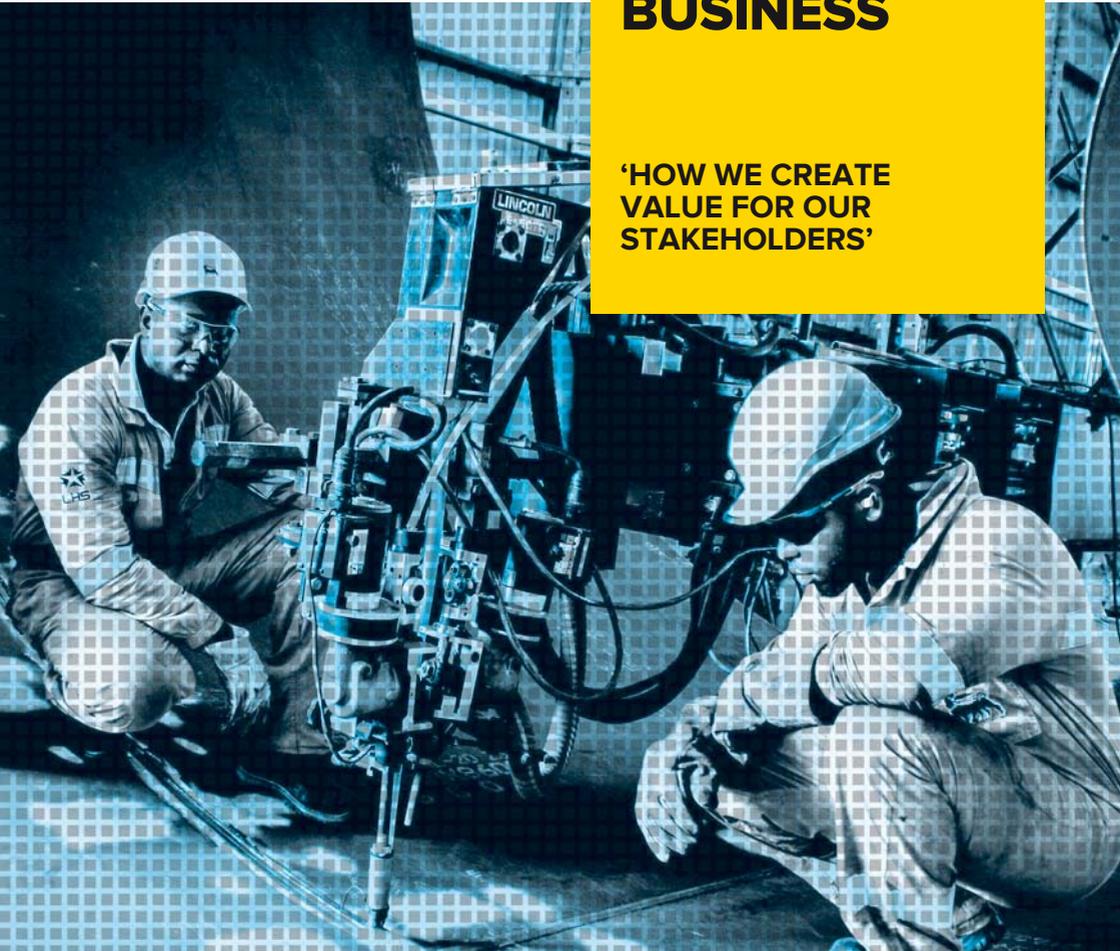




saipem

RUNNING A SUSTAINABLE BUSINESS

**'HOW WE CREATE
VALUE FOR OUR
STAKEHOLDERS'**



Data updated at December 31, 2014



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.

Values

Innovation; health, safety and environment; multiculturalism; passion; integrity.

Managing activities for long-lasting success

We are a world leader in managing operations in a sustainable and responsible way, partnering with our clients to help them achieve their business objectives. Sustainability is integrated into our way of doing business. It means conducting

operations while at the same time delivering value to stakeholders and ensuring fair and cooperative relationships. This approach is represented by the Company's commitment to manage a wide range of issues in a responsible manner.



Saipem in 2014: main results

We are one of the global leaders in the Engineering & Construction and Drilling businesses, with a strong bias towards

oil & gas-related activities in complex and remote areas and deep waters.

We excel in the supply of engineering,

more than **60** 

COUNTRIES OF OPERATIONS

100 

ONSHORE RIGS

11 

CONSTRUCTION YARDS

€12.9 billion 

TOTAL REVENUES

29 

ENGINEERING AND PROJECT EXECUTION
OFFICES WORLDWIDE

€22.1 billion 

TOTAL VALUE OF THE BACKLOG

40 

UNITS IN THE OFFSHORE FLEET

17 

OFFSHORE DRILLING UNITS

*Photo by: Alessandro Arigliani,
Rest, Norway*



procurement, project management and construction services, with distinctive skills and capabilities in the design and execution of large-scale offshore and onshore projects. We also offer cutting-edge technologies for the gas monetisation and

heavy oil exploitation. This leaflet gives a comprehensive overview of our main performance results for 2014, not only from the operational and economic point of view but also highlighting results in terms of people management and HSE issues.

more than **30,000** 

VENDORS

€10.9 billion 

TOTAL ORDERS FOR PROJECTS AND ASSETS

265.8 mln 

MAN-HOURS WORKED

2.6 mln 

TRAINING MAN-HOURS PROVIDED
OF WHICH 1.4 ON HSE

1.09 

TOTAL RECORDABLE INCIDENT FREQUENCY
RATE

more than **50,000** 

EMPLOYEES OF 131 NATIONALITIES

21.6 m³ 

TOTAL VOLUME OF SPILLS

1,420.1 

KT CO₂ eq DIRECT GHG EMISSIONS



Excellence in all phases of the Oil & Gas value chain

The ability to innovate by developing new technologies, by differentiating our know-how and methodologies and by subsequently bringing this complex expertise to industrial deployment is fundamental for Saipem.

We view advanced technologies primarily as enablers for achieving improved operational performance and for reducing the environmental impact of our construction activities.

Our primacy



The world's largest pipelayer



Designed and laid the most challenging offshore pipelines since the '70s



The world's first offshore-moored unit entered in service



Snamprogetti™ Urea Technology: more than 130 licenses worldwide



Designed and built the world's two largest plants on stream

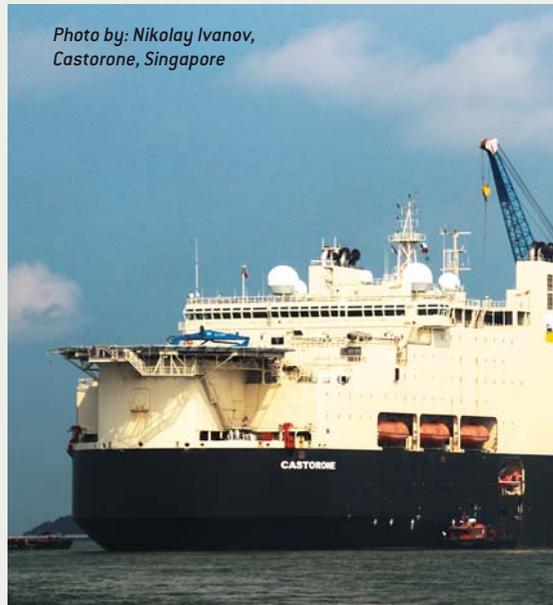


36 grass-roots refineries. Hundreds of process units



Over 60,000 km

Photo by: Nikolay Ivanov, Castorone, Singapore





Deepest recovery operation of oil from tanker sunken at 3,850 m water depth



Drilled over 7,300 wells, of which 1,800 offshore



Designed and executed more than 20 major deepwater systems in the last ten years



Heaviest lift record: 12,100 t integrated deck



Completed more than 100 offshore EPCI projects over the last ten years



- Contaminated site remediation
- Water and waste treatment plants and management
- Ecology, monitoring and emissions abatement



9 new built floating production systems



Engineered and built hundreds of the world's most advanced petrochemical plants



- Gas/Liquid separation: Multipipe
- Liquid/Liquid separation: SpoolSep
- Seawater treatment: SPRINGS®



Business Ethics

The complexity of our market context, the challenges of sustainable development that we face, and the need to take into consideration the interests of every stakeholder, all combine to underscore the importance of defining clearly the values that Saipem accepts, acknowledges and shares, as well as the responsibilities it takes upon itself in its effort to help build a better future for everyone.



Fighting corruption

We have been active for several years now in the fight against corruption. The Code of Ethics is adhered to by all Saipem personnel and expressly accepted by all vendors as part of the qualification process. We are committed to observing the United Nations Convention against Corruption, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and Transparency International's Business Principles

for Countering Bribery.

We are constantly investing in ongoing education programmes in Italy and abroad in order to provide adequate knowledge of Anti-Corruption laws and regulations and internal Anti-Corruption rules.

1,353

PARTICIPANTS IN ANTI-CORRUPTION, GOVERNANCE AND COMPLIANCE TRAINING COURSES IN 2014



Responsible Leadership

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

Fulfilling roles as responsible leaders requires the

ability to harmonise long-term perspectives with short-term urgencies.

2

WORKSHOPS ADDRESSED TO TOP MANAGEMENT

Promoting human rights through security management



Saipem's Security Policy is compliant with the values set out in the Code of Ethics and in the Company's sustainability principles. Pursuant to Corporate integrity standards, respect for human rights is an essential part of any contract that we enter into with security service

providers. All contracts with private surveillance companies must expressly provide for: the possibility of terminating the contract for human rights violations.

We implemented an innovative internal human rights training programme in Karimun fabrication yard in Indonesia in 2014.

The programme will now be adapted and implemented in other countries that are important for our operations.

Sustainable supply chain



In carrying out our procurement activities, we give priority to the control and supervision of all actors involved in the process.

From the moment the need arises for goods, services or materials, a standardised process is applied.

This not only ensures that all stages are carried out in full observance of laws and regulations, but also that the best possible performances are obtained.

Conflict Minerals

We have undertaken due diligence to determine whether its products contain conflict minerals. The aim is to boost the development of increasingly conflict-free supply chains in order to reinforce our sustainable approach.

61

SUPPLIERS SURVEYED

Vendor Social Responsibility

In 2011, we commenced a campaign to assess 'Vendor Social Responsibility' throughout the supply chain.

The audit campaign is carried out at some of our suppliers' operating sites and aims to gather information on the behaviour of suppliers in relation to labour conditions.

85

AUDITS CARRIED OUT SINCE 2011

Vendors' qualification questionnaire

As we are committed to encouraging sustainable and socially responsible policies and practices among our vendors, since 2013 we have been analysing their qualification questionnaires on social responsibility issues.

The vendors involved in the campaign are selected by geographical area and commodity code.

The questions focus on issues such as Child Labour, Forced or Compulsory Labour, Freedom of Association, Non-Discrimination, Working Hours and Remuneration.

more than 700

QUESTIONNAIRES ANALYSED SINCE 2013



Campaign effectiveness

In order to verify the effectiveness of the campaign and monitor vendor's progress, we have realised several follow-up audits.

The Saipem Vendor qualification process is patterned on the basis of criticality and risk level

of products and services. The criteria used for selecting suppliers and subcontractors includes not only their ability to meet economic, financial, technical and organisational requirements, but also their compliance with Saipem's Sustainability and HSE Policies, Standards and Procedures.

Promoting safety in our workplaces

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

Overall TRIFR performance in 2014 improved by 5% compared to the 2013 result of 1.15.

1.09

TOTAL RECORDABLE INCIDENT FREQUENCY RATE (TRIFR*)

[*] TRIFR value is calculated on the basis of 1,000,000 hours worked, in compliance with the standards applied internationally in the industry.



Risk analysis

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

assessed as 'high' (e.g. carrying out onshore and offshore construction, drilling, FPSO), ISO 14001/OHSAS 18001 certifications are mandatory. The clustering process will officially start in 2015. 16 of the main Operating Companies and Branches (in terms of operations, including Saipem SpA) are already certified and the certification process is under way for another 3 Operating Companies.



Photo by: Oscar Furci,
In Paris with Saipem, France



Continuous improvement in subcontractor HSE standards

We consider HSE related cooperation and engagement with our main subcontractors as a win-win strategy.

It is therefore necessary to improve the focus and culture of subcontractors as regards HSE issues. For example, Saipem Contracting (Nigeria) Ltd

(SCNL) organises an annual interactive HSE forum targeted at subcontractors.

74

FORUM PARTICIPANTS IN 2014

Spreading a HSE culture

The Leadership in Health & Safety (LiHS) is a leadership development and cultural change programme. It has been developed to foster a strong organisational safety culture by disseminating safe behaviours throughout the organisation, with a strong focus on leadership development at all management levels. The LiHS method employs a cascade approach and is delivered through a series of phases.

15,512

PARTICIPANTS IN THE LiHS
PROGRAMME IN 2014



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



ZERO fatalities at Saipem sites worldwide

Acknowledgement

LiHS initiatives and experience led to the development of new campaign and the achievement of several international awards in 2014:



What comes first is the award-winning film of the XX World Congress for Safety and Health at Work 2014. Produced to support the equally award winning Leading Behaviours campaign, our short movie is acknowledged to have an authentic approach and a strong message: *safety has to become part of Company culture*.



We were named winners for the **Leading Behaviour Campaign** during the 2014 IPLOCA Health and Safety Award sponsored by Chevron: behaviour based safety integrated into cultural engineering, internal communication based on cascaded messages, clear mapping of organisational behaviour and effective use of multimedia to achieve our objectives are the reasons and the basis for our award winning leading behaviours.

A Participant's opinion



'To use a new adjective, I have been 'LiHSized'. I no longer imagine my health and safety hero as another person, ever attentive to regulations and wearing protecting clothing and devices at all times, but I now also don the same mantle. And my aim is to get everyone around me to do the same'.

Minimising environmental impacts

Our environmental strategy is focused on reducing all types of environmental impact and on the preservation of natural resources.



Energy efficiency

We have developed a number of initiatives with the aim of increasing energy efficiency.

The strategy consists of analysing assets and implementing technical solutions together with training, and awareness-raising initiatives.

Energy assessments were conducted on 5 assets to identify technical solutions for achieving enhanced energy efficiency that will be implemented in 2015-2016. In 2012, we launched the voyage optimisation initiative.

Route optimisation consists of reducing navigation time and, consequently, fuel consumption by identifying the optimal route for the voyage through satellite evaluation performed with specially designed software. The best route is detected each day, taking into consideration weather conditions and currents.

403 tonnes

OF FUEL CONSUMPTION WAS AVOIDED



Spill prevention and management

The causes of major environmental accidents in recent years, are attributable not only to increasingly challenging and complex new work environments but also to poor management of the emergency services and a lack of preparedness and prevention.



PREVENTION: action was taken to improve and harmonise the management documentation system and the operational control of vessels and operating sites that are most at risk of a possible environmental emergency.



TRAINING AND PREPAREDNESS: specific training packages were delivered on spill prevention and management; spill drills were designed to practice the skills required in the event of an emergency.



EMERGENCY RESPONSE: all Saipem sites, both onshore and offshore, are provided with suitable equipment to face any type of emergency that may arise.



REPORTING: performance measurement and analysis.

68%

THE REDUCTION OF VOLUME SPILLED
COMPARED TO 2013

Sustainable Technology



An example of technological excellence applied to sustainability is the award-winning project **Narrows Marine Crossing** that received the 2014 Premier's Sustainability Award in Australia in the category 'Innovation in Sustainable Technologies'.

The Narrows Marine Crossing is one of the world's longest trenchless marine pipelines and each step of operations was carried out with minimal environmental impact.

Local Content Strategy



Local skills

We issue scholarships, set up apprenticeship programmes and provide on-the-job training to increase the number of local employees and to promote their professional growth and skills development.



Employment opportunities

Maximising local employment is a universally valid business principle that has gradually gained a foothold in all our operating contexts.



Local business optimisation

A series of measures, such as medium-to-long-term agreements, aim to develop forms of multi-year cooperation. We help local vendors to boost their skills, expand their businesses and satisfy our requirements.



Partnering local communities

We render local communities inclusive and participatory, employing dedicated tools, techniques and methodologies aimed at forging a tailor-made stakeholder engagement strategy over time.

79%

OF EMPLOYEES ARE LOCAL

43%

OF MANAGERS ARE LOCAL

56%

OF GOODS AND SERVICES
ARE ORDERED LOCALLY

Photo by: Ettore Lattuada,
The three musketeers, Nigeria

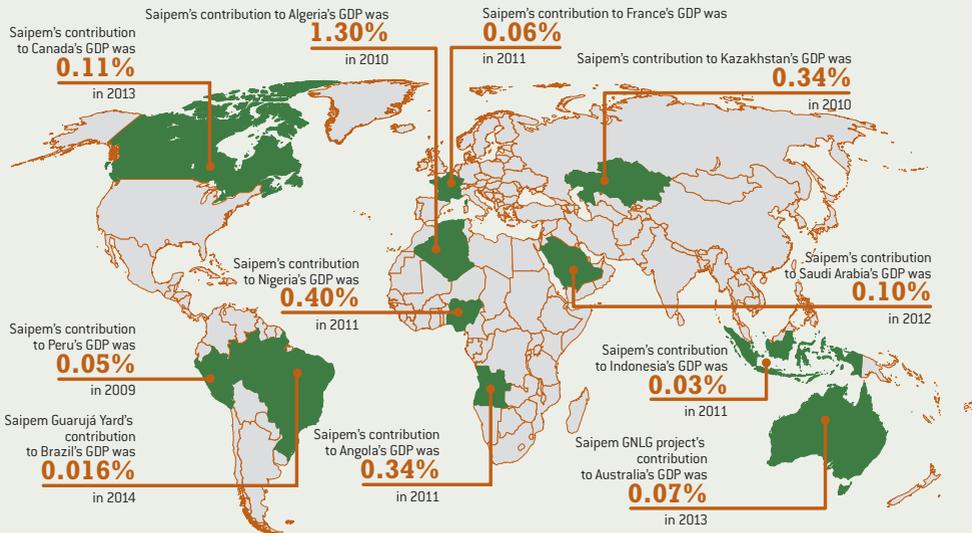


Creating shared value

Since 2009, we have applied the Saipem Externalities Local Content Evaluation (SELCE) Model in order to quantify the positive effects of our activities by calculating the effects of operations in the countries. The Model has been applied to several countries where we operate or to projects we are executing. In each of these cases, the study demonstrates how the overall value generated locally is larger than the mere direct contribution.

This Model has proved to be an effective tool enabling us to promote and maximise Local Content as a contribution to economic and social development and to the well-being of local populations.

SAIPEM CONTRIBUTION TO GDP



Points of strength

Local Content is usually measured only as the direct component of the overall impact, meaning the effects directly connected to the operation (e.g. number of local people employed, total amount purchased from local suppliers, etc.). However, this quantification underestimates the overall real impact and the

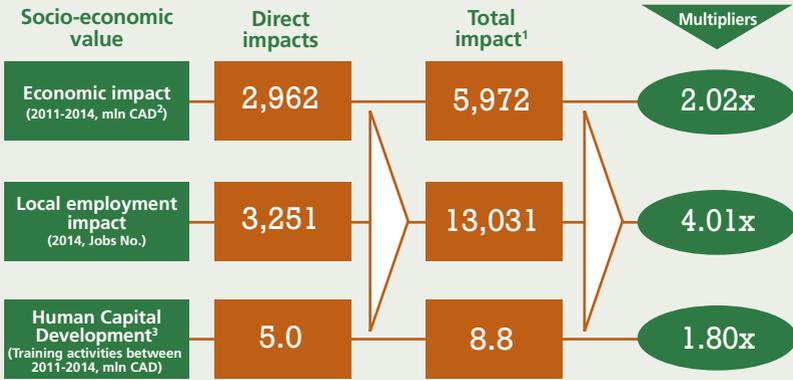
potential benefits of Local Content strategies.

The Saipem SELCE Model analyses and measures three categories of output: economic, employment and human capital development. For each impact category, the total impact (given by the sum of the direct, indirect and induced impacts) and the multiplier factor (which indicates the size of the impact) are calculated.

An application of the SELCE Model

Here is an example of a recent application of the SELCE Model to Saipem’s operations in Canada from 2011 to 2014. The results of the study are shown at national level and provincial geographical levels.

Results at national level (Canada)



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

Results for the province of Alberta

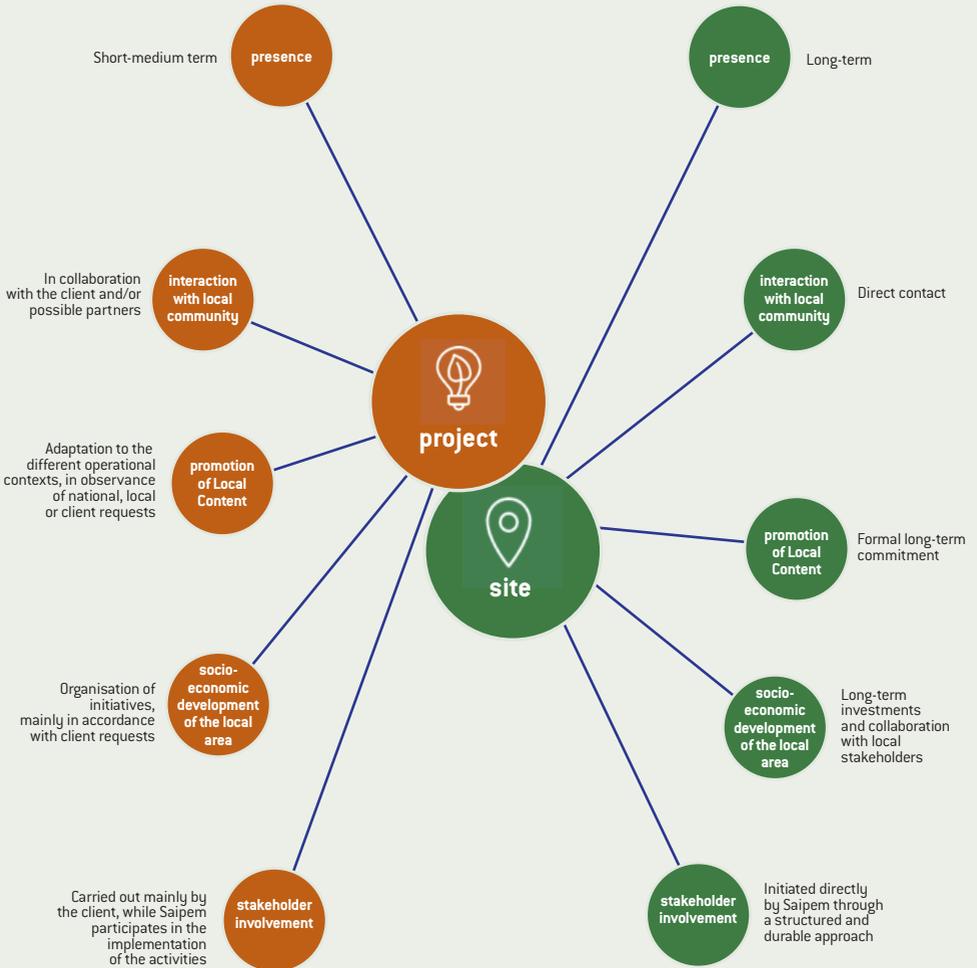
85% of the value generated by Saipem operations in Canada between 2011 and 2014 was created in Alberta (5,103 mln CAD).



Our local presence

Our strategy for building relations with local communities is one which aims to deliver mutually beneficial results based on a context-specific and business-driven approach.

Our presence in local communities takes on two main forms: firstly, a long-term presence where we have construction yards or other fixed facilities; secondly, a mid-term or short-term presence in locations where we are working on specific projects following the requirements of the client.



Initiatives targeted at local communities

Here is a description of the main areas where we focus our interventions.



Local supply chain development

In Colombia, Petrex, the Saipem drilling company in South America, organised several workshops in cooperation with the Project FUNDES (Foundation for Sustainable Development in Colombia), the client, Equion, and its contractors. These workshops were focused on building and strengthening Marketing, Business Strategy, Sales, Costs and Safety. The aim was to strengthen local suppliers in order to help them comply with the sector's requirements and give them the opportunity to be included in the Petrex value chain in the future.

12

COMPANIES PARTICIPATED



Feedback from participants

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



Human capital development

We implement several activities to promote technical and professional development, supporting and cooperating with local schools, training centres and universities.

In 2010, we began to organise the programme 'Summer internship of young graduates' in Azerbaijan to train young talents on-the-job and facilitate their entrance onto the labour market.

44

STUDENTS SELECTED FOR SUMMER INTERNSHIPS

Starting in 2013, in cooperation with a local training institutions in Brazil we have organised technical training courses for Guarujá inhabitants in particular.

more than 8,000

TRAINING HOURS DELIVERED



Socio-economic development and entrepreneurship

2014 also saw Saipem organise various training initiatives for local communities designed to encourage the creation and development of new enterprises, especially among the most disadvantaged sections of the population. In Kazakhstan, in cooperation with EFCA (Eurasia Foundation of Central Asia), we implemented a programme to support the start-up of businesses and the development of traditional crafts. This involved the inhabitants of Kuryk, a village close to our yard with an high unemployment rate.

22

NEW JOBS CREATED



Feedback from participants

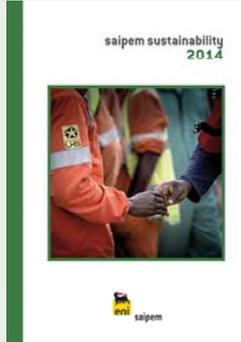
'Thanks to the training, I realised that producing craft products may become a high-demand and profitable business. I have already sold my first products and earned my first 45,000 tenge. The felt slippers that Aizhan taught us to produce have become quite a commodity in our region. They are in high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

More on Saipem



Annual Report

Details of Saipem's economic performance over the year.



Sustainability Report

Description of sustainability initiatives performed over the year.



Sustainability Performance

Details of Saipem's sustainability performance over the year.

Country & Project Reports

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



Interactive Sustainability Report



Saipem website



Headquarters: San Donato Milanese (Milan), Italy
Via Martiri di Cefalonia, 67



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saipem Società per Azioni
Share capital: €441,410,900 fully paid up
Tax identification and Milan Companies' Register
No. 00825790157

Feedback

As we are constantly striving to improve our reporting, we would very much welcome your feedback. We will also be pleased to answer any questions you may have.
You can leave your comments by sending us an email to sustainability@saipem.com.

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Images are designed by Freepik



People, Skills, Equipment.

Saipem S.p.A.

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