

CORPORATE GOVERNANCE REPORT

Fair Practice

Saipem believes that the creation of value for its shareholders, especially in the medium to long term, should be attained through fair practice towards all its stakeholders, comprising, besides the shareholders; employees, suppliers, clients, commercial and financial partners as well as the communities the Group comes into contact with.

The Board of Directors deems it important to clearly define the values that Saipem recognises and accepts, to identify the responsibilities the company assumes both internally and externally to ensure that all Group activities are carried out in compliance with the law, in fairness, honesty, integrity, correctness and in good faith, respecting the legitimate interests of shareholders, employees, suppliers, clients, commercial and financial partners as well as the communities of those countries in which Saipem operates.

These values are stated in the Code of Practice, which all employees are required to adhere to and whose violations are examined by the Board of Directors, upon notification from the annual Report by the Guarantor of the Code of Practice.

Principles

All personnel working for Saipem, without distinction and/or exceptions, are committed to observing and enforcing the following principles, within their own function and responsibilities.

The belief of acting in Saipem's interest cannot in any way justify the adoption of practices contravening these principles.

Business ethics

Saipem's activities, anywhere in the world, are carried out in fairness, honesty and in compliance with the law. Specifically, Saipem applies the OECD guidelines for multinational companies.

Stakeholders

Saipem is committed to respecting all the stakeholders with whom it interacts in business, as it believes that they are an important asset to the company.

Labour protection and equal opportunities

Saipem respects the universally recognised core labour standards contained in the Fundamental Conventions of ILO (International Labour Organisation); it guarantees freedom to form a union and the right of collective bargaining; it repudiates any form of forced or juvenile labour and/or discrimination. In addition, Saipem is an equal opportunity employer and guarantees its employees equal treatment based on merit.

Development of professional skills

Saipem values and promotes the development of skills and competencies of each employee in addition to team

work, so that energy and creativity of the individual can realise its full potential.

Diversity

Saipem's business conduct is inspired by the respect it affords to cultures, religions, traditions, ethnic diversity and the communities in which it operates, and strives to preserve their biological, environmental, social, cultural and economic identities.

Human rights

Worldwide, Saipem is committed to supporting and respecting the principles contained in the UN Universal Declaration of Human Rights.

Cooperation

Saipem is committed to promoting the quality of life and the social and economic development of the communities in which the Group operates.

Health and Safety

Saipem ensures ever-increasing health and safety standards for its employees and the communities in all areas of the world where it operates.

Environmental protection

Saipem is committed to protecting the environment and ecosystems involved in its business operations and strives to achieve the sustainability goals set by the international conventions Italy endorses.

Corporate Governance

The Board of Directors of Saipem S.p.A., at their meeting of 9th November 2000, resolved to adopt the “Self Regulatory Code of Listed Companies” (hereafter Code) and has updated its Corporate Governance to include the amendments made to the Code in July 2002.

In compliance with the guidelines and recent recommendations issued by the Italian Stock Exchange, specifically the “annual Corporate Governance Report Guidelines” of 12th February 2003, information on Saipem’s Corporate Governance system is provided hereafter.

Saipem’s structure

Saipem’s structure is based on the traditional model where the Board of Directors is solely responsible for the company’s management, the Board of Statutory Auditors carry out supervisory and control duties and the External Auditors are responsible for auditing the accounts.

The Board of Directors has vested the Managing Director and the Chairman with the power to represent the company, pursuant to art. 21 of the company’s articles of association.

In compliance with the most widely internationally adopted Governance principles, the Board of Directors has set up internal corporate bodies, with consultative and advisory functions.

The Board of Directors: responsibilities, powers and composition

The Board of Directors is the central body within Saipem’s Corporate Governance system. Art. 20 of Articles of Association states that the management of the Company is exclusively the responsibility of the Board of Directors.

Art. 2365 of the Italian Civil Code grants the Board the power, normally granted to the Extraordinary Shareholders' Meeting, to resolve on motions concerning:

- merger by incorporation of companies whose shares or stakes are owned entirely by the Company, pursuant to art. 2505 of the Italian Civil Code;
- merger by incorporation of companies whose shares or stakes are at least 90% (ninety per cent) owned by the Company, pursuant to art. 2505-bis of the Italian Civil Code;
- the proportional de-merger of companies whose shares or stakes are entirely or at least 90% (ninety per cent) owned by the Company, pursuant to art. 2506-ter of the Italian Civil Code;
- transfer of the Company’s Headquarters within Italy;
- incorporation, transfer and closure of secondary offices;
- share capital decreases in case of shareholder’s withdrawals;
- the issue of corporate bonds and other debentures, barring the issue of bonds convertible into Company’s shares.

In addition to the powers granted by art. 2381 of the Italian Civil Code, the Board of Directors is responsible for reviewing and approving the company’s long-term strategic plans; it resolves on the most significant economic and financial company operations, as well as the most relevant Group industrial and financial operations; it defines, based on indications provided by the relevant Committee, guidelines for the internal control system and ascertains the adequacy and management of main business risks; it reviews and approves the guidelines supporting the company and Group structure ensuring they are adequate for the company’s business model; it evaluates the general management and performance of the company, paying particular attention to situations of potential conflict of interests; it is promptly informed by the directors with executive powers regarding: activities within their responsibilities carried out during the year; major operations (having previously set down criteria for their identification); atypical and/or unusual operations or operations with related parties. The Board of Directors approves all motions put forward for approval to the Shareholders’ Meetings; vests Board Directors with

particular powers; appoints General Managers and grants them powers; approves all operations involving the incorporation of directly owned companies and branches, acquisitions, alienations, winding-up of company holdings, transfer of companies, or branches thereof, the purchase, sale or financial lease of land and buildings in excess of 2,500,000 euros; appoints the members of the Audit Committee, the Compensation Committee and the Compliance Committee; approves Corporate Governance procedures; approves the company's Stock Grant and Stock Options schemes; approves the remuneration of Directors vested with executive powers; approves the preliminary Financial Statements, the budget, the Quarterly and Six-Monthly Reports, preliminary results; approves and enters into agency agreements; approves all donations.

Also are considered the exclusive competence of the Board of Directors contracts for the purchase or sale of goods and/or services exceeding 1 billion euros and those whose duration is over 20 years.

The Board vested the Chairman with all ordinary and extraordinary powers to manage the Company, except for the undelegable powers and those of the Board itself, and granted the Managing Director the powers to manage the company's commercial and operational activities. The Board of Directors, comprising nine Directors, was appointed by the Shareholders' Meeting on 29th April 2005 for three years, its mandate expiring at the Shareholders' Meeting called to approve the Financial Statements at 31st December 2007. The appointment of Directors occurs pursuant to art. 19 of Articles of Association, through voting from a list, so as to allow the appointment of minority interest representatives. Lists are filed at the company's registered headquarters at least 20 days prior to the Shareholders' meeting (first summons) and are published in three national newspapers. It is a matter of procedure for the voting lists to enclose a professional résumé for all candidates. Lists can be presented by Shareholders, who, individually or with others, hold voting shares representing at least 2% of the share capital. Directors shall meet the honourability requirements prescribed by regulations, possess the professional expertise and experience to carry out their mandate efficiently and effectively and be able to dedicate sufficient time and resources to their offices. Pursuant to art. 1.3 of the Code, information regarding offices of Directors or Auditors held by members of the Board of listed companies, financial or insurance companies or companies of considerable size is provided below under "Offices held by Board Directors".

The Code recommends that public companies set up a *Committee for appointment proposals* comprising a majority of non-executive directors, "specifically when the Board of Directors notices that Shareholders are finding it difficult to put forward appointment proposals". This Committee has not been implemented since, as previously stated, it is customary for lists to enclose a professional résumé for all candidates.

The Board comprises the Chairman, Pietro Franco Tali, the Managing Director, Hugh James O'Donnell, and the Directors Francesco Gatti, Roberto Jaquinto, Jacques Yves Léost, Marco Mangiagalli, Pierantonio Nebuloni, Gesualdo Pianciamore and Ian Wybrew-Bond.

The Board of Directors, pursuant to the provisions of the Code and the provisions of Law 262/2005, ascertained that the Directors comply with the independence and honourability requirements. Specifically it identified as independent four non-executive Directors (Francesco Gatti, Pierantonio Nebuloni, Gesualdo Pianciamore and Ian Wybrew-Bond), based on information provided by the interested parties. They are considered independent as they do not enjoy economic relations with the company, its controlled companies, its parent company Eni or Eni's controlled companies of relevant proportion to influence their autonomy of judgement, they are not close relatives of executive Directors, nor are they employed by the company, its controlled companies, its parent company Eni or Eni's controlled companies. Francesco Gatti, Pierantonio Nebuloni and Gesualdo Pianciamore featured on the list presented by institutional investors coordinated by ARCA SGR S.p.A.

The company's Articles of Association do not specify how often the Board should meet, although art. 21 states it has to occur at least quarterly as follows: "The Directors inform the Board of Directors and the Board of Statutory Auditors promptly or at least every quarter on company activities, major economic and financial transactions involving the Company or its subsidiaries; in particular they report those operations in which they have an interest, on behalf of themselves or third parties, or those operations that are subject to the influence of the controlling party".

In 2005, the Board of Directors met on eight occasions; three meetings have been scheduled to take place in the first half of 2006. The general public is informed of dates of Board Meetings when periodical statements and reports, required by current legislation, are to be approved.

The Board of Directors sets down the formalities pertaining to the calling of Board Meetings; in particular, meetings are convened by the Chairman, who also prepares the agenda for the meeting, through notice sent by mail, fax or e-mail at least five days prior to the date of the meeting; in exceptional circumstances, notice is sent at least 24 hours prior to the time of the meeting. The Articles of Association allow for meetings to be held via video-conference link. Directors and Statutory Auditors are provided in advance with documents pertaining to items to be discussed and/or resolved on at the meeting.

In 2005, 88% of Board Directors and 85% of independent Directors on average attended Board Meetings.

Director's remuneration is approved by the Shareholders' Meeting; the remuneration of the Chairman and the Managing Director is set by the Board of Directors at the proposal of the Compensation Committee, having previously conferred with the Statutory Auditors. Pursuant to Consob regulations, the Directors' Report in the Financial Statements, i.e. the Notes to the Financial Statements, contain the following: (i) amounts paid to the Directors, Statutory Auditors and General Managers; (ii) number of stock grants and stock options allocated to the Chairman and the Managing Director as well as the General Managers; (iii) number of shares held by the Directors, Statutory Auditors and General Managers of Saipem and its controlled companies.

The Shareholders' Meeting of 29th April 2005 set at 25,000 euros the remuneration for each Director for every year of office. Directors are also entitled to 1,000 euro for attending each meeting of Statutory Boards, in addition to reimbursement of expenses incurred. The Directors do not receive additional compensation for serving on the committees.

Based on the powers the Chairman and the Managing Director are vested with, the Board of Directors has set their remuneration, comprising a fixed and a variable component.

The variable part of the Chairman's and the Managing Director's remuneration, as well as that of the top management, is linked to the achievement of specific economic/operational objectives (profitability, efficiency, strategic projects) and share objectives (share price). The variable part, in addition to a pecuniary incentive, comprises Saipem stock grants redeemable after three years from date of allocation.

Offices held by Board Directors

Based on the information received, we list hereunder additional directorships or auditor posts held by Saipem's Board Directors in other listed companies, either in Italy or abroad, in financial companies, banks, insurance companies or companies of relevance (art. 1.3 of the Code).

Roberto Jaquinto
Board Director of Syndial S.p.A., Snam Rete Gas S.p.A.

Marco Mangiagalli

Chairman of the Board of Directors of Enifin S.p.A. and Eni Coordination Center s.a.
Board Director of Snamprogetti S.p.A., Oil Investment Corp. Ltd, Energy Asset Management Ltd, Eni International Bank Ltd, Snam Rete Gas S.p.A., Polimeri Europa S.p.A.

Gesualdo Pianciamore
Board Director of Sirefid S.p.A., Finanziaria Fiduciaria Milano, ESG Compagnia di Riassicurazione Dublino, Assicurazioni Generali Amsterdam, Insurance Company Assicurativa La Estrella s.a. Madrid.

Pierantonio Nebuloni
Management Board Vice-chairman of Management & Capitali S.p.A.

Board Committees

In order to carry out its responsibilities more efficiently, the Board has set up two committees: the Audit Committee, comprised exclusively of non-executive independent Board members, and the Compensation Committee, comprising a majority of independent Board members.

The former comprises Francesco Gatti; Pierantonio Nebuloni and Gesualdo Pianciamore; the latter Marco Mangiagalli, Pierantonio Nebuloni and Francesco Gatti.

Audit Committee

The Audit Committee, in compliance with the Board resolution of 9th November 2000, fulfils a preparatory, consultative and propositive role regarding the general management of the company. In compliance with the amendments made to the Code in July 2002, the Committee approved the "Audit Committee Regulations" on 25th February 2003. In accordance with the Regulations, the Chairman of the Board of Auditors, or an Auditor appointed by the Chairman takes part in the Committee's activities; meetings can be attended by Saipem's Chairman. The Internal Audit Manager (being the person in charge of the Internal Control System, as per art. 9.4 of the Code, appointed at the aforementioned Board meeting) assists the Audit Committee and carries out duties assigned as part of his/her role. *The Internal Audit department, reporting to the Chairman, is responsible for the following: (i) assessing the conformity of accounting and non-accounting criteria and principles, the efficiency of administrative procedures and control systems; (ii) ensuring the implementation and updating of the risk assessment, mapping and classification systems for auditing purposes.*

The Audit Committee's responsibilities are: (i) assisting the Board of Directors in the following areas: (a) setting guidelines for the internal control system; (b) periodically checking that it is adequate and operates effectively; (c) ensuring that major risks facing the company are suitably identified and properly managed; (ii) evaluates together with the Administrative Director and the external Auditors, the adequacy of accounting principles adopted and their consistency throughout the Financial Statements; (iii) assesses together with the external Auditors: (a) accounting principles considered 'critical' for the correct financial and economic representation of Saipem's position; (b) alternative accounting standards provided for by the accounting principles and reviewed with the management, the consequences of the application of said alternative standards and related information in addition to the methods considered preferential by the external auditors; (c) contents of every relevant written exchange between the external auditors and the company's management; (d) issues relating to statutory and consolidated financial statements of major Group Companies; (iv) evaluates the work programme prepared by the Internal Audit Manager and receives from the latter reports, at least quarterly, on opinions issued by the auditors; (v) evaluates issues raised through Internal Audit reports, communications from the Board of Auditors or individual Auditors, reports and the management letter issued by the external Auditors, the annual report issued by the Guarantor

of the Internal Code of Practice, inquiries and studies by third parties; (vi) assesses offers received from external auditing firms for the award of the auditing contract, the work programmes put forward and works carried out by the said auditing firms, also in terms of their independence; (vii) verifies independence of the external Auditors; (viii) evaluates requests advanced by departmental managers to utilise the auditing firm appointed to audit the financial statements for non-audit service and presents proposals to the Board of Directors.

The Audit Committee convened three times during 2005 and once in the period from 1st January to 22nd March 2006. It examined the audit programmes issued by the Internal Auditors; it examined and evaluated internal audit activities; met with the Director of the company Administrative Department, the Chairman of the Board of Statutory Auditors, the partners of the External Auditing firm to examine the main issues pertaining to the 2004 and 2005 Financial Statements; it monitored the development of the operating model of the Internal Auditing Department; acknowledged company activities relating to Law Decree 231/2001 particularly those activities relating to compliance, training and the analysis of sensitive processes; acknowledged the company's organisational structure and the power of attorney and proxy systems at the basis of the Saipem Group decision making mechanism; monitored company activities related to the implementation of accounting processes necessary to implement the new International Financial Reporting Standards (IFRS).

Compensation Committee

The Compensation Committee is responsible for proposing to the Board of Directors incentive schemes for the company's top management, the annual remuneration of the Chairman and the Managing Director and reviewing the remuneration policy of the Group top management.

In 2005, the Compensation Committee convened on four occasions and carried out the following: it reviewed the 2005 Group performance and incentive schemes as well as results of the 2004 schemes, in view of the stock grant allocation to Group senior managers; it proposed the remuneration of the Chairman and the Managing Director; it proposed the 2005 stock grant and stock option allocations to managers holding positions directly responsible for Group results or of strategic interest to the Group, who have achieved their pre-set targets.

The Board of Statutory Auditors

The Board of Statutory Auditors, pursuant to art. 149 of Law Decree 58/1998, monitors: compliance to the Law and the Articles of Association; that management principles are correctly adhered to; the adequacy of the company organisational structure, the internal control system and the administrative/accounting system, and the reliability of the latter to clearly reflect the company position.

The Board comprises three Statutory Auditors and two alternate Auditors, appointed by the Shareholders on 29th April 2005. The term of office for Statutory Auditors is three years and will expire at the Shareholders' Meeting called to approve the Financial Statements at 31st December 2007. The appointment of Statutory Auditors occurs pursuant to art. 27 of Articles of Association, through voting from a list, so as to allow the appointment of minority interest representatives. The Auditors operate autonomously and independently from the shareholders who appointed them (art. 14.1 of the Code). It is a procedure for the voting lists to enclose a professional résumé for all candidates. Lists are filed at the company's registered headquarters at least 20 days prior to the Shareholders' meeting (first summons) and are published in three national newspapers.

The Board of Auditors comprises the Chairman Paolo Andrea Colombo, the Statutory Auditors Fabrizio Gardi and Fabio Venegoni and the alternate auditors Giulio Gamba and Luca Giovanni Caretta.

Art.27 of Articles of Association states that statutory auditors be in possession of the requisites as stated by the current legislation, in particular Decree 162/2000; in compliance with the

Decree, the Articles of Association provide that the following fields are pertinent to the company's activities: commercial law, business administration and management, the engineering and geology sectors. All Saipem's Statutory Auditors are members of the Register of Certified Auditors.

Statutory Auditors are provided in advance with documents pertaining to items to be discussed and/or resolved on at Board meetings.

Meetings of the Board of Statutory Auditors may be held via video-conference link.

The Shareholders' Meeting of 29th April 2005 set at 37,500 euros the annual remuneration of the Chairman of Statutory Auditors and at 25,000 euros that of the Auditors. They are also entitled to 1,000 euros for attending each meeting of Statutory bodies, in addition to reimbursement of expenses incurred.

In compliance with the law, Audit of accounts is entrusted to an external auditing company registered in the Roll of Auditors, appointed by the Shareholders' meeting. The current auditing company is PricewaterhouseCoopers S.p.A., appointed by the Shareholders' meeting of 29th April 2004, whose mandate expires with the approval of the 2006 Financial Statements.

Pursuant to art. 27 of Articles of Association, candidates already holding the office of statutory auditors at five listed companies may not be appointed as auditors.

Saipem's Shareholders

At 31st December 2005, the share capital of Saipem S.p.A. amounted to 441,410,900 euros; it is fully paid up and comprises no. 441,232,731 ordinary shares of the nominal value of 1 euro each and no. 178,169 savings shares of the nominal value of 1 euro each. Shares cannot be divided and each share carries the entitlement to one vote. Saipem's shareholders enjoy, and are limited by, all relevant rights afforded by law. Savings shares are convertible at par with ordinary shares; they enjoy a higher dividend than ordinary shares equal to 3% of the share nominal value. The Savings Shareholders' meeting appointed Mr Gianluca Officio as their collective representative.

Based on information available and received, and pursuant to Consob resolution 11971/99, at 31st December 2005 the Shareholders owning a stake in Saipem S.p.A. in excess of 2% are:

Shareholders	Number of shares	% of capital
Eni S.p.A.	189,423,307	42.93
Artisan Partners Ltd Partnership	12,278,944	2.78
Threadneedle Asset Management Ltd	9,028,861	2.04

Based on information received from the banks responsible for dividend payments in 2004, the Shareholders' breakdown by geographical area and size of holding is as follows:

Shareholders breakdown by geographical area based on 2004 dividend payments			
Shareholders	No. of Shareholders	No. of shares	% of capital
Italy	16,703	(*) 290,261,455	65.75
Other EU countries	301	67,076,821	15.20
Americas	285	43,419,954	9.84
UK & Ireland	220	19,402,286	4.40
Other European countries	74	2,710,543	0.61
Rest of the world	116	18,539,841	4.20
Total	17,699	441,410,900	100

(*) Includes treasury shares with no dividend entitlement

Shareholders breakdown by size of holding			
Shareholders	No. of Shareholders	No. of shares	% of capital
> 10%	1	189,423,307	42.93
> 2%	2	21,307,805	4.82
1% – 2%	5	32,468,088	7.35
0.5% – 1%	14	36,875,234	8.35
0.3% – 0.5%	17	28,647,249	6.49
0.1% – 0.3%	60	43,012,073	9.74
≤0.1%	17,600	89,677,144	20.32
Total	17,699	441,410,900	100

Shareholders' meetings

The Shareholders' meeting represents the institutional meeting point of the company's management and its shareholders. At these meetings, Shareholders may ask questions on items on the agenda or on the company's management at large. The information provided shall comply with the provisions applicable to inside information.

Ordinary Shareholders' meetings are regulated by art. 2364 of the Italian Civil Code, extraordinary Shareholders' meetings by art. 2365.

Notices of Shareholders' meeting are published in various national Italian newspapers, in order to promote Shareholders attendance. The Shareholders' meeting of 30th January 2001 approved the Shareholders' meetings regulations (available on Saipem's website) to ensure smooth and effective meetings proceedings and, specifically, to safeguard every shareholders' right to intervene on items under discussion.

Operations with Related Parties

Saipem, with regard to Art. 11 of the Self-Regulatory Code, drafted a procedure named "Code of Practice Regulating Operations with Related Parties", which was approved by the Board of Directors on 7th July 2003. This procedure identifies the related parties and details all operations carried out amongst them; it lists criteria of application, operations that require prior consent by the Board of Directors and those that are to be notified to the Board of Statutory Auditors as well as the Board of Directors.

Investor relations and data protection

Saipem has adopted a policy of information supporting a constant dialogue with the institutional investors, the shareholders and the market in order to guarantee the timely disclosure of comprehensive information on company activities, and is limited only by the confidentiality requirements afforded to certain information. Information to investors, the market and the press takes place through press releases, periodical meetings with institutional investors, the financial community and the press, in addition to the comprehensive information made available and constantly updated on the company website.

Relations with investors and financial analysts are held by the Head of the Investor Relations Department. Information of interest to them is made available on Saipem's website or can be requested via email at: investor.relations@saipem.eni.it.

Relations with Shareholders are held by the Head of the Secretary's Office. Information of interest to Shareholders is made available on Saipem's website or can be requested via email at: segreteria.societaria@saipem.eni.it.

Information pertaining to the periodical financial reports, relevant operations and newly-issued corporate governance procedures, are communicated immediately to the public also via publication on the website, where all press releases and shareholders' notices are also posted. Saipem's commitment to provide investors and markets with financial information that is true, comprehensive, transparent, timely and non-selective is stated in the Code of Practice, which

identifies the values it applies in its business operations and the relations with third parties: namely, disclosure of complete and clear information, the formal and essential legitimacy of practices by its employees at all levels, clarity and veracity of its accounting practices in compliance with current legislation and internal procedures.

On 12th December 2002, the Board of Directors approved the "Procedure regulating Market notification of documents and information pertaining to activities of the company and its controlled companies". This procedure implemented guidelines contained in the "Guide on Information to the Market" issued by "Forum ref" in June 2002, and defined the requirements to be applied to the disclosure of information to the market (materiality, clarity, homogeneity, symmetry, consistency and timeliness) and regulated the flow of information from Group Companies necessary to comply with the provisions of the Law.

The Board of Directors will amend this procedure in light of the modifications introduced by Law 62 dated 18th April 2005, which supersedes Law 58/98, and implements the 2004 EC directive on market abuse as well as the modifications made by Consob to the regulations on disclosure of insider information to the market, as defined in art. 181 of Law 58/98.

In compliance with the provisions of art. 115 of Law 58/98 and art. 152 bis of the current regulations, the Board of Directors shall also draw up a "List of persons having access to inside information within Saipem", identify persons to feature on the list and define its upkeep and update procedures.

The Code of Practice also defines the duty of confidentiality that employees are required to adhere to.

Law Decree 231/2001

On 22nd March 2004, the Board of Directors approved the Organisational, managerial and control model, pursuant to Law 231/2001 and established a Compliance Committee. The Model comprises a comprehensive set of procedures and control processes aimed at preventing the offences detailed in the aforementioned Law Decree, as well as Law Decrees 61/2002 and 7/2003. The Chairman is responsible for devising and implementing initial activities, updating and upgrading the Model.

A plan was defined detailing activities aimed at improving the control system based on the results of the gap analysis and mapping all organisational requirements necessary to implement the Model. The introduction of this plan entails the following: (i) update/upgrade of company regulations; (ii) definition of organizational actions consistent with the findings of the gap analysis; (iii) alignment of power allocation in compliance with the model; (iv) planning training of personnel and promoting the knowledge of the model; (v) alignment of the company's IT systems to guarantee flow of information towards the Public Administration.

In 2005 the Compliance Committee convened on nine occasions and has: monitored the dissemination of the document "Principles of the Model" to all Saipem S.p.A. employees to ensure the adequate knowledge of the Model; it drew up guidelines and two corporate standards that implement the control standards set by Model 231 and monitored the Web Based Training programme to key officers; it identified the Compliance Programme for the year and ensured that it was implemented alongside the scheduled and ad-hoc control activities; set up communication channels to and from the Compliance Committee.

Internal dealing

The Internal Dealing Code, approved by the Board of Directors on 12th December 2002 and effective from 1st January 2003, contained the regulations governing mandatory disclosures and restrictions concerning operations involving financial instruments issued by the company carried out, on their own behalf, by relevant persons.

The Internal Dealing Code set at 35,000 euros the value of operations carried out in any three month period, which if exceeded, had to be notified to the market by relevant persons and at

175,000 euros the value of operations carried out in any three month period, which if exceeded, must be notified immediately.

The Board of Directors is currently reviewing the adoption of a new procedure aimed at identifying relevant persons and regulating the disclosure of operations carried out by relevant persons in compliance with art. 114, comma 7 of Law 58/98.

Relevant persons will be identified in accordance with the provisions of art. 152-sexies, c1, c2, c3, c4, of the Issuers Regulations.

Formats and time-scales for the disclosure of operations carried out by relevant persons to Consob and the public are set forth in art. 152-octies.

The following tables are taken from the document "Guidelines for the compilation of the Corporate Governance Report" issued by Assonime and Emittenti Titoli S.p.A. in March 2004.

	Board of Directors					Audit Committee		Compensation Committee	
	executive	non executive	independent	Attendance %	No. of other offices	member	Attendance %	member	Attendance %
Members									
Chairman									
Tali Pietro Franco	X			100					
Managing Director									
Hugh James O'Donnell	X			100					
Directors									
Gatti Francesco (*)		X	X	75		X	100	X	100
Jaquinto Roberto		X		88					
Léost Jacques		X		88					
Mangiagalli Marco		X		75				X	50
Nebuloni Pierantonio(*)		X	X	83		X	100	X	100
Pianciamore Gesualdo(*)		X	X	100		X	50		
Wybrew-Bond Ian		X	X	75					
No. of meetings held in 2005			8				3		4

(*) Appointed from the list of minority shareholders.

Board of Statutory Auditors		
Members	Attendance %	No. of other offices (*)
Chairman		
Colombo Paolo Andrea	100	5
Statutory Auditors		
Gardi Fabrizio	100	1
Venegoni Fabio (**)	100	1
Alternate Auditors		
Caretta Luca Giovanni (**)	–	1
Gamba Giulio	–	1
No. of meetings held in 2005	13	

(*) Number of Directorships or Auditor's posts at other listed companies

(**) Appointed from the list of minority shareholders.

The requirement to put forward voting lists is to hold voting shares representing at least 2% of the share capital at the Ordinary Shareholders' Meeting.

Other provisions of the Self-Regulatory Code

	Yes	No
Powers and operations with related parties		
The BoD has allocated the following powers:		
a) Thresholds	X	
b) Exercise of powers	X	
c) Disclosure of information	X	
Has the BoD the power to review and approve the most significant economic and financial operations (including operations with related parties)?	X	
Has the BoD defined guidelines and criteria that identify operations as "significant"?	X	
Have the aforementioned guidelines and criteria been detailed in the report?	X	
Has the BoD set appropriate procedures for the review and approval of operations with related parties?	X	
Have the aforementioned procedures for the approval of operations with related parties been detailed in the report?	X	
Procedures pertaining to the most recent appointment of Directors and Statutory Auditors		
Have candidacies to the offices of Directors been filed at least ten days prior to their appointment?	X	
Did the candidacies to the offices of Directors contain sufficient information?	X	
Did the candidacies to the offices of Directors enclose a statement indicating the requirement of independence?	X	
Have candidacies to the offices of Statutory Auditors been filed at least ten days prior to their appointment?	X	
Did the candidacies to the offices of Statutory Auditors contain sufficient information?	X	
Shareholders' Meetings		
Has the company approved Shareholders' Meeting's Regulations?	X	
Are these Regulations enclosed in the Report (or information as to where they can be obtained/downloaded)?	X	
Internal Audit		
Has the company appointed internal auditors?	X	
Do these internal auditors not report to managers of operational areas?	X	
Internal Audit Department (pursuant to art. 9.3 of the Code)	Internal Audit	
Investor relations		
Has the company appointed an investor relations manager?	X	
Investor Relations Department: contact details (address/fax/email) of the Manager	Investor Relations (*)	

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