

SAIPEM's presence in:

Gulf Cooperation Council countries and Middle East



Saipem has a strong presence in the Gulf Cooperation Council (GCC) countries and in the Middle East. In particular it operates in:

- **Saudi Arabia** - Saudi Arabian Saipem, Snamprogetti Saudi Arabia and Snamprogetti Engineering & Contracting Co Ltd at Al-Khobar and STAR - Saipem Taqa Al Rushaid in Dammam.
- **Qatar** - Saipem SpA Qatar Branch in Doha.
- **Kuwait** - Saipem SpA Kuwait Branch in Kuwait City.
- **UAE** - Saipem SpA Sharjah branch and SCN BV Sharjah Branch in Sharjah, Saipem SpA Dubai branch in Dubai and Saipem SpA Abu Dhabi branch in Abu Dhabi.
- **Oman** - Saipem SpA Oman Branch in Al Khuwair, Sultanate of Oman.
- **Iran** - Saipem SpA Iran Branch in Teheran.
- **Iraq** - Sajer, a JV with local partners, registered in Iraq since 2009, in Baghdad - Rumailah Camp Facilities in Rumailah.

Saipem's activities

Saipem has a significant track record in the area in both onshore and offshore activities. As of the end of 2015, Saipem was working on projects in Saudi Arabia and Kuwait.

Saudi Arabia

Saudi Aramco represents a strategic partner for Saipem in the area. The major projects underway, all awarded by Saudi Aramco, are listed below.

- **Jazan Integrated Gasification Combined Cycle (JIGCC) project:** Saipem is responsible for the EPC of Package 1 (Gasification) and Package 2 (Sulphur Recovery) of the 400 kbb/d grass root Jazan Refinery and Terminal project being developed in the Jazan Economic City (JEC) in the southwestern region of Saudi Arabia. The design feed capacity of the IGCC is expected to be about 110 kbb/d of VR (vacuum residue) and/or HSFO (high sulphur fuel oil) and will export a minimum of 2.4 GW of net power to the grid. Contract awarded in May 2014.
- **Khurais Expansion project:** contract awarded in October 2014 for the bulk of the construction activities at the Khurais field. Expansion of Khurais involves the installation of crude handling, stabilisation and gas compression facilities to increase production up to 1.5 million bbl/d.
- **Rabigh Phase II project:** it involves the expansion of the Petro Rabigh Refining and Petrochemical Complex located approximately 150 km north of Jeddah.

8,779

SAIPEM'S EMPLOYEES

83%

OF WHICH ARE LOCAL

3,511

LOCAL VENDORS QUALIFIED

848

FRAMEWORK AGREEMENTS SIGNED

317,522

TOTAL TRAINING MAN-HOURS DELIVERED TO SAIPEM'S EMPLOYEES

Construction is underway and the project is expected to be commissioned in the first half of 2016. Saipem is responsible for the EPC contract for the naphtha reformer unit and the aromatics complex.

- **Al Wasit Gas Programme:** Saipem is developing the Arabiyah and Hasbah fields which includes the engineering, procurement, fabrication and installation of a total of 12 wellhead platforms, 2 tie-in platforms and 1 injection platform, as well as a 36-inch 260-kilometre long export trunkline, approximately 200 kilometres of mono-ethylene glycol (MEG) pipelines, 200 kilometres of subsea electric and control cables and 40 kilometres of offshore flowlines. All fabrication activities are carried out in the yards of Dammam and as regards the larger structures, in the Saipem yard at Karimun, Indonesia. The offshore activities are performed mainly by the Castoro II and Castoro Otto vessels.
- **Saudi Aramco Karan:** an EPCI contract which involves the engineering, procurement, transportation and installation of offshore structures including observation platform, wellhead production deck module, auxiliary platforms, 20" internally clad flowline and composite power cable. Offshore installation activities will be performed offshore.

Kuwait

Al Zour New Refinery project (NRP) - Packages 4 and 5: contracts awarded in August 2015 by Kuwait National Petroleum Co (KNPC). Package 4 is related to the implementation on an EPC basis of the tank farm and associated utilities in JV with Essar Projects Ltd while Package 5 is related to the implementation on an EPC basis of the marine works of the refinery in JV with Hyundai E&C and SK E&C.

Business outlook

This area, without a doubt, represents one of the most interesting for Saipem considering both its experience and the consolidated relationship with clients. The abundance of reserves and a growth in oil consumption that is below expectations mainly support the downstream segment, especially in Saudi Arabia and in Iran. Oman and Qatar plan to invest in the infrastructure in which Saipem has significant experience having concluded the Shah-Habshan-Ruwais Etihad Railway project (UAE) in 2015.

Qatar will also invest in offshore gas production systems, as well as in the downstream field where Saipem has an excellent track record having concluded the largest fertiliser complex Qafco V and VI for Qatar Petroleum in 2014.

On-the-ground presence

Saipem has a long-term deep-rooted presence in the area, especially in Saudi Arabia and the UAE. The Company is committed to promoting local socio-economic development in the areas where it operates but the approach highly depends on its kind of presence (short, medium or long term). The programmes described below highlight Saipem's commitment in practice.

A sustainable supply chain in the Middle East

Since 2011, Saipem's 'Social Responsibility Campaign' has aimed to assess the alignment of suppliers with Social Responsibility International Standards and Saipem's principles. Bahrain and Saudi Arabia were included in the campaign for the first time in 2015 and two vendors were actively involved and audited on social responsibility issues. Results were satisfactory since no criticalities related to topics such as child labour, forced or compulsory labour or discrimination were found. The audits identified areas for improvement in the companies' policies and employee management in terms of health and safety, remuneration and working hours. Saipem's findings were submitted to the two suppliers in the form of an improvement plan. The suppliers will be required to show evidence of implementation during 2016. As a general approach, suppliers from Middle East

A. Napolitano, Desert snake, UAE



countries such as Bahrain, Saudi Arabia, Qatar, UAE and Iraq are required to report their practices in terms of social responsibility issues as part of the qualification process. An analysis of 2015 questionnaires shows that results for the Middle East area are in line with those from other geographical areas.

A Saudi-focused sustainability charter



In 2015, Saipem organised a Sustainability Strategy Workshop in Saudi Arabia in order to define strategy and key areas of intervention appropriate to that specific context.

18 participants from the management of Saipem Saudi Arabia companies were involved.

The first part of the workshop focused on the creation of a Sustainability Charter, consisting of a mission statement and a strategy definition. The mission statement concentrated on key aspects such as long-term growth, local stakeholders and local development. The strategy definition included 3 steps:

1. the selection and definition of sustainability themes which are more in line with the Saudi Arabian context (Local Content, stakeholder engagement, safety and asset integrity);
2. a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis, to identify the criticalities connected to the themes; and
3. the identification of 3 areas of intervention to improve

Saipem's performance on each theme selected. In the second part of the workshop a sustainability action plan was developed and a roadmap established. For each area of intervention, more details were provided about the activities needed in order to define an implementation plan for the next few years.

The participatory approach of the workshop resulted in the creation of the Saudi Arabia Sustainability Charter, where the strategy for the country was stated.

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SAUDI ARABIA COMPANY MANAGERS ATTENDED

Working with subcontractors to guarantee safe operations

The characteristics that enable Saipem to stand out from its competitors are its roots in the country, its embedded HSE culture, its sustainability strategy and its Code of Ethics.

A significant proportion of work in construction and drilling activities in Saudi Arabia is carried out by subcontractors, over which Saipem has a supervisory duty. This consists in ensuring that subcontractors are capable of supplying a competent workforce and are aware of Saipem's requirements in terms of HSE. Following the one organised in 2014, a second HSE Forum was held on December 7 and 8, 2015 and involved 17 major subcontractors. The forum was attended by local Saipem companies and project representatives, as well as by the top management of the subcontractors involved in project operations.

The forum included a Leadership in Health and Safety workshop. It proved to be a positive, constructive experience that was appreciated by all those who took part. A common commitment to health and safety will allow significant benefits to be obtained on all project

Shah-Habshan-Ruwais Etihad: infrastructure project of the year



Saipem's Shah-Habshan-Ruwais Etihad Railway project was named Infrastructure Project of the Year at the Construction Week Awards 2015 held in Dubai. The project encompassed the engineering, procurement and construction of a railway line for the transportation of granulated sulphur, linking the natural gas production fields of Shah and Habshan to the port of Ruwais.

Etihad Rail is expected to benefit local communities and the national economy greatly.

Giuseppe Iocco, Project Director at Saipem, said: 'The scale and complexity of this project was immense, so to win this award is extremely gratifying. We actually set a new world record during the construction - 70 km of track laid in a single month'.



activities in terms of results, as well as in terms of levels of integration and team work. Saipem will monitor progress towards the 2016 undertakings throughout the year and these will be discussed at next year's HSE Forum, which will become an official event in Saudi Arabia Operations. Achieving improvements in the HSE culture of subcontractors represents a concrete investment in the local economy and will be of direct benefit to Saipem.

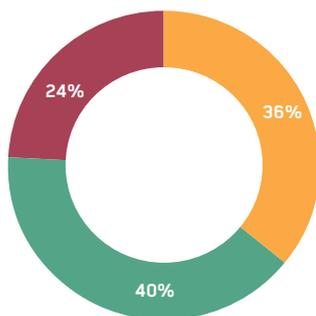
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MAJOR SUBCONTRACTORS PARTICIPATED IN THE EVENT

Saipem's training hub in the Middle East

The Saipem Sharjah Training Centre was formally established in 2011 with the completion of the Training Centre's main building at Saipem's Logistic Base located at Port Khalid. The primary goal of the Training Centre was to cater employee training needs by delivering top-class courses, while being the epicentre of training excellence in the Middle East region. To date, the Saipem Sharjah Training Centre has widened its horizon by also assisting other Saipem Branches outside the Middle East. In 2015 alone, the Saipem Sharjah Training Centre delivered an average of 3 training sessions per month. The three sessions conducted covered managerial, technical and safety topics. The training courses were attended by employees from different Saipem companies/branches. Since its inception, the Sharjah Training Centre had already facilitated more than 500 training sessions and thousands of man-hours. Yet still, it remains fully committed to improving and excelling in delivering

Training man-hours per training type in Sharjah Training Centre



- Managerial
- Technical
- HSE

top quality training courses to continue to empower employees with the right knowledge and expertise. Here are some significant training sessions:

- **Training programme for Iraqi nationals:** as per project requirements, 30 Iraqi SOC (South Oil Co, the client) employees were trained and divided in three different groups (Technical, Operation and Management and AFC). The trainings were composed of 3 modules: Soft and Professional skills, Oil & Gas Industry Knowledge and Technical skills. The training started in June 2013 and was concluded in December 2014.
- **Training programme for Mozambican graduates:** as support to Saipem Mozambique, 13 graduates attended classroom training sessions in Sharjah. The Training courses conducted focused on the following areas: Project Management, Engineering, Construction, Quality, HSE, Project Control, Contract Administration.
- **Saudi internship programme of Al Wasit project:** in June 2011, 10 local engineers in multiple disciplines were hired by Saipem and were provided on-the-job training, development programmes and responsibilities within the Company's organisation. They were mobilised to the Design Office, Fabrication Office and the In-Kingdom Work site and Offshore spreads. The programme started 60 days after the beginning of the project and lasted till its completion.

In addition, the training centre developed a successful partnership with **King Fahad University & Minerals (KFUPM) for project environmental services and compliance monitoring in the Al Wasit project.** The university (located in Dhahran, Saudi Arabia) is a local leading educational organisation for science and technology that conducts high quality monitoring and research studies for Oil & Gas projects. Saipem requested the KFUPM Research Institute to prepare a report on Environmental and Compliance Monitoring for the activities associated with the development of the Saudi Aramco Arabiyah and Hasbah Gas Field. Monitoring was conducted between the years 2012-2015, and a monthly monitoring report was submitted by KFUPM. No major non-compliance issues were observed.