



NURTURING COMPETENCE AND KNOW-HOW

Skills and know-how are considered a key asset and as such are duly monitored and developed through continuous analysis and the definition of a specially-focused investment plan.

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|---|---|--|---|
| <p>Stakeholders to whom it matters</p> | <p>2016 Highlights</p> <p>Training man-hours +1.6 mln</p> <hr/> <p>Resources mapped for the K-Map campaign 2,738</p> <hr/> | <p>Saipem goals</p> <ul style="list-style-type: none"> • Spread and application of the newly developed Leadership Model • Continuation of skill and know-how development programmes • Launch of training programme specific for managing directors | <p>Sustainable Development Goals</p> |
|---|---|--|---|

Saipem believes that the secret to its success lies in each person.

In a challenging and competitive industry, where professionalism, reliability and expertise are milestones for operations, human capital and its development are indeed key elements for lasting competitive success.

On the one hand, Saipem offers a reliable and stimulating work environment that guarantees equal opportunities for all on the basis of merit and without discrimination.

On the other hand, training and people development represent key levers in the Company's business strategy: learning programmes are promoted to ensure the development of professional know-how and behavioural competences.

To get the highest level of professional qualification, Saipem people are constantly engaged in different activities such as induction plans and training programmes with particular regard for young talented resources and specific on-the-job training programmes aimed at enhancing key technical competences. Operating worldwide, Saipem applies its integrated development model while respecting local needs.



Leadership Model

Saipem completed the update of the Leadership Model in 2016 with the dual aim of supporting new business strategies and further strengthening the dissemination and knowledge of the values that characterise Saipem people.

The Model is based on six principles: People, Integrity, Vision, Decision-Making, Knowledge and Communication. The approach takes into account the diversity of organisational levels and the difference between

managerial or professional careers.

The Model, developed through a participatory process, is closely connected with the needs and performance expectations of the people and the business. The Model is a reference point for professional growth, identifying both behavioural skills and essential leadership aspects within Saipem.

In collaboration with MIP - Politecnico di Milano, Saipem developed a specific training programme in 2016 for the managing directors and the senior managers of the Group's operating companies in order to provide concrete guidance on the application of the new Model. The blended training will begin in 2017 combining various methods consisting of distance learning with classroom teaching.

The Leadership Model is the basis of all human resource management processes.

The assessment process of leadership potential takes on a vital role today at Saipem with particular regard for people management, facilitating the planning of possible organisational changes, allowing better visibility of internal skills and their potential, thus allowing the right placement and development of individual abilities.



Skills as a competitive driver

The skills of the people are fundamental for achieving the company's goals. Therefore it is crucial to constantly monitor the level required to meet the needs of an evolving market as well as the level of expertise of the people in order to ensure the highest level of professional skills available in the company, also with a view to minimising risk.

In this framework, in 2014 the K-Factor project was launched. Its main initiatives are the K-Map and the K-Model. In 2016, the **K-Map** campaign continued mapping the professional skills and experiences of the Company's crucial roles allowing the identification of eventual skill gaps.

With the objective of strengthening the development and knowledge-transfer processes, the implementation of the **K-Model** included a set of initiatives.

In 2016, the training matrices were updated. This resulted in a further customisation of training courses related to specific professional roles. Finally, Saipem further strengthened its on-the-job training model in order to monitor and evaluate from a structured perspective the effectiveness of the knowledge-transfer. After an analysis phase of the experiences already in place in the various business units was completed, the initiative led to the construction of a reference model and the launch of a pilot project in the offshore area.

Moreover, the 'Career Paths' were revised in order to develop professional/technical and managerial careers by boosting geographic and functional mobility. Saipem carries out in-depth potential evaluation processes for both junior and expert profiles. Each assessment makes it possible to identify managerial skills while highlighting any strong points and areas for improvement, motivational drivers, growth potential and functional or inter-functional mobility. These tools allow for individual development and career paths to be directed, identifying any training needs.

**Technical training
man-hours delivered**

200,626

Skills as a way to minimise risks

From this point of view the **succession planning process** has a twofold objective focusing on developing talents in the medium-long term and minimising the risk of losing key competences. Succession plans in fact allow the identification of a list of candidates likely to cover strategic positions both in terms of their expertise and leadership skills. The succession tables make it possible to map risk areas on which to implement development, organisational or management mitigation actions. These actions are directed at the preparation of monitoring and development activities of internal candidates: in particular a total of 45 development plans were prepared taking into account mobility as well as growth toward more responsible roles, and training initiatives.

Investing in developing skills

In line with other corporate programmes aimed at increasing internal skills, the '**Job Rotation Programme**' was launched in 2016 aimed at developing the inter-functional mobility of resources.



Internal line-up clamp

The initiative was prompted by the identification of the resources to be involved that would respond to a series of stringent requirements; through the feedback of their managers it was then expanded to a detailed analysis of the skills gap that needed to be filled. After the analysis, synchronised with the business needs, scheduling of the rotations was carried out.

These rotations can range from 12 to 18 months and the experience in the other function may vary for participants depending on the degree of training required. At the end of the experience, the person will return to his or her function with a wealth of skills even more structured and targeted at carrying out the company's business functions.

All managers involved are committed to ensuring the experiences are enriching and educational from the perspective of human capital development. Saipem believes this initiative is a very important investment and will monitor it closely focusing on the effectiveness of the results.

A second programme called '**Fast Track**' for young talented employees with high-potential was also structured in 2016. Development paths have been designed to create a new generation of managers with a profile that is in line with the new leadership model. In order to ensure truly widespread management turnover, the 'Fast Track' involved three types of company populations: young graduates, up and coming middle managers and young talented senior managers.

Assessing and rewarding performance

Saipem bases its Group compensation policies on the principle of fairness and merit. Saipem in fact defines its policies in full consistency with the results of the skills and performance assessments and identifies reward strategies through a local approach that intercepts the specificities of the labour market and the local labour law context. Saipem also confirms its commitment to affirming the principle of 'equal pay for equal work' having monitored for years the gender pay gap in its totality of the local environments in which it operates.

**Percentage of employees
whose performance was evaluated**

60%



FOCUS ON CA&A PROGRAMME IN THE DRILLING BUSINESS UNIT

Personnel competence constitutes one of the main areas of concern identified during the 'We Want Zero' campaign and therefore several initiatives were developed with the clear purpose of improvement. Significant examples are the 'Know Your Barriers' campaign on board Scarabeo 5 and 8 (see page 24), and 'Human Factors Training' targeted at area managers.

The design and development of the CA&A Process for the Drilling Business Unit started in early 2016.

The process is designed to be developed and implemented in four steps, presented as follows:

1) revision of Saipem drilling job roles; 2) definition of assessment tools, assessor and verifiers; 3) programme roll-out and 4) definition of clear training and development strategies.

The first workshop on CA&A Process implementation in the Drilling Business Unit was organised in September 2016 with several representatives of the offshore drilling management to review and fine tune the programme jointly.

The CA&A Programme was rolled out in late 2016 in Saudi Arabia.

The programme will continue in 2017 with the objective of involving the rigs presently operating in the country.

Moreover, it is planned to extend the programme to offshore drilling vessels.

RESULTS IN NUMBERS

| | |
|----------------------|------|
| Onshore rigs visited | 4 |
| Personnel assessed | ≈100 |

FOCUS ON CA&A PROGRAMME IN THE OFFSHORE BUSINESS UNIT

The 'Offshore Competence Assurance & Assessment' is in line with international guidelines (International Maritime Contractor Association-IMCA and International Maritime Organisation-IMO).

Saipem identified 10 professional roles whose competences are strategic for the performance of safe and reliable offshore operations.

A pilot project, launched in 2014 on the S7000, was then fine-tuned and rebooted in 2016, involving the 3 vessels operated by Saipem for the Shah Deniz 2 Project, and then onboard S3000, Castorone, FDS 2 and Castoro 6. A refresher course was organised onboard the S7000.

The process, for each vessel, consists of intensive training for the Vessel Management Team (VMT) and the validation of their training by the review of their first assessments by the verifier. The verifier evaluates and validates the quality of the assessment. In case of a positive evaluation, the VMT's member is certified as internal 'assessor'.

Once the VMT members are certified, they are required to periodically evaluate the competences of the selected professional roles.

The training programme will involve additional vessels in 2017 in order to progressively cover the entire offshore fleet. The project target is to cover 100% of personnel in the professional roles identified.

RESULTS IN NUMBERS

| | |
|-----------------------|-----|
| Assessors trained | 53 |
| Assessments completed | 170 |

In the framework of the Saipem competence management system, in order to strengthen and further enhance the accountability of internal skills, Saipem developed an in-house methodology for '**Competence Assurance & Assessment**' (CA&A).

CA&A entails integrating the skill mapping process because it is tailored for each specific job title, evaluates micro-skills (both technical and HSE), encompasses the collection of a structured set of evidences and includes a theoretical and practical examination.

The application of the CA&A Programme aims to strengthen workplace and process safety and will lead to a series of benefits in various company processes such as: a specific training and coaching strategy, an improved personnel development path as well as local content development objectives and a strong commercial advantage over competitors.

Developing young talent in Italy

The '**Programma Sinergia**', launched in 2012, aims to create a lasting partnership between Saipem and the world of education. In particular, the company cooperates with two Italian technical institutes, namely 'A. Volta'

COMPETENCE ASSURANCE & ASSESSMENT



in Lodi and 'E. Fermi' in Lecce. The purpose of the programme is to shape the training solutions consistent with the ministerial curricula of the school and ensure participating students with the training in skills aimed at the Oil & Gas industry, creating a ready set of professional skills not easily found on the market.

In addition, Saipem is committed to supporting the school in creating a strong partnership with the corporate world in order to offer students an internship

period or technical classroom training held by industry experts. In this regard, as of 2017, Saipem will support a third school, the 'Liceo Omnicomprensivo' in Amatrice, offering learning experiences to a select group of students. The choice of Amatrice, a town in central Italy, is particularly significant as it is located in an area that was strongly affected by earthquake in 2016 that caused extensive damage and resulted in many victims.



MOTIVATE, INSPIRE AND LEAD YOUR TEAM

Leadership and Communication Workshop for drilling team leaders

The workshop was organised by the drilling senior management as one of the initiatives of the 'We Want Zero' programme.

The workshop was targeted at offshore drilling team leaders from the drilling, marine, and technical departments who, in their role as task managers are responsible for teams and need adequate, non-technical skills to support their professional competences. During the two-day workshop, by carrying out practical exercises in a dynamic atmosphere where theory met the rig operational experience, participants explored the meaning and the importance of communication, leadership and teamwork. The first session of the Leadership & Communication workshop was organised in 2015 involving the team leaders from Saipem 12000 and Scarabeo 9. In 2016, it was implemented on board the Saipem 10000 and Scarabeo 7.

Workshop contents and main purposes

The workshop allowed the participants to discover how communication, leadership and teamwork are intrinsically connected. Understanding what communication really is and exploring good communication skills offer the opportunity to better comprehend the implications of inadequate communication at work or in relation with others, and to recognise their strengths as well as their areas of improvement.

Collaboration, communication and coordination are three pillars of good team work, and these elements were put into practice by the drilling team leaders who worked in teams with their offshore managers to build

team bridges. The bridge-building exercise highlighted the dynamics that arise between team members when there is a predefined objective to be achieved in a specified time and manner. During the exercise, leadership styles and communication skills were observed among the group members which allowed each team to achieve different results.

The 'Leadership styles' theme further highlighted examples of internationally recognised leaders that have influenced the actions of participants and thus their style of communication and behaviour were analysed. Participants explored their leadership styles, how these styles influence the team and workplace climate, and how important it is to continuously adapt to a specific situation in order to obtain the most from team members.

One of the communication skills stimulated and stressed during the workshop was active listening. In operational activities, team leaders are used to giving and receiving directions and acting upon them. The experience demonstrates that providing and receiving feedback and asking questions to check comprehension or to understand the messages helps team leaders to improve active listening skills, especially in a multicultural and challenging environment intrinsic to drilling activities.

The learning by doing and the dynamic style adopted during the workshop allowed participants to actively contribute to exercises by adding their experience and integrating their personal style to create the right combination of a competitive and collaborative atmosphere.



CREATING VALUE BY EMPLOYING LOCALLY

Saipem's commitment to ensuring the socio-cultural growth of the area in which it operates takes different forms, one of which is the commitment to develop and employ local people: local employment contributes to providing social benefits in the host countries and is an unquestionable value of the Company's business philosophy.

| Stakeholders to whom it matters | 2016 Highlights | Saipem goals | Sustainable Development Goals |
|--|---|---|--|
|    | Local workforce 80% <hr/> Local managers 45% | Continue to implement the specific training and career programmes in countries of operation to reinforce local employment |     |

Providing job opportunities, together with transferring know-how and capabilities, supporting local business and establishing local partnerships, it contributes

to creating local value by building durable win-win relationships with local communities and by providing sustainable benefits for them.

CREATING LOCAL VALUE

| Local skills development | Employment opportunities | Local business optimisation | Partnering local communities |
|---|--|---|---|
|  |  |  |  |
| To increase employment opportunities for local people and to promote their professional growth and skills, Saipem awards scholarships, sets up apprenticeship programmes and provides on-the-job training. Partnerships with local universities and direct engagement in Saipem's activities are key aspects for the local skills development goal. | A maximisation of local employment on Saipem's projects and activities is a universally valid business principle and a foothold in all operating contexts. | A series of measures (such as medium-to-long-term agreements) contribute to developing forms of multi-year cooperation. Saipem helps local vendors to boost their skills, expand their business and satisfy the Company's requirements. | By employing dedicated tools, techniques and methodologies Saipem forges a tailor-made stakeholder engagement strategy over time rendering local communities inclusive and participatory. |

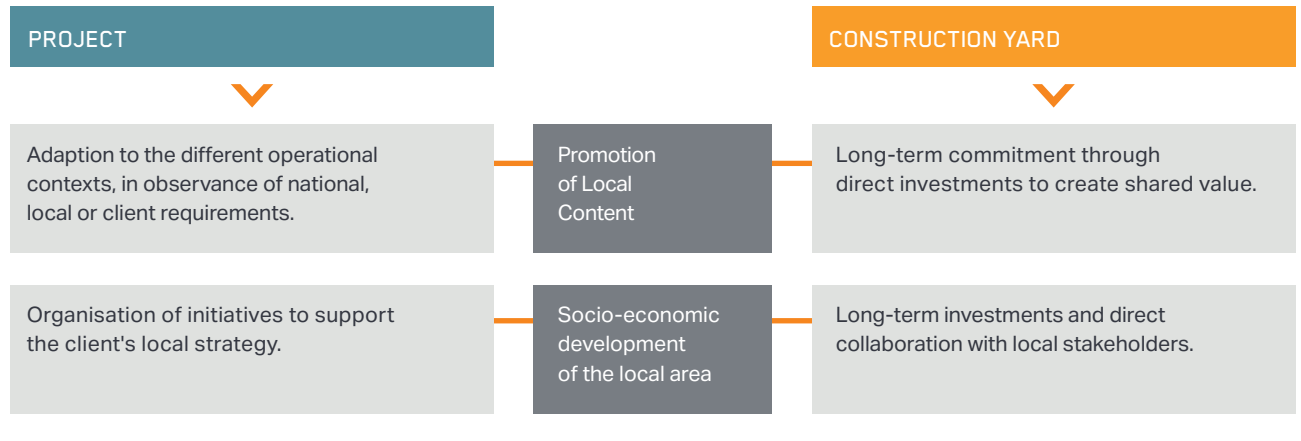
This approach helps Saipem guarantee its licence to operate and brings with it mutual benefits:

- strengthen win-win relationships with all local stakeholders;
- reduce costs and risks associated with projects;
- improve the Company's perception and reputation;
- create the conditions for a climate of mutual trust;
- generate positive effects on local communities, contributing to their social stability and wealth.

In accordance with the nature of its presence, Saipem promotes Local Content and local socio-economic

development in different ways: a long-term presence (when there is a construction yard) brings with it a long-term commitment to Local Content through direct investments. In case of project activities, short-to-medium-term presence requires that Saipem's Local Content promotion adapts to the different operational contexts, in observance of national, local or client requirements. Furthermore, initiatives are organised to support the client's local socio-economic development strategy. In recent years an increasing number of countries owning Oil & Gas reserves have adopted (or are going to adopt) Local Content policies which aim to obtain the greatest

SAIPEM'S PRESENCE



benefits for their economies from the extraction of these exhaustible resources. One of the factors that distinguishes Saipem has always been the adoption of a comprehensive Local Content approach. In doing so, Saipem has always proactively supported its clients in achieving their business objectives.

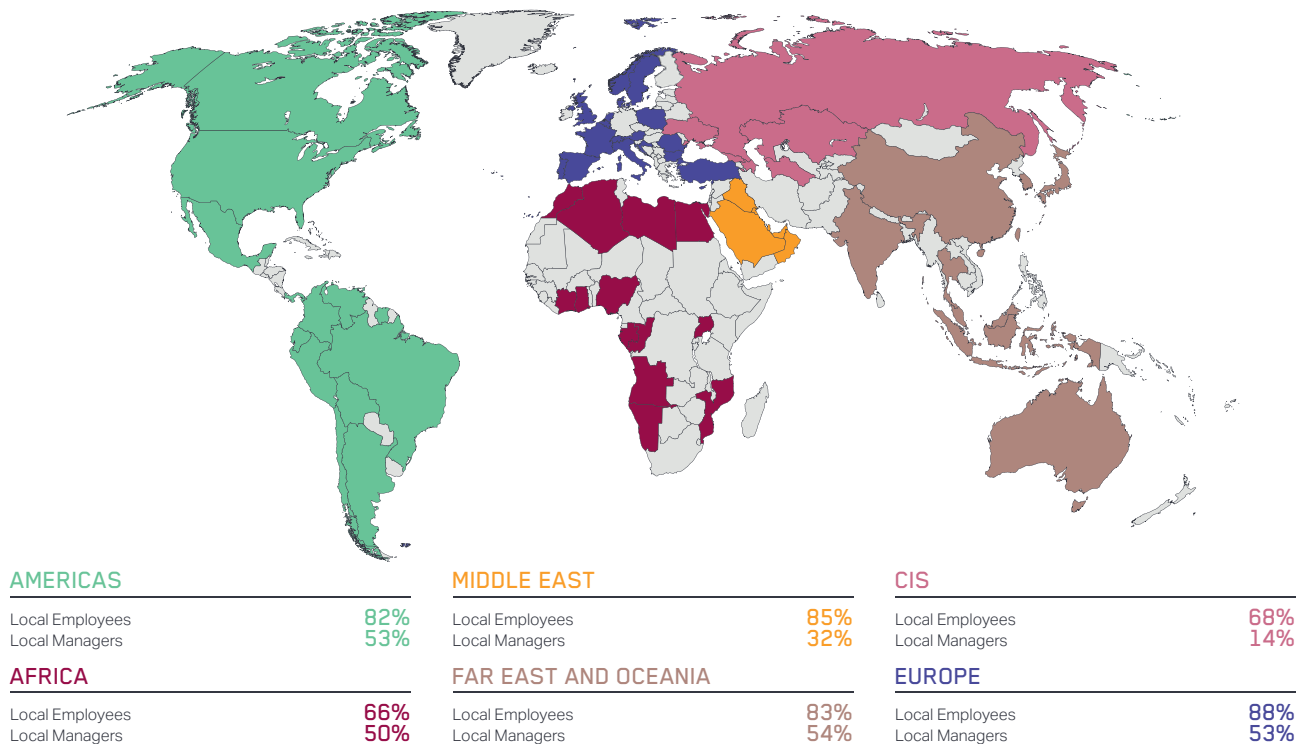
EMPLOYMENT OPPORTUNITIES

Investing and hiring locally allow Saipem to both enter into and maintain ongoing relations with its host

countries, and to enrich the diversity of the workforce, meet the general strategy of efficient and effective human resources management and ensure critical professional skills for future projects. The types of skills necessary in the Oil & Gas industry are highly specialised and require an advanced level of vocational and technical ability. This is why Saipem continuously designs and implements development programmes in the countries where it operates.

The diversity of Saipem people is represented by a pool of young talent from a multitude of countries whose

LOCAL EMPLOYEES AND MANAGERS



80% of the Company's 40,305 employees were employed locally, with the highest percentage in Europe, the Middle East, Far East and Oceania, and the Americas. The percentage of local managers (sum of local managers and local senior managers) was 45%, a 1% increase compared to 2015. This percentage was calculated by excluding data from France and Italy, since inclusion of those countries would have led to a figure of 76% of local managers. The methodology used shows, with transparency and without distortion, the constant commitment of Saipem to promoting Local Content, including with regard to management positions.

professionalism grows with that of Saipem in the various projects in which they are involved, either in their own countries or abroad.

Saipem helps local people to find job opportunities and to promote their professional growth and skills through different development projects: scholarships, apprenticeship programmes and on-the-job training.

The direct, as well the indirect, creation of employment provides social benefits to the host countries: together with hiring locally, socio-economic development is advanced also by sourcing locally. In doing so, Saipem helps local vendors to reinforce their skills and to expand their business.

Locally ordered goods and services for operating projects

69%



FOCUS ON NIGERIA

As part of the company's commitment to invest in reinforcing skills and transferring know-how, Saipem offered both professional and vocational training for locals in 2016 that included:

RUMUORLUMENI COMMUNITY TRAINING FOR YOUTHS

The Community Training for Youths is a vocational training programme to host community youths with little or no education but a willingness to learn Welding, Fitting, Rigging and Lifting or Scaffolding skills.

Years of training implementation **10**

Youths from host communities within Niger Delta reached **+400**

Saipem recently diversified the training to include graduates within the community for professional skills like QA/QC (Quality Assurance and Quality Control) and HSE (Health, Safety and Environment).

Candidates from the Rumuorlumeni Community trained in 2016 **40**

The two training categories, vocational and graduate internship, utilise both classroom and on-the-job training. While 7 of the youths were trained in QA/QC (4) and HSE (3), the remaining 33 took part in vocational training.

This initiative aims to broaden their skills and increase their employability, capabilities and competences. The programme will spill into 2017.

INDUSTRIAL TRAINING FOR UNIVERSITY STUDENTS

The Students Industrial Work Experience Scheme (SIWES) is a training programme initiated by the Federal Government of Nigeria designed to expose and prepare students of tertiary institutions to real work situations they are likely to encounter after graduation. Students are placed in various departments based on their course of study for on-the-job training to enable them to gain relevant experiences that complement their academic work.

The duration varies from 3 to 6 months or 12 months depending on the course of study.

Undergraduate students admitted in 2016 **33**

Training man-hours recorded **+30,000**

SCNL SCHOLARSHIP SCHEME FOR HOST COMMUNITY STUDENTS

As a way of supporting the educational pursuit of community youths willing to further their studies, SCNL (one of Saipem's subsidiaries operating in Nigeria) is committed to assisting a total of 20 undergraduate students from various tertiary institutions on an annual basis by paying tuition fees.

FOCUS ON AZERBAIJAN

YOUNG GRADUATES INTERNSHIP

Since 2010, Saipem Azerbaijan has implemented the Young Graduates Internship, whose overall goal is to help undergraduate students with an educational background to set the basis for careers in the Oil & Gas industry.

The training consists of academically-enriching and experiential learning sessions on work-readiness education and career perspectives. Based on their performance during training, Saipem business needs and interviews, students advance to the next stage of the programme to take advantage of the industry induction and internship opportunities at Saipem premises in the country.

Since 2014, Saipem has implemented an Engineering module to develop local youths with a specialisation in this topic: this addition was mainly due to the lack of local engineers on the local market.

Over the years the number of participating universities has increased, reaching and engaging a higher number of students.

In March 2016, an Introduction to Saipem training session was organised to provide full information for the new interns about Saipem projects in Azerbaijan, local organisational structure and to deliver guidance on how to cooperate and interact with relevant functions and Saipem decided to continue the programme implementation in the 2017-2018 academic year and expanded the Engineering Module execution.



Students selected for the internship since 2010 **61**

Programme participants employed with Saipem (offices, onshore activities and on board vessels) since 2010 **43**

Graduates participating in the internship programme in the 2016-2017 academic year **12**

Employed interns in 2016 **14**

FOCUS ON KAZAKHSTAN

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.



Total students enrolled in the programme **15**

Universities involved in the programme **3**

Graduate students working in Ersai **11**

FOCUS ON SAUDI ARABIA

SAUDISATION

Saudisation aims to replace foreign workers with Saudi nationals. In achieving this objective, Saipem has implemented several training programmes for local nationals in collaboration with some of the local technical training institutes.

Young Saudi engineers trained that will be employed at project sites in 2017 **15**

Percentage of training man-hours delivered to local nationals of the total hours delivered in Saudi Arabia **74%**



Local employees trained **40**

Local employees trained in 2016 for Civil Construction **9**

In addition to this, Saipem's commitment to Saudisation also concerned the development of the local drilling senior crews, for whom an internal training programme was specifically designed.