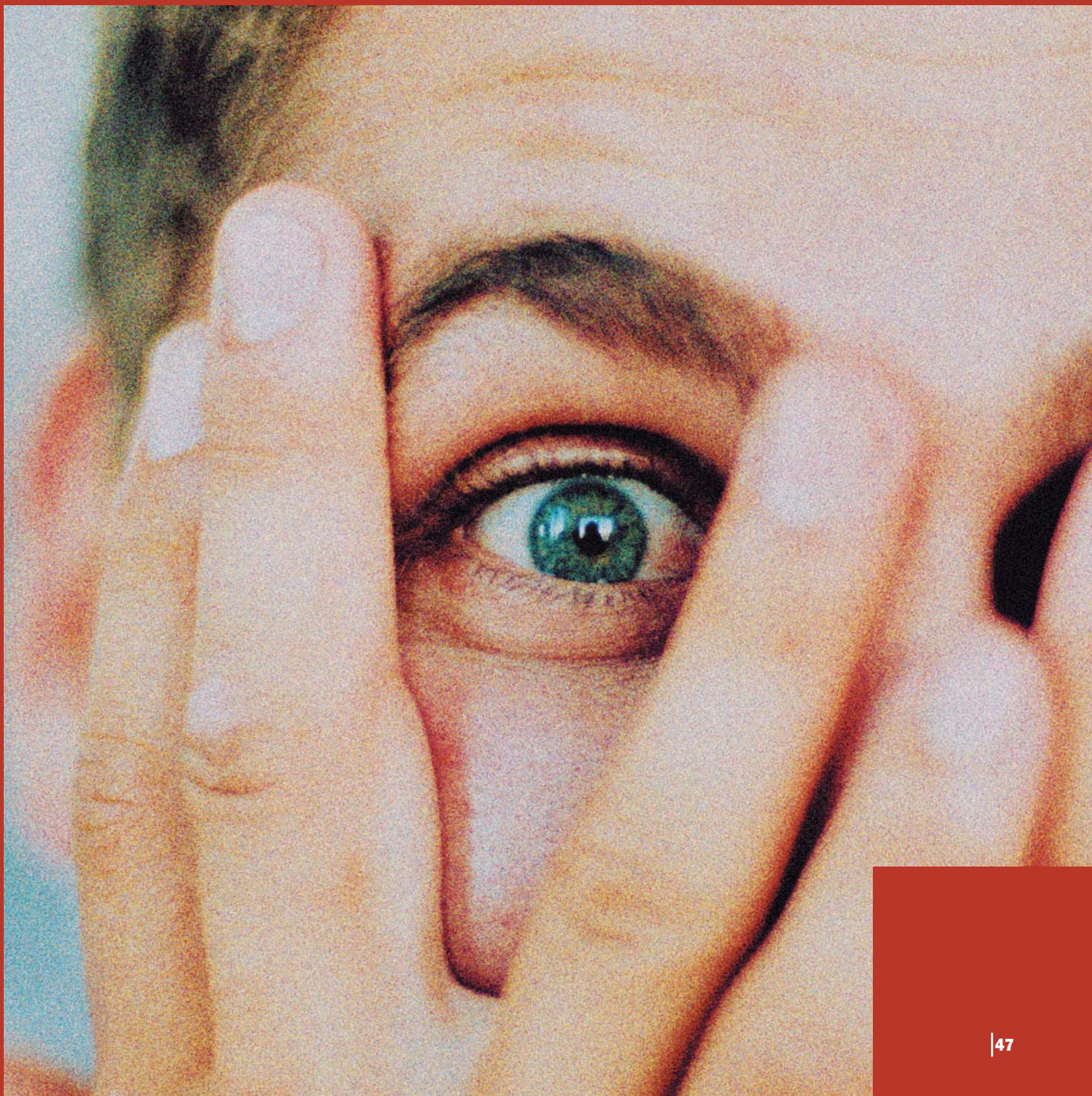
This Saipem mission for the Social-Economic Responsibility is strictly linked to the management of HSE aspects. The three fundamental aspects for sustainability (economic, environmental and social) are presented in the symbol that identifies the “Saipem Sustainability Talent”.

SOCIAL & ECONOMIC RESPONSIBILITY CHALLENGES

Saipem adopts Corporate Social Responsibility in order to manage its operations, specifically in the frontier areas where the potential impact of the oil & gas activities can be considerable for existing or future communities.

SAIPEM HAVE FIXED SOME GENERAL TARGETS OF IMPROVEMENT IN ORDER TO ACHIEVE THE FULL INTEGRATION OF THIS APPROACH WITHIN OUR OPERATIONS.

ISSUES	ACTIONS	GOALS
Sustainability Network	Involvement and training of personnel at Corporate and site level	Extension of sustainability awareness
Evaluation of socio-economic impacts	Benchmarking of available methodologies for the integration of socio-economic accounting and existing accounting system	Accurate evaluation of socio-economic impacts at the project location
Stakeholders relations	Analysis and implementation of new approach for stakeholders consultation at local and Corporate level	Punctual replies to stakeholders expectations
Local Content	Identification of initiatives for analysis and development of the local content	Maximisation, where possible, of local content of Saipem activities





Saipem

People, ideas, energy.

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