

SAIPEM's presence in:

Kazakhstan



Saipem has been present in the country since 1995. It is represented by different companies, namely:

- **Ersai Caspian Contractor Llc**, founded in 2003 in Aktau, operating the Kuryk shore yard, located 70 km south of Aktau City in an area of about 220 hectares, a fully-equipped construction base with fabrication and personnel accommodation facilities. Ersai is now the leading company in the Mangystau region and can provide a very large range of services, such as all types of cutting, bevelling, welding and painting equipment and craneage with up to 1,000 tonnes lifting capacity.
- **Saipem SpA Kazakhstan Branch**, with offices in Almaty, Aktau, Uralsk, Atyrau, and Aktyubinsk.
- **Saipar Drilling Co**, a joint venture company with Parker, based in Aksai.

Saipem's activities

- Saipem's experience in the country is primarily in relation to the **Kashagan Field Development project**, the first large-scale offshore petroleum development in Kazakhstan and one of the largest and most complex industrial projects currently being developed anywhere in the world.

In particular, Saipem performed major activities between 2004 and 2012 for Agip KCO, as operator of the North Caspian Sea PSA (Production Sharing Agreement) including the engineering, procurement, laying, burying, testing and commissioning of pipelines, fibre optic cables and umbilicals of trunklines and production flowlines, installation of modular barges, flares, piperacks, connecting bridge and other structures at Islands D and A, mobilisation and installation of 2 drilling plants at Island D, fabrication of piperacks in Kuryk, and trunklines and production of clad flowlines.

For this project, the recent activities, partly ongoing, encompass the hook up and commissioning of offshore facilities, pre-fabrication and completion of modules at Kuryk Yard (May 2007, December 2013), the hook up and pre-commissioning of the Island D portion of the plant in 8 areas (April 2011, December 2013), the EPC and transportation of 2 topside clusters (June 2013, ongoing), the Installation of 2 CLAD trunklines from Island D to the onshore plant (August 2014, ongoing). Saipem also provided, for Daewoo Shipbuilding and Marine Engineering (DSME), the fabrication, assembly and commissioning of a semisubmersible drilling barge rig (2011, 2012), and for North Caspian Operating

3,268

SAIPEM'S EMPLOYEES

64%

OF WHICH ARE LOCAL

670

FRAMEWORK AGREEMENTS SIGNED

52,757

TOTAL TRAINING MAN-HOURS DELIVERED TO SAIPEM'S EMPLOYEES

Co NV, the installation of 2 pipelines (August 2014, ongoing), 28" x 95 km gas CRA (Corrosion Resistant Alloys) clad trunklines from Island D to onshore processing facilities.

- Other projects highlighting the strong presence of Saipem in Kazakhstan concern the Karachaganak field, the drilling/workover operations in Uralsk and Aktobe provinces, and two contracts encompassing the decommissioning and transportation of two rigs owned by the Client.
- The EPC of a jack-up drilling rig, awarded to the Consortium Ersai/Keppel Kazakhstan in 2012, is ongoing.

Business Outlook

Thanks to its specific experience in Kazakhstan in offshore and onshore activities, and based on its competitive advantages due to the Local Content strategies, Saipem is in a position to manage future business opportunities in the country, namely the projects coming from the planned major development of fields such as the Kalamkas, Aktote, Kairan, Pearls and Tengiz. Local Content is the critical market differentiator in the country and creates a strong competitive advantage compared to the other companies.

On-the-ground presence

Starting from the analysis of the needs of local communities and their expectations, every year Ersai defines a Sustainability Plan in agreement with local authorities and local communities.

This includes all initiatives mainly aimed at creating value in communities through health promotion, education and environmental and cultural awareness. In particular, the focus on youngsters and their education and wellbeing is an essential aspect to guarantee the future development of local communities.

Ersai Scholarship Programme

Since 2009, Ersai has successfully implemented its scholarship programme for school-leavers from low-income families in Kuryk village.

The main purpose is to support students from needy families by financing their studies at one of the State Universities of Kazakhstan in the specialisations required by the Company (i.e. welding engineers, electricians, mechanical engineers, ecologists, certification engineers, etc.). Ersai provides tuition payment for 5 years, a monthly allowance and transport costs. The annual selection of candidates takes place in two stages: a preliminary test and an interview.

9

GRADUATE STUDENTS WORKING IN ERSAI

13

STUDENTS ENROLLED

3

UNIVERSITIES INVOLVED IN THE PROGRAMME

For 2016, Ersai is planning to enrol 5 more students under the Ersai Scholarship Programme.

Boosting entrepreneurial potential

Ersai, in partnership with the Eurasia Foundation of Central Asia (EFCA), supports the entrepreneurship programme in Kuryk.

The project 'Boosting Entrepreneurship Potential in Kuryk' is designed to address the unemployment challenges in Mangystau Oblast.

To achieve its goal, Ersai and EFCA have adopted two approaches:

- 1) Develop business skills and opportunities of Kuryk citizens in order to encourage them to start or improve small businesses that serve local community needs.
- 2) Introduce handicrafts as a professional opportunity and a source of income for Kuryk women.

As part of the first 'business development' component, Ersai focuses on conducting business development training by organising business plan competitions and providing small grants and ongoing assistance to new entrepreneurs. As part of the second 'handicrafts development' component, Ersai focuses on holding craft workshops, performing arts-marketing and basic



Start-up development workshop

business training, organising crafts fairs and assisting artisans in partnership development.

The project has achieved the following major results:

- 8 new businesses were created (quail farm, beauty salon, shoe repair workshop, taxi service, felting workshop, turning shop, bakery and greenhouse) continued operating and expanded their activities.
- 3 women who participated in the crafts workshops in 2014 established handicraft clubs in local schools, receiving additional financial compensation for their activities and for the sale of their products.
- 9 women from Kuryk can sustain themselves thanks to regular income from handicrafts.
- The EFCA approached the United Nations Development Programme (UNDP) to request that it expand its business development programme to Kuryk and provide access to capital to other potential entrepreneurs, who can now take out loans at a facilitated interest rate. As a result of the positive outcome, the UNDP showed interest in the initiative.

1.5 mln tenge

TOTAL INCOME EARNED BY THE FAMILIES
PER MONTH

2 mln tenge

TOTAL TAXES PAID BY THE FAMILIES (*)

27

JOBS CREATED

around **300**

CLIENTS SERVED PER DAY

Supporting the education system in Kuryk Village

In June 2012, Ersai in cooperation with the EFCA, conducted a research project to assess the level of the educational system in Kuryk village. It led to the identification of the following initiatives.

Pre-school education initiative

As part of the 'Growing Together' Preschool Education Initiative launched in 2013, a tailored Montessori

programme (a model of human development and a related educational approach based on that model) was designed for Kuryk caretakers. The programme aims to improve the professional qualifications of kindergarten caretakers and administrators, strengthen parent-kindergarten partnerships by fostering parent involvement in the classroom, and increase community engagement in the education of young children in Kuryk. In 2015, experimental Montessori environments (provision of equipment and materials for each age group) were created in 'Kulyshakh', 'Akboke' and 'Aygolek' kindergartens to host 80 children. Kuryk kindergartens are the first public kindergartens in the Karakiya district to introduce free innovative Montessori methodologies for children. 24 Kuryk kindergarten teachers were trained by Montessori specialists who were hired as consultants to provide printed and video methodological materials to the trainees. Montessori specialists visited each kindergarten and helped create a Montessori environment in separate rooms. In addition, 36 teachers (18 from Kuryk kindergartens and 18 from elementary schools) were trained on how to make the transition of children from kindergarten to school less stressful.

Leaflets and booklets were prepared for parents covering all kinds of preschool education issues, practical advice and parenting tips, as well as Montessori recommendations. These leaflets aimed to reach out to parents and encourage them to participate in the education of their children.

Monitoring and evaluation were implemented in 2015. Two major assessments were conducted in October-November to observe initial project outputs and outcomes, discuss progress and challenges with diverse stakeholders, and solicit feedback for forthcoming project activities.

The Mangystau oblast Department of Education, the National Centre for Improving Teachers Qualifications 'Orleu' and the Republic Centre 'Pre-school Childhood' were interested in the programme and approved the activities organised. Representatives of these institutions participated in the demo-classes organised and appreciated the initiative.



Montessori training

(*) June 2014-December 2015.

'We started Montessori group in our kindergarten in April 2015 and have already received positive feedback from parents... Children really enjoy being in a Montessori environment, as they calm down and learn things... The more I work with Montessori methodology the more I love it, feel it and understand it. Now I don't want to go back to conventional education. Montessori has become my lifestyle!'



Teacher, 'Aygolek' kindergarten



Montessori training

The introduction of 'Step by Step' and Montessori methodologies has improved the level of primary education in Kuryk.

School Education Development project

Launched in 2013, the three-year 'School Education Development' project focuses on improving teacher qualifications, increasing student motivation through the development of leadership and communication skills and, finally, building strong partnerships among schools, parents and the community.

The programme has involved about 55 elementary teachers trained in innovative teaching methodologies for Maths, History and the Kazakh language.

Master classes and psychological training for 32 students have been organised to help them prepare for the final Common National Test.

Ersai has held two competitions among teachers and students. The best teachers received prizes and the best students visited the capital of Kazakhstan (Astana). Some additional results proving the effectiveness of the programme include:

- All 32 Kuryk school students involved passed the final Common National Test.
- Kuryk schools improved their overall ranking from 7th place to 5th place among Mangystau Oblast schools.
- 1 graduate from Kuryk received the 'Altyn Belgi' (Golden Medal) status and will have an opportunity to receive higher education for free.
- Teachers who participated in professional development training reported the success of their students.
- The project and Ersai company received the American Chamber of Commerce award for the project's achievements.

55

ELEMENTARY TEACHERS TRAINED

Fostering local manpower in maritime industry

As part of the Sustainability and Local Content Development Programme, Saipem implemented a 4-year Marine Training initiative in cooperation with International Maritime College Oman (IMCO) in Sohar (Oman) to foster professional manpower for operations in the maritime industry.

The 16 best candidates selected from the top Kazakhstan Universities were sent to IMCO, and on December 16 the first 8 cadets sponsored by Saipem successfully graduated. 2 Deck

Officers and 6 Marine Engineers received their Bachelor Degree Diploma in Nautical Studies and Marine Engineering, and a Certificate of Competence in accordance with STCW (Standards of Training, Certification and Watchkeeping for Seafarers) standards.

The academic programme, which consisted of theoretical and practical classes, was developed and delivered by the STC (Shipping and Transport College) Group from Rotterdam (Netherlands),

an academic partner of IMCO. Cadets were trained in the best innovative learning environment by teachers with a professional seaman background and from different parts of the world, thereby improving their practical skills on up-to-date simulators, and benefiting from a 12-month sea apprenticeship on the Atlantic Ocean and Caspian Sea, which enabled them to meet the requirements of the international maritime and Oil & Gas companies.