

SAIPEM's presence in:

Other South American countries



The main company operating in the area is **Petrex SA**. Founded in 1983 and owned by Saipem since 1998, the company's head office is in Lima (Peru). The company's core business is onshore drilling. In 2015, Petrex operated in Peru (19 rigs), Venezuela (28 rigs), Colombia (6 rigs), Ecuador (4 rigs), Bolivia (3 rigs) and Chile (2 rigs).

Saipem's activities

Drilling

2015 saw a significant slowdown in activities, with a significant reduction of operating rigs (37 operative in December 2015). This was mainly caused by the significant drop in oil prices.

Onshore activities

In July 2015, Petrex SA's Chilean branch was awarded a contract for the construction and installation of a 160 km piping system for CODELCO (Corporación Nacional del Cobre de Chile), one of the biggest copper producers worldwide.

This project represents a record for Saipem. Indeed, the pipe will reach an altitude of 3,000 m above sea level and will be used to upgrade the extraction levels inside the Radomiro Tomic plant, located at 1,670 km from Santiago. Completion date is foreseen for the end of 2018.

Marine works

A few years ago, Saipem Group, together with Oderbrecht as commercial partner, implemented two marine works in Peru on an EPC basis:

- **Puerto Callao Muele Sur**: construction of a large pier with relevant infrastructures at Puerto Callao, near Lima, for the Dubai Port World (2008-2010);
- **Puerto Melchorita LNG**: construction of the port of Melchorita for Peru LNG (2007-2010).

3,659

PEOPLE EMPLOYED BY PETREX

95%

OF WHICH ARE LOCAL

53%

OF PETREX MANAGERS ARE LOCAL

3,421

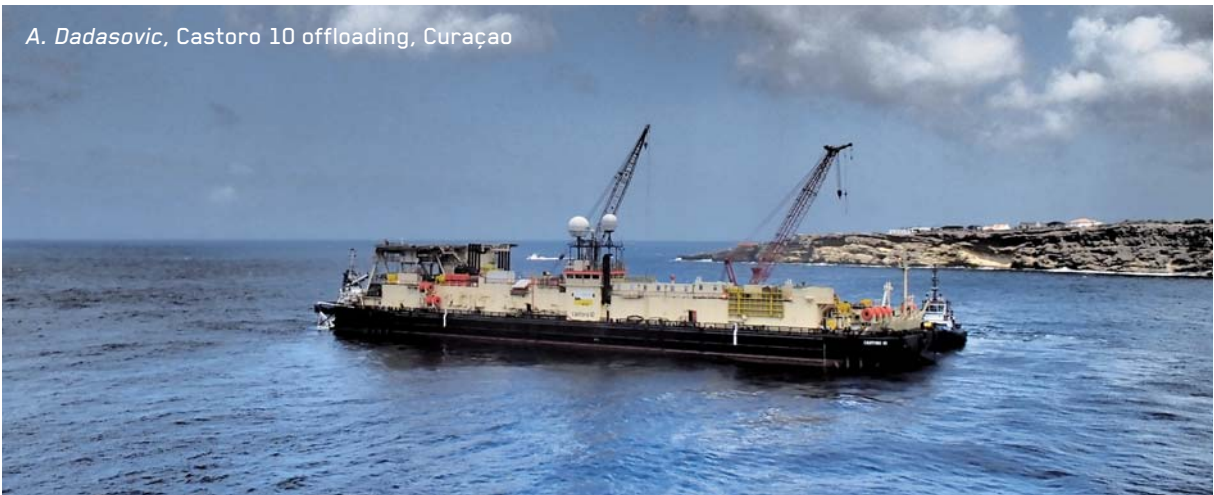
LOCAL VENDORS QUALIFIED

In Colombia, during the years 2010-2012, the Saipem Group completed implementation of the **Porto Nuevo project**, which consisted in the construction of a first phase of new coal direct-loading facilities for ships in the Caribbean Sea.

Business outlook

At the end of 2016, at Mariposa lake, 300 km from Santiago, Petrex will start drilling for a new geothermic project on behalf of EDC, a Philippine company operating in power generation from unconventional sources. Looking to the near future, opportunities may arise for Saipem, particularly in the onshore downstream business (refining segment).

A. Dadasovic, Castoro 10 offloading, Curaçao



On-the-ground presence

Petrex is aware of its responsibility towards its stakeholders within and beyond the organisation. The company's employees, their families, local suppliers and the host communities are included in its Sustainability Programme. Petrex's sustainability actions are especially focused on guaranteeing the welfare of employees in the workplace through activities such as health training, medical counselling and medical emergency response plans. Furthermore, being aware of the company's impact on employee families, Petrex considers their wives and children to be very important stakeholders and, in order to improve their wellbeing, promotes several initiatives to promote healthy lifestyles, strengthen entrepreneurial skills and improve education. In addition to this, Petrex is firmly committed to supporting efforts to improve the living standards of host communities. Support covers education, environment, health promotion, local employment and the local supply chain.

FamiLiHS: Saipem cares about its employees' families



Spreading a safety culture among employee families

Over the past few years Saipem has extended its sustainability actions to its employees, their families, local suppliers and the host communities where the Company operates.

In this framework, Petrex began to organise workshops to extend the health and safety culture to its employees'

We Want Zero in Venezuela we want *Pro*

In 2015, Petrex launched a WWZ programme to reduce the number of incidents involving rig operational personnel and equipment. A series of actions addressed to operational personnel were implemented focusing on: Competence, Awareness and Responsibility.

With regard to **Competence**, the action implemented aimed to improve the technical operative skills of rig crew personnel, team coordination and safety awareness. This activity was carried out by involving 4 experienced Toolpushers. They were tasked with acting as tutors for the drilling crew, performing on-the-job training and, if necessary, indicating training needs.

The theme of **Awareness** was approached focusing on:

- **cultural dimension.**
3 local culture training

courses were organised for 36 expatriate personnel, aimed at understanding the Venezuelan context and culture, and at improving communication and relations with local personnel;

- **communication and teamwork.**

Team work training courses for rig crew personnel were held aimed at reinforcing communication and working together as a team. 5 sessions were organised involving a total number of 60 local personnel;

- **comprehension of HSE documents.**

Job Safety Analysis was revised, including pictures of correct and safe sequences of operations in order to facilitate comprehension of the safety precautions by rig personnel during routine operations.

The **Responsibility** dimension saw

the implementation of two actions.

The first was the connection of two remote rigs to the main offices via the installation of video cameras that facilitated monitoring critical operations in real time and intervening in cases of unsafe actions or hazardous situations. The second action was the implementation of multiple daily tours on each rig performed on a regular basis by Rig Supervisors. The purpose was to enhance the safety awareness of rig personnel and improve the sense of responsibility of Rig Supervisors to HSE topics through intervention in case of unsafe acts. As result of this activity, the number of Safety Hazard Observation Cards compiled by Rig Supervisors and HSE workers increased significantly, from 24,017 in 2014 to 68,341 in 2015.

'As a family we learned about the importance of safety in all kinds of work and in our homes. I liked it all; the talks, the teaching, the integration with other families, but above all the message of safety'.



Wife of a welder (rig PTX 5815, Peru)

families, introducing the principles of prevention and making them capable of identifying the hazards of everyday activities, and raising their awareness of Saipem's operations and its Health and Safety Vision. In 2014, Petrex improved the programme by integrating elements from the LiHS programme. Since then, the programme has been called FamiLiHS.

FamiLiHS has become a tool to gain the allegiance of families in the effort to work in a zero-accident environment. But beyond this, families learned a way to strengthen bonds through FamiLiHS.

FamiLiHS Facilitators were also able to learn from this experience by developing their leadership skills and spreading belief in Saipem's Health and Safety Vision.

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FAMILIES PARTICIPATED IN FAMILIHS PROGRAMME IN 2015



Introduction to drilling in Venezuela

The 'Introduction to Drilling' workshops are an innovative and effective method to achieve different goals at the same time, namely, contribute to local growth, comply with Petrex's standards, reduce the risk of accidents on temporary workers, and comply with the client's objective of distributing the benefits of the Oil & Gas industry among the local population.

The workshops provide basic training to local inhabitants of the communities where Petrex operates; not only do they learn about operations and tools used for drilling, but also safety, health, environment, and labour rights. The participants become capable of covering temporary job positions in local Petrex operations.

This initiative was part of Petrex's attempt to comply with the Sistema de Democratización del Empleo (SISDEM), established by the client PDVSA to promote

the temporary hiring of local inhabitants among its contractors.

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INTRODUCTION TO DRILLING WORKSHOPS CARRIED OUT

210

LOCAL INHABITANTS TRAINED

Campaign for prevention and control of dengue in Peru



Awareness campaign against dengue

Petrex joined the Peruvian Ministry of Health to support the Campaign for Control and Prevention of Dengue fever in endemic areas of greatest risk in Talara, a town that suffers from inadequate water services.

This chronic shortage causes the water supply from other sources and water stored in pits, plastic recipients, jars and buckets, to become breeding sites for the dengue mosquito. In order to mitigate this situation, which undermines the security and health of residents, the Ministry of Health conducts an annual programme in Talara to prevent and fight dengue.

'Thanks to Petrex, today we learned important things that will serve as the basis for future employment opportunities.

We hope they will continue with these workshops, helping many more people, just like they helped us'.



An 'Introduction to Drilling' participant



*'We overcame our cultural differences by working with women from the five villages in Rionegro. After this experience, we are motivated to form a group to resolve the cultural differences between our communities and start working together. Thanks to Petrex for integrating our communities'.
A woman from Maracaibo Community*

In 2015, the Petrex Base in Talara joined the programme and facilitated expansion of the project's scope to areas at greatest endemic risk. The health campaign was developed over two phases in June and in September-October: the first involved publicity through posters placed in public places; the second consisted of in-home inspections in sensitive areas of Talara, reaching 4,410 homes and 16,379 habitants.

4,410

HOMES INSPECTED FOR DENGUE CONTROL

Productive Unit for Women in Colombia

The rig PTX 5815 is located in the rural municipality of Rionegro, Colombia. This area is characterised by a high rate of gender inequality and social conflicts generated by cultural differences; the economy depends on the oil sector, impacting job opportunities for women in the area.

For this reason, Petrex decided to encourage women's empowerment by sharing knowledge and tools to start new businesses in their communities. In this way women can generate new income and raise their self-esteem by developing their entrepreneurial skills.

30 women participated in a pastry training programme and **4 new businesses were created**. In this framework, the client Ecopetrol participated as a key partner for contacting and facilitating the programme in 5 communities.

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WOMEN INVOLVED IN THE INITIATIVE



*'In the workshop we learned how to classify waste at home and the importance of the rational use of water. The presentation was very pleasant and I enjoyed the participation of children'.
Wife of a mechanic (rig PTX-27)*

Promote recycling in Bolivia



Introducing children to recycling

Currently the recycling management policies in the town of Santa Cruz are inadequate. Children represent an opportunity to change this situation in the future. In June, Petrex developed a workshop to train how to correctly recycle at home. It was addressed to employee families in Santa Cruz and involved 57 participants. The children learned through games and quizzes how to classify, recycle and reuse the waste and also discussed the responsible consumption of water.

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PARTICIPANTS INVOLVED
IN THE FIRST WORKSHOP