

# ersai sustainability report 2013



saipem





## Letter from the Management



I am delighted to present this fourth edition of the ERSAL Sustainability Report that mainly focuses on the experience gained during ten years of activity.

Today, ERSAL is one of the most dynamically developing companies in Kazakhstan, with more than 1,500 employees and dozens of

successfully executed projects.

For ten years the Company has proven that it can turn even the most ambitious ideas into reality and do what others cannot.

**Yan Chan**

*Deputy General Director*



# ersai sustainability report 2013

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## About ERSAL

*ERSAL is a leading company in Kazakhstan. Founded by ERC holdings and Saipem International BV, it provides a wide range of services to Clients including project management, organisation, engineering, procurement, construction & installation, commissioning & maintenance of plant and equipment, facilities, shipbuilding, port management, logistic services and ancillary works pertinent to onshore and offshore Oil&Gas locations.*

*The high technological level of structures and equipment owned, associated with the highly technical experience of qualified personnel, allows ERSAL to reach a yearly*

*production of 25,000 tonnes for pre-fabrication and assembly of medium- and high-complexity modules consisting of steel structures, piping, E&I and mechanical disciplines.*

*ERSAL is based in Aktau, with its head office in Almaty and its Fabrication Yard in Kuryk. The latter is fully equipped with all types of cutting, bevelling, welding and painting equipment, as well as cranes of up to 1,000 tonnes in lifting capacity.*

*The Company has an Integrated QHSE Management System certified in accordance with ISO 9001:2000 since 2005. With the revision of the standard, ISO 9001:2008*

*certification was awarded to the QHSE Integrated Management System together with ISO 14001:2004 and OHSAS 18001:2007 certifications.*

*In 2010, the Welding Process Quality Management System was confirmed as compliant with ISO 3834-2:2005 standard.*

*ERSAL yard has received Recognition Certification from the Russian Maritime Register of Shipping (RMRS). RMRS acknowledged the welder training carried out at the ERSAL yard Training Centre and the manner in which this qualified workers for shipbuilding and reconstruction activities.*



# Mission, Vision and Values

## 'Tough Projects in Safe Hands'

### Mission

Our mission in ERSAL is to be the contractor of choice to marine and energy companies in the Caspian area. We combine flexibility with reliability, excelling in the safe and sustainable delivery of the toughest challenges: engineering projects, shipbuilding, logistics, project management and fabrication.

### Vision

We are here to build a local company with a world class reputation, meeting the present and future needs of demanding Clients, talented employees and a growing community. That's why we invest every day in talent, trust, technology and teamwork.

#### Talent Value

We develop and reward individual talents in order to attract and retain high performing people

To become the number 1 choice for marine and energy companies in the Caspian area, we need the most talented people in our sector. This is simple but at the same time demanding. We believe that every individual has natural talent and that everyone can improve themselves on a daily basis. Talents in ERSAL comes from anywhere in the world – we are a local company with a global DNA. But ultimately a sustainable future for our Company comes from our long-term investment in locally sourced talent.

- **Finding Talent:** the key to attracting the best talents lies in making ERSAL a great place to work through opportunities to take on stimulating challenges and new responsibilities, as well as to learn from colleagues and inspire the next generation of talent.
- **Developing Talent:** we develop talent by providing on-the-job experience of world-class projects, coaching and mentoring by top professionals in the field and through the highest quality training – where health and safety are 'what comes first'.
- **Rewarding Talent:** we retain talent by recognising and rewarding those who build ERSAL's reputation as number 1 in the area. Everyone here is expected to improve their skills daily, and to act as an ambassador in upholding and contributing to our mission and vision.

#### Teamwork

We integrate our talents into teams by valuing differences and sharing goals

In ERSAL we combine individual talents into teams that share the same goals. We balance the need to understand, respect and value all our diverse personalities, cultural backgrounds and skills with a focus on what unites us – our mission, vision and values. Finding this balance on every project will deliver our reputation as number 1 in the area. So, we value individual initiative, but believe that no single individual – no matter how talented – is smarter, more innovative or more productive than ERSAL as a whole. And that's why we listen to each other, learn from each other and celebrate our successes together.

- **Integrating Teams:** we believe in the power of our collective intelligence. We depend on each other for our productivity, profitability and safety. We all take responsibility for our part in this and are reliable team members.
- **Valuing Differences:** working in a multinational team is both stimulating and demanding. Our priorities here are, firstly, to understand the needs of others in the team, secondly, to express our own needs and, finally, to develop solutions that work for all of us. This is the basis of success in a diverse team.
- **Sharing Goals:** we always make sure team members know what our common goals are and why they are important to all of us. We openly explore and define these goals together, so that everyone is committed to them. We also encourage divergent opinions and ideas. Talented and committed people to share successes together: these are the people we want to keep.

#### Innovation and Technology

We support our teams with leading technology, tools and the most efficient working methods, enabling us to become better and safer

Teams made up of talented people, who aim to be number 1 in their field, need the best technology to empower that mission. By technology we mean not just the latest equipment and infrastructure, but also the practice of constantly reviewing our methods of working to make them both safer and more efficient.

- **Leading Technology and Tools:** we maximise the effectiveness of our people's talents by investing in the most advanced technology and equipment for them to use. So, in the long-term, we cut costs and increase productivity.
- **Most Efficient Methods:** to meet our Clients' needs we develop innovative solutions to the most demanding project specifications. We have learnt that the safest solutions are also the most efficient ones. And only the most efficient solutions will satisfy our Clients' needs and increase our productivity.

#### Trust

We earn the trust of our Clients, our colleagues and our community by meeting their needs

All sustainable business is based on trust. It is the key to a company's reputation. No trust, no (long-term) business. In ERSAL we take trust very seriously: we know we have to earn it with new Clients and maintain it with established ones. And for us, trust is built on actions rather than words.

- **Client Trust:** we build Client trust through our competence in meeting the highest standards and finding innovative approaches to challenging projects. We also build trust through our integrity in keeping promises and in making decisions which are ethical as well as focused on safety and sustainability.
- **Colleagues' Trust:** we build our colleagues' trust by being reliable and supporting them. We share our knowledge and skills proactively.
- **Community Trust:** we build our trust with the local community by putting their long-term interests at the top of our agenda. That means building a world-class local workforce, caring for the sustainability of our activity for the generations to come and supporting local infrastructure projects. We are committed to making our operations a source of pride and prosperity for the local area without impacting on the natural environment.

## Values

## Celebration of the 10<sup>th</sup> anniversary

In 2013, ERSAL celebrated its tenth anniversary.

ERSAL's track record is based on a continuous investment in new technologies and facilities. In its 10 years of activity, ERSAL has earned a reputation for being a reliable partner which consistently delivers complex and strategic projects. Its employees have reached a high level of professionalism through constant enhancement of skills and competences.

### Main stages of the history of ERSAL

#### September 2003

ERSAL LLC was founded as a Kazakh company by merging the Saipem Group's worldwide experience in offshore and onshore construction and installation with the capabilities of the Kazakhstan business group ERC Holding.

#### April 2005

First project awarded for the Trunk Line and Production Flowline project as a subcontractor of Saipem for Agip KCO. ERSAL moved about 180,000 tonnes of steel pipes and 175,000 tonnes of cement, sand and iron ore used for the pipe coating process.

#### August 2005

Second project awarded for the Piles and Flares project. The scope of work was inclusive of the following activities: fabrication, assembly and load-out of more than 50 foundation piles, 2 flare jackets, 2 cruciform supports and an LSA pedestal crane; 18 strand jacks; logistic services for offshore activities. The total weight of steel structure moved was more than 21,000 tonnes.

#### December 2005

Completion of the Fabrication and Logistic Yard in the village of Kuryk, Mangistauskaya Oblast, Karakia District.

#### 2006

Start of the Pipe Racks project. The scope of work was inclusive of procurement, prefabrication, assembly, erection and load-out of about 15,000 tonnes of ancillary steelworks and piping. The total weight of structural and piping steel moved by ERSAL was about 19,000 tonnes.

#### 2007

Hook-up and commissioning of Complex 'D' and 'A' Offshore Facilities, mainly in the Kashagan oilfield. ERSAL also prefabricated about 1,000 tonnes of steel structures. In 2007, ERSAL started the second phase of yard development which included extension of the quay side by adding an additional 200 m of jetty plus construction of 100 m of mooring dolphin and a 200 m service jetty; construction of more than 1,700 m of breakwaters protecting the Kuryk Port water front basin; erection of additional accommodation facilities; erection of 3 new structural and piping prefabrication workshops with a total weight of 140,000 tonnes. For the construction of breakwaters about 310,000x160 tonnes/km of high density rock, 90,000x80 tonnes/km of low density rock and approximately 94,000 cubic metres of granular material, crushed stone and ready mix concrete were purchased and transported to Kuryk Yard.

#### December 2008

Completion of the Kuryk Yard development with extension of the quay side, mooring dolphin, breakwaters, new accommodation facilities and 3 new structural and piping prefabrication workshops.

#### 2009

Started D-Island Rig Conversion Project for ExxonMobil Client.

#### 2010

Signed contracts with N Operating Co for onshore base services, industrial waste disposal and provision of transport and specialised vehicles. Construction of the 110 kV Double-circuit Overhead Transmission Line, which will decrease consumption of fuel and emissions to the air in the future. ERSAL put its own Water Treatment Plant into operation, with a capacity 1,000 m<sup>3</sup> per day. To provide a more comprehensive and high quality service to its Clients, ERSAL established an NDT Testing Laboratory, accredited by the Kazakhstan National Centre of Accreditation. IVMS installation in all cars working for ERSAL has improved safe driving in the Company.

#### 2011

ERSAL was awarded a new project with Daewoo Shipbuilding and Marine Engineering Co for Assembly and Completion Works of the Zhambyl Drilling Barge Rig. A testing laboratory was established in ERSAL to carry out analysis of water.

#### 2012

Acquisition of a new contract, in consortium with KKL, for a new Client, 'Teniz Burgylau', for construction of a ready-to-operate jack-up drilling rig. ERSAL installed a swimming pool with a maximum capacity of 100 persons and two saunas.



## 10 years with ERSAl!

On September 27, 2013, ERSAl celebrated 10 years on the Kuryk Base. Among the guests invited for the anniversary celebration were people who have contributed to the creation and development of the Company. The celebration started with an opening meeting, where the General Director of ERSAl, Alessandro Castagna, and the Deputy General Director, Yan Chan, welcomed all the guests and managers of the Company and introduced the agenda for the two-day event. A site visit was organised for the guests, who were

surprised by the enormous changes that had taken place since they last saw the Yard. The project managers presented the various projects currently underway on the ERSAl Base. During the site visit there was the grand opening of the main ERSAl shelter named in honour of the former General Director of ERSAl, Camillo Ceresa. ERSAl Top Management later met with the employees of ERSAl and thanked those who have been contributing to the development of the Company since it was founded ten years ago.

*I am very pleased to celebrate ERSAl's 10<sup>th</sup> anniversary with you. I hope to see you all again in 10 years' time to celebrate our 20<sup>th</sup> anniversary together.*

Vladimir Yartsev, Procurement Coordinator

*I joined ERSAl at its initial stage when the present Yard was simply an abandoned unlevelled territory with seven destroyed houses and no utilities or production facilities. During all these years I have been a witness to the ERSAl Yard's development and now I am proud to observe all the present production and jetty facilities that have been constructed and erected with my contribution.*

*We have faced a lot of obstacles and difficulties during all these challenging years but we have managed to overcome them thanks to highly competent management and a strong team spirit. It is an indescribable feeling when you enter the office in the morning and feel 'at home', because after all these years with ERSAl it becomes your family and you view all problems and successes as your own personal failures or achievements.*

*I hope ERSAl maintains a strong team spirit in order to achieve the highest results in its growing operational activities and that it proves to be the most trustworthy and stable contractor in the Caspian region!*

Yelena Orlova, Client Prequalification Coordinator

*First of all, I would like to thank ERSAl for trusting me and believing in my knowledge for the past 10 years. I have gained a lot of experience and learnt an enormous amount. This has been beneficial not only to the Company, but also to me personally.*

*ERSAl is one of the most trusted companies in the world, no doubt about that. I really want to thank you from the bottom of my heart! God Bless.!*

Regino Bernardo, Procurement Team Leader

*For the past 10 years I have been with ERSAl, I can say that the Company has grown way beyond what I could have imagined. An enormous amount of sand has been bulldozed to establish all the facilities and utilities that we now use and enjoy and that make our stay here convenient and environmentally friendly. ERSAl has given me and my family more than enough to live on for a brighter future. May our continuous hard work and perseverance help our Company to achieve its entire goal. I wish to thank the Management and all our colleagues for the opportunity and support that each one of us has received throughout these years.!*

Cemal Aytac, Piping Supervisor

*When, in 2003, I came to work and saw that my workplace consisted of a few houses, I could not imagine that in ten years' time there would be a grandiose project and a wonderful small town. I am very glad that my contribution, however small, has been recognised and that I have been invited to the 10 year anniversary celebration of our Company.*

*I sincerely thank the Company for its support, for the comfort that surrounds us, for the good estimation of our work and for the stability that it provides us. I wish the Company further prosperity, advancement and success.*

Tolkyn Turmukhanbetova, Head Nurse



## Main achievements in 2013

### New contract awards

Acquisition of two new contracts: a maintenance contract with the new Client NCPOC for 5 years, and the EPC 2, 3 and 4 Contract.

The **Maintenance Contract** includes:

Provision of personnel for Maintenance Services for Offshore and Onshore Facilities.

Provision of Facility Maintenance and Inspection Services for Offshore (Island D) and Onshore (OPF) Facilities.

Onshore Process Facilities include:

- 3 oil trains, 2 gas trains, 2 sulphur trains, power generation and utilities;
- Eskene West Rail Facility EWRF: train loading facilities [excluding rail cars and rail network];
- associated onshore facilities: accommodation, offices, civil works.

Offshore Facilities (Island D, EPC 2, EPC 3, EPC 4) include:

- 12 production wells, 2 oil separation trains, 2 raw gas injection compressors and utilities;
- 4 unmanned wellhead installations (Island D, EPC 2, EPC 3, EPC 4);
- excluding wellhead, X-mas tree and sub-surface equipment.

The **EPC 2, 3 and 4 Contract** includes:

Engineering, procurement, fabrication, load-out and transportation of topsides for EP Clusters 2, 3 and 4.

The BASE scope of work includes detailed design for EPC 2, EPC 3 and EPC 4 topside production manifold modules, procurement of materials, fabrication, load-out and transportation of EPC 2 and EPC 3 topside production manifold modules.

The Optional scope of work includes procurement of materials, fabrication, load-out and transportation of EPC 4 topside production manifold modules.

### Confirmation of ERSAL certifications

There was a successful outcome to third party audits for confirmation of ERSAL certifications according to ISO 3834, ISO 9001, ISO 14001 and OHSAS standards, as well as RMRS and NCA recognitions and accreditations with zero nonconformities.

Also successful were ERSAL's tax audit for 2012 and the Ernst and Young Financial Audit. This year ERSAL received the International Safety Management (ISM) Document of Compliance (DOC) for the Company and the ERSAL 400 Vessel.

### Safety

There were 626 LTI free days with more than 5,586,622 manhours worked. The 1<sup>st</sup> Semester QHSE Award 2013 was celebrated in the presence of potential Client TCO, as well as Corporate visitors and other Clients.

## Projects ongoing in 2013

Name of project	Client	Description
Jack-Up Drilling Rig	Teniz Burgylau Llp	Procurement, fabrication, assembly, installation, hook-up and commissioning of jack-up drilling rig.
Filanovsky FFI	Saipem SpA	Welding of free issued cans for followers.
T&I Barge	Saipem SpA	Barge upgrading.

# Developing Long-term Competitiveness

ERSAI's track record is based on a continuous investment in new technologies and facilities to become a reliable partner capable of delivering complex and strategic projects

## Shipbuilding: a promising line in the Company's growing business

The first project in shipbuilding and modification was realised in 2006. Floating winch Storione 1 was constructed at ERSAL Kuryk Yard in the Mangystau Region for the Client Saipem Kazakhstan Branch, the parent company. The vessel was deployed during the construction of the trunkline in the shallow waters for the Kashagan project. The project turned out to be a success and in 2007 ERSAL was awarded a new order. Saipem contracted ERSAL to build another vessel, Storione 2, which was specially designed for trenching and laying of fibre optic cables.

In 2008, the Company faced a new challenge – assembly of the pipe-laying barge Castoro 12, and TRB, a trenching barge. During 2 years of Castoro 12 and TRB operations in the harsh environment of the Caspian Sea, new ways were defined for further upgrading these unique vessels. In 2010, our specialists started an upgrade of TRB. The job included dismantling the equipment from the old hull, installation of this equipment onto a new hull and further upgrading with sophisticated technology. In 2011, the works were completed. The barge, under the new name Castoro 16, underwent successful sea trials and commissioning for the Kashagan project.

2011 was a turning point for the Company. ERSAL signed a contract with the Korean shipbuilding company Daewoo Shipbuilding and Marine Engineering for the assembly of the submersible drilling barge. This barge was designed for the shallow waters of the Caspian Sea. It was an important phase not only for ERSAL but for the whole Kazakh oil industry. Construction on such a scale was done for the first time in Kazakhstan and it was a unique project for the country. To carry out this project, a dry dock was built, the first in Kazakhstan and one of the biggest in the whole

Caspian Sea Region.

Construction of the submersible drilling barge was completed in one year. In summer 2012 ERSAL conducted an official naming ceremony. Ms. Zhaniya Aubakirova, an honoured artist of Kazakhstan, became the lady-sponsor of the vessel which was set to sail as Caspian Explorer. Among the distinguished guests attending the ceremony in accordance with the maritime traditions were the First Deputy Minister of the Republic of Kazakhstan, the Akim of Mangystau Region, representatives of various ministries and departments both of Kazakhstan and Korea, the Ambassador of the Republic of Korea and the Client's top management.

Caspian Explorer has impressive capabilities. With a length of 100 metres and a width of 50 metres, it is capable of drilling up to 6,000 metres. In 2013, Caspian Explorer successfully drilled an exploratory well in the Zhambyl Block, which struck oil at 2,200 metres.

Recently, Castoro 12 and Castoro 16 were given a new task: a pipe-laying project in Filanovskiy field on the Russian shelf of the Caspian Sea operated by Lukoil. However, before taking on this work, it was necessary to modify these barges for operation in different environmental conditions. With the usual dedicated approach of the ERSAL team, detailed engineering, fabrication and electrical works were successfully completed. Modification works of Castoro 16 included hull reinforcement and installation of the water desalination unit.

In 2012, ERSAL, in partnership with Keppel Kazakhstan, signed a contract for the construction of an 11,000 tonnes jack-up drilling rig for the Caspian Sea. The Client was the national drilling company 'TenizBurgylau'. On May 8, 2013,

the official Keel Laying ceremony was held. The project is expected to take 32 months and will be completed by March 2015.

These competences have led to new business opportunities, such as the project for modification of the installation barge owned by Palmali for a project of the Russian Lukoil Co, and the completion works for a Chinese jack-up for a project in Turkmenistan. Today, ERSAL is a leader in shipbuilding, ship conversion and modification not only in Kazakhstan, but also in the Caspian Sea Region, working for important and large Clients.

## Customer Satisfaction

In a competitive marketplace, where businesses compete for Clients, customer satisfaction is seen as a key differentiator and a primary element of the business strategy. For this purpose, Customer Satisfaction Questionnaires are sent to customers in order to receive feedback on the activities carried out by ERSAL.

In 2013, feedback was received for the jack-up drilling rig project. Three main strengths were highlighted, namely the focus on HSE, the use of advanced technologies and the focus on quality. Taking into consideration that this is the first time ERSAL has managed this type of project, overall performance is good, but communication within departments, follow-up and advance site planning all need to be improved.

## Building a sustainable supply chain

ERSAL is working with its local suppliers and subcontractors to develop their capabilities in order to meet international standards. In particular, Quality Assurance and HSE are relevant themes, to which special attention is paid during the entire Vendor management process: (i) during the qualification/tendering phase subcontractors are required to submit a number of QHSE documents to demonstrate compliance with legal requirements and international standards; (ii) ERSAL organises QHSE workshops twice a year in order to brief and update potential subcontractors on ERSAL requirements and support them in their implementation; (iii) ERSAL provides HSE induction, HSE training and Leadership in Health and Safety (LiHS) training to all subcontractors working on Kuryk Base; and (iv) ERSAL obliges subcontractors/contractors to install an in-vehicle monitoring system in each of its transportation units.

## Partnership for Sustainability

In January 2013, ERSAL conducted its fourth meeting with main local subcontractors on sustainability issues. The purpose of the meeting was to:

- achieve sustainability results through potential



- partnership with subcontractors;
- introduce the main principles of ERSAL's Sustainability Policy;
- involve subcontractors in the socio-economic context of the community where they are working;
- inform the subcontractors about the ERSAL Sustainability Plan and present the community initiatives that in which they can participate.

As a result of this campaign, a number of suppliers and subcontractors such as StamGasStroy, Sitek, Bolashak, Saga Terminal, and Caspiy Ak Zhelken decided to take part in the Sustainability Plan and contribute to the sustainable development of the region by directly investing in community initiatives. In 2013, Bolashak participated in the organisation of the summer internship for 60 schoolchildren from indigent families and provided 13 computers to the Kuryk school No. 6. StamGasStroy constructed one playground in Kuryk village. Saga Terminal and Caspiy Ak Zhelken supported the Junior Basketball League. Sitek refurbished the outdoor schoolyard in Kuryk with a new football field, gates, benches for players and a basketball court. Old fitness equipment was also refurbished.

## Business Ethics

The Saipem Code of Ethics, fully implemented by ERSAL, defines the values recognised, accepted and shared by the Company, as well as the responsibilities it assumes in relation to internal and external stakeholders. Compliance with the Code of Ethics is of fundamental importance for ensuring the functioning, reliability and reputation of the Company. The Code requires fairness, loyalty, integrity and transparency of operations, as well as correct conduct, working practices and processes in relations either within the Group or with external parties such as shareholders, Clients, suppliers, partners, and local communities.

All of ERSAL's employees are expected to be familiar with the principles and contents of the Code of Ethics. To this end, awareness raising sessions are organised by the HR Department. In 2013, all employees of the Company participated in these.

A Compliance Committee was set up with the purpose of monitoring implementation of the Code of Ethics. In 2013, a positive audit was conducted by the Committee, with no nonconformities found.

## ERSAL FABRICATION YARD

Total area: 220 hectares; developed area: 130 hectares; sheltered area (structural and piping pre-fabrication, painting and sand blasting, warehousing): 25,000 m<sup>2</sup>; offices area: 5,000 m<sup>2</sup>.

Accommodation facilities for 2,000 people in 21 and 17 bungalows; fully equipped port with the following configurations:

- water front 1,000 m;
- quay: 464 m; 22.4 m width;
- mooring dolphin: 100 m length; 22 m width;
- service jetty: 200 m length; 20 m width, with 30 t gantry crane;
- water front basin: 328,740 m<sup>2</sup>;
- water front fully protected by breakwaters for a total of about 1,700 m;
- entrance channel: 120 m width;
- water depth: 5.2 m C.D.

Total fabrication capacity of about 1,500-2,100 tonnes/month. In the event of a request for additional fabrication capacity, the future workload can be increased up to 3,200 tonnes/month by further developing an already owned area and hiring additional employees.

Major investments in 2013 to meet Client needs and guarantee long-lasting business relations:

- green Kuryk programme campaign;
- perimetral fencing camera control;
- construction and installation of ICT server room;
- installation and construction of insulated centralised archive conventional centre.



## ERSAI Vessels

### Ersai 1

Hull length: 139.84 m; length overall (LOA): 140.45 m; hull breadth: 42.00 m; breadth overall: 42.61 m; depth: 8.40 m; lightship: 9,200 t approx.; lightship (without crane): 7,300 t; draught light: 1.70 m approx., typical 4.00 m, max. 5.60 m.  
Class notation RMRS KE I technological pontoon.  
Main crawler crane capacity 1,200 t.



### Ersai 2

Crane type: Demag TC-1000s; maximum load: 200 t fully revolving; auxiliary hoist: 10 t; boom length: 54 m.  
Powered: diesel-hydraulic; length (overall.): 59.89 m; tonnage: gross 824 t, net 247 t; 2x1,000 kg, chain 150 m.



### Ersai 400

Accommodation Barge ABS (American Bureau of Shipping).  
Hull type: ship shaped barge with side; blisters: ice class notation A0.  
Hull length: 111 m; hull width: 16.20 m; depth: 3.75 m; load line displacement: 3,600 t; freeboard draught: 2.8 m; 2x10 t capacity revolving cranes at side; 1x3 t revolving crane at stern.  
Helideck: aluminium made and suitable for Super Puma AS 332L2 helicopter.



### Ersai 3

Classification: Utility Barge; class: Germanischer Lloyd - 100 A5 K E 'Special purpose ship' RMRS.  
Length overall: 68.27 m; gross tonnage: 1,963 t; 1 pedestal crane capacity 5 t @ 12 m on exposed deck at stern; 1 overhead crane of 3 t capacity; 1 electrical monorail hoist of 2 t capacity.



### Ersai 4

Type of Unit: WSB1 - Workshop Storage Barge; Class: RMRS; dimension: 96 m x 15 m x 3.6 m draft; pedestal crane capacity: 5 t @ 12 m; overhead crane capacity: 3 t; electrical hoist capacity: 3 t; office: 100 pp., meeting room. Ice reinforcement: 0.6 m.  
Facilities for external users: 3x275 kW DDGG set 50 HZ; 1 air compressor (10.5 m<sup>3</sup>/min - 12 bar); dirty water tanks: 320 m<sup>3</sup>.



# Making People a Strategic Asset

Human resources lie at the heart of the Company's management policy, which seeks to create highly qualified and motivated employees. An environment conducive to efficient work and the continuous professional development of staff are essential for ERSAL.

## Human Resources Management

With respect to its employees, the Company carries out a fair and open policy at all stages. General obligations of employees and ERSAL are laid out in the Collective Agreement and Labour Contract.

In 2013, ERSAL employed 1,174 people, 70% of whom were Kazakh nationals. The Company adopts a strict policy of maximising the hiring of local people.

In 2013, ERSAL continued with its people management policy already in place, focusing mainly on retention and career development. At present, there are 22 key resources involved in the Retention Plan.

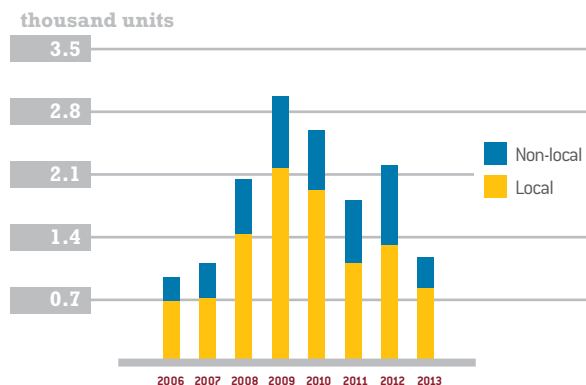
In 2014, 4 employees will receive 100% of their accumulated capital and another 11 employees 30%. The implementation of a 'loyalty' attitude towards Company resources, as well as a career perspective and job continuity, are the main advantages of the programme.

The total workforce diminished in the period 2012-2013 because the first phase of Kashagan was completed. However, growth is expected in the next few years due to incoming projects.

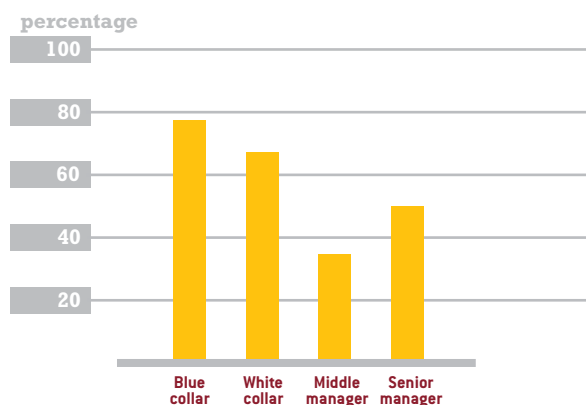
ERSAL proceeded with its work in the Valuable International Pool (VIP), a segmentation process targeted at the creation of an internal market for international resources in the Group.

Up to now, 14 ERSAL VIP resources have been identified. The VIPs have technical professional backgrounds, are responsible for management decisions and have a significant impact on business. They are qualified resources with essential expertise, a high level of know-how and professional experience. They are capable of covering positions and hold a particularly important role for the Company or function at worldwide level.

LOCAL STAFF VS. TOTAL WORKFORCE



LOCAL EMPLOYEES BY CATEGORY





## Training

Every year, the Company organises specific training courses on the basis of assessed needs, the training plan and the budget approved by Top Management. In 2013, a total of 1,932 hours of training were provided to 630 employees to develop their managerial, technical and professional skills and abilities.

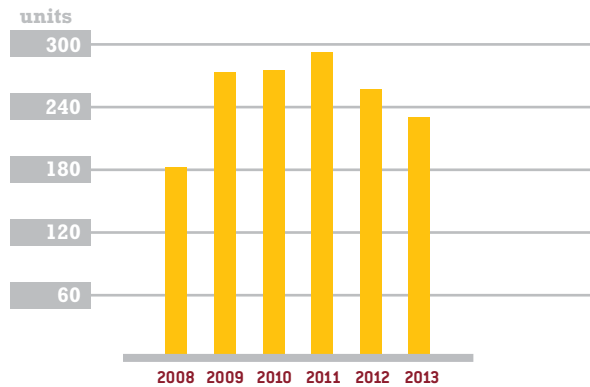
### Training of NDT technicians

During 2013, ERSAL launched a local content development programme, within which 3 local employees from Kuryk village were selected for NDT training. They were trained on 6 NDT methods over 6 months in Karaganda city. After training, they started work as NDT technicians in the ERSAL NDT Laboratory.

### Professional Training Centre

The Professional Training Centre (PTC) has focused on delivering welder training and certification and on issuing the national and international IIW welders/welding practitioners' diploma. It is taking the lead in encouraging the implementation of a sustainability approach

### FEMALE EMPLOYEES



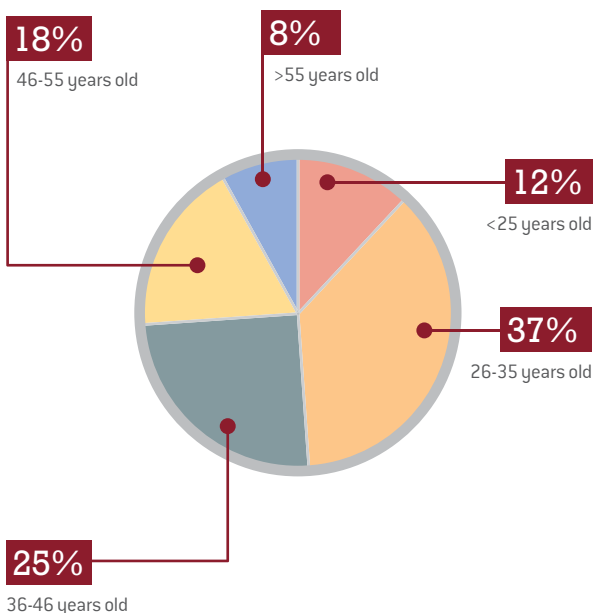
Note: Females account for 20% of total employees.

to support unemployed people and children of the neighbouring village of Kuryk, providing English language training free of charge. In 2013, the PTC conducted 533 welder qualification tests and provided English language courses of different levels attended by about 60 people from Kuryk village.

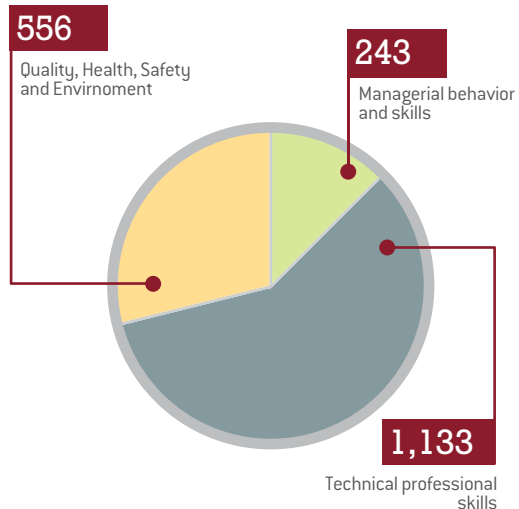
I started to work in ERSAL as a pipe fitter in 2008, then moved to the Quality department as a Technical Clerk. In May 2013, I was invited to take part in NDT training. The criteria for candidate selection were good performance, Kuryk residency and several years' work in ERSAL Company. I was successfully enrolled in this programme. Two of my colleagues and I went for NDT Training in Karaganda. We were trained on different NDT methods and we passed the examination. On returning from training, we started work as NDT technicians in the ERSAL NDT Laboratory. I like my job and my supervisor trains me a lot. I would like to thank ERSAL Management for giving me this opportunity to improve my qualifications.

*Nazarov Yerkin, NDT technician*

### EMPLOYEE BREAKDOWN BY AGE



### EXTERNAL TRAINING HOURS BY COURSE TYPE





## Safe workplace and healthy workforce

ERSAL's HSE Management System is certified by Bureau Veritas Certification in accordance with OHSAS 18001:2007 and ISO 14001:2004 standards.

### Commitment to Health Promotion

The ERSAL health service monitors the fitness status of all employees on a monthly basis. As a result, 97% of local employees and 95% of expatriates have a valid medical fitness certificate.

In addition, a series of prevention initiatives are carried out, in particular the Cardiovascular Disease Prevention Programme which aims for the constant assessment, monitoring and prevention of cardiovascular disease due to certain risk factors. In 2013, 50 people participated in the Risk Factor Monitoring Programme (risk calculated on gender, age, smoking, systolic blood pressure, total cholesterol or cholesterol/HDL ratio).

Out of 50 participants, 15 decreased their risk score through medical treatment (10%), lifestyle modification

and medical treatment (25%) and lifestyle modification only (65%).

With the purpose of evaluating the performance of the ERSAL Medical Department, Company employees were asked to complete a Customer Satisfaction Questionnaire for health related services. 471 questionnaires were received. 400 respondents defined the service as 'excellent', 70 as 'good', and 1 as 'sufficient'.

The questionnaire also contained employee suggestions, the most common of which were:

- to improve quality of medical examinations provided by medical insurance company 'Interteach' and expand the range of services provided;
- to substitute X-ray tests with blood tests for identification of tuberculosis;
- not to clean offices during working hours using chemicals.

### Celebrating safety performance

On March 28, 2013, ERSAL achieved one year without LTI, with more than 3.5 million manhours worked.

Top Management organised a special ceremony on April 10

PROACTIVE KPI		2010	2011	2012	2013
Health training hours (internal training courses)	(No.)	3,495	828	1,761	1,502
Employees participating to health courses	(No.)	1,642	611	1,098	1,062
Local employees taking part in health courses	(No.)	1,585	498	1,098	968
Medical staff	(No.)	12	13	13	13
Vaccinations	(No.)	1,650	1,000	235	358
Personnel involved in First Aid Training	(No.)	217	200	133	135

REACTIVE KPI		2010	2011	2012	2013
Employees visiting the clinic due to illness	(%)	1.35	1.16	1.18	26,978?
Employees absent due to illness	(No.)	1,180	662	401	632
Medical Evacuations (Medevac) performed	(No.)	27	17	41	42

Note: 70% of the overall number of visits to the Kuryk clinic were related to illnesses, mainly respiratory (23%), digestive (7%), musculoskeletal (6%), skin (4%) and other diseases (60%).

SAFETY PERFORMANCE INDICATORS									
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Manhours Worked	2,989,356	3,393,006	2,799,323	4,813,705	7,622,995	6,692,035	6,149,386	4,550,984	3,886,994
Lost Time Injuries	3	5	2	3	5	6	3	4	0
Total Recordable Incidents	5	6	3	6	13	12	6	7	0
First Aid Cases	110	41	59	142	54	11	7	2	1
Lost Workdays	197	191	186	220	185	390	61	394	0
LTI Frequency Rate	1.00	1.47	0.71	0.62	0.65	0.90	0.48	0.88	0.00
TRI Frequency Rate	1.67	1.77	1.07	1.25	1.71	1.79	0.97	0.88	0.00
FA Case Rate	0.36	0.12	0.21	0.29	0.07	0.01	0.01	0.04	0.00
Severity Rate	0.06	0.05	0.09	0.04	0.02	0.06	0.01	0.09	0.00

	2007	2008	2009	2010	2011	2012	2013
Safety Hazard Observation Cards	796	947	1,018	3,338	2,089	502	224
Tool Box Talks	5,615	10,281	14,203	13,555	15,641	12,138	7,385
HSE Meetings	157	143	570	612	574	307	208
Job Safety Analysis	648	1,099	539	1,180	2,640	1,502	2,081
HSE Training Hours	4,282	8,165	13,444	13,191	16,008	9,316	12,251
HSE Inspections	182	237	578	585	414	423	863
Emergency Drills	7	13	17	29	26	21	31

in the ERSAL Caspian Yard and invited all employees to celebrate this outstanding success together. The ceremony was opened with a speech by Mr. Yan Chan, Deputy General Director, who expressed his gratitude to the employees and highlighted the importance of working safely. By the end of 2013, ERSAL had achieved 5 million manhours without LTI.

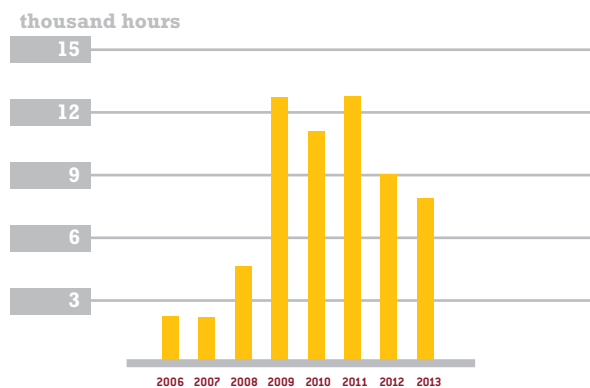
### QHSE Award System

With the purpose of improving effectiveness, there were changes to ERSAL's QHSE Award System, mainly in the criteria for selecting personnel to receive awards. These were: answers to climate analysis questionnaires, zero disciplinary actions, low weld repair rate, zero alcohol abuse, no accidents or oil spills, no observation of waste segregation and active participation in housekeeping activities. In addition, 2 drivers are awarded on a monthly basis taking into account zero IVMS violations and no road traffic accidents.

### Climate Analysis

The Climate Analysis Questionnaire is a method adopted to measure the perception of employees towards health, safety and environmental programmes and activities brought forward by the Company. The questionnaires are distributed twice a year to all Company employees. The survey contains questions related to HSE, i.e. availability of Personal Protective Equipment (PPE), training related to job safety, waste segregation, health of employees, etc. The questionnaire is anonymous. Feedback is collected and analysed by the HSE Department. In 2013, 467 questionnaires were completed in the first semester and 204 in the second. Some conclusions can be drawn from analysis of the

### SAFETY AWARENESS COURSES



questionnaires:

- positive feedback on safety advisor coaching and the availability of PPE;
  - good worker perception of safety training provided (97%);
  - questions about health and environment basically confirmed the positive perception of last year; the average of positive answers was 98% for environment (93% in 2012) and 97% for health (91% in 2012).
- While overall results were positive, ERSAL needs to focus on obtaining more responses to the initiative from personnel, as this is the best way to verify actual trends. The questionnaires also contained employees' suggestions, the most common of which were:
- provide a dental service and include it in the medical insurance benefit;
  - provide hotel accommodation if the time between flights is more than 7 hours;
  - plant more trees inside and outside the camp;
  - select an environmental team from each department

to ensure that environmental activities are proceeding according to plan;

- improve the quality of medical examinations from the specialist company providing this service;
- share the global experiences of specialists with leading companies in the field of HSE, like Saipem.

#### 'Choose Life' campaign launched in Kazakhstan

2013 was the year when the LiHS Foundation, with sponsoring from Saipem Corporate Management, launched a new campaign, 'Choose Life'. In Kazakhstan, the launch took place in November. A Choose Life campaign with 15 workshops was conducted in Atyrau, Aktau and ERSAL Caspian Yard in Kuryk involving more than 400 employees from Saipem SpA Kazakhstan Branch and ERSAL LLC. Choose Life is a new campaign with an impactful movie coupled with other tools and recommendations for converting one's usual lifestyle into a healthier one and increasing awareness of the most dangerous illnesses, such as cardio-vascular and sexually transmitted diseases.

The majority of participants set their personal improvement targets on health issues. This first campaign was launched in English, but Choose Life campaigns in Kazakh and Russian are planned for 2014.

#### Leadership in Health and Safety (LiHS) events in 2013

In 2013, ERSAL continued to implement all phases of the LiHS Programme and spread the messages and commitments of Saipem's Top Management to all new employees, ensuring the continuous improvement of the health and safety culture by involving others in moving towards an injury-free environment.

Since 2007, ERSAL LLC and Saipem SpA Kazakhstan Branch (SAZAK) have organised more than 20 workshops for management, involving about 300 people, including companies, contractor managers and HSE professional teams. In particular, 2 workshops for management and coordinators were conducted in June and July with 25 people taking part from ERSAL and SAKAZ.

In order to improve the organisation and delivery process, this year one more LiHS Facilitator was trained on Phase 1. This gives ERSAL more independence in the planning of these important events.

In December 2013, a one-day workshop was organised on management of the contractor KCOI. Fabio Iarocci, KCOI Executive Director, stated that *'The workshop was excellent, as was the professionalism of the trainers, who themselves showed commitment and high safety awareness. Organisation of the workshop was perfect and the emotional commitment was one of the main inspirational tools. For our Company it has been extremely useful and I am glad we participated in this workshop, for which we thank ERSAL.'*

Staff turnover in ERSAL is one of the reasons for the continuous delivery of management cascading events within the organisation. This year the new General Director, Alessandro Castagna, organised a cascading event in Aktau office. Mr. Castagna was previously QHSE Manager and LiHS facilitator. Using his knowledge and great experience he made cascading a more attractive, sensible and coaching oriented event. In order to involve new personnel in LiHS, the Asset Manager, Mr. Angelini, organised one session of cascading for his new team members in Kuryk base.

The Five Stars Intervention Tool is one of the most important training events conducted in ERSAL and Saipem SpA Kazakhstan Branch. Since 2009, the event has been conducted in three languages, English, Kazakh and Russian. All materials have been translated into local languages. Up to now, more than 1,500 employees (both onshore and offshore) have participated in Five Stars events. Every year new targets are identified for training. So far, all foremen and supervisors, ERSAL and Saipem workers, subcontractor and agency personnel have been trained. Even if the course was designed for operational staff, in 2013 it was decided to involve office personnel too, to make them aware of this tool which they can use both in the office and in private life.





# Contributing to Social Development and Environmental Protection

ERSAI is committed to maintaining fair relations with local communities, contributing to their socio-economic development and minimising the Company's impact on the local environment.

## Education programme

### Development of Pre-School Education

ERSAI, in cooperation with the non-governmental organisation Eurasia Foundation of Central Asia (EFCA), started the 'Growing Together' Preschool Education Initiative, a three-year programme launched in 2013 to improve the quality of early childhood education in Kuryk through a three-phased intervention: prioritising teacher qualifications, parent partnerships and community engagement.

The first year of the programme saw extensive work with two kindergartens, focused on improving teacher qualifications and the dialogue between administrators, caretakers, and parents. Activities were designed to motivate caretakers to pursue professional development activities, facilitate more efficient administrative processes and communications, encourage innovative teaching and alternative behaviour management in the classroom, increase parent involvement, and ultimately improve educational and psychological preparedness of kindergarten children for the transition to school. Based on training needs and interests identified during the staff survey and expectations of parents, the project team developed training plans for kindergarten caretakers and administrators.

Through an open competition, EFCA chose the most qualified and experienced coaches in the area of preschool education. Selection criteria included trainer qualification, previous experience in pre-school education, and Kazakh-language training capacity.

The following organisations were selected:

- NGO 'Step by Step';
- NGO 'Ravnyi-Ravnomu';

- Centre for Professional Development 'Orleu' of Mangistau Oblast.

The courses designed for caretakers were:

- The 'Step by Step' methodology: 7 days, 38 participants.
- Child Development: 'Children's Communication Techniques'; 'Specifics of Physical and Mental Child Development'; 'Socialisation for Young Children'; and 'Critical Thinking': 4 days, 33 participants.
- Teaching: 'Portfolio Technology'; 'Working with an Interactive Board'; 'Self-Knowledge Teaching Techniques': 5 days, 23 participants.

The Step by Step methodology advocates facilitation of children's learning through play, development of individual and small-group instruction that meets the needs of each child, promotion of choice and responsibility in the classroom, respect for differences, and active involvement of parents.

Nine administrators participated in a two-day course on Financial and Organisational Management and Coordinating Methodologies in the Classroom.

Following training, eight kindergarten teachers and administrators were selected to attend a study tour to Astana to visit model early-childhood programmes. After returning to Kuryk, 2 of 4 kindergartens developed operational plans to implement 'Step by Step' teaching methodology in the education process. EFCA awarded two mini grants to Bolashak and Kulyshak kindergartens so that two classrooms could purchase teaching materials and equipment required as 'Step by Step' methodology resources.

Both kindergartens organised 'Open Houses' to present results and lessons learned, as well as to demonstrate new Step by Step-inspired teaching methods to colleagues and community members. Care-takers and their groups demonstrated technologies applied in the classroom, as well as described changes observed in children's behaviour

and educational progress as a result of the project. Those active caretakers who participated in all project training courses and who showed initiative in the application of new methodologies in the classroom were invited to take part in the 'Best Caretakers' competition in December 2013.

The programme will continue in 2014 by providing resources and support for local parents of young children through professional development for teachers, the expansion of the 'Step by Step' programme to two additional kindergartens, additional training courses and resources for parents, the establishment of a Parent Resource Centre, and community events to promote project results round-table. Activities are designed not only to improve parent partnership with kindergartens, but also to encourage a habit of involvement in the learning process that will continue as children enter school.

## School Education Development Programme

The School Education Development project focuses on improving teacher qualifications and encouraging dialogue between school management, teachers and parents, and developing a Community Active School (CAS) programme in Kuryk. The programme consists of two-part training components for school management and teachers and on CAS programme development. The aim is to motivate teachers to:

- pursue professional development activities;
- facilitate more efficient administrative processes and communications;
- encourage greater application of innovative teaching methodologies in the classroom;
- increase parent involvement and support for classroom innovations;
- improve educational preparedness of school students.

In March 2013, EFCA and local coordinators conducted a staff survey among school management and teachers. The results obtained facilitated the collection of information on what training is needed in order to help teachers and management effectively accomplish their goals and tasks throughout the year. Training agendas and materials were finalised based on the results of these surveys. All topics were included into the school staff training.

Teacher training included the following themes:

- Basics of Psychological Work with Children with Trainers from the Psychoanalytical Association of Kazakhstan: 3 days, 30 participants.
- Interactive Teaching Methods with Trainers from the Public Organisation 'Peer to Peer': 3 days, 24 participants.
- Working with Interactive Whiteboards with Trainers from the Association of Information Specialists of Kazakhstan: 4 days, 41 participants.
- A Comprehensive Consecutive Analysis Trainer and Author of this methodology is Ms. N. Orazakhynova: 4 days, 38 participants.

Principles of Public School Management was the main topic of training for school administrative personnel. The 5 most active teachers who participated in all project training sessions and actively applied new methodologies in the classrooms were invited to take part in the 'Best Teacher' competition held in December 2013.

In order to pilot and develop a CAS programme in Kuryk, EFCA, with the local Department of Education, selected one school for CAS project participation. The school was selected based on the following criteria: *Teaching staff, Material and technical base, the Director's interest, and Recommendations of the Regional Management*. Interviews were conducted with the management and staff of the three schools. Based on the results of the interviews and recommendations from the Regional Education Department, it was decided to select School No. 6 was chosen.

In June 2013, the teachers of School No. 6 participated in



training on the *Principles and Approaches of Community Active School Model*. EFCA invited a partnering organisation from Omsk, Russia, to conduct a three-day training session on the *Development of Community Active School Programme* throughout the academic year. Participants were once again students and teachers at School No. 6. Later, in September 2013, the 6 representatives from School No. 6 went on a Study Tour to Omsk, Russia, where they met with the Community Active Schools (CAS) of the region.

During the tour, the Kuryk School teachers learnt more about CAS concepts such as '*democratisation of the educational process, volunteering, social partnership, leadership development of students through student government and project activities*'.

Currently, School No. 6 is working on its Implementation Plan for the adaptation of the CAS model in Kuryk.

In January 2014, the results of the initial CAS groundwork were presented to the community. In general, 2013

activities contributed to improve qualifications of teacher and school administration, improve teachers' perceptions and understanding of students and family needs and prepare the Community Active School model for implementation in Kuryk. In 2014, the previous year's results will be consolidated focusing on strengthening teacher-parent communication and relationships, increasing student-parent involvement in school and community activities. ERSAL will work with schools to organise a series of year-long educational, cultural, and recreational activities for children and parents – including joint training programmes for parents and teachers, professional orientation classes for older pupils, and partnership building with business and community organisations. In addition, the project team will develop the 'Community Active School Kit', which will provide comprehensive how-to information about CAS development and implementation for other schools across Kazakhstan.

## Supporting the entrepreneurial potential of women and youth in Kuryk village

The socio-economic situation in the community of Kuryk is typical of small towns in the region.

EFCA's July 2012 Capacity Assessment in Kuryk revealed that unemployment is one of the most pressing social issues in the community, particularly among young people and women. Additional analysis reveals that the situation can be attributed in part to lack of education and specialised technical skills among local residents, weak implementation of government employment and training programmes at the local level, and lack of diversity within the regional economy.

For these reasons, EFCA and ERSAL have been working in partnership since January 2013 to promote enterprise development opportunities for young people and women in diverse sectors. The two-part programme, which was supported and financed by Saipem Corporate, focuses on increasing availability and access to quality training, assistance with start-up business projects, provision of consultancy and mentorship, and provision of material support with the ultimate gain of equipping residents with the skills and tools to pursue small and medium enterprise development in the Kuryk community.

There were two project objectives.

**Objective 1:** to provide unemployed youth in Kuryk with business and professional skills that will equip them to integrate into the labour market and contribute more effectively to their economic well-being.

During the project launch phase, the meeting was held with a group of 22 young people, aged between 18 and 29 from the Kuryk community. The project team presented the project concept and conducted a survey among participants to gain detailed information about current

employment interests among young people, as well as the challenges they face in realising their professional goals. The group was also asked to describe their interests and expectations for the project.

Based on responses received from unemployed youth and local entrepreneurs, the EFCA project team decided to seek additional information from diverse stakeholders in order to better understand the needs and challenges faced by the project target group and to analyse the structure and content of existing government programmes supporting entrepreneurship in the region. As regards the feedback received from entrepreneurs, it can be concluded that the state-funded business training provided for 50-80 residents of Kuryk each year only partly meets the needs of local entrepreneurs and thus contributes incompletely to the development of the local business environment in Kuryk. 100% of entrepreneurs surveyed expressed interest only in the provision of financial support.

The survey showed a high level of dissatisfaction among local residents with existing entrepreneurship support programmes and a lack of trust in new potential programmes.

Local interviews and fact-finding missions have confirmed the need for high-quality, practical business education and adequate financial support for local entrepreneurs. With careful consideration for local dynamics and risks, the training programme was developed with a focus on practical application, supported by relevant theory, and interactive training methodologies. During training, entrepreneurs had the opportunity to develop their business



ideas into concrete business plans, and receive on-going consultations and feedback from an expert business trainer with practical experience.

In autumn 2013, EFCA conducted an open competition to hire a professional business trainer and consultant to conduct Kazakh-language training sessions and consultation clinics for potential entrepreneurs in Kuryk. The competition commission included EFCA specialists and members of EFCA's Advisory Board, an external decision-making body which reinforces transparency and objectivity in EFCA's decision-making processes. Aksaule Zhandarbekova was chosen out of six potential applicants as a trainer and consultant, based on her considerable experience in training rural entrepreneurs. Following trainer selection, Ms. Zhandarbekova developed a six-day training programme based on the local needs and interests identified during previous project activities. She conducted an initial site visit to Kuryk in November 2013 to assess the local business environment. During the project planning phase, entrepreneurship training was initially designed to target local residents under 29 years of age. However, assessments conducted by the project team and the business trainer revealed that a number of local cultural factors – including the high level of dependence of local youth on their parents – present a risk to the project: the lack of independence among local youth would likely contribute to a low level of compliance with project requirements, which demand a high-level of initiative and self-confidence. In addition, the survey of youth under 29 conducted by the project team in February 2013 revealed a limited range of business ideas,

largely concentrated in construction and infrastructure development and thus beyond the scope of the project. For these reasons, the target group was expanded to include potential entrepreneurs over the age of 29. The age range of training participants was 18-49, with an average age of 30.

The six-day (40 hours) entrepreneurship training course was attended by 19 participants. The group was selected from the larger pool of participants having attended previous state-sponsored entrepreneurship training programmes in the region and thus having demonstrated an interest in starting their own business. All had at least a formal introduction to entrepreneurship theory. Participants also included young people interviewed by EFCA during the initial project phase. The only formal requirement for attendance was an interest in starting a business and availability to attend all six days of training. The training agenda included the following topics:

Day 1: Introduction to Market Economies.

Day 2: Marketing. The '4 Ps' of marketing: Product, Price, Place and Promotion.

Day 3: Strategic Planning Basics. Operational Planning. Production/Service Planning.

Day 4: Financial Analysis and Planning. Pricing. Profit and Loss.

Day 5: Business Planning. Seeking Financial Resources. Communications.

Day 6: Consultations on Business Plan Development.

As a result of the training, participants gained information on how to analyse market products and services on the local market; marketing; market research; business strategies; how to determine the unique or innovative



qualities of a product or service; how to set prices for products and services; business expenses; and financial reporting (cash-flow, profit and loss statement).

All training participants completed business plans by the end of the training period. 12 out of 19 participants plan to apply for the small grant competition. Ms. Zhandarbekova continues to provide post-training consultation to participants on business plan development, online and by phone.

The small grant competition is open from December 2013 to February 2014. The competition committee, including representatives of ERSAI, EFCA and an independent expert, will choose the 2-4 most viable business plans for funding. EFCA will purchase equipment and/or materials valued at up to \$5,000 for each winner.

**Objective 2:** to introduce handicraft development as viable profession among women to create an environment that is favourable to increasing the number of women entrepreneurs in Kuryk.

In April 2013, the project team organised a master class with the participation of local craftswomen.

EFCA recruited participants by posting announcements in public places around Kuryk; the Karakiya Department for Employment and Social Programmes also disseminated information through its database of unemployed women in the region, and the Kuryk House of Culture contacted known craftswomen in the community. Participants include vocational teachers from local schools, as well as housewives who had learned craft-making skills from their mothers and grandmothers.

The women brought their handicrafts to the workshop, and trainers evaluated their products and provided individual consultations on improving quality and design.

EFCA also conducted an informal interest survey among workshop participants. Based on participant input, training on felt and embroidery, the basics of design and art-marketing were identified as the most 'in demand' topics.

EFCA recruited its long-term partner Aizhan Bekkulova, Chairman of the Union of Kazakhstan Artisans, President of Public Foundation 'Our Heritage', professional artist, art manager and a member of the World Craft Council, to lead the crafts development component of the project. She significantly contributed to the development and implementation of EFCA-led crafts programmes from 2006 to 2012. Aizhan is an experienced trainer who consulted the EFCA project team on project design and content. Felt was purposefully chosen as the chief raw material for craft-making. It is a traditional Kazakh material widely available in Kuryk, a factor which keeps material costs low. The existing craft market in Aktau does not currently have a wide selection of felt products and those on sale are quite expensive.

Five two-day craft training courses were organised for 30 Kuryk women for a total of 80 training hours.

#### **Felt Slipper Production (July 16-17)**

15 women learned the differences between traditional and modern methods of felting, how to make felt from wool,

and how to design and decorate felt slippers. Participants took their projects home to complete after Day 1; on Day 2, the trainer provided feedback and tips for improvement.

#### **Traditional Kazakh Embroidery (August 7-8)**

18 women developed patterns for purses, cases for mobile phones and glasses, traditional hats, pin cushions, and other embroidered items. The trainer taught them different embroidery techniques and types of seams in preparation for future training.

#### **Felt Souvenirs (October 7-8)**

17 participants learned to make felt souvenirs, including puppets, camels, broaches, hairpins, beads, etc. The artisans used their skills from the previous training and decorated their products with embroidery.

#### **Producing Felt Crafts (November 18-19)**

17 Kuryk artisans continued to build skills in working with felt and learned to make a wide variety of crafts, including felt pillows, miniature yurts, felt flowers and souvenirs for the upcoming New Year.

#### **Art Marketing Basics (December 16-17)**

16 participants prepared for the upcoming craft fair with a 2-day 'Art Marketing' training, which addressed the following topics:

- Crafts Fair Preparation;
- Attracting Customers;
- Product Packaging;
- Attractive Product Display.

All women received individual consultations and recommendations from trainers on improving the quality of their crafts. Trainers also showed products created by other artisans from across Kazakhstan, and presented craft pictures, videos, and ideas for the Kuryk market and local artisans' product design.

The EFCA project team purchased all raw crafts materials and tools needed during the trainings: white and colourful felting wool, fabric, cotton, needles, scissors, shoetrees, chinks, felting net, beads, and others. Materials which were not used during the training were left in Kuryk for use by training participants. Participants can access the materials at any time through the local project coordinators hired by the EFCA team.

While a total of 30 women participated in at least one phase of the project, a core group of 12 participated in all training sessions and demonstrated a high level of interest in learning new skills and craft techniques. Between training sessions, they produced craft products on their own and sought new ideas through internet resources.

Today, artisans are able to produce felt slippers, pillows, handbags, Christmas tree ornaments and souvenirs, including toy yurts, camels, broaches, hairpins, beads, puppets, etc. In addition, they gained first-hand skills in art-marketing basics and craft fair preparation.

## The ERSAl Campus Craft Fair in Kuryk

The EFCA project team organised the 'Hand-made Holiday' craft fair for ERSAl employees in Kuryk on December 18, 2013. The craft was an opportunity for training participants to market their wares, for local residents to learn about the work of local artisans, and for ERSAl to see the interim results of the project. EFCA advertised the craft fair by posting announcements in public places around the campus and distributing flyers among ERSAl employees in English, Russian and Kazakh languages. The artisans produced a large quantity of Christmas tree ornaments and souvenirs just in time for the upcoming holidays. The one-day fair was held in a yurt inside the ERSAl base. Eight women sold goods produced by 13 artisans, earning a total of 182,790 tenge. They sold the majority of their products and received 4 additional orders. As the sellers were artisans themselves, they had the unique opportunity to explain to customers the work process, relevant technologies, and the cultural significance of each item. Satisfied customers asked local artisans and the EFCA project team to organise craft fairs on a regular basis. Local artisans reported being inspired by the success of the first crafts fair; for the first time, they earned money selling products made with their own hands. They learned first-hand that the business of handcraft sales requires regular and patient practice and study. According to EFCA's previous experience with craft development programmes, introducing craft to rural women as a viable business is an extensive process. In the beginning, women typically consider crafts to be a hobby, not a business or a profession. In addition, women in the oil- and gas-rich Mangistau area are historically housewives. Thus, project design must incorporate not only opportunities to build their technical skills and improve financial literacy, but also to change the attitude of the local population towards crafts and provide channels and activities for earning money. This can be achieved only through systematic technical training, demonstration of

other artisans' experience across Kazakhstan and abroad, and through the organisation of study tours. Overall, the artisans of Kuryk demonstrated significant results after one master class and five training sessions. The most significant achievement to date is the realisation among participants that craft-making can be a profitable business. Many women continue to purchase materials themselves and sell their products to friends and extended family. Akshagul Karymsakova, an active training participant, recruited six other women during the project and, based on her high level of interest and success in the project, decided to open a crafts-related business next summer. She has already received land from the local Akimat and began construction on a new building. Akshagul and her team teach vocational skills at local schools. Akshagul plans to leave her current job and become a business owner. Kamazhay Abisheva is another stand-out participant who belongs to the local oral man community. She is deaf. She never received basic or crafts education, but during training demonstrated both diligence and artistry. Her efforts were noticed by another trainee, Tilek Tuyebayeva, who owns a local sewing shop. Tilek hired Kamazhay to work in her shop and now Kamazhay has a permanent job and provides additional income to her family. She currently earns 40,000-50,000 tenge per month and, according to Tilek, has the potential to earn 90,000-100,000 tenge.

## Women's Support Centre

In March 2013, ERSAl, together with the 'Zhashtar Zhetystekteri' Fund, opened a Women's Support Centre in Kuryk village.

The main scope of this project was to provide legal, social and psychological assistance to Kuryk women and to carry out educational activities in the sphere of human rights, as well as cultural, educational and health services for women and children.

The following activities were carried out in 2013:

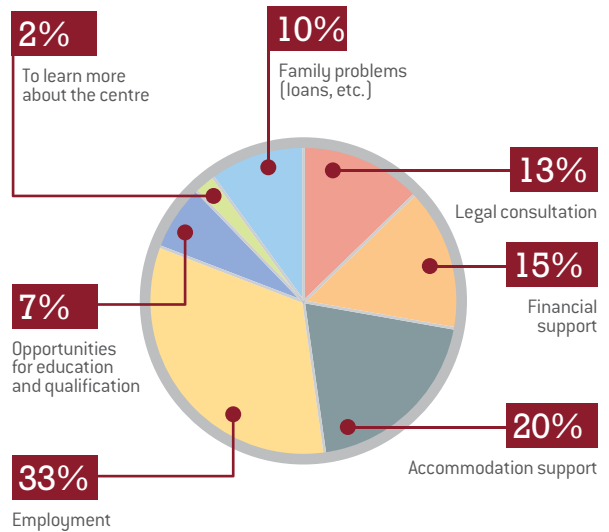
- organisation of workshops for staff and volunteers at the centre;



- organisation of a service for psychological assistance, including a series of meetings between the psychologist and women in the government institutions;
- organisation of a legal advice service, with a series of meetings between the lawyer and women;
- organisation by Kuryk women of a 'Road to school' campaign, which includes the collection of school equipment for the children of low-income families;
- a survey among the women residents of Kuryk village with the purpose of identifying their areas of interest, concerns and suggestions for improvement;
- a meeting with women with disabilities to identify their needs;
- training seminars, conducted by volunteers of the centre for women and young people, on themes such as management of the family budget, problem solving, employment, domestic violence, etc.

During 2013, 683 women visited the centre for the following reasons.

#### REASONS FOR VISITING THE CENTRE



## Other initiatives on social development

Additional activities on social development carried out by ERSAL in 2013 include the following:

- Opening of the Health Cabinet in Kuryk on the June 5. The Cabinet is well equipped and is used for meetings and lectures with the population for the prevention of diseases such as diabetes and arterial hypertension.
- At Kuryk policlinic a room was opened to teach mothers how to take care of newborn babies.
- Training of one paediatrician on echocardiography in Almaty to learn how to carry-out cardiac ultrasounds on children.
- Provision of a medical waste incinerator for the Kuryk hospital. This is one of the 3 incinerators present in the Mangystau Region. The incinerator is now operative and ready for use and will facilitate the disposal of all medical waste from Kuryk.
- 3 students benefiting from ERSAL scholarship graduated and started working in ERSAL as engineers.
- An additional 5 new students from Kuryk entered the ERSAL scholarship programme.
- Equipment for 2 kindergarten playgrounds; 2 additional playgrounds were constructed with the support of an

ERSAL subcontractor.

- Construction of a modern 3D cinema in the Palace of Culture located in Kuryk.
- New rooms for Greco-Roman and freestyle wrestling were constructed, with 150 children involved, inside the sports complex constructed by ERSAL in 2006.
- Two schools in Kuryk were provided with new kitchen equipment, 2 new classrooms with computers, sports equipment and outdoor sports facilities.
- Landscaping activities and summer internship campaigns were conducted together with ERSAL subcontractors. During the summer internship Kuryk pupils from low-income families were involved in an environmental awareness course which included a cleaning campaign and landscaping activities (planting of trees).
- Cooperation with Karaganda State Technical University started in June 2008. ERSAL provides support to the University on a yearly basis. The Kazakhstan Welding Institute, established with the support of ERSAL, teaches our welding engineers in accordance with the international standards.

## One more step towards the green economy

### Water management

For drinking purposes, ERSAL has switched to using desalinated seawater produced on the desalination plant inside the base via reverse osmosis:

- the quality of the water supplied from the plant meets the sanitary-epidemiological standards of the RoK for

drinking water;

- water treated through reverse osmosis is free of impurities and contaminants;
- water is disinfected by UV light;
- water quality is regularly controlled through chemical, bacteriological and technological analysis.

In 2013, ERSAL purchased new coolers for implementation of the new water management system. These will be installed in all offices, accommodation and other camp facilities such as canteens, recreation rooms, gyms, the swimming pool, etc.

With the implementation of this system, ERSAL employees will be able to drink good quality water which meets all sanitary requirements. Drinkable water produced by the ERSAL desalination plant not only has good ecological effects (plastic cups and bottles are not used) but also economic ones, as the Company will no longer need to use an outside water supply. In order to reduce plastic waste to a minimum, the Company has purchased decanters, glasses and aluminium bottles. Approximately 48,000 x 5 l plastic bottles and 144,000 x 1.5 l plastic bottles per year were purchased before installation of water dispensers. Administrative buildings and the camp are equipped with water dispensers, which have their own filtering system for added purification, whereas dining halls and living rooms have decanters and glasses.

### Awareness Campaigns

On the occasion of World Environmental Day, ERSAL organised an Environmental Campaign for Tree Planting. Each department was responsible for planting its own trees in front of the office and for taking care of them in the future (watering, pruning, etc.).

The Environmental department provided all the necessary equipment such as trees, shovels and water. A total of 40 trees were planted around the offices.

ERSAL LLC, together with Kuryk schools, organised cleaning of the seaside area. About 90 students from different schools and ERSAL's Green Team participated in this activity.

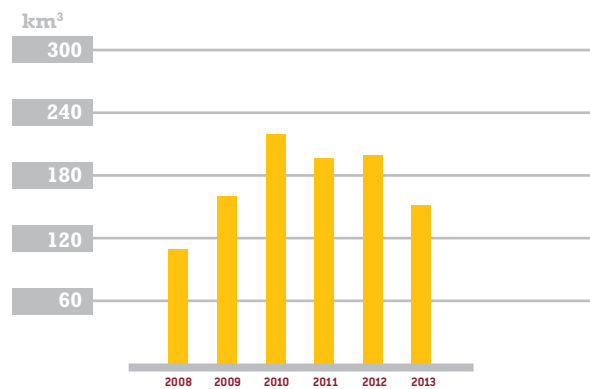
### Waste Management

In order to decrease the quantity of waste removed and to optimise incineration, ERSAL purchased and installed two compactors: one for plastic waste and the other for paper and cardboard. Since their implementation, the quantity of waste incinerated has doubled.

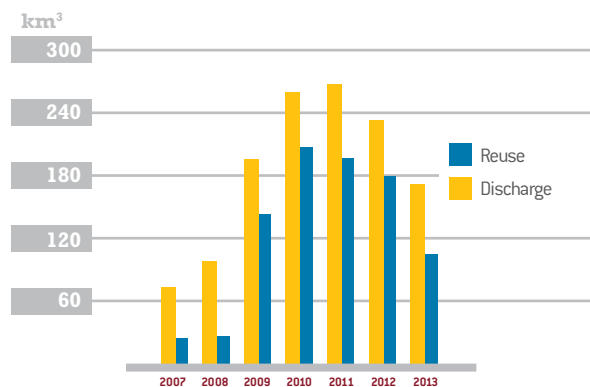
Modernisation of the waste transfer station in 2013:

- (i) increase in sections set aside for waste;
- (ii) installation of concrete slabs for domestic section; and
- (iii) installation of fence and roof for domestic section.

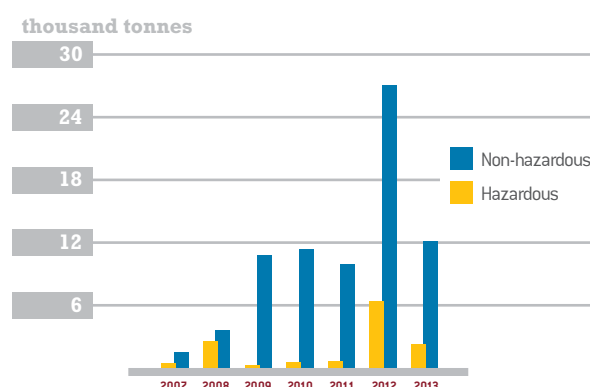
### WATER CONSUMPTION



### WATER DISCHARGE AND REUSE



### WASTE PRODUCED



AIR EMISSIONS		2007	2008	2009	2010	2011	2012	2013
CO <sub>2</sub>	(ktonnes)	41	62	92	99	55	39	31
NO <sub>x</sub>	(ktonnes)	47	54	88	95	42	24	11
SO <sub>2</sub>	(ktonnes)	18	23	42	45	24	11	8.5
VOC	(ktonnes)	41	35	4	5	2	6	1
Other	(ktonnes)	19	14	76	91	61	84	86

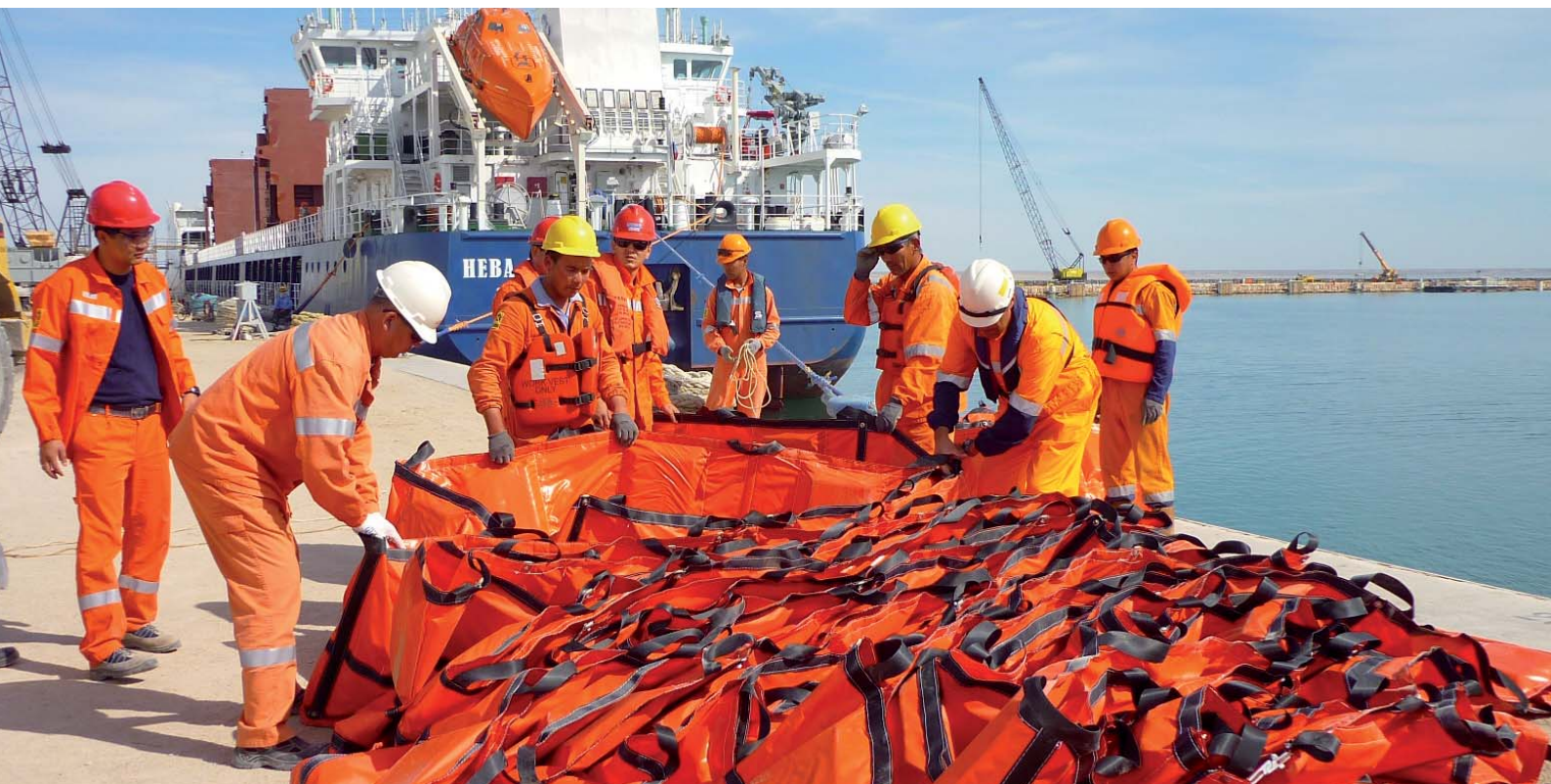
ELECTRICITY CONSUMPTION		2012	2013
kWh		23,502,552	21,639,867

Note: main uses are for camp facilities, offices and production facilities.

### Environmental training courses

The following training activities were carried out in 2013:

- **ERSAI's Waste Management System - 411 hours**  
ERSAI's waste management training system explains the Company's waste minimisation strategy, waste management process, colour coding of waste containers and segregation, information about the temporary waste storage area, and the waste removal and disposal process.
- **Onshore and Offshore Oil Spill Response - 31 hours**  
Training that covers oil spill response techniques in the event of onshore and offshore spills. Employees whose work is associated with hazardous liquids such as chemicals, fuel, and oil are invited to the training course.
- **ERSAI's Environmental Management System - 10 hours**  
This training is delivered to supervisory and managerial personnel. The aim is to educate employees about the Company's environmental management system, its environmental policy and the international standards that it follows.
- **Environmental aspects - 450 hours**  
This training is mandatory for all employees, since everyone working for the Company must be aware of the environmental impacts, aspects and risks associated with their duties. During training a brief summary of the Company's environmental management system is given, as well as a list of its main environmental features.
- **Rational Use of Resources - 81 hours**  
One of the key objectives of the Company is to reduce the environmental impact caused by operations and projects, and instructing workers to use resources sensibly is one of the ways in which the Company is achieving this. Employees learn how they can reduce their water, electricity and paper consumption without any effect on the quality of their work and their life.
- **World Sea Day - 6 hours**  
The Environmental department tries to raise employee awareness of problems regarding the environment. This year training was dedicated to the world's sea problems, marine biodiversity issues and the environmental challenges that the Caspian Sea is facing. Also during this training, employees learn how they can help improve the situation.
- **Waste awareness film screening - 130 hours**  
The session was dedicated to the screening of a documentary film on technological waste landfill in Ghana. The aim was to show employees the environmental effects of technological development in the modern world. Employees of all categories attended the screening.
- **ISO 14001 General Requirements and Environmental Policy - 14 hours**  
This training covers the basics of the international standard ISO 14001 on which the environmental management system of the Company is based. The structure of the standard and its main requirements were taught. Participants included managerial personnel.
- **World Environmental Day - 63 hours**  
ERSAI marks World Environmental Day by conducting training, screening documentary films and organising cleaning campaigns. Every year a different environmental issue is chosen to be the topic of the day. This year, the subject was 'Reduce your Food Print'. Employees learned that huge volumes of fresh water are used to grow crops, vegetables and fruit and to raise cattle and that it is important to consume food sensibly without wasting it. Employees of all categories attended.





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**Feedback**

What you think of this Sustainability Report matters to us.

As we are constantly striving to improve our reporting, we would very much welcome your feedback. We will also be pleased to answer any questions you may have.

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

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