

SAIPEM's presence in:

Nigeria



Saipem's presence in Nigeria dates back to 1965 through Saipem Nigeria Ltd (SNL), a subsidiary operating as an onshore and offshore drilling Contractor and, since 1989, through **Saipem Contracting (Nigeria) Ltd (SCNL)** operating as an EPC Contractor. The head office is based in Lagos with two logistics bases in Onne and Warri and a yard at Port Harcourt where all the main fabrication activities are performed.

Saipem's activities

Saipem has a significant track record in the country both in the onshore and offshore business.

- **Escravos Gas to Liquids Complex for Chevron Nigeria Ltd** represents Saipem's biggest ever modularised plant (pipe rack modules of over 1,000 tonnes each, process modules of over 2,000 tonnes each) and also the first application of the Gas-to-Liquids technology on a world-class scale.
- **Southern Swamp (Associated Gas Solutions - SSAGS) project** is a lump sum turnkey contract for the construction of compression facilities at the four sites of Ogbotobo, Beneside, Opukushi and Tunu, and of new gas Central Production facilities in Tunu, which will treat the routed associated gas.
- **Dangote Fertilizer project** consists in the implementation of 2x2,200 tonnes/d Ammonia Plants based on HTAS (Haldor Topsoe) technology, 2x3,850 tonnes/d Melt Urea Plants based on Snamprogetti™ technology, 2x3,850 tonnes/d Urea Granulation Plants based on Uhde Fertilizer technology including 22 km of a raw water Pipeline and 5 km of a gas Pipeline plus all the associated utilities.
- **Egina project** is considered a milestone in the offshore deepwater field (1,700 m of water depth, 52 km of oil production/water injection flowlines, 20 km of gas export pipelines and 80 km of umbilicals off to the Nigerian coast, South of Port Harcourt). The majority of the activities are performed in Nigeria, involving local vendors and confirming Saipem's strong commitment to Local Content in the country in line with the Nigerian Oil and Gas Industry Content Development Act of 2010.
- **Bonga North West project** is an important reference for Saipem for the production of pipe-in-pipe flowlines, water injection flowlines, as well as related production facilities. The project was completed in 2013.
- **Okwori 22-26** is the main reference for drilling activities performed by Saipem with Scarabeo 3. Water depth 130 m.

4,380

SAIPEM'S EMPLOYEES

88%

OF WHICH ARE LOCAL

60%

OF MANAGERS ARE LOCAL

81%

OF GOODS AND SERVICES ORDERED LOCALLY

72,618

TOTAL TRAINING MAN-HOURS DELIVERED TO SAIPEM'S EMPLOYEES

In 2014, the Company was awarded two FEED (Front End Engineering Design) contracts, respectively for the Quantum project (production of methanol and associated utilities and off-sites in Ibeno city in the state of Akwa Ibom), and for the Brass Fertilizer project (construction of a 5,000 tonnes/d Methanol plant, a 2,200 tonnes/d Ammonia plant to produce 3,850 tonnes/d Urea, associated utilities and power generation). Both FEED contracts were completed in mid-2015.

Business outlook

Nigeria is considered an important market for Saipem. Saipem's strategy in the country has always been based on a willingness to stay with a strong commitment to create added value to Nigeria's economy and society. The Company is working on the promotion and development of Local Content with long-term investments, partnerships with local companies and maximisation of value in terms of local employment and procurement of material and services for projects executed in the country.

On-the-ground presence

Saipem mainly operates in the Niger Delta area, where the management of relations with project host communities is a fundamental aspect: Saipem has developed strategies, procedures, action plans and initiatives to manage relations with communities within its operational area with a view to achieving a conducive business operational environment.

The MoU definition process

Local expectations and political activities make the identification and engagement of key stakeholders fundamental from the very beginning of the project. Conversely, an attempt to commence work without the appropriate pre-entry community relations activities could result in a false start.

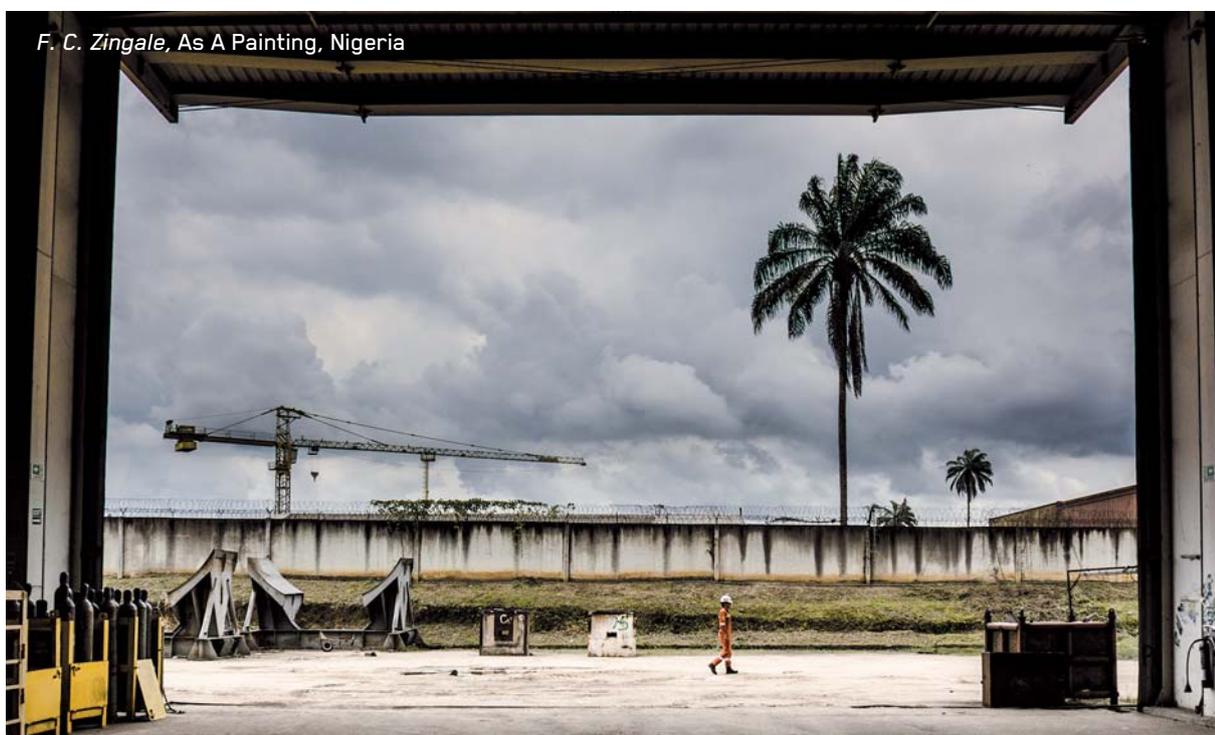
Among the community engagement approaches developed by Saipem, a critical one at the pre-entry stage is a Memorandum of Understanding (MoU) between Saipem and the host community.

Amongst other things, the MoU is essential for:

- streamlining the joint and several interests, as well as the expectations of members of the host community;
- defining the mutual obligations of Saipem and the community; and

- defining the procedures for managing Saipem's relationship with the community within the specific context.

In this framework, the community is usually encouraged to nominate representatives who can articulate its interests and expectations during scheduled meetings for negotiation of the MoU. Correspondingly, based on the available proposals, Saipem Management grants the requisite mandate to the Community Relations Department to represent it during MoU negotiations. In some cases, the Council of the Local Government Area or the Government of the State hosting the project is represented during the negotiations both as stakeholder and third-party moderator of the proceedings. During the negotiations, Saipem's representatives summarise the scope of the project and the Company's sustainability approach for the community representatives in order to place the prospective discussions within context. Negotiations are centred on dialogue and consultations, aiming to create a mutually beneficial relationship between the parties, to identify and define rights and obligations, to outline procedures for community relations actions and to establish or recognise liaison structures that will constitute the hub of community relations activities during the project. Topics of discussion can include employment and subcontracting opportunities for and optimisation of skilled local people, Human Capital Development, Community Development projects and grievance handling mechanisms.



F. C. Zingale, As A Painting, Nigeria

At the end of negotiations draft copies are made and reviewed by the representatives of the stakeholders involved who must then confer with their principals for approval before putting the final signature to the MoU.

Community Youth Training

As part of its commitment to host communities, in 2015 SCNL continued to promote skill acquisition through a series of vocational skill training programmes for youths in communities located in the vicinity of operations.

The Rumuolumeni Community benefited with 40 candidates trained in two categories via vocational and graduate internships. The vocational internship was for 18 welders and 16 fitters, while the graduate one involved 2 HSE officers, 3 Quality Assurance/Quality Control officers and 1 ICT technician. This aimed not only to broaden their skills but also to increase their employability, capabilities and competences.

In Igbo-Etche, the host community of the Northern Option Pipeline (NOPL) project, Saipem awarded certificates to a total of 60 youths trained in vocational skills. Some of the training focused on pipe welding/fitting, scaffolding, NDT (Non-Destructive Testing) and rigging.

100

YOUTHS INVOLVED IN THE COMMUNITY YOUTH TRAINING



Pipe fitting trainees

Industrial Training for undergraduates

Further on-the-job training by SCNL can be found on the Students Industrial Work Experience Scheme (SIWES). This is a training programme initiated by the Federal Government of Nigeria designed to prepare students from Tertiary Institutions for real working environments. These students are placed in various departments based on their course of study. This on-the-job training enables

them to gain relevant experience and complement their academic course. The duration varies from 3 to 12 months depending on the course and level of study.

43

UNDERGRADUATE STUDENTS WERE ADMITTED

37,574

TRAINING MAN-HOURS RECORDED

Human Capital Development (HCD) Programme

As part of the requirements of the 2010 Nigerian Oil and Gas Industry Content Development Act and the Nigerian Content Development and Monitoring Board (NCDMB), Saipem promotes local skills development by engaging University graduates in project activities.

The Egina project has been assigned a total of 20 trainees throughout its duration. These are divided into a first session rounded off in June 2015 and consisting of 9 people, and a second group of 11 that began in September 2015 and will end in 2016. They have been training in Quality Control (QC), Fabrication Support (FS) and Installation Engineering (IE).

In addition, in 2015, SCNL awarded certificates to 36 trainees on the SSAGS project and 8 in Otumara. All graduates from the SSAGS project were employed as Saipem staff on the project.

64

TOTAL NUMBER OF TRAINEES

Post Graduate Training Programme

The initiative, started in 2014 to provide training for specialised skills in Offshore Engineering through internship programme and workshops, continued in 2015 for 5 new students from the Offshore Technical Institute of the University of Port Harcourt.

They were assigned to the Technical Service Department (TSD) and Technical Office Offshore Fabrication at the SCNL Port Harcourt Construction (PHC) base for 3 months of intensive training. During the programme, the students underwent training such as HSE Induction, mastering the MathCAD Software, Process Simulation, Process Plant Safeguarding, Process Calculation, Process Utility Systems, AutoCAD, Preparation, Application and Relevance of Typical Drawings to Pipeline Construction, Pipe Laying Analysis, Hydrodynamic Forces acting on Offshore Pipelines, Technical Procedure and

Specifications, Structural Members Grade and Category, and Preparing and Issuing Shop drawing. On completion of the programme, trainees will benefit from their practical experience in the industry and will be equipped with the necessary technical skills to enable them to add value to the Offshore Oil & Gas industry.

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STUDENTS PARTICIPATED IN THE POST GRADUATE TRAINING PROGRAMME

Commitment towards continuous improvement in subcontractor HSE standards

As consolidated practice, SCNL convenes subcontractor representatives for a safety forum to raise awareness on Quality, Health, Safety and Environment issues. The 2015 forum was held on July 6 at the SCNL Port Harcourt Base Training Centre. It was introduced by the HSE Country Manager and consisted of two parts. The first focused on the safety performance and ethical behaviour of Saipem personnel and subcontractors, corporate social responsibility and environmental issues (such as waste monetisation, energy saving and water saving). The forum also included a presentation held by a subcontractor representative who talked about how HSE training and competences can improve the performance of HSE personnel. The second part saw the active participation of attendees, divided into 6 groups. Each group was given the challenge 'How do you achieve zero accidents in



the workplace?'. It had to provide a solution which a selected team member then shared with all the other participants. The active participation of attendees, in both the first and second parts of the forum, demonstrated the interest of subcontractors to these issues, as well as the effectiveness of this annual event.

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SUBCONTRACTOR REPRESENTATIVES ATTENDED THE HSE FORUM

Corporate Social Responsibility Award

On the occasion of the 2015 IPLOCA (International Pipe Line & Offshore Contractors Association) Corporate Social Responsibility Award, Saipem was named runner-up in recognition of its commitment to social responsibility. The mention referred to the Women Empowerment Initiative, implemented by Saipem in collaboration with the NGO Kinabuti Fashion Initiative (KFI) in 2013-2014. The initiative,

targeted at 15 women, provided knowledge and understanding of how to set up a private business in Nigeria, boosting skills in fashion design and sewing, and helping local women to start up a tailoring business. The grounds of the recognition were 'the Promotion of Entrepreneurship Opportunities, a long-term and self-funded programme'.

