

SAIPEM's presence in:

Italy



Saipem (Società Azionaria Italiana Perforazioni E Montaggi) SpA is an Italian company that was founded in the 1950s. During the 1950s and 1960s, the Company acquired expertise in the onshore pipeline sector, construction of offshore and onshore rigs, and drilling. It initially operated as a division of Eni, before becoming an independent company in 1969.

The Company has been listed on the Milan Stock Exchange since 1984. The Saipem Group (of which Saipem SpA is the parent company) is one of the world leaders in the Engineering & Construction and Drilling businesses with a strong orientation towards Oil & Gas-related activities in remote areas and deepwaters. The Company identifies itself with the provision of engineering, procurement, project management and construction services with distinctive capabilities in the design and execution of large-scale onshore and offshore projects.

Saipem's activities

The main projects in Italy are as follows:

- for Rete Ferroviaria Italiana SpA (Ferrovie dello Stato Group), work is under way on the contract for the detailed engineering, project management and construction of a 39 km section of a high-speed railway line and an additional 12 km of interconnections with the existing conventional railway along the Treviglio-Brescia section across the Milan, Bergamo and Brescia provinces, as well as all associated works, such as power lines, reduction of road interference, road crossings and environmental mitigation;
- the project for the dismantling of the Costa Concordia in the port of Genoa is in progress in a joint venture with San Giorgio del Porto;



An excerpt of the interview with San Giorgio del Porto can be read on page 50.

- for Versalis, activities have commenced in relation to the Versalis-Ferrara IT EPC contract for the construction of a fourth production line to operate alongside three existing lines, in addition to increasing production capacity and upgrading the plant's outside battery limit auxiliary systems;
- in the onshore drilling sector, operations in Italy have been realised with the deployment of one rig which performed work for Total in the Tempa Rossa area. Another rig is undergoing upgrading works in the country;

4,952

TOTAL NUMBER OF EMPLOYEES IN ITALY

7,088

TOTAL ITALIAN EMPLOYEES

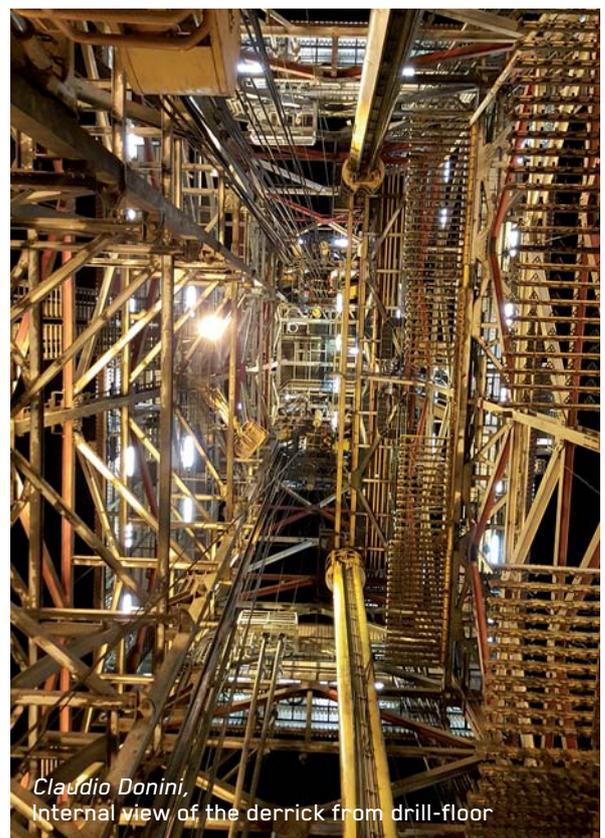
26%

PERCENTAGE OF FEMALE EMPLOYEES

200,277

TOTAL TRAINING MAN-HOURS DELIVERED TO SAIPEM'S EMPLOYEES IN ITALY

- for Eni, the FEED contract for engineering services on the SSV (Sviluppo Sostenibile Val d'Agri) project at the Val d'Agri plant has been completed.



Claudio Donini,
Internal view of the derrick from drill-floor

On-the-ground presence

The character and international competitiveness of Saipem has its roots in Italy, where the Company was founded and where it still carries out its fundamental role in the national economy. A study conducted in 2015 by Saipem with Nomisma Energia analysed and quantified Saipem's contribution to the Italian economy in the years 2012-2014.

Saipem generates value in Italy

Saipem purchases many products and services in Italy, including for projects it executes abroad. In 2014 alone, Saipem purchased goods and services from Italian vendors totalling €1.7 billion. The Company paid €323 million in wages to its Italian employees and over €200 million to the Italian state in taxes overall. In 2014, Saipem put around €2.2 billion into the Italian economy. This figure has remained constant over the last three years. According to the analysis, this €2.2 billion has in turn generated added value for the Italian economy amounting to €2.8 billion.

Saipem employed¹ over 7,000 Italians working both in Italy and abroad.

Purchases by Saipem in Italy generated a further 13,000 jobs along the supply chain. Moreover, household consumption and taxes paid by companies along the Saipem supply chain contributed another 7,000 jobs nationally.

Saipem spent about €13 million per year on training its Italian employees, with an average of 35 hours of training per participant. This investment is three times more than the average Italian company of comparable size². Investment in training over the past three years has had a positive impact both on workers and on the Italian economy. The benefit for workers, calculated in terms of expectations of higher salaries, has been quantified at €5.5 million (over the next 5 years), which should lead to a growth in consumption levels and tax contributions of about €18 million (again over the next 5 years). Furthermore, ongoing training bolsters a culture of health and safety, respect for the environment

and technological innovation. This culture is in turn transmitted to the thousands of companies that work with and for Saipem and consolidates the strength of Italy's economy in such a way that it can face the challenges of global competition more efficiently.

€1.7 billion

GOODS AND SERVICES PURCHASED
FROM ITALIAN VENDORS

€2.8 billion

ADDED VALUE GENERATED BY SAIPEM
IN THE ITALIAN ECONOMY

28,000

TOTAL JOBS ASSOCIATED WITH SAIPEM'S
ACTIVITIES

Saipem and its suppliers

Saipem is a catalyst for the growth and internationalisation of the Italian companies that work with and for it. This is because Saipem's operational excellence demands that these companies acquire competencies which in turn strengthen their competitiveness at the global level.



Some testimonies collected from a sample of Saipem's Italian suppliers can be found on pages 50-51.

3,716 Italian companies work with Saipem and of these more than **2,200** have collaborated with the Company for over 5 years.

(1) Employment data refer to 2014.

(2) ISTAT 2013 training in enterprises report (a similarly sized company spends an average of €4 million per year with 23 hours of training per single participant).

SAIPEM: A WIN-WIN RELATIONSHIP WITH ITS SUPPLIERS

Re.mac.ut Srl

A talk with Paolo Portonero



Have your company's working methods changed since you began working with Saipem? If so, how? *Our company was founded in the 1950s as one specialising in the design, construction and overhaul of machine tools for production lines in the automotive sector. The encounter with Saipem gave us the opportunity to commence production in a different industrial sector. This was a winning card for us since it meant we could specialise and continue to carry out our activities even when the automotive sector showed signs of crisis in Italy. Our company has changed significantly, specialising in the engineering phase and in the development of increasingly innovative equipment. In terms of production, the component parts are manufactured by a group of specialist suppliers, all Italian, while assembly is carried out in-house, as is the production of control systems and hydraulic and pneumatic plants.*

What is the most challenging project you have developed for Saipem from the technical and technological standpoint?

Among the most challenging projects was the Castoro Sei, our first contract for Saipem. We equipped the vessel with new tensioners for the Nordstream project. For the Castorone we supplied complex equipment such as tensioners, the stinger

movement system, the rollers for the stinger and the control system for the abandon/recovery winch. Re.mac.ut supplied the J-lay tensioners and the crane control system for the Saipem 7000. Furthermore, in collaboration with Saipem we designed and realised advanced recovery and repair systems for deepwater pipelines.

San Giorgio del Porto SpA

A talk with Manolo Cavaliere and Paolo Trombetta

How would you describe your relationship with Saipem?

We have been working with Saipem for several decades now, and still today our collaboration continues with important contracts. Indeed, we are involved in a new partnership which is a source of great satisfaction for the company. This is the Ship Recycling Consortium dismantling the shipwreck Costa Concordia (picture on page 52). This project is probably one of the most challenging that we have realised, in terms of dimensions and complexity. Let us not forget the constant media attention surrounding the Costa Concordia. Previously in the period 2013-2014, we carried out maintenance and upgrading work on the Castoro Sei. This was an important project on which we worked for 7 months, and is a source of great satisfaction for both parties. Moreover, it has allowed us to face the crisis that hit the market and has contributed to reinforcing our relationship with Saipem even further.

Have your company's working methods changed on account of your collaboration with Saipem?

Over the years San Giorgio del Porto has modernised progressively in order to adapt to the new techniques and innovations in the sector. Working with Saipem has helped us to develop skills and

procedures, for example in the field of health, safety and environmental protection, which constitute an indispensable requisite for competing in the offshore sector. Currently our company is ISO 9001 and ISO 14001 certified and is completing the process for OHSAS 18001 certification. Thanks to this, alongside our traditional client portfolio, we are seeking to enter the offshore and LNG sector in an increasingly significant way. We believe we can become key players thanks to our important facilities and to our competencies. For the dismantling of the Costa Concordia we have also obtained ISO 30000:2009 certification for Ship Recycling Management, above all in the perspective of future development of the ship dismantling market.

F.Ili Righini Srl

A talk with Renzo and Rodolfo Righini



How would you describe your relationship with Saipem?

Our commercial relations with Saipem have lasted almost 40 years and have allowed us to develop a relationship of mutual trust and to tackle many complex technological challenges. Saipem has always realised challenging projects that no one else could, and at the same time has pushed us into doing likewise, placing a lot of trust in our abilities for development and technological innovation. It has stimulated and encouraged us to take on increasingly demanding projects

and to believe in our abilities and potential for improvement.

Has your client portfolio also changed over the years?

Initially, we had an exclusively Italian client base, mainly in the Ravenna area. However, the experience gained on the projects realised for Saipem, and the development of our commercial strategies, has allowed us to compete on the international market and to broaden our range of clients. As of today, we work not only for Saipem but also for the main international players in the offshore Oil & Gas sector, adapting on a case by case basis to their specific requirements.

Tectubi Raccordi SpA

A talk with Renato Velli



Has collaboration with Saipem over time increased your competencies and know-how?

We are a manufacturing company that has progressively developed the capability to support clients during the engineering phase of projects (in terms of support for the definition of specific techniques for new items and materials and, in some cases, co-engineering). This, for us, is added value placed at the disposal of clients. It has proven itself to be a winning approach, above all with Saipem. Tectubi Raccordi's collaboration with Saipem has in fact facilitated the execution of extremely innovative and technologically advanced products, such as the recent realisation of a special stainless steel Y piece (a mechanical device with technology developed by

Saipem) of considerable size and manufacturing complexities.

Has your cooperation with Saipem influenced your business prospects?

From the very outset, working with Saipem became a launching pad for our company as regards local and foreign projects. And in over 60 years of collaboration, we can say that we have walked many miles together.

Goriziane Group SpA

A talk with Pierluigi Zanin



Have you diversified your business over the years?

Of course. We have never stopped investing and diversifying. Historically speaking, we were founded as a repair, maintenance, overhaul and upgrade company for machinery or equipment in the defence sector, and subsequently also in the industrial, earth movement and railway sectors. Our first experience with Saipem consisted in the repair of machines used in the realisation of oil pipelines in the Middle East, in countries such as Saudi Arabia, Iran and Iraq. Thanks to the experience and skills acquired on those projects, including working side by side with Saipem operators and technicians, we ourselves began to build several machines which at the time no one else in Europe was manufacturing. Saipem was our first client for this new line of business and this meant we could enter the vendor lists of clients the world over. Indeed, Saipem was

and today still is the benchmark for other players in the pipeline sector. Ongoing investments and our ability to diversify by adapting to the requirements and needs of the market have led us over the last ten years to enter the offshore business field as well.

Can you tell us about a particularly innovative project that you have developed in this new business?

The Castorone, Saipem's most recent pipelaying vessel, is equipped with a firing line designed and built by us. We also manufactured the Telescopic Linkage, designed especially for Saipem, facilitating variation of the angle of the stinger, even during navigation. At the moment, the Castorone is the only vessel in the world with this technology, and we are very proud to have built it.

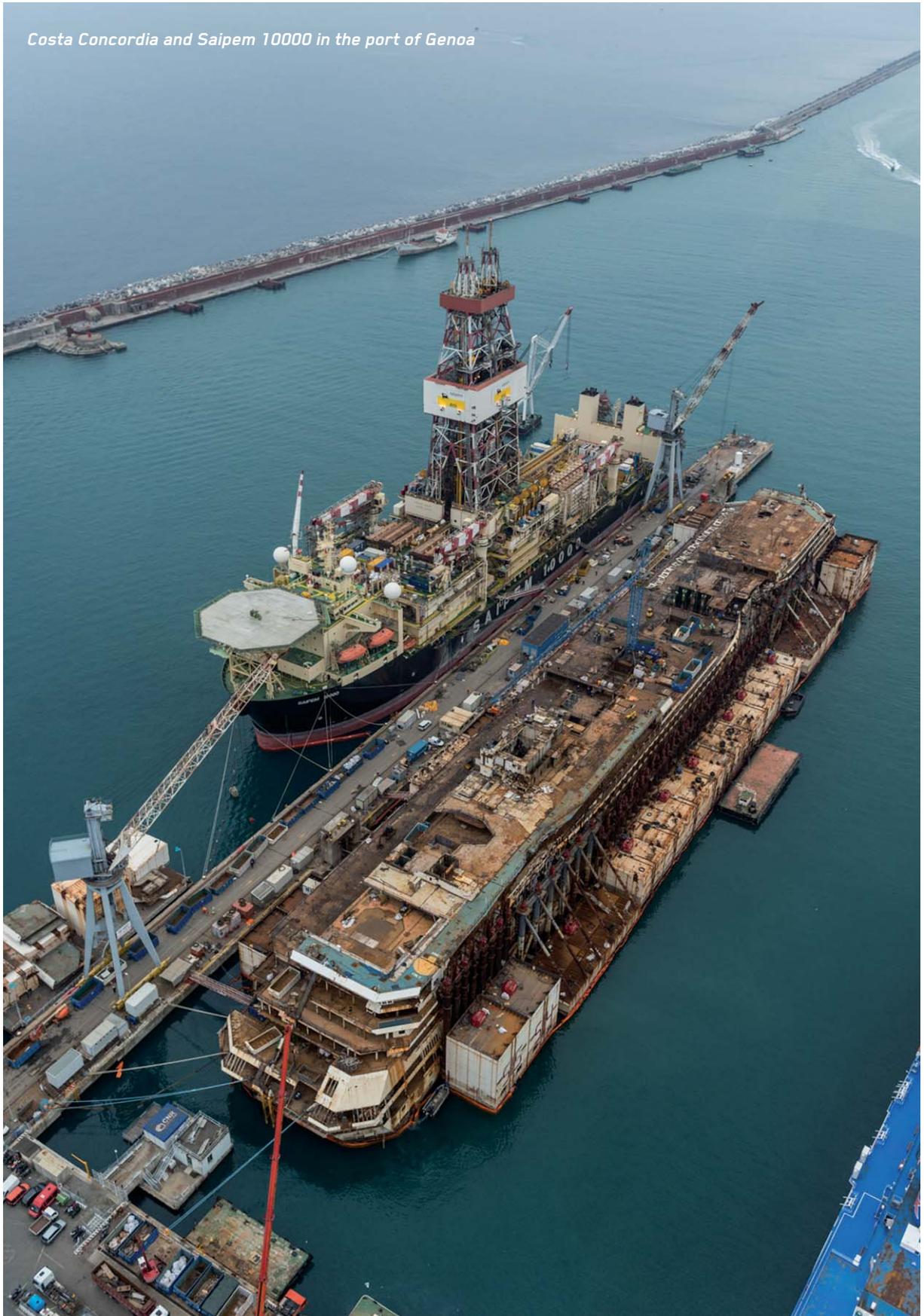
CS Impianti SpA

A talk with Roberto Monzini

Have your company's working methods changed since you began working with Saipem? If so, how?

Working in the engineering field, we have always evolved over time, keeping abreast of technological developments in IT systems, in terms of 3D modelling of plants, as well as calculations and electro-instrumental engineering. At any rate, in relation to standards applied and IT systems used, Saipem has always been our benchmark as regards organisation and project management. In terms of numbers, our company has more than quadrupled since its incorporation: we currently have around 100 employees working in our 4 premises in Italy. Furthermore, we have opened two joint venture companies abroad, one in Canada and one in Saudi Arabia, in order to follow projects more effectively in these two areas.

Costa Concordia and Saipem 10000 in the port of Genoa



Saipem, an Oil Spill Response service provider

The Saipem Oil Spill Response Team (OSRT) has provided Oil Spill Response Services since the 1990s. In 2015, the team provided technical support for the execution of a spill drill promoted and organised by the Ministry of Environment in collaboration with the Coast Guard and Eni UPS (Upstream and technical services). The drill, called 'Pollex 2015', took place October 13 in the waters off the port of Crotona. The purpose was to test the organisational machinery implemented to combat a pollution scenario caused by the spillage of hydrocarbons at sea during refuelling operations from the storage tank of the emergency power generators on the 'Luna A' platform.

OSRT collaborated with Eni UPS in maintaining relations with local authorities and organising and managing operations. The results were good and the various maritime authorities directing and supervising the drills were unanimous in recognising their overall responsiveness and organisation. Similar emergency drills were performed in the offshore sites of Ravenna-Pesaro and Gela.

Fruitful relationship with local high schools

The 'Sinergia' programme, launched in 2012, aims to develop concrete communication between educational institutions and the workplace and to strengthen the technical capabilities of students in a way that will facilitate their job search upon leaving school. With the cooperation of two high schools ('E. Fermi' in Lecce and 'A. Volta' in Lodi), the project has in fact proved beyond all doubt that fruitful and long-term partnerships



A Sinergia programme class

between schools and businesses is really possible. Specific afternoon courses were held on several training topics of interest to Saipem and with the 'A. Volta' school in Lodi with more detailed activities being developed. More specifically, during the reporting year the project was extended to classes III and IV and Saipem modules were integrated into the daytime training syllabuses of class V in accordance with other subjects of study. The lessons included both general and highly technical topics, ranging from the oil cycle to real-life company case studies, and comprising subjects such as automation, welding, design, 3D modelling, and health and safety in both offshore and onshore contexts. Given the markedly technical and specialist nature of Saipem's activities, students majoring in mechanical and electrotechnical techniques were involved. Project internships were available for several students who thus had the opportunity to see where they stood in relation to real, concrete issues. The project is undergoing constant transformation and updating and is an example of an effective and mutual beneficial partnership between companies and schools.

ITALY LOVES SAFETY-ITALIA LOVES SICUREZZA



In 2015, the LHS Foundation reaffirmed its position as a global centre of knowledge, information and divulgation in the industry, thanks also to the organisation of the event 'Italia Loves Sicurezza', repeated in various Italian cities and specifically on April 28, World Day for Safety and Health at Work. The event involved various actors from schools, institutions, associations, businesses and universities from Milan, Turin and Piacenza. The format was the same in the three cities: in the morning a safety workshop dedicated to primary school students; in

the afternoon a seminar based on the 'Leadership in Health & Safety' methodology for university students, professionals and businesses; and, in the evening, the play, 'Giorni Rubati' (Stolen Days), open to all the residents of these three cities. Partners in the 2015 initiative included the Politecnico di Milano, AIAS Academy, INAIL, Richmond Italia, ANMIL, Granarolo, FCA and Galbusera. The event was also made possible thanks to the sponsorship of the municipalities of

2015
ITALIA  SICUREZZA

Milan, Piacenza and Turin and the regional government of Piedmont. On the wave of this success, the event will become annual, with the aim of involving an increasingly large number of people in many other Italian cities.



Further information on LHS Foundation activities can be found at:
www.fondlhs.org.