

SAIPEM

Corporate Governance and Shareholding Structure Report 2015¹

Pursuant to Article 123-bis of Law No. 58/1998, approved by the Board of Directors on March 16, 2016

(Traditional Management and Control Model)

¹ The Corporate Governance Report is published on Saipem's website www.saipem.com, under the 'Governance' section.

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GLOSSARY

Corporate Governance Code/Code: the Corporate Governance Code for listed Companies approved in July 2015 by the Corporate Governance Committee and endorsed by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Board of Directors: the Board of Directors of the Issuer.

CoSO Report: internal control system model issued by the Committee of Sponsoring Organizations of the Treadway Commission - 1992.

Issuer: issuer of stocks and shares referred to in this Report.

Year: financial year 2015, subject of this Report.

Consob Issuers' Regulations: regulations issued by Consob through Resolution No. 11971 of 1999 (and subsequent amendments).

Consob Market Regulations: regulations issued by Consob through Resolution No. 16191 of March 12, 2007 (and subsequent amendments).

Consob Related Parties' Regulations: regulations issued by Consob through Resolution No. 17221 of March 12, 2010 (and subsequent amendments).

Report: Corporate Governance and Shareholding Structure Report, which companies are required to issue in compliance with Article 123-bis TUF.

TUF: Legislative Decree No. 58 (TUF - Testo Unico della Finanza), issued on February 24, 1998.

Corporate Governance Report and Shareholding Structure

This Report is designed to provide a general and complete overview of Saipem S.p.A.'s ('Saipem') corporate governance system. In order to comply with applicable laws and stock market listing standards, in keeping with the recommendations of Borsa Italiana S.p.A. and of the relevant business associations, the Report also furnishes information regarding Saipem's shareholding, its compliance with the corporate governance codes² established by institutional bodies and the relevant commitments to observe them, as well as the choices that the Company has made in implementing its governance. This Report is available at Saipem's headquarters, published on Saipem's website, and sent to Borsa Italiana S.p.A. and the authorised storage mechanism "Nis Storage" (www.emarketstorage.com), in accordance with current legal rules and deadlines.

The information contained in this Report relates to the financial year 2015 and has been updated, with respect to specific matters, as of March 16, 2016, the date of the Board of Directors' Meeting that approved it, together with the 2015 Annual Financial Report.

Issuer profile

Saipem is a leading global contractor with a significant local presence in strategic emerging areas such as Africa, Central Asia, America, the Middle East and South East Asia.

Saipem enjoys a competitive edge for providing EPCI (Engineering, Procurement, Construction and Installation) and EPC (Engineering, Procurement and Construction) services to the Oil & Gas industry, both onshore and offshore, with a special focus on complex and technologically advanced projects, including activities in remote areas, in deep waters and on projects involving the exploitation of difficult gas or crude supplies. The drilling services offered by the Company stand out in many of the most critical areas of the oil industry, often thanks to synergies between onshore and offshore activities. Saipem's ability to develop projects in critical and remote areas is ensured by the efficient coordination between local and Corporate activities, guaranteed logistical support worldwide and the consolidated capacity to manage locally any difficulties that arise. Saipem has been listed on the Milan Stock Exchange since 1984.

The Company operates in more than 60 countries, employing local personnel and a large number of resources from developing countries, totalling approximately 45,000 employees of 129 different nationalities.

Principles and Values

Saipem undertakes to maintain and strengthen a governance system in line with international best practice standards, able to deal with the complex situations in which Saipem operates, and with the challenges to face for sustainable development

Compliance with the law, regulations, statutory provisions, self-regulatory codes, ethical integrity and fairness, are the duty of all Saipem people; the company strives with alacrity and determination to ensure that these principles and values characterize the conduct of the whole organization.

² Reference is made to the Corporate Governance Code 2006 of Borsa Italiana S.p.A., as amended in July 2015, which is posted on <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014clean.pdf>.

Saipem respects the universally recognised core labour standards contained in the Fundamental Conventions of ILO (International Labour Organisation); it guarantees the 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.

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.

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

Management and Control System

Saipem's organisational structure is based on the traditional administration and control model, whereby the Board of Directors is the central body, solely responsible for the Company's management. Supervisory and control duties are the responsibility of the Board of Statutory Auditors.

The Shareholders' Meeting manifests the will of the Shareholders, through resolutions adopted in compliance with the law and the Company's Articles of Association.

The Shareholders' Meeting appoints the Board of Directors for a maximum term of three years.

The Shareholders' Meeting appointed the Chairman, while the Board of Directors appointed the CEO and vested him with executive powers.

The Chairman has the power to represent the Company, pursuant to Article 21 of the Company's Articles of Association, together with those Directors vested with executive powers (pursuant to Article 26 of Articles of Association).

The Board of Directors, at their meeting of May 15, 2015, resolved to set up the *Corporate Governance Committee*, while confirming the existing Compensation & Nomination Committee and the Audit & Risk Committee and renewing their members.

The Executive Vice President of Internal Audit, appointed by the Board of Directors on January 26, 2015 effective from March 10, 2015, reports to the Board of Directors and, on its behalf, to the Chairman. The Executive Vice President of Internal Audit also reports to the Audit & Risk Committee and the CEO in his capacity as Officer responsible for the Internal Control and Risk Management System.

The Board of Directors, having received the opinion in favour of the Board of Statutory Auditors and that of the Compensation & Nomination Committee, appointed the Company's Chief Financial Officer as the Officer responsible for the Company's Financial Reporting on December 6, 2013.

Regulatory System

The Regulatory System is part of Saipem's Corporate Governance and is one of the tools that Saipem S.p.A. uses to exercise direction, coordination and control over its subsidiaries, both in Italy and abroad.

Saipem's Regulatory System is a dynamic system that is continuously improved as the internal and external context evolves. The System is organised, developed and distributed in such a way as to facilitate usability and understanding by its users.

The Regulatory System is process-based, regardless of the positioning of the respective duties within the corporate and organisational structure of Saipem S.p.A. and its subsidiaries. All of Saipem's activities have been grouped into a map of processes involving more than one area, identifying a Process Owner for each

process. The Process Owner is responsible for the adequacy of the design of the Management System Guideline (MSG) relating to the process/rules of compliance or governance within his/her own sphere of competence, and for promoting full compliance with them and their correct application at Saipem S.p.A. and its subsidiaries. Process Owners of compliance MSGs or governance MSGs are also responsible for monitoring the evolution of reference laws, case law and best practices in order to ensure the proper adjustment of the entire Regulatory System.

Saipem uses the Regulatory System to promote the integration of principles of compliance into company processes, with a view to disseminating the rules and standards of control established by the various compliance models, and introducing them into the operational context at the various entities. The regulatory instruments describe the minimum control principles that the persons involved in the regulated process are required to adhere to in order to operate in accordance with the applicable regulations, legal requirements and other Saipem management tools, including the organisational structure, the system of powers and internal proxies and the strategic plan.

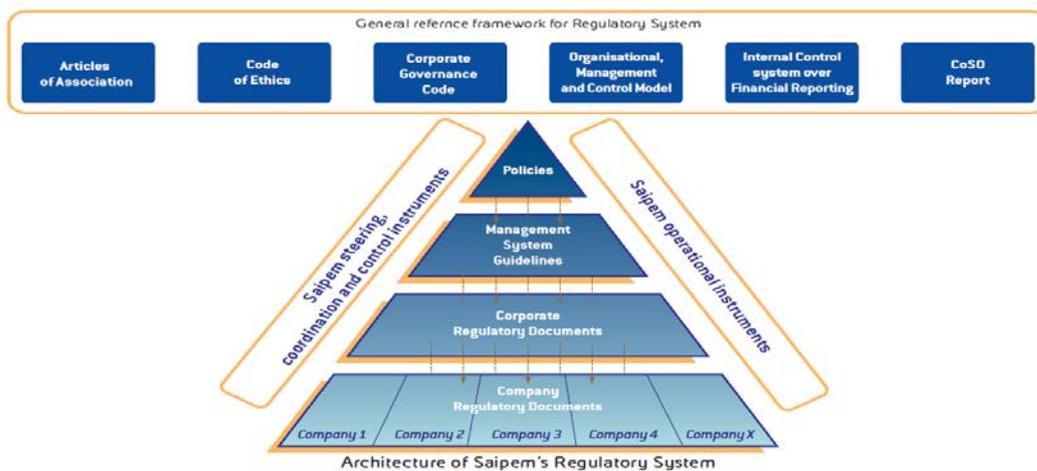
Furthermore, Saipem's regulatory system is based on and is consistent with the general framework, which comprises: legal provisions, the Articles of Association, the Corporate Governance Code, the CoSo Report, the Organisation, Management and Control Model 231, which includes the Code of Ethics and the internal control system over financial reporting.

The Regulatory System is divided into four levels, each comprising a type of regulatory instrument:

- first level: Policies;
- second level: Management System Guidelines;
- third level: corporate regulatory documents;
- fourth level: company regulatory documents.

The Policies, MSGs and corporate regulatory documents are issued by Saipem S.p.A., are some of the instruments used by Saipem S.p.A. in its role of steering, coordination and control over its subsidiaries.

The Company regulatory documents are issued by Saipem S.p.A. and its various entities; alongside the first three levels, they ensure the optimal operational management of the individual entity. They are regulatory instruments specific to the individual companies that define, where necessary, the principles, operational rules and controls set forth in Policies and MSGs and by the other reference corporate regulatory documents.



Architecture of Saipem's Regulatory System

Policies

They define the fundamental principles and mandatory rules of conduct that must inspire all activities carried out by Saipem in order to guarantee the achievement of business objectives, considering all relative risks and opportunities.

They apply to Saipem S.p.A. and its subsidiaries.

Management System Guidelines

These are common to all Saipem Group entities and comprise of:

- process MSGs: for each business process, these define the imperative mandatory principles for effective management of the process, and identify roles, conduct, information flows and control principles;
- compliance MSGs and governance MSGs: these define, for each matter of compliance and governance, reference rules that aim to ensure compliance with laws, regulations or self-discipline rules, identifying roles, behaviour, information flows and control principles and/or standards.

They apply to Saipem S.p.A. and its subsidiaries.

Corporate regulatory documents

These are the documents that discipline processes and specific issues/areas of interest to the Company at Saipem level, supplementing the content of the MSGs or defining them in greater detail. They guide the work carried out by Saipem with the aim of guaranteeing standards of conduct and pursuing compliance objectives, by describing the tasks and responsibilities of the Company structures/positions involved in the relevant processes, the management and control methods and the communication flows. These include:

- Standard Procedures, which set down indispensable mandatory principles, controls, tasks, responsibilities and actions for the regulation of a given work process, or establish specific rules of compliance/governance which are common to all Saipem entities;
- Operating Procedures, which constitute best practices at Saipem level, define methods for carrying out specific tasks, or detailed operating methods and the respective responsibilities for performing a given work process.

Standard Procedures apply to Saipem S.p.A. and its subsidiaries, following implementation by the Board of Directors of each subsidiary.

Company regulatory documents

These define the principles and operating procedures for each specific Company area in order to ensure compliance with local and international legislation, they standardise in detail the sub-processes or the activities linked with the macro-processes already defined in a corporate regulatory document and/or describe a process in detail and in line with the specific company characteristics.

They apply to the individual companies responsible for their issue.

In 2015 the Regulatory System underwent a continuous process of review and integration with the issue of both corporate and company regulatory documents.

Furthermore, in 2015, periodic monitoring activities were carried out to ensure the implementation of regulatory documents by the subsidiaries and certification was requested from the relevant Process Owners confirming the adequacy of the MSG framework.

All Policies, MSGs and other current documents are distributed internally to all subsidiaries and posted on Saipem's intranet. Some of these are also published at www.saipem.com.

Sustainability, Health, Safety and the Environment

In 2008 Saipem adopted a Sustainability Model designed to support and integrate into the business so as to ensure the creation of stakeholder value. In this Model, cooperation with local communities, based on the contribution to the territorial development through policies and strategies focused on local content, safeguarding health, safety and the environment, social responsibility and the sustainable growth of suppliers, respecting the various cultures and Human Rights as well as transparency in running the business are all pivotal elements.

The Sustainability Model is based primarily on the formal codification of these topics into corporate values and principles: Saipem's Code of Ethics includes the general principles underpinning corporate life vis-à-vis its internal and external stakeholders. The sustainability policy, in its latest version of 2012, defines the vision, objectives, processes and tools that guide its path towards sustainable business. Strategic direction and approval of sustainability programmes are the responsibility of the Sustainability Committee, a body chaired by the CEO and comprising the Directors of Corporate Functions and Business Units.

The safety and health of its personnel, of local communities and of its partners are a top priority for Saipem. Saipem conducts its activities in accordance with all international agreements regulations, standards and conventions and all national laws and policies safeguarding the health and safety of workers in all countries of operation.

Saipem takes an integrated approach to safeguarding health and safety in accordance with the principles of planning, prevention, protection and continuous improvement, investing all levels of the company with responsibility.

Saipem has developed a comprehensive HSE Management System that meets the requirements of all applicable laws and is certified to international standards ISO 14001 and OHSAS 18001.

Saipem's HSE risk management is based upon the principles of prevention, protection, awareness, promotion and participation. Its aim is to ensure the health and safety of workers and to protect the environment and the public's general welfare.

Saipem's main environmental commitment, as defined within its HSE Policy, is to reduce the environmental issues arising from its operations and to achieve the continuous improvement of its environmental performance. In keeping with this commitment, the company pursues strategies designed to reduce all types of environmental impact as well as to ensure the preservation of natural resources.

A key element of these strategies is the promotion of widespread environmental awareness and the adoption of best practices on all Saipem projects and sites, including the implementation of initiatives to prevent pollution and to encourage energy and water saving as well as the reuse and recycling of waste.

Constant improvement in environmental performance during operational activities is highly encouraged by Saipem's Top Management. Saipem maintains its commitment to reducing environmental damage, pollution and adverse impacts by conducting Research & Development programmes, performing environmental monitoring activities and implementing a wide range of mitigation measures.

In addition to the awards received recently from various international institutions and bodies, Saipem is currently listed in the Sustainability FTSE4Good Index.

Further details are provided in the “*Sustainability Report 2015*”, which is posted on the Company’s website www.saipem.com under the section “*Sustainability*”.

Code of Ethics

At the meeting of April 27, 2015, the Board of Directors of Saipem S.p.A. approved the latest version of the organisational, management and control Model pursuant to Legislative Decree No. 231 of 2001 (approved for the first time in 2004 and subsequently amended on July 14, 2008), entitled ‘Model 231 (inclusive of the Code of Ethics)’ – hereafter Model 231, accompanied by the document “Sensitive activities and specific control standards of Model 231³”.

The Code of Ethics – chapter 1 of Model 231 – represents a compulsory general principle and clearly defines, in compliance with the provisions of law, the values that Saipem recognises and accepts, as well as the responsibilities the Company assumes both internally and externally. It imposes fairness, honesty, integrity and transparency of operations, conduct, working practices and relations both internal and external to the Group.

The Code of Ethics provides for the appointment of a Guarantor of the Code of Ethics, whose responsibilities have been delegated to the Compliance Committee (Chapter 3 of Model 231) and which has been granted ‘independent powers of initiative and control’ pursuant to Article 6, paragraph 1, letter b) of Law Decree No. 231/2001 on administrative liability of legal entities deriving from offences. The duties of the Guarantor include the promotion of information and training initiatives towards Saipem’s employees, who are required to observe the principles contained in the Code of Ethics.

The Compliance Committee’s mandate coincides with that of the Board of Directors which appointed it. The composition of the Compliance Committee, modifications and additions, are approved through a resolution of the Board of Directors, having heard the opinions of the Audit & Risk Committee, of the Compensation & Nomination Committee and of the Board of Statutory Auditors, at the proposal of the CEO in agreement with the Chairman.

The Board of Directors, at their meeting of July 28, 2015, approved the following composition: Angelo Casò - Chairman (external member), Mario Casellato (external member), Mario Colombo (internal member - Executive Vice President General Counsel, Company Affairs and Governance), Dario Gallinari (internal member - Executive Vice President Human Resources, Organisation and Services to Personnel) and Luigi Siri (internal member - Executive Vice President Internal Audit). The Compliance Committee’s independence is safeguarded by the position afforded to the aforementioned functions within the Company’s organisation and their reporting lines, pursuant to Article 6, paragraph 1, letter b), of Law No. 231/2001.

Each subsidiary, directly or indirectly, both in Italy and overseas, issues its own Organisational, Management and Control Model, which assigns the functions of Guarantor to its own Compliance Committee.

One of the duties contained in Model 231 is the promotion and dissemination of the principles that make up Saipem’s Code of Ethics. This is carried out by a specific multifunctional team reporting to the Guarantor of the Code of Ethics (Compliance Committee), the ‘Code Promotion Team’, set up on October 6, 2008, and last re-appointed on December 1, 2014. The Team is made up of 11 members sourced from several internal departments (Investor Relations, Italian Industrial Relations, Human Resources, Secretary’s Office, Learning

³ Model 231, comprising the Code of Ethics, is published on Saipem’s website www.saipem.com in the ‘Governance’ section.

Recruitment and Skill Management, Organisation, Internal Communication, HR Analytics and Services, Sustainability, Sector Procurement Coordination, E&C Tendering and Drilling Operations Coordination).

As of today, the Code of Ethics is posted in Italian on Saipem's noticeboards and on the Company's intranet and website, and has been translated into 17 languages for the countries in which Saipem operates. Furthermore, particularly well organised is the training of personnel both at head office and in foreign subsidiaries, through class courses or e-learning.

With these initiatives, the Board of Directors further strengthened the internal control system, with the firm conviction that the Company's business activities, whose aim is the creation of value for its Shareholders, must be founded on the principle of fair conduct towards all stakeholders (comprising, besides the Shareholders, employees, suppliers, clients, commercial and financial partners, in addition to the communities the Group comes into contact with in the countries where it is present). Furthermore, extremely important are social initiatives promoted by Group companies striving to foster among stakeholders the awareness that only a business approach that seizes the opportunities and manages the risks resulting from economic, environmental and social development can generate long-term value for all parties involved.

Shareholding structure

(pursuant to Article 123-bis, paragraph 1, of Law No. 58/1998)

as at December 31, 2015

Share capital distribution

At December 31, 2015, the share capital of Saipem S.p.A. amounted to €41,410,900, fully paid-up and comprising no. 441,301,574 ordinary shares, equal to 99.98% of the share capital, and no. 109,326 savings shares, equal to 0.02% of the share capital, both of which are listed on the Computerised Share Trading Market (Mercato Telematico Azionario) managed by Borsa Italiana S.p.A. (see Table 1). Shares cannot be split and each share carries the entitlement of 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, without charges or time restrictions; they enjoy a higher dividend than ordinary shares. Specifically, the Shareholders' meeting held on December 2, 2015 resolved to eliminate the par value of shares, i) savings shares are allotted dividends on net income reported in the regularly approved financial statements, after a deduction posted to the legal reserve of up to €0.05 for each savings share; ii) after allotment of the privileged dividend to savings shares as per point i), residual income, as resolved by the shareholders' meeting, is apportioned amongst all shares, so that savings shares receive a higher overall dividend than ordinary shares, of up to €0.03 for each savings share; iii) if savings shares are allocated a lower dividend than that indicated under i) or ii) during a certain fiscal year, the difference will be added to the privileged dividend over the following two fiscal years.

The same Shareholders' meeting also approved the proposed Share Capital Increase for cash, in one or more tranches, for a maximum overall amount (including share premium, if any) of €3,500 million, through the issue of ordinary shares with the same characteristics and entitlement as ordinary shares of Saipem S.p.A. currently in circulation, with no par value, to be offered in option to current holders of Saipem ordinary or savings shares pro-rata to the number of shares they own, pursuant to art. 2441, paragraph 1, of the Italian Civil Code.

On January 21, 2016, the Board of Directors set the final terms of the aforementioned share capital increase.

In particular, this took place through the issue of a maximum of no.9,668,363,496 new ordinary shares with no par value and having the same characteristics as the currently outstanding Saipem ordinary shares and regular entitlement, offered on a pre-emptive basis to shareholders, at an issue ratio of No. 22 new shares, for every No. 1 ordinary and/or saving share held, at an issue price equal to €0.362 per share, for a total amount of €3,499,947,586 (of which €1,749,973,793 booked into share capital €1,749,973,793 and as share premium). The issue price of the new shares, determined in accordance with the criteria established by the Extraordinary Shareholders' meeting, has been set at a discount of 37% to the TERP⁴ of the ordinary shares of Saipem calculated on the basis of the Milan Stock Exchange official price on January 21, 2016, equal to €5.26. The option rights valid for the subscription of newly issued shares of Saipem were traded and exercised on the Milan Stock Exchange, from 25 January 2016, to 11 February 2016, included (the "Offering Period"). Pursuant to art. 2441, paragraph 3 of the Italian Civil Code, any option rights remaining unexercised by the end of the option period were sold on the Italian Stock Exchange within the next month after the end of the Offering Period, for at least five trading days unless they were fully sold before that time. The commencement of the Offering Period was subject to Consob's authorisation to publish the Registration Document, the Information Note and the Summary Note relating to the Offer received on January 22, 2016.

Eni and FSI have subscribed all newly issued shares proportionally to their shareholdings in Saipem (30,41% and 12,50% respectively).

At the end of the offering period, on February 11, 2016 no. 385,871,894 rights were exercised for the subscription of no. 8,489,181,668 shares, equal to 87.8% of the total offered Shares, for a total amount equal to approximately €3.073 billion.

The no. 53,599,174 unexercised rights during the Offering Period (the "Unexercised Rights") were offered on the Milan Stock Exchange during the trading sessions of February 15, 16, 17, 18 and 19, 2016, and were all sold on February 15 and 16, 2016.

On February 19, 2016, no. 385,871,894 rights were exercised for the subscription of no. 8,489,181,668 Shares, equal to 87.8% of the total offered Shares, for a total amount equal to approximately €3.073 billion.

Pursuant to the underwriting agreement executed on January 21, 2016, Goldman Sachs International, J.P. Morgan, in their role as Joint Global Coordinator and Joint Bookrunner, Banca IMI, Citigroup, Deutsche Bank AG, London Branch, Mediobanca, UniCredit, in their role as Joint Bookrunner and HSBC Bank plc, BNP Paribas, ABN AMRO Bank N.V. and DNB Markets in their role as Co-Lead Managers (together, the "Underwriters") will subscribe the remaining no. 1,179,181,806 Shares, for a total amount of around €427 million.

Following the subscription by the Underwriters, the share capital increase was subscribed for a total amount of €3,499,947,586 (of which €1,749,973,793 booked into share capital and €1,749,973,793 booked as share premium).

On February 23, 2016, Saipem's new share capital amounted to €2,191,384,693 represented by no. 10,109,665,070 ordinary shares and no. 109,326 savings shares, with no par value.

On April 30, 2013, the Savings Shareholders' Meeting appointed Mr Roberto Ramorini as their collective representative for the following three years. In 2016, the Savings Shareholders' meeting shall appoint the new collective representative.

No share-based incentive plans have been issued that may give way to (free or otherwise) share capital increases.

⁴ *Theoretical ex right price.*

Restrictions on the transfer of shares

No restrictions exist on the transfer of shares.

Relevant shareholdings

Based on information available and notifications received pursuant to Article 120 of Law No. 58/1998, Shareholders owning a stake in Saipem S.p.A. in excess of 2% at December 31, 2015, are as follows (see also Table 1):

Shareholders	Shares held	% of capital
Eni S.p.A.	189,423,307	42.913(*)
Dodge & Cox	22,262,143	12.08(**)
People's Bank of China	8,945,981	2.035

(*) On October 27, 2015, Eni entered into a sale and purchase agreement with FSI pursuant to which FSI undertook to buy, a stake representing approximately 12.5% plus one share of the Company share capital, equal to 55,176,364 ordinary shares. This agreement took effect on January 22, 2016.

(**) On March 7, 2016 Dodge & Cox informed it had decreased its holding in Saipem to 6.43%.

Shareholders by geographical area based on last dividend payments(*)

Shareholders	Number of Shareholders	Shares held	% of capital
Italy	50,985	247,712,308(**)	56.11
Other EU States	897	67,229,108	15.23
Americas	628	54,167,189	12.27
UK and Ireland	272	33,178,317	7.52
Other European States	122	12,562,295	2.85
Rest of the World	257	26,561,683	6.02
Total	53,161	441,410,900	100.00

(*) the last dividend was paid in 2013, no dividend was paid in 2014 and 2015.

(**) Include 1,977,532 treasury shares without dividend entitlement.

Shareholders by number of shares held based on last dividend payments(*)

Shareholders	Number of Shareholders	Shares held	% of capital
> 10%	1	189,423,307	42.91
> 2%	2	24,038,770	5.45
1% - 2%	2	11,800,896	2.67
0.5% - 1%	13	38,880,849	8.81
0.3% - 0.5%	14	25,386,600	5.75
0.1% - 0.3%	50	37,724,818	8.55
≤ 0.1%	53,078	112,178,128	25.41
Treasury shares	1	1,977,532	0.45
Total	53,161	441,410,900	100.00

(*) the last dividend was paid in 2013, no dividend was paid in 2014 and 2015.

Shareholders rights restrictions

All Shareholders enjoy the same rights.

Shareholding of employees: exercise of voting rights

Employees holding Saipem's shares enjoy the same voting rights as ordinary Shareholders.

Voting rights restrictions

No restrictions exist on voting rights.

Shareholders agreement as per Article 122 of Law No. 58/1998

The Shareholders' Agreement (hereinafter the "Agreement") between Eni and Fondo Strategico Italiano (FSI) entered into on October 27, 2015 took effect on January 22, 2016. Essential information regarding the Agreement is provided hereafter:

1 Companies whose financial instruments are the subject of this Agreement

The Agreement involves ordinary shares of Saipem S.p.A.

2 Syndicated and non-syndicated shares for the purposes of the Agreement

Both parties agreed that the number of Shares brought to the Agreement by each party will be, at any time, the same for the whole duration of the Agreement.

Specifically, the Agreement concerns the following shares ("Syndicated Shares"):

- (i) as for FSI, the holding that is the subject matter of the Sale, consisting of 55,176,364 Saipem shares to be held by FSI as a result of the completion of the Sale, equivalent to approximately 12.503% of the ordinary share capital of the Company (or other percentage that might result from any conversion of convertible savings shares of the Company); and*
- (ii) as for Eni, an equal holding, consisting of 55,176,364 Saipem shares, equivalent to approximately 12.503% of the ordinary share capital of the Company (or other percentage that might result following any conversion of convertible savings shares of the Company).*

The two parties will assign to the Agreement, in total, an interest of approximately 25.006% of the ordinary share capital of the Company (or other percentage that might result following any conversion of convertible savings shares of Saipem) which, unless otherwise agreed, will also be the maximum holding assigned to the Agreement by Eni and FSI for the entire duration of said Agreement.

As fully explained below, the Shareholders' Agreement provides for certain obligations to consult and, insofar as it is permitted, voting obligations that also bind Non-Syndicated Shares and impose certain transfer restrictions on Syndicated Shares.

3 Subjects which entered into the Agreement

Subjects which entered into the Agreement are:

- (a) Eni S.p.A.;*
- (b) Fondo Strategico Italiano S.p.A.*

Neither of these parties exercises sole control over Saipem pursuant to art. 93 of Legislative Decree 58/98.

4 Saipem Corporate Governance

4.1 Saipem Board of Directors

Until expiry of the term of the Saipem's board of directors in office on the Closing Date, for the purposes of the Shareholders' Agreement, the following will be considered as directors designed by FSI: (i) the director co-

opted to replace the resigning director taken from the list submitted by Eni (for which Eni committed to vote on the occasion of the first available Saipem's shareholders' meeting); and (ii) the director in office, Flavia Mazzarella.

When the term of the Saipem board which is in office at the Closing Date expires or if the board is terminated, the Saipem board of directors will be composed of nine members, three of which shall be taken from the list submitted by the Saipem minority shareholders in accordance with the latter's articles of association.

Eni and FSI shall also undertake to jointly submit a list of nine directors and vote for them at the shareholders' meeting:

- candidates for the office of Chairman and Chief Executive shall be appointed jointly by Eni and FSI, and more specifically two candidates shall be nominated by Eni and two candidates shall be appointed by FSI.*
- the remaining three candidates - which are to be appointed in the case of a failure to submit minority lists - shall be designated in the following manner: One shall be appointed jointly and the remaining two shall be indicated respectively by Eni and FSI.*

Unless otherwise agreed, Eni and FSI shall appoint the same number of directors to sit on the Saipem board, who shall (a) satisfy requirements of independence and (b) belong to the less represented gender (in both cases in accordance with the Saipem articles of association and/or the applicable law).

In the event of resignation or termination for another reason of one or more of the directors appointed on the recommendation of one of the parties, Eni and FSI shall make reasonable endeavours to ensure that the board of directors co-opts new directors so that the party who has designated such director may indicate another director to replace him or her.

4.2 Saipem Board Committees

Until expiry of the term of the Saipem's board of directors in office on the Closing Date, the current members of the Board Committees are confirmed (hereinafter the "Committees").

Eni and FSI shall ensure that the members of the Saipem internal committees are appointed in accordance with the aforementioned procedure for nominating candidates for the office of director, so as to ensure that the parties are at all times equally represented in the committees. More specifically, upon the expiry of the term of any member of Saipem's board of directors who was in office at the Closing Date, or upon the early termination thereof and from when the board is reconstituted, Eni and FSI shall ensure that at least 1 (one) director designated by Eni and at least 1 (one) director designated by FSI is part of each of the aforementioned committees.

In the event of resignation or termination for other reasons of one or more of the Committee members appointed on the recommendation of one of the parties, each party shall make reasonable endeavours to ensure that Saipem's board of directors replaces that member so that the party who has designated such member may indicate another director to replace him or her.

4.3 Saipem Board of Statutory Auditors

When the term of the Saipem Board of Statutory Auditors that was in office at the Closing Date has expired, or in the event of early termination thereof, Eni and FSI shall jointly submit and vote at the shareholder's meeting a list of candidates for Statutory Auditor from which at least 2 (two) standing statutory auditors and one (1) alternate statutory auditor will be chosen, subject to the minority shareholders' rights.

In the event of resignation or early termination on other grounds of one or more statutory auditors appointed upon one of the parties so recommending, each party shall take reasonable efforts to ensure that the

replacement statutory auditor is appointed by the party that originally designated the statutory auditor who has resigned or has been removed from office.

4.4 Obligations of prior consultation

Eni and FSI have agreed to consult with each other prior to each Saipem shareholder's meeting and before any Saipem board meeting is to be convened, with a view to deliberating on the following significant matters: (i) the approval or amendment to the strategic plan of Saipem and/or the Saipem Group, which shall be reviewed on an annual basis; (ii) the approval of any acquisition or sale by Saipem of companies, businesses or going concerns that have, on their own or as part of other acquisitions or sales relating to the same business unit, an enterprise value in excess of EUR 250,000,000, to the extent that they are not inserted as one the transactions indicated in the strategic plan; and (iii) transactions involving a significant change in the perimeter of the Saipem Group's activities (only where the strategic plan that is in force on the date for which the board of directors has been convened therefor has been approved and/or modified and/or updated for more than 12 months).

5 Circulation of Shares

5.1 Limitations for Syndicated Shares and infra-group transfers

For the entire duration of the Shareholders' Agreement, Eni and FSI may not transfer their respective Syndicated Shares, except for the transfer, in whole or in part, of shareholdings in parent companies or subsidiaries, provided that: (i) the selling party has previously undertaken to repurchase from the transferee company - which has to undertake to retransfer them in turn - the assigned Syndicated Shares before the controlling relationship between the transferor and the transferee ceases; and (ii) the transferee adheres to the Shareholders' Agreement, by signing it by way of acceptance of all the provisions contained therein, taking over all of the transferor's rights and the obligations provided for under the Shareholders' Agreement, without prejudice, in any event, to the transferor's joint and several liability, who will continue to be bound, along with the transferee, to discharge all of the obligations arising from the said Shareholders' Agreement (in case of the partial sale of Syndicated Shares, the transferor and transferee shall become a single contractor for the purpose of exercising the rights provided under the said Shareholders' Agreement).

5.2 Limitations for Non-Syndicated Shares

Non-Syndicated Shares may be freely transferred in whole or in part in any manner whatsoever, without prejudice to the fact that any direct/or indirect transfer, by Eni, of Syndicated Shares exceeding 5% of the Saipem Share capital to the same party will be subject to FSI's prior approval, without prejudice to share transfers to institutional financial investors (including banks, authorised intermediaries, insurance companies, investment funds and sovereign wealth funds), in relation to which the aforementioned 5% limit shall not apply. Eni and FSI have also committed, insofar as necessary, to make every reasonable effort to ensure that the Non-Syndicated Shares are transferred according to the 'orderly market disposal' principle.

No Syndicated Shares may be freely transferred by the parties to companies or subsidiaries, that are subjected to the conditions described in paragraphs (i) and (ii) of the previous paragraph, on the understanding that the undertaking referred to in (ii) shall be applied only with reference to the provisions of the Shareholders' Agreement dealing with the Syndicated Shares.

6 Duration of the Agreement

The Agreement shall be effective for three years from the Closing Date and shall expire on January 22, 2019.

Change of control clauses (pursuant to Article 123-bis, paragraph 1, letter h), of Law No. 58/1998) and statutory provisions for takeover bids (Article 104, paragraph 1-ter and Article 104-bis, paragraph 1)

We point out the following types:

- financing currently held with third-party credit institutions or with the Eni Group subject to change of control clauses, which, at December 31, 2015, amounted to a total of €6,226 million.

On December 2, 2015, the Extraordinary Shareholders' Meeting resolved to increase the share capital for cash, pursuant to art. 2441 of the Italian Civil Code, for a maximum overall amount of €3,500 million, to be carried out by March 31, 2016.

On October 27, 2015, Eni entered into a sale and purchase agreement with Fondo Strategico Italiano S.p.A. (FSI) pursuant to which FSI undertook to buy a stake representing approximately 12.5% plus one share of the Company share capital. Eni also entered into a Shareholders' Agreement aimed at regulating Saipem's corporate governance and shareholding structure.

With regard to the share capital increase, on December 10, 2015 Saipem signed a financing contract with a pool of banks ("*Facility Agreement*"), according to which the banks undertake to provide Saipem and Saipem Finance International B.V. ("*SFI*"), with financing amounting to €4,700,000,000. Saipem's Board of Directors resolved that the financing resulting from the Share Capital Increase, together with a portion of the resources brought by the Refinancing plan shall be utilized to repay the debt owed to the Eni Group, in accordance with the terms of the Survey Agreement signed between Eni and Saipem on October 28, 2015.

On February 26, 2016 a pool of banks disbursed financing of €3.2 billion, pursuant to the agreement dated December 10, 2015. These financial resources together with the resources brought by the share capital increase which closed in February, have enabled Saipem to fully repay the debt owed to the Eni Group, in compliance with the Survey agreement signed with Eni S.p.A. on October 27, 2015.

Should there be any changes in Saipem's controlling Shareholders or even one of these (Ministry of Economy or Finance, Eni S.p.A., FSI S.p.A. or Cassa Depositi e Prestiti S.p.A.), pursuant to the financing contract signed on December 10, 2015 and paid out on February 26, 2016, the financing banks have the right to renegotiate in good faith within 30 days any changes to the terms of the agreement with the Company; banks which do not wish to pursue the financing will have the right to request within 30 days from the expiry of the previous 30-day term, the early reimbursement of their quota.

- bank guarantees amounting to a total of €7,038 million.

In the case of change of control, a change in controlling shareholder would not result in Saipem releasing lines of credit currently utilised against bank guarantees issued by Eni to banks in the interest of the Saipem Group. The Survey Agreement signed between Eni and Saipem on October 28, 2015 provides that existing guarantees shall expire on January 21, 2019, i.e. three years after the date of the resolution by the relevant Saipem bodies which approved all terms and conditions of the share capital increase and, specifically, the offer price. No financial outlay is therefore envisaged.

In terms of takeover bids, Saipem's Articles of Association complies with the provisions of Passivity Rule set forth in Article 104, paragraphs 1 and 1-bis of Law No. 58/1998, and does not provide for the application of the breakthrough provisions set forth in Article 104-bis, paragraphs 2 and 3 of Law No. 58/1998.

Indemnification for Directors in case of dismissal (without just cause), resignation or termination following a public purchase offer

In compliance with incentive policy guidelines for 2015, approved by the Board of Directors on March 10, 2015 and over which the Shareholders' Meeting expressed in favour on April 30, 2015, an agreement was entered into with the CEO appointed after the Shareholders' meeting of April 30, 2015. This agreement provides:

- the payment of an end-of-mandate all-inclusive indemnity as defined in compliance with the recommendations of the Corporate Governance Code, amounting to two-year's fixed remuneration;
- a non-competition commitment by the CEO to protect the Company, due to his high international managerial position in the *Oil & Gas Service* sector and his institutional and business relations held at global level.

The CEO is committed to forego, for 12 months from the expiry of his mandate, any role in competition with Saipem's business in the main reference markets at international level.

Directors' appointment or replacement, and modifications to the Articles of Association

Procedures regulating the appointment of Board Directors are illustrated under the item 'Board of Directors' (see paragraph 'Composition, appointment and replacement of Board of Directors' on page 19).

The Board of Directors has the power to amend the Articles of Association in order to comply with the provisions of law and has all powers granted by Article 2365 of the Italian Civil Code, and Article 20 of Articles of Association (see paragraph 'Responsibilities, functions and powers of the Board of Directors' on page 24).

Share capital increases and buy-back of treasury shares

The Board of Directors does not have the power to increase the share capital, pursuant to Article 2343 of the Italian Civil Code.

The number of treasury shares held by the Company at December 31, 2015 was 1,939,832, equal to 0.44% of the share capital. The Shareholders' Meeting had resolved to buy back shares for allocation to the Stock Option Plans between 2002 and 2008. This resolution is no longer in force.

On March 16, 2016 the Board of Directors resolved to submit to the Shareholders' Meeting of April 29, 2016 the proposal to buy back up to 85,000,000 treasury shares for allocation to a single management incentive plan.

Direction and coordination (pursuant to Article 2497 of the Italian Civil Code)

In 2015 the Company was subject to the direction and coordination of Eni S.p.A., pursuant to Article 2497 (and subsequent amendments) of the Italian Civil Code.

As stated in the Shareholders' Agreement between Eni and FSI which took effect on January 22, 2016, neither Eni nor FSI exercise "*sole control over Saipem pursuant to article 93 of law 58/98*". The Information Document prepared by Eni pursuant to art. 5 of the Related Parties' Regulations relating to the sale of a share of

Eni's holding in Saipem provides that *“The provisions of the Shareholders' Agreement related to Saipem's corporate governance are aimed at creating a joint control of Saipem by Eni and FSI”*. Consequently, from January 22, 2016 Saipem is no longer subject to the direction and control of Eni S.p.A.

Corporate Governance Code

The corporate governance of Saipem S.p.A. is based on international best practice standards and, in particular, on the principles of the Corporate Governance Code (hereafter Code) of listed companies approved by the Corporate Governance Committee of Borsa Italiana, in addition to all relevant provisions of regulations issued by Italy's Securities and Exchange Commission (Consob).

Over time a series of amendments were made to comply with new provisions added to the Code, also following the constitution of the Corporate Governance Committee of Borsa Italiana in 2011.

To include the latest updates from the July 2015 revision of the Code, the Board of Directors at their meeting of September 28, 2015 reviewed the following proposals put forward by Saipem's Corporate Governance Committee: *i)* the subject of medium-long term sustainability be reviewed and evaluated specifically by the Board; *ii)* the independent Directors be reminded of the recommendation to hold ad-hoc meetings; *iii)* in order for the Board be promptly informed of internal committee meetings, the notice of each meeting be sent for their information also to Board Directors who are not part of that Committee; at the beginning of each Board of Directors' meeting, the Chairmen of the internal Committees report on the activities carried out by their respective Committees since the last Board meeting; *iv)* the Regulations of each Committee be amended to reflect the amendments proposed and approved as of the date of this Report.

The Board of Directors approved the aforementioned proposals put forward by Saipem's Corporate Governance Committee.

Since adopting the Corporate Governance Code, the Board of Directors has taken necessary resolutions to implement and specify the provisions contained therein.

This annual Corporate Governance Report was prepared, as in previous years, utilising the format of Borsa Italiana S.p.A. (5th Edition - January 2015)⁵. The Company strived to provide correct, exhaustive and effective information consistent with the characteristics of its business activities and corporate objectives, and in line with market requirements.

Saipem S.p.A. and its subsidiaries are not subject to any non-Italian legal requirement that may influence the Corporate Governance of the Issuer.

The Board of Directors

Composition, appointment and replacement of Board of Directors

The current Board of Directors, comprising nine members, was appointed by the Shareholders' Meeting on April 30, 2015 for a three-year period, its mandate expiring at the Shareholders' Meeting called to approve the Financial Statements at December 31, 2017. At the same meeting, the Shareholders appointed the Chairman of the Board of Directors.

At the meeting of April 30, 2015, the Board of Directors granted the CEO adequate powers to manage the Company, except for the undelegable powers of the Board itself.

⁵The Corporate Governance Report format of Borsa Italiana S.p.A., 5th Edition (January 2015), is available at www.borsaitaliana.it.

The appointment of Directors occurs pursuant to Article 19 of Articles of Association, through voting from lists, so as to allow the appointment of minority interest representatives and to ensure gender balance. Lists are filed at the Company's registered headquarters at least twenty-five days prior to the Shareholders' Meeting (first call) and are published in compliance with current legislation and Consob regulations. Voting lists include professional résumés for all candidates, their declarations accepting the nomination, stating that there are no grounds for ineligibility and/or incompatibility, and that they meet the integrity and/or independence requirements. Lists can be presented by Shareholders, who, individually or with others, hold voting shares representing at least 1% of the share capital, as per Consob Resolution No. 19499 of January 28, 2016. Lists that feature three, or more than three, candidates must include both genders, in compliance with current legislation on gender balance⁶. When the number of the least-represented gender must, by law, be at least three, the lists from which most Board members are selected must include at least two candidates from the least represented gender.

Seven tenths of Directors are appointed from the list that has obtained the majority of votes (rounded down if necessary). The remaining Directors shall be selected from the other lists, provided they are not in any way, not even indirectly, linked with the Shareholders who have presented or voted for the list that has obtained the majority of votes. Therefore, votes obtained for each list will be successively divided by one, two, three and so on, until the remaining number of Directors to be appointed has been reached. The ratios obtained will be progressively attributed to candidates from each list, in the order attributed to each candidate within that list. Candidates will be classified in decreasing order according to their respective ratios, and those who have received the higher ratios will be appointed. In the event that more than one candidate obtains the same ratio, the candidate on the list with no Director yet appointed or on the list with the lowest number of Directors appointed will be elected. If these lists have yet to elect a Director, or if they have already appointed an equal number of Directors, the candidate on the list with the highest number of votes shall be appointed. In the event that the vote is still tied, the Shareholders' Meeting will vote again, but only between the candidates under ballot, and the candidate who receives the majority of votes will be elected.

Should this procedure fail to appoint the minimum number of independent Directors required by the Articles of Association, the ratio of votes is calculated for each candidate from said lists by dividing the votes received by each list by the order number of each candidate. Candidates who do not meet independence requirements with lowest ratios from all lists are replaced, starting from the last one, by independent candidates from the same list (in the order they appear on the list), or by persons who meet the independence requirements appointed by the Shareholders' Meeting through a majority vote as required by law. In the event that candidates from different lists obtain the same ratio, the candidate on the list with the highest number of Directors already appointed will be replaced, or the candidate from the list that received the fewest votes, or should the number of votes be the same, the candidate who obtains the fewest votes by the Shareholders' Meeting in an ad-hoc ballot. Should this procedure fail to meet the requirements of regulations on gender balance, the ratio of votes is to be calculated for each candidate taken from the lists by dividing the votes received by each list by the order number of each candidate. The candidate of the most represented gender with the lowest ratio amongst candidates from all lists is replaced, provided the minimum number of independent Directors is met, by the candidate from the fewest represented gender with the higher order number in the same list of the replaced candidate, or by a person appointed by the Shareholders' Meeting through a majority vote as required by law. If candidates from different lists obtain the same minimum ratio, the candidate from the list which has appointed the greater number of

⁶ Reference Law No. 120 of July 12, 2011.

Directors is replaced, or the candidate from the list that obtained the fewest votes, or, if votes are equal, the candidate who obtains the fewest votes by the Shareholders' Meeting in an ad-hoc ballot.

This voting procedure is applicable only when the entire Board of Directors is to be renewed. Should the need arise for one or more Directors to be replaced during their mandate, the procedure as per Article 2386 of the Italian Civil Code is applied. Should the majority of Directors become unavailable, the entire Board of Directors shall be considered void. A Shareholders' Meeting shall be called by the outgoing Board to elect a new one. In any case, current legislation must be complied with vis-à-vis the minimum number of independent Directors and gender balance quotas.

When the current Board was elected in 2015, two lists of candidates were put forward, one by Eni S.p.A. and the other by Institutional Investors.

The Directors meet the integrity requirements prescribed by regulations, and possess the professional expertise, competence and experience to carry out their mandate efficiently and effectively and they are able to dedicate sufficient time and resources to their office. Pursuant to Criteria 1.C.2 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 'Cumulation of offices'.

The Board comprises the Chairman Paolo Andrea Colombo (non-independent and non-executive Director), the CEO Stefano Cao (non-independent and executive Director), and the Directors Maria Elena Cappello (independent and non-executive Director), Francesco Antonio Ferrucci (independent and non-executive Director), Flavia Mazzarella (independent and non-executive Director), Guido Guzzetti (independent and non-executive Director), Nicla Picchi (independent and non-executive Director) and Federico Ferro-Luzzi (independent and non-executive Director). Stefano Siragusa (non-independent and non-executive Director) resigned on January 21, 2016. On the same day, the Board of Directors co-opted Leone Pattofatto (non-independent and non-executive Director). The Chairman, the CEO and the Directors Maria Elena Cappello, Francesco Antonio Ferrucci and Flavia Mazzarella have been Board members since April 30, 2015. The Directors Federico Ferro-Luzzi, Guido Guzzetti and Nicla Picchi have been members of the Board since May 6, 2014 – they were elected for a one-year mandate and were confirmed on April 30, 2015.

Paolo Andrea Colombo, Stefano Cao, Maria Elena Cappello, Stefano Siragusa, Flavia Mazzarella and Francesco Antonio Ferrucci were proposed as candidates by Eni, whose list obtained 43.13% of the voting shares.

Federico Ferro-Luzzi, Guido Guzzetti and Nicla Picchi were proposed as candidates by Institutional Investors – AcomeA SGR S.p.A. and others – obtaining 21.22% of voting shares.

The candidacy of Leone Pattofatto was notified by the shareholder Eni S.p.A. at the recommendation of Fondo Strategico Italiano S.p.A. in accordance with the provisions of the Shareholders' Agreement between Eni and FSI signed on October 27, 2015.

The professional résumés of all Directors are posted on the Company's website www.saipem.com under the section 'Governance'.

On April 30, 2015, the Board of Directors confirmed Mario Colombo, *Executive Vice President General Counsel, Company Affairs and Governance*, as Secretary of the Board of Directors

Following the introduction of Law No. 120 of July 12, 2011 on gender quotas (effective from August 12, 2011) and Consob Regulation No. 18098 of February 8, 2012, article 19 of the Articles of Association has been amended to ensure gender balance in management and control bodies of listed companies.

Board Directors, following their appointment and annually thereafter, shall state that they fulfil both the independence and integrity requirements pursuant to current legislation, and the Board of Directors verifies that these subsist.

At their meeting of March 16, 2016, the Board of Directors, based on the declarations provided and on information at the Company's disposal, ascertained that Board Directors meet both the independence and integrity requirements, and that no reasons for ineligibility or incompatibility subsist. The Board of Statutory Auditors verified that the Board correctly applied all the relevant criteria and procedures to assess the independence of its members.

Succession Plans

In consideration of the nature of the Company's shareholding structure and the role of co-ordination and direction exercised by the parent company Eni S.p.A. until January 22, 2016, Saipem has not had a succession plan of Saipem's Executive Directors. Hence, pursuant to the law and the Company's Articles of Association, Directors are appointed by the Shareholders' Meeting based on voting lists presented by the Shareholders.

However, Saipem defined a procedure to identify successors for strategic managerial positions or those that are within the remit of the Compensation & Nomination Committee, i.e. senior managers appointed by Saipem's Board of Directors (Officer in charge of Financial Reporting, Executive Vice President for Internal Audit and members of the Compliance Committee).

This succession plan for the aforementioned positions is a procedure that has been in force at Saipem since 2012. It provides the following phases:

- An analytical job description for each position detailing responsibilities, role evolution in the near future, managerial experience and competencies required to cover the role;
- Assessment of the role holder and potential candidates for their succession;
- Definition of succession tables listing names of potential successors and development indications;
- Assessment of the overall risk linked to the possible successions.

Succession plans for positions of strategic interest in Saipem represent a reference point when making decisions concerning managerial development and enhancement.

Cumulation of offices

Pursuant to items 1.c.2 and 1.c.3 of the Corporate Governance Code, to ensure that Directors can devote enough time to their office, the Board of Directors on March 28, 2007 expressed the following guidelines on the number of offices a Director may hold:

- an executive Director shall not hold: (i) the office of executive Director at other listed companies, either in Italy or abroad, in financial companies, banks, insurance companies or companies with net equity in excess of €1 billion; and (ii) the office of non-executive Director or Statutory Auditor (or member of other control body) in more than three of the aforementioned companies;
- besides the appointment at this Company, a non-executive Director shall not hold: (i) the office of executive Director in more than one of the aforementioned companies and the office of non-executive Director or Statutory Auditor (or member of other control body) in more than three of the aforementioned companies; and/or (ii) the office of non-executive Director or Statutory Auditor in more than six of the aforementioned companies.

Offices held at companies of the same Group are excluded from the limit of cumulation.

Should the aforementioned limits be exceeded, Directors shall immediately inform the Board of Directors, who, after assessing the position and, in light of the Company's interests, shall invite the Director to take the relevant decisions.

Based on the information received, listed hereunder are additional directorships or auditor posts held by Saipem's Board Directors in other companies.

PAOLO ANDREA COLOMBO

Chairman of the Board of Directors of Colombo & Associati S.r.l., Board Director of Alitalia S.p.A. and Ceresio SIM S.p.A.; Chairman of the Board of Statutory Auditors of GE Capital Interbanca S.p.A.; Statutory Auditor of S.A.C.B.O. S.p.A., Humanitas Mirasole S.p.A., Massimo Moratti S.a.p.a., and Gian Marco Moratti S.a.p.a.

MARIA ELENA CAPPELLO

Board Director of Prysmian S.p.A. (listed company), Banca Monte dei Paschi di Siena S.p.A. (listed company), Seat Pagine Gialle S.p.A. (listed company), A2A S.p.A. (listed company), and Fondazione Eni Enrico Mattei.

FRANCESCO ANTONIO FERRUCCI

Board Director of Studiare Sviluppo S.r.l.; Statutory Auditor of Roma Invest Holding S.r.l.

GUIDO GUZZETTI

Board Director of Safilo S.p.A. (listed company).

FLAVIA MAZZARELLA

Board Director of Banca Finnat Euramerica S.p.A. (listed company⁷)

LEONE PATTOFATTO

Managing Director of CDP Reti; Board Director of Fintecna, Fincantieri and Sinloc; Member of the Consulting Committee of "Fondo Investimenti per l'Abitare"; Member of the Supervisory Board of European Energy Efficiency Fund.

NICLA PICCHI

Board Director of Unipol-SAI S.p.A. (listed company), Sabaf S.p.A. (listed company), Lexolution S.p.A., Associazione Professionale Studio legale Picchi, Angelini & Associati.

Board of Directors' Induction

After the appointment of the current Board by the Shareholders' meeting on April 30, 2015, Saipem set up and rolled out a board induction programme to enable new Directors to progressively acquire in-depth knowledge of the Company both in terms of its industrial, operational and commercial profile, and its financial, governance and compliance profile.

The programme, which also involved the members of the Board of Statutory Auditors, was divided into three modules:

⁷ Company listed in the *STAR* segment of Borsa Italiana.

- Module 1: Operational Highlights – May / September 2015;
- Module 2: Market Communication and Economics – July 2015;
- Module 3: Governance & Compliance – September / November 2015.

During a series of meetings, the Company's top management presented Saipem's operations and organisation, its various Business Units and main subsidiaries, providing a thorough analysis of the issues of major interest to the Directors and Statutory Auditors.

On September 19, 2015, a Board of Directors' Meeting was held at an operational site and a visit was organized onboard the vessel "Saipem 7000" in Norway, to provide Directors and Statutory Auditors with the opportunity to enhance their knowledge of operational activities and company assets.

Responsibilities, functions and powers of the Board of Directors

The Board of Directors is the central body within the Corporate Governance system of Saipem S.p.A. and the Saipem Group. Article 20 of the Articles of Association states that the management of the Company is the exclusive responsibility of the Board of Directors.

Article 2365 of the Italian Civil Code and Article 20 of the Articles of Association grant the Board the power, normally the responsibility of the Extraordinary Shareholders' Meeting, to resolve on motions concerning:

- mergers by incorporation of companies whose shares or stakes are owned entirely by the Company, pursuant to Article 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 Article 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 Article 2506-ter of the Italian Civil Code;
- transfer of the Company's headquarters within Italy;
- incorporation, transfer and closure of secondary offices;
- share capital reductions in the case of Shareholder's withdrawals;
- the issue of corporate bonds and other debentures, barring the issue of bonds convertible into Company shares;
- the adoption of modifications to the Articles of Association to comply with the provisions of law.

In addition to the powers granted by Article 2381 of the Italian Civil Code, taking into account the instructions of the Corporate Governance Code of listed companies and based on a Board resolution dated April 30, 2015, Saipem's Board of Directors is responsible for:

- setting a corporate governance system and regulations for the Company and the Group, and approving the Corporate Governance and Shareholding Structure Report, subject to the prior approval of the Audit & Risk Committee. It approves the guidelines of the internal regulatory system, the compliance and governance Policies and Management System Guidelines. Subject to the approval of the Audit & Risk Committee, it implements procedures to ensure that the following operations are carried out in a correct and transparent manner, both in terms of procedure and substance, assessing on an annual basis the requirement for their review: operations with related parties and operations where a Director or a Statutory Auditor may have an interest, either directly or through a third party. At the proposal of the CEO, the Board also adopts a procedure for the internal management and external disclosure of documents and information regarding the Company, and specifically of sensitive information;

- establishing internal corporate Committees with consultative and advisory functions, appointing their chairmen and members, defining their responsibilities, setting their remuneration, and approving their regulations;
- at the proposal of the Compensation & Nomination Committee, expressing a guideline on the maximum number of directorships and/or auditor posts that can be held at listed companies in regulated markets (both in Italy and abroad), at financial companies, banks, insurance companies or companies of a relevant size, which is deemed compatible with the efficient performance of their office of Board Director of Saipem, also in view of their serving on Board Committees;
- granting and revoking powers to Board Directors, setting their limitations and methods of exercise; having reviewed the proposals put forward by the Compensation & Nomination Committee and following consultation with the Board of Statutory Auditors, setting the compensation commensurate with the powers granted. The Board has the power to issue directives to delegated bodies and carry out operations within its remit;
- setting the guidelines for the organisational, administrative and accounting structure of the Company, including the internal control and risk management system, of main Group subsidiaries and the Group. It identifies one or more Board Directors to act as Officers responsible for the Internal Control and Risk Management System, pursuant to the Corporate Governance Code of listed companies. It evaluates the adequacy of the organisational, administrative and accounting model of the Company, of strategic subsidiaries and of the Group;
- having reviewed the proposals from the Officer responsible for the Internal Control and Risk Management System and the opinion of the Audit & Risk Committee, it sets guidelines for the internal control and risk management system, to ensure that main risks facing the Company and its subsidiaries are adequately identified, measured, monitored and properly managed. It also ascertains that these risks are compatible with the business model required to achieve its strategic objectives. Subject to the opinion of the Audit & Risk Committee, it (i) examines main business risks, in consideration of the peculiarities of the operations carried out by Saipem and its subsidiaries, submitted to the Officer responsible for the Internal Control and Risk Management System at least every six months and (ii) evaluates every six months the adequacy and effectiveness of the internal control and risk management system against the characteristics and the risk profile of the business.
- subject to the opinion of the Audit & Risk Committee and having consulted the Board of Statutory Auditors and the Officer responsible for the Internal Control and Risk Management System, it approves, at least annually, the audit programme prepared by the Executive Vice President for Internal Audit. The Board also reviews, subject to the opinion of the Audit & Risk Committee and having consulted the Board of Statutory Auditors and the CEO, the findings of the Legal Auditor in their letter of suggestions and their report on the main issues that emerged during the legal audit;
- at the CEO's proposal, defining strategies and objectives for the Company and the Group, including sustainability policies. The Board reviews and approves budgets, industrial and financial strategic plans for the Company and the Group and periodically monitoring their implementation, as well as all of the Company's strategic agreements. It reviews and approves the plan of no-profit initiatives of the Company and approves the no-profit initiatives not included in the plan;
- reviewing and approving the Annual Financial Report which includes the preliminary consolidated and statutory financial statements, the interim and six-monthly reports, as per current legislation. The Board reviews and approves the sustainability reporting not included in the Annual Financial Report;

- receiving information from Directors with executive powers at Board of Directors' Meetings, at least quarterly, regarding: activities within their responsibility and major transactions carried out by the Company or the Group;
- receiving periodic six-monthly information from the internal Board Committees;
- evaluating the general management and performance of the Company and the Group, based on the information received from Directors with executive powers, comparing actual interim and yearly results against budget forecasts;
- approving, having received a reasoned opinion from the Audit & Risk Committee, transactions of greater importance with related parties, in compliance with the procedure "Transactions involving interests held by Board Directors and Statutory Auditors and transactions with related parties"; it receives, at least quarterly from the C.E.O., a report detailing transactions of greater and lesser importance, in line with the provisions of the aforementioned procedure. The Board reviews and grants preliminary approval to transactions that involve interests held by Board Directors and Statutory Auditors, pursuant to art. 2391 of the Italian Civil Code and the provisions of the aforementioned procedure "Transactions involving interests held by Board Directors and Statutory Auditors and transactions with related parties";
- approving possible joint-venture agreements, having obtained due diligence reports on potential partners from the Anti-corruption Legal Support Unit;
- resolving on the most significant and strategic economic and/or financial Company transactions, reviewing the most relevant Group industrial and financial transactions, placing particular emphasis on situations where one or more Directors hold an interest, either directly or through a third party, and on transactions with related parties.

The following are considered significant operations:

- a) purchase or sale of goods and services other than investments, exceeding €1 billion and those whose duration is greater than 20 years;
- b) acquisition, disposal or transfer of holdings exceeding €25 million in enterprise value per single act;
- c) acquisition, sale or financial leasing of land and/or buildings exceeding €2.5 million;
- d) capital expenditure in technical assets different from aforementioned ones exceeding €300 million, or of a lower amount but of strategic importance or posing a particular risk;
- e) issue of financing in favour of companies where no stake is held or where the stake held is not a controlling stake for amounts exceeding €200 million, if the amount is proportional to the value of the stake owned; or of any amount to companies if the loan is not proportional to the share of the holding;
- f) to sign, modify, and terminate contracts with Eni S.p.A and qualified financial institutions for the issuing of surety bonds and other personal guarantees to third parties in the interest of the Company or companies in which a shareholding is held, for amounts exceeding €200 million per single act; or of any amount for the issuing of guarantee bonds in favour of companies where no share is held or where the share held is not a controlling stake if the amount is not proportional to the value of the stake owned;
- g) to issue surety bonds and other personal guarantees to third parties in the interest of the Company or companies in which a shareholding is held (Parent Company Guarantees) for amounts exceeding €1 billion per single act; or of any amount for the issuing of guarantee bonds in favour of companies where no share is held or where the share held is not a controlling stake if the amount is not proportional to the value of the stake owned;

- h) incorporations of subsidiaries or company branches;
- i) to approve the signing of agency agreements;
- j) issue of convertible and non-convertible bonds by the Company or its subsidiaries;
- k) to sign, modify, and terminate contracts relating to short, medium and long-term financing, for amounts exceeding €1 billion per single act, and for a period exceeding 20 years;
- l) to authorize mortgages, privileges, pledges, and other collateral securities; specifically to authorize subrogations, reductions, cancellations, deferments, and any other mortgage annotations on the properties of the Company, for amounts exceeding €1 billion per single act, and for a period exceeding 20 years; to register mortgages, to accept privileges, pledges, and other real charges; to authorize subrogations, reductions, cancellations, deferments, and any other mortgage annotations on the properties of third parties in general, for amounts exceeding €1 billion per single act, and for a period exceeding 20 years;
- at the Chairman's proposal and in agreement with the CEO and having consulted the Compensation & Nomination Committee, appointing and dismissing of General Managers, granting them the relevant powers;
- at the Chairman's proposal and in agreement with the CEO, having consulted the Compensation & Nomination Committee and received the opinion of Board of Statutory Auditors, appointing and dismissing the Officer responsible for the Company's Financial Reporting, ensuring that the Officer is granted adequate powers and resources to carry out the duties he is vested with by law, and to ensure that the administrative and accounting procedures he put in place are actually adhered to;
- at the Chairman's proposal and in agreement with the Officer responsible for the Internal Control and Risk Management System, having received the opinion of the Compensation & Nomination Committee, and consulted the Board of Statutory Auditors, appointing and dismissing the Executive Vice President for the Internal Audit ensuring that the latter is granted adequate resources to carry out his responsibilities, setting the remuneration structure in line with the Company's compensation policies; and approving Internal Audit guidelines;
- at the proposal of the Officer responsible for the Internal Control and Risk Management System, having consulted the Compensation & Nomination Committee, and received the opinion of the Board of Statutory Auditors, appointing the Compliance Committee, pursuant to Leg. Decree 231/2001, and identifying its composition;
- through the relevant CEO functions, ensuring the appointment of managers in charge of the departments responsible for dealing with Shareholders and investors;
- at the proposal of the Compensation & Nomination Committee, reviewing and approving the Remuneration Report and, specifically, the policy for the remuneration of Directors and senior managers with strategic responsibilities, which are submitted for approval to the Shareholders' Meeting called to approve the financial statements. Pursuant to this policy, at the proposal of the Compensation & Nomination Committee and having received the opinion of the Board of Statutory Auditors, it sets the remuneration of the CEO and Directors with particular powers. The Board, having reviewed the proposals put forward by the Compensation & Nomination Committee, also sets the criteria for the remuneration of the top management of the Company and the Group, implementing incentive plans based on stock or other financial instruments approved by the Shareholders' Meeting;
- formulating the proposals to be submitted for approval to the Shareholders' Meeting;
- reviewing and resolving on all other matters that Directors with executive powers deem appropriate for the Board to assess, due to their sensitivity and/or importance.

The Shareholders' Meeting endorsed the competition ban provided for in Article 2390 of the Italian Civil Code.

Pursuant to Article 2391 of the Italian Civil Code, Directors shall inform the other Directors and the Statutory Auditors of interests they may have, on their own behalf and on behalf of third parties, in any specific Company operation.

At Board Meetings, the Chairman reminds the Board of Directors that, pursuant to Article 2391 of the Italian Civil Code, Board Directors must voice any interests they may have, directly or through a third party, related to any items on the Agenda before they are discussed. Directors have to state the nature, origin and relevance of these interests, if any.

The Chairman organises the activities of the Board of Directors and ensures that the Directors and Statutory Auditors are provided with all necessary documentation and information in a timely manner to enable them to make decisions. Meeting documents are sent generally no later than the notice of meeting (at least five days before the meeting). To this end, in 2013 a new IT platform named 'BoardVantage' was launched to enable the sharing and exchange of documents, notes and messages amongst the company departments and the Board of Directors, or amongst members of the Board. The system ensures the highest confidentiality through appropriate access credentials. The Secretary of the Board of Directors ensures the timely and accurate delivery of pre-meeting information and can be contacted by Board Directors and Statutory Auditors to provide clarifications and additional information. Should it not be possible to provide pre-meeting documentation well in advance, the Chairman shall ensure that the necessary analysis be carried out during Board meetings.

To improve the Board's knowledge of the Company's operations and dynamics, the COOs of the Business Units are periodically invited to Board meetings to illustrate the most significant projects, strategies and market conditions in their respective areas. Specifically in 2015, the following functions were asked to report at certain Board meetings: the Chief Operating Officer - COO Giuseppe Caselli, the Chief Financial Officer – CFO Alberto Chiarini, the Directors of the following departments "General Counsel, Company Affairs and Governance", "Human Resources, Organization and Services to Personnel", "Integrated Risk Management" and "Quality, Health, Safety, Environment and Sustainability".

Board of Directors' Meetings

The Company's Articles of Association do not specify how often the Board should meet, although Article 21 states it has to occur at least quarterly.

In 2015, the Board of Directors met on 18 occasions, their meetings lasting 4.85 hours on average; 3 meetings have been scheduled to take place in the first half of 2016; as of March 16, 2016, the Board has held 5 meetings. The general public is informed of the dates of Board Meetings when periodical statements and reports, required by current legislation, are to be approved.

In 2015, an average of 92.66% of Board Directors and 90.48% of independent Directors attended Board Meetings.

Board review

In compliance with the Corporate Governance Code, Saipem's Board of Directors in 2015 carried out the annual review of the size, composition and functions of the Board itself and its Committees.

Saipem's Board of Directors, with the support of the Corporate Governance Committee, entrusted the task of performing the Board review to the company Management Search S.r.l., an independent consulting company that does not provide any other service to Saipem.

The main objective of the Board review is to ascertain the proper operation of the Board and its Committees, emphasising its strengths and weaknesses to find areas of improvement. The Review was carried out using a questionnaire prepared by Management Search, which concerned: a) the structure and composition of the Board of Directors also detailing competencies of Board members; b) workings of the Board, including the number of meetings, their duration and proceedings, the timely and completeness of information provided to the Directors before their meetings, the internal climate of the Board of Directors, methods of operation, decision-making processes and the role of the Chairman; c) adequacy of time that the Board dedicates to discussing topics significant to the Company and the Group, including control and risk management and the Company's long-term strategy; d) the workings of the Committees, including the definition of their mission, autonomy, authority, effectiveness of the support provided to the Board of Directors ; e) relations with the top management and the Directors' knowledge of the latter; f) the Directors' opinion on the work they carried out within the Board of Directors and their contributions to the discussions and the decision-making process; g) the sensitivity expressed by Board members on issues and principles related to sustainability and correct governance, how these topics pervade the organization and are integrated into the business conduct of the Company.

Directors had to provide various levels of consensus for each question on the questionnaire. The answers provided in the Board Review were the starting point for closer examination during individual interviews with all members of the Board. The members of the Board of Statutory Auditors were also interviewed to gather their perspective on the issues raised by the questionnaire. Management Search also benchmarked the observations raised by the Board of Directors with other international listed companies operating in the same sector: the comparison involved the composition of the Board, the number of executive and non-executive Directors, their nationalities and other aspects deemed of significance, including how they conduct their Board review.

Management Search reviewed all relevant corporate documentation, specifically, minutes of Board and Committee meetings during the period in order to: 1) analyse procedures and governance systems within their remits; 2) ascertain that these practices comply with the relevant legislation and internal regulations; 3) evaluate their effectiveness and the adequacy of decision-making processes also in relation to the rules and regulations applicable to listed companies.

Both the interviews and the answers on the questionnaires show an overall positive framework in which the Board of Directors and its Committees operate.

The Board review came to these conclusions:

- the Board took office in April 2015 and faced up to its responsibilities with great spirit and commitment, undergoing an initial induction phase dedicated especially to the new members;
- the induction was structured through a training and integration programme, which was generally considered to be useful and effective;

- during its first year in office, Saipem's Board carried out thoroughly and continually its monitoring and control duties over the company's management, and tackled several relevant extraordinary operations;
- these activities required a significant commitment from all Directors – and from the Board of Statutory Auditors – in terms of preparation and participation to frequent Board and Committee meetings, especially over the last quarter;
- all Directors deem the climate within the Board to be extremely constructive, benefitting from the Chairman and the CEO enjoying a good rapport. Their attitude of openness to dialogue and transparency in their respective roles contribute to create a favourable atmosphere;
- the Chairman manages the work of the Board with authority, sensitivity towards correct business management practices and in compliance with the best governance practices. The Directors concur in deeming the Chairman's management of Board meetings to be attentive to the overall level of understanding by all directors for the various items under discussion;
- the CEO always answers in a clear, direct and exhaustive manner to the Directors' questions. They recognize he has charisma, courage and intellectual honesty;
- the Board is extremely focused on studying the items on the agenda. Despite the discussion not being homogenous in terms of quantity, all members offer qualitative contributions in accordance with their own specific professional competencies;
- the majority of Board members concur in deeming adequate the length of time devoted to discussing extraordinary operations, risk and associated risk control and governance aspects;
- control and risk management are heartfelt issues that are discussed at length by the Board. Having a centralised Risk Management function is considered to be an effective and advanced solution;
- as part of the risk management responsibilities, the Board lends its constant commitment to acquiring in-depth knowledge of the Group and launched initiatives relating to establishing a new structure of governance for overseas entities;
- the Board is heavily inclined towards the in-depth analysis not only of business management issues but also of the long-term strategy for the development of the Company and its competitive scenario, in a balanced outlook between short and long-term;
- all Directors hope that, having completed a very demanding phase of extraordinary operations, the Board devote its time to review the reference market trend, comparing Saipem business with that of its competitors and identify a long-term strategy for the Group in light of current market conditions;
- Board meetings are minuted accurately and promptly. The Board of Directors and the Board of Statutory Auditors both appreciate the work and support provided by the Secretary's Office function.

The Board review brought up the following possible initiatives:

- prioritise the items to be addressed at Board meetings, optimizing the time dedicated to items based on their relevance, so as to avoid that items requiring in-depth analysis be addressed last;
- in addition to the advanced documentation, provide the Directors with summary sheets for each item on the agenda so as to focus on the most salient point of each item;
- organize an annual strategic summit involving all the Company's top management – to possibly coincide with the review of the Industrial Plan – in order to review all topics deemed relevant for the Group, strengthen the team spirit among Board members and improve the Directors' knowledge of Saipem management;

- continue the induction programme with further training and update sessions on specific topics of interest to be agreed by the members of the Board;
- further analysis of the risk profile and specifically the overall Sustainability risk.

From the review of the Company's documentation and minutes of meeting, the Board of Directors and its Committees are found to operate in compliance with the relevant laws and Issuers' regulations, with the recommendation of the Corporate Governance Code of listed companies and the internal set of rules adopted by the Company.

From the benchmarking with other listed companies, Saipem is found to be among the best in the reference sample, operating in compliance with the best practices at national and international level in terms of governance, in consideration of the importance paid to the Board Review process, the disclosure of its findings and that of the benchmarking exercise.

Executive Directors

Consistent with international best practices, which recommend avoiding the concentration of duties in one person, in 2008 the Board of Directors resolved to separate the roles of Chairman and Chief Executive Officer (CEO), the latter being the administrator who, by virtue of powers granted and their actual exercise, is the principal person responsible for the management of the Company.

The Corporate Governance Committee of Borsa Italiana believes that the separation of the aforementioned roles can strengthen the characteristics of impartiality and balance required of a Chairman of the Board, to whom the law and procedure entrust the tasks of organising the work of the Board, as well as acting as a link between executive and non-executive Directors.

The separation of the roles of Chairman and Chief Executive Officer (CEO) makes the appointment of a lead independent Director unnecessary.

Stefano Cao (CEO) is the only executive Director; he does not hold other offices at any other Issuer.

The Board vested the CEO, the person ultimately responsible for the Company's management, with all ordinary and extraordinary powers to manage the Company, except for the undelegable powers and those of the Board itself.

At their meeting of April 30, 2015, the Board of Directors vested the Chairman, in addition to all powers granted to him by law and the Company's Articles of Association, with the power to:

- a) in agreement with the CEO and having consulted the Compensation & Nomination Committee, propose to the Board the appointment and dismissal of General Managers;
- b) propose in agreement with the CEO, having consulted the Compensation & Nomination Committee and received the opinion of Board of Statutory Auditors, the appointment and dismissal of the Officer responsible for Financial Reporting;
- c) in agreement with the Officer responsible for the Internal Control and Risk Management System, having received the opinion of the Compensation & Nomination Committee, and consulted the Board of Statutory Auditors, propose the appointment, dismissal and remuneration for the Executive Vice President for the Internal Audit;
- d) in agreement and conjunction with the CEO, make proposals concerning extraordinary operations involving the Company's share capital and/or overall debt refinancing to be submitted for approval by the Shareholders' meeting;

- e) managing the Company's institutional relations in Italy in addition to shareholder relations, together with the CEO, having recourse to Saipem's communication and institutional relations functions.

Reporting to the CEO are:

- the Chief Operating Officer (COO), responsible for the Company's business operations;
- the Chief Financial Officer (CFO), responsible for the following functions
 - Planning, Administration and Control;
 - Finance;
 - Investor Relations;
 - Information and Communication Technology,
- The following Directors responsible for staff and business support functions
 - Executive Vice President Human Resources, Organization and Services to Personnel,
 - Executive Vice President General Counsel, Company Affairs and Governance,
 - Executive Vice President Procurement and Contract Management,
 - Executive Vice President Strategies and Innovation,
 - Senior Vice President Quality, Health, Safety, Environment and Sustainability,
 - Senior Vice President Institutional Relations & Communication,
 - Senior Vice President Integrated Risk Management.

The Chairman, besides the aforementioned powers, chairs the Shareholders' Meeting, convenes and chairs Board of Directors' meetings and ensures the implementation of resolutions taken by the Board itself.

There are no other executive Directors on the Board.

Independent Directors

Consob Resolution No. 17221 of March 12, 2010 (adoption of 'Related Parties' Regulations) amended through Resolution No. 17389 of June 23, 2010, had amended Article 37, paragraph 1, letter d) of Market Regulations, providing that the shares of a subsidiary subject to management and coordination by another company may only be admitted to trading if its committees are composed of independent Directors. For companies subject to management and coordination by another listed company, as in Saipem's case until January 22, 2016, the Board of Directors shall also be composed of a majority of independent members.

The Shareholders' Meeting of April 30, 2015 elected the new Board of Directors for three years, and, in compliance with Article 37, paragraph 1, letter d) of Market Regulations, six out of nine members appointed are independent Directors.

The Directors who do not comply with the independence requirement are the Chairman Paolo Andrea Colombo, the executive Director Stefano Cao, and the Director Leone Pattofatto (replacing Stefano Siragusa on January 21, 2016, who had also not been an independent director).

Following their appointment, the Board of Directors ascertains annually that Board Directors still comply with the independence requirements. At the Board Meeting of March 16, 2016, it was ascertained that the relevant Board Directors comply with the independence requirements. The Board of Statutory Auditors has assessed the application of criteria and procedures adopted by the Board of Directors to ascertain the independence of its members and found them to be compliant. Directors are committed to inform the Board of any changes that

may ensue during their mandate. This evaluation is carried out in accordance with the criteria set forth in Article 148, paragraph 3 of Law No. 58/1998 and in the Corporate Governance Code.

On October 5, 2015 all Independent Directors met without the other Directors being present, as recommended by the Corporate Governance Code.

Processing of inside information

At their meeting of March 13, 2013, the Board of Directors approved the Management System Guideline ‘Market Abuse’⁸, which consolidates in the same document procedures previously in force in matters of Inside Information and relevant Register of personnel having access to them, and internal dealing.

The Management System Guideline (‘MSG’) ‘Market Abuse’ sets forth the principles and the rules whereby Saipem S.p.A. and its direct or indirect subsidiaries, in Italy or abroad should undertake the internal management and disclosure to third parties of company documents and information concerning Saipem, with particular reference to Inside Information.

To this end, this MSG also governs the creation, maintenance and updating of the Register of persons having access to the aforesaid information, as well as the identification of the relevant persons and disclosures relating to the transactions undertaken by them, including those handled by proxies, involving the shares issued by Saipem S.p.A. or by listed Subsidiaries or other financial instruments linked to these shares (‘Internal Dealing’).

As Saipem S.p.A. is considered to be a relevant Company for the purposes of this same Eni procedure, it decided to manage its own Register autonomously.

Specifically, striving for continuous improvement, the procedure:

- reinforced the principles of conduct for ensuring the confidentiality of business information in general, as required by the Corporate Governance Code;
- identified the scope of application of the relevant legislation vis-à-vis Saipem subsidiaries. In particular: this Management System Guideline introduced the criteria for the identification of subsidiaries, which, due to the relevance of their operations, are obliged to create and maintain the Register of persons with access to Saipem inside information;
- reinforced the internal management of inside information, establishing assessment procedures, and the specific rules of conduct for those who have access to inside information. To this end, a non-exhaustive list of examples of inside information was prepared, based on national and international best practice, to aid Saipem functions in the possible identification of an item of information as Inside Information;
- it reviewed the discipline governing the creation, updating and maintenance of the Register of persons with access to inside information of Saipem S.p.A., transferring the responsibility of the Register from the Human Resources and Organisation department to the General Counsel, Governance and Company Affairs department. Furthermore, management may decide to add persons to the Register, who may have access to inside information on a regular basis. Relevant subsidiaries may also delegate the upkeep of their own Register to Saipem, if the relevant conditions are met;
- reinforced the discipline governing public disclosure of inside information, defining which inside information is subject to disclosure and, in particular, the process for issuing press releases;
- streamlined and clarified the rules on internal dealing, maintaining the fundamental principles of the previous discipline, including the institution of blocking periods for transactions involving Saipem shares

⁸ The procedure “Market Abuse” is published on Saipem’s website www.saipem.com under the section ‘Governance’.

and financial instruments linked to such shares carried out by relevant parties. However, exclusion cases were reviewed in order for the Management System Guideline to be consistent with the relevant external regulations.

On October 28, 2013, the Audit & Risk Committee being in favour, the Board of Directors identified persons considered relevant for the purposes of internal dealing disclosures pursuant to the Market Abuse procedure: these are the members of the Executive Committee (now Advisory Committee) and all personnel reporting directly to the CEO.

As and when provided by law, sale or purchase transactions involving Saipem shares are disclosed to Consob, Borsa Italiana and the public through the relevant section of the IT platform SDIR-NIS and subsequently sent to the authorised storage mechanism “NIS Storage” (www.emarketstorage.com) and published on the Company’s website.

With the implementation of the ‘Market Abuse’ MSG on May 9, 2013, new provisions have been put in place to make the Register of parties having access to sensitive information compliant to the new guidelines. All Group subsidiaries have implemented this MSG through a resolution of their own Board of Directors, whilst all subsidiaries considered relevant have delegated the task of maintaining their Registers to Saipem S.p.A.

Relevant subsidiaries inform the person responsible for the Register of Saipem S.p.A. of the personal details and information on individuals (including external personnel) who have access to sensitive information, who are to be enrolled on the register. They also provide updates for individuals already on the Register.

When the list of relevant subsidiaries is updated for the purposes of the *Sarbanes-Oxley Act* or in case of relevant occurrences, the relevant Corporate functions inform the register of any changes in the list of relevant subsidiaries.

Relevant companies, which have delegated Saipem S.p.A. to keep their Register on their behalf, are:

Company	Country
<i>Saipem International B.V.</i>	<i>Netherlands</i>
<i>Saipem S.A.</i>	<i>France</i>
<i>Saipem Portugal Comércio Marítimo Soc. Un.</i>	<i>Portugal</i>
<i>Saipem Maritime Asset Management S.a.r.l.</i>	<i>Luxembourg</i>
<i>ERSAI Caspian Contractor L.L.C.</i>	<i>Kazakhstan</i>
<i>Saipem Contracting Nigeria Ltd.</i>	<i>Nigeria</i>
<i>Saipem Limited</i>	<i>UK</i>
<i>Saipem do Brasil Serviços de Petróleo Ltda</i>	<i>Brazil</i>
<i>Petrex S.A.</i>	<i>Peru</i>
<i>Saimexicana S.A. de C.V.</i>	<i>Mexico</i>
<i>Saipem Services Mexico S.A. de C.V.</i>	<i>Mexico</i>
<i>Snamprogetti Saudi Arabia Ltd</i>	<i>Saudi Arabia</i>
<i>Saudi Arabian Saipem Ltd</i>	<i>Saudi Arabia</i>
<i>Snamprogetti Engineering & Contracting Co. Ltd</i>	<i>Saudi Arabia</i>
<i>Saipem Misr for Petroleum Services (S.A.E.)</i>	<i>Egypt</i>
<i>Saipem America Inc.</i>	<i>USA</i>

<i>Saipem Asia Sdn. Bhd.</i>	<i>Malaysia</i>
<i>Sofresid S.A.</i>	<i>France</i>
<i>Global Petroprojects Services A.G.</i>	<i>Switzerland</i>
<i>Sigurd Rüick A.G.</i>	<i>Switzerland</i>
<i>PT Saipem Indonesia Sdn. Bhd.</i>	<i>Indonesia</i>
<i>Saipem Australia Pty Ltd</i>	<i>Australia</i>
<i>Saipem Canada Inc.</i>	<i>Canada</i>
<i>Sajer Iraq L.L.C.</i>	<i>Iraq</i>
<i>Saipem Nigeria Ltd</i>	<i>Nigeria</i>
<i>Saipem Contracting Netherlands B.V.</i>	<i>Netherlands</i>
<i>Snamprogetti Netherlands B.V.</i>	<i>Netherlands</i>
<i>Boscongo S.A.</i>	<i>Congo</i>
<i>Saipem Contracting Algérie S.p.A.</i>	<i>Algeria</i>
<i>Saipem Offshore Norway A.S.</i>	<i>Norway</i>
<i>Saipem Drilling Norway A.S.</i>	<i>Norway</i>
<i>Moss Maritime A.S.</i>	<i>Norway</i>
<i>Saipem Luxembourg S.A.</i>	<i>Luxembourg</i>
<i>Saipem India Project Private Ltd.</i>	<i>India</i>
<i>Saipem Ingenieria Y Construcciones S.L.U.</i>	<i>Spain</i>

Board Committees

In order to carry out its responsibilities more efficiently, the Board set up the following committees: the Compensation & Nomination Committee and the Audit & Risk Committee. Both are comprised entirely of non-executive independent Board Directors, all of whom are experts in accounts, finance and risk management. The Board resolution of May 15, 2015 approved the constitution of the Corporate Governance Committee comprising three non-executive Board Directors, of which one is independent.

In compliance with the same Board resolution, the committees are comprised of:

- Compensation & Nomination Committee: Maria Elena Cappello (Chairman, independent Director), Francesco Antonio Ferrucci (independent) and Federico Ferro-Luzzi (independent);
- Audit & Risk Committee: Nicla Picchi (Chairman, independent Director), Guido Guzzetti (independent) and Flavia Mazzarella (independent);
- Corporate Governance Committee: Paolo Andrea Colombo (Chairman, non-independent Director), Francesco Antonio Ferrucci (independent) and Stefano Siragusa (non-independent Director, resigned on January 21, 2016 and was replaced by Leone Pattofatto, also a non-independent Director).

The Compensation & Nomination Committee fulfils a propositive and consultative role for the Board of Directors, governed by the Corporate Governance Code. Specifically, the Committee: (i) submits for approval by the Board of Directors the Remuneration Report and the remuneration policy for executive Directors and senior managers with strategic responsibilities, which will be put forward to the approval of the Shareholders' Meeting called to review the financial statements, as provide by law; (ii) puts forward proposals for the remuneration of the Chairman and Executive Directors, taking into account the various forms and types of

compensation; (iii) puts forward proposals for the remuneration of non-executive Directors, who are members of Board Committees.

The composition of the Compensation & Nomination Committee complies with the provisions of the Corporate Governance Code, as it is comprised of non-executive Directors all of whom are independent.

The Board of Directors entrusts the Audit & Risk Committee with the task of assisting it, by means of consulting and advisory functions, in fulfilling its responsibilities in the matter of internal control and risk management system, in particular, in setting guidelines for the internal control system and the periodical evaluation of its adequacy, efficacy and functionality. The Committee supervises the activities of the internal audit function. The current composition of the Audit & Risk Committee complies with the requirements of the latest Corporate Governance Code, being comprised entirely of non-executive independent Directors.

Following the introduction of the procedure 'Transactions involving interests held by Board Directors and Statutory Auditors and transactions with related parties', the Compensation & Nomination Committee and the Audit & Risk Committee provide the Board of Directors with opinions, as per the procedure (please refer to the section 'Directors' and Statutory Auditors' interests and transactions with related parties', page 56).

The Corporate Governance Committee has the task of assisting the Board of Directors by fulfilling a preparatory, consultative and advisory role in assessments and decision-making processes with regard to the corporate governance and Corporate Social Responsibility of the Company and the Group.

Compensation & Nomination Committee

In 2015, up to the renewal of the corporate bodies by the Shareholders' meeting on April 30, 2015, the Compensation & Nomination Committee was comprised of the following non-executive independent Board Directors: Rosario Bifulco (Chairman), Nella Ciuccarelli and Federico Ferro-Luzzi.

The new Board of Directors at their meeting of May 15, 2015 appointed as members to the Committee non-executive independent Board Directors, pursuant to the law and the Corporate Governance Code: Maria Elena Cappello (Chairman), Francesco Antonio Ferrucci and Federico Ferro-Luzzi.

Saipem's Executive Vice President for Human Resources, Organisation and Services to Personnel, or in his stead the Senior Vice President for Development, Organisation, Compensation and Management of Managerial Resources acts as Secretary of the Committee.

The Committee fulfils a propositive and consultative role to the Board of Directors and specifically:

- submits to the Board of Directors' approval the remuneration report and, in particular, the remuneration policy of Executive Directors, of Directors vested with particular powers and of Senior Managers with strategic responsibilities, as provided for by the law;
- makes proposals regarding the various forms of compensation and pay of the Chairman and Executive Directors;
- makes proposals regarding the compensation of the Directors appointed to the Committees formed by the Board;
- examines the suggestions of the CEO and proposes the general criteria for the compensation of senior managers with strategic responsibilities, annual and long-term incentive plans, including stock-based plans, Company targets and reviews the results of performance plans connected to both the implementation of incentive plans and the calculation of the variable compensation of Directors with powers;

- monitors the implementation of resolutions taken by the Board;
- periodically evaluates the adequacy, overall consistency and actual implementation of the adopted policy, formulating proposals to the Board of Directors on the subject;
- provides opinions for the Board concerning its size and membership and makes recommendations regarding the professional figures whose presence on the Board is deemed to be advantageous;
- suggests candidates for the role of Director to the Board if, during the course of the financial year one or more Directorships become vacant (art. 2386, paragraph 1 of the Italian Civil Code), ensuring compliance with the regulations on the minimum number of independent Directors and on the quotas reserved for the least represented gender;
- provides input for the Board regarding the appointment of senior managers and of the members of the company's bodies whose appointment is the responsibility of the Board;
- reports to the Board on the tasks performed, at the board meeting indicated by the Chairman of the Board of Directors, at least twice yearly, and at any rate no later than the term for approval of the financial statements and the half-yearly report;
- through the Committee Chairman or another member designated by same, reports on the working procedures of its functions to the Shareholders' Meeting convened to approve the annual financial statements;
- at the proposal of the CEO, examines and evaluates the criteria governing the succession plan for senior managers with strategic responsibility for the Company;
- proposes its opinions to the Board regarding the appointment of Board Directors, in the event the Board itself if called, in compliance with legislation and the Articles of Association, to present a list for the renewal of the Board. With regard to succession procedures, these shall detail objectives, tools, timeframes, and involvement of the Board and a clear definition of competencies from the preparatory phase.

In fulfilling its duties, the Committee provides opinions, as and when required by the current internal regulation in terms of transactions with related parties.

The Board of Directors provides the Committee with the necessary resources to carry out its responsibilities. To fulfil its duties, the Committee has the right to access the necessary Company information and departments and to avail itself of external advisors who do not find themselves in situations that could compromise the impartiality of their opinion, within the limits of the budget approved by the Board of Directors with the Annual Report. The Chairman of the Committee reports to the Board on the tasks performed and activities discussed at Committee meetings since the previous Board meeting.

The Chairman of the Board of Statutory Auditors (or other Statutory Auditor designated by the latter) attends Committee meetings; other Statutory Auditors may also attend when the Committee discusses matters for approval by the Board of Directors that are subject to the mandatory opinion of the Board of Statutory Auditors. At the request of the Chairman of the Committee, other persons can be invited to attend Committee meetings to provide information and evaluations within their area of expertise on individual items on the meeting agenda.

The meetings of the Compensation & Nomination Committee are not attended by the Directors involved where remuneration proposals are discussed that are to be put forward to the Board.

In 2015, the Committee, in its former and current composition, convened on 11 occasions, with meetings lasting an average of 1.81 hours and attended by 94% of members. The Chairman of the Board of Statutory Auditors or a Statutory Auditor attended all meetings, which were all minuted.

During the first part of the year, the work of the Committee focused on the following:

- review of implementation proposals concerning the remuneration recommendations of the Corporate Governance Code of Borsa Italiana
- review of the proposal for the appointment of the Executive Vice President for *Internal Audit*;
- periodic evaluation of the remuneration policy implemented in 2014, drawing up the new Remuneration guidelines for 2015 in light of recent events and Company results, for the Company's actual results for 2014, and for performance targets for 2015 vis-à-vis variable incentive plans;
- reviewing actual 2014 performance results and identifying targets for 2015 and implantation of the variable incentive plan 2015;
- reviewing proposal concerning the retention of managerial positions;
- drafting the Long-Term Monetary Incentive Plan 2015 – 2017;
- assessment of the “2014 Board Review and Recommendations on the future composition of the Board of Directors” and Saipem Remuneration Report 2015;
- evaluation of the compensation positioning and proposal for the remuneration of the CEO, the Chairman and non-executive directors serving on Board Committees;
- proposal to amend the Compensation & Nomination Committee Regulations.

During the second half of the year, the Committee's activities concerned:

- proposals for the appointment of Compliance Committee members and their remuneration;
- calculating actual 2014 results for the Long-Term Monetary Incentive Plan and proposals concerning the regulations for the 2015 allocation of the Deferred Monetary Incentive Plan, the 2015 Long-Term Monetary Incentive Plan and approval of the allocation regulations;
- reviewing the proposal to regulate the implementation criteria of the clawback principle;
- reviewing proposal to amend Saipem's Management incentive system;
- reviewing the proposed Saipem 2016 indicators for short and long-term incentive plans.

The Committee scheduled at least 10 meetings to take place during 2016, 7 of which have already been held as of March 16, 2016.

The Committee reports, through the Chairman of the Committee, on the methods used to carry out its responsibilities to the Shareholders' Meeting called to approve the Financial Statements, pursuant to the provisions set forth in the Committee's Regulations and the Corporate Governance Code, with the aim of establishing a dialogue with Shareholders and Investors.

Further information on the Compensation & Nomination Committee is available, in compliance with Article 123-ter of Law No. 58/1998, in the Remuneration Report.

Directors' compensation

Article 123-ter of Law No. 58/1998 has made it compulsory for listed companies to publish a 'Remuneration Report'.

For all issues relating to the remuneration of Directors, Statutory Auditors and senior managers with strategic responsibilities please refer to the 'Remuneration Report', which is available to the public at Saipem's registered office or on the Company's website www.saipem.com under the section 'Governance' at least 21 days prior to the General Shareholders' Meeting called to approve the Financial Statements for the year 2015.

At the General Shareholders' Meeting, Shareholders will be required to cast a non-binding vote on the first section of the Remuneration Report, pursuant to current legislation.

Audit & Risk Committee

In 2015, up to the renewal of the corporate bodies by the Shareholders' meeting on April 30, 2015, the Audit & Risk Committee was comprised of the following non-executive independent Board Directors: Enrico Laghi (Chairman), Guido Guzzetti and Nicla Picchi.

The new Board of Directors at their meeting of May 15, 2015 appointed as members to the Committee non-executive independent Board Directors, pursuant to the law and the Corporate Governance Code: Nicla Picchi (Chairman), Guido Guzzetti and Flavia Mazzarella.

The Executive Vice President for Internal Audit acts as the Committee's Secretary.

The Board of Directors assigns consulting and advisory functions to the Committee so that the latter can assist it in carrying out its duties in relation to the internal control and risk management system, as well as those regarding the approval of the periodic financial reports.

The Audit & Risk Committee's responsibilities are:

- assisting the Board of Directors, by providing specific opinions, on the following tasks of the Board of Directors: a) defining guidelines for the internal control and risk management system so that the principal risks pertaining to the Company and its subsidiaries are properly identified, measured, managed and monitored by establishing criteria of compatibility of such risks with sound and proper business management;
- reporting to the Board, twice yearly, on work carried out, as well as on the adequacy of the internal control and risk management system;
- together with the Officer responsible for Financial Reporting and with the independent auditing company, and having asked the opinion of the Board of Statutory Auditors, the Committee examines, evaluates and expresses its opinion as to whether accounting standards are utilised properly and whether they are sufficiently homogeneous for the purposes of drafting the yearly and half-yearly financial reports;
- at the request of the Director in charge of the internal control and risk management system, the Committee gives its opinion on specific aspects of the process for identifying major company risks;
- examines and gives its opinion on the adoption of rules for transparency and substantial and procedural correctness of transactions with related parties by Saipem S.p.A. and its subsidiaries and of those in which a Director has a direct or indirect interest, in order to ensure the principles of transparency and substantial and procedural correctness; the Committee fulfils any additional duties assigned to it by the Board of Directors, including examining and giving its opinion on certain transactions with reference to the relevant procedures
- in relation to the "Model of Internal Control System over corporate reporting", the Committee examines and expresses an opinion on the report covering the Company's control over financial reporting system prepared by the Officer responsible for Financial Reporting; and examines, evaluates and expresses an opinion on the adequacy of powers and resources assigned to the Officer responsible for Financial Reporting;
- supervises the operations of the Internal Audit Function and those of the Internal Audit Manager so that these are carried out under conditions of independence, due objectivity, competence and professional diligence in accordance with the Code of Ethics of Saipem S.p.A. and examines the periodic reports

concerning the evaluation of the internal control and risk management system and those of particular relevance prepared by the Internal Audit function.

The Audit & Risk Committee has access to information and Company departments as required to carry out its duties. The Audit & Risk Committee can draw on the necessary financial resources, approved by the Board of Directors, to carry out its responsibilities.

The Committee also ensures the information flow towards the Board of Statutory Auditors to enable the prompt exchange of the information necessary for the fulfilment of their respective responsibilities within the common remit and to ensure the orderly performance of business functions.

The Audit & Risk Committee convened 26 times in 2015 (in the previous and current composition), with meetings lasting on average 4 hours and average attendance of 81% of members.

During these meetings, the Audit & Risk Committee:

- evaluated and expressed an opinion on the appointment of the new Internal Audit Manager and the adequacy of his fixed and variable remuneration of the Internal Audit Manager;
- approved the Integrated Audit Plan and the annual 2015 budget of the Internal Audit function;
- reviewed the outcome of audits and progress reports for activities carried out by this function, and expressed, for the portion within its remit, a positive opinion on the adequacy and efficiency of the internal control and risk management system during 2014 and the first half of 2015;
- monitored the autonomy, adequacy, effectiveness and efficiency of the Internal Audit function;
- evaluated the new versions of the Corporate Governance Code and subsequently reviewed its Regulations;
- evaluated information received from the Board of Statutory Auditors and its members vis-à-vis the Internal Control and Risk Management System, with regard to preliminary investigations carried out by the Internal Audit function following the receipt of notifications by whistleblowers;
- reviewed proposals for appointments to the Company's Compliance Committee;
- at the request of the Board of Directors, launched a preliminary inquiry into the Company's process of acquisition and execution of projects;
- reviewed possible transactions with related parties and expressed an opinion on whether they were in the Company's interest, on their expediency and substantial correctness of their terms and conditions;
- meeting with the Company's CEO and the CFO, the Chairman of the Board of Statutory Auditors and the partner from the Independent Auditors to examine the main issues pertaining to the 2014 and 2015 Financial Statements, specifically the most significant accounting principles for the preparation of the 2014 consolidated financial statements, the 2015 half-year report, and reviewing the impairment test procedure;
- studied in depth the analysis and risk management model of the Saipem Group.

All meetings were minuted.

As of the date of the approval of this Report (March 16, 2016), the Committee has already met on 6 occasions.

Corporate Governance Committee

The Board of Directors, at their meeting of May 15, 2015, resolved to set up the *Corporate Governance Committee*, consisting of three members, and tasked with assisting the Board of Directors by fulfilling a preparatory, consultative and advisory role in assessments and decision-making processes with regard to the corporate governance and Corporate Social Responsibility of the Company and the Group.

The Corporate Governance Committee is chaired by Paolo Andrea Colombo. Other members are Francesco Antonio Ferrucci and Stefano Siragusa, replaced by Leone Pattofatto on January 21, 2016. The Committee's Regulations provide that the Board of Statutory Auditors attend Committee meetings.

The *Executive Vice President General Counsel, Company Affairs and Governance* acts as the Secretary of the Committee.

Specifically, the Committee it has the following duties:

- monitoring the development of national and international laws and best practices in relation to corporate governance and updating the Board of Directors in the event of any significant changes thereto;
- checking the compliance of the Company's and the Group's corporate governance system with the law, with the recommendations contained in the Corporate Governance Code and with national and international best practices;
- formulating proposals to the Board of Directors for improvements to the aforementioned corporate governance system, where it deems these to be either necessary or appropriate;
- preparing a Board Review, submitting proposals to the Board of Directors regarding the appointment of a specialist company to carry it out, identifying the issues that should be the subject matter of the review and defining the methods and time frames for the procedure;
- examining in advance the annual report on corporate governance to be published at the same time as the financial statements;
- assessing the suitability of commitments undertaken in relation to themes of Corporate Social Responsibility; examining the general presentation of the sustainability report, the manner in which its contents are conveyed, as well as the completeness and transparency of the information it discloses as regards Corporate Social Responsibility; issuing, in this regard, an advance opinion to the Board of Directors convened to approve said document; monitoring the Company's positioning on the financial markets in relation to sustainability issues, with particular reference to its participation in the main sustainability indices;
- making recommendations to the Board of Directors regarding the maximum number of Board memberships a Company Director may hold on the administration and control bodies of other companies listed on regulated markets, finance, banking and insurance companies or, at any rate, companies of significant dimensions, which can be considered compatible with an efficient performance of his/her duties as a Director of the Company;
- carrying out an analysis to ascertain that Directors meet the requirements of independence and honourability;
- calling the attention of the Board of Directors to any problematic circumstances arising in relation to application of the Director's non-competition obligation pursuant to article 2390 of the Italian Civil Code, in cases where, for reasons of an organisational nature, the Shareholders have authorised a general, advance waiver of said obligation.

In 2015, the Corporate Governance Committee convened on 5 occasions, with meetings lasting an average of 1.40 hours and attended by 93.3% of members.

The Chairman of the Board of Statutory Auditors or a Statutory Auditor attended all meetings, which were all minuted.

During the first meeting, the Committee drafted its Regulations, which was approved by the Board of Directors on June 15, 2015. Subsequently the Committee dealt with the following issues:

- review of the *Governance Model* of subsidiary companies;

- ascertained that the Company’s Corporate Governance system complied with the recommendations of the Corporate Governance Code of listed companies;
- evaluation of the Board Review of the Board of Directors dated February 16, 2015, their Board’s own review and associated proposal;
- analysis and evaluation of Group subsidiaries and branches;
- matrix of authorisation;
- *agreed upon procedures* carried out by the external auditors vis-à-vis *Cluster “A”* companies and associated information flow;
- *sustainability*.

As of the day of this report (March 16, 2016), in 2016 the Committee has already met twice.

Risk management system and internal control over financial reporting

Internal control over financial reporting is a system designed to provide reasonable assurances regarding the reliability, accuracy, fairness and timeliness of financial reporting and the preparation of financial statements for external purposes, in accordance with generally accepted accounting principles.

In accordance with the provisions of the law, the Officer responsible for the Company’s Financial Reporting is responsible for the internal control system with regard to financial reporting and, to this aim, establishes the administrative and accounting procedures necessary for drafting the periodic accounting documentation and any other financial notification; moreover, he/she certifies, together with the CEO, their adequacy and actual implementation during the period to which the aforementioned accounting documents refer, by means of an appropriate report on the annual financial statements, on the half-yearly financial statements and on the consolidated annual financial statements. Pursuant to the aforementioned Article 154-bis, the Board of Directors ascertains whether the AO has appropriate powers and means to perform the assigned duties, in addition to supervising the actual conformity to these procedures.

The ‘Guidelines on internal controls over financial reporting’ were approved by the Board of Directors on October 29, 2007, and later amended by the Management System Guideline ‘Internal Controls over Corporate Reporting - Rules and Procedures’ approved by the Board of Directors on December 13, 2011; on December 14, 2015 the Board of Directors approved the latest update of the Management System Guideline. These documents define rules and methodologies on the design, implementation and maintenance of the internal control system over Saipem’s financial reporting, as well as on the evaluation of the system’s effectiveness.

On January 26, 2015 with the support of the Audit & Risk Committee, the Board of Directors approved an updated version of the MSG – Internal Control and Risk Management System focusing on four main topics:

- the creation of a model for the establishment and implementation of the Internal Control and Risk Management System;
- definition of the model detailing the relation between Saipem S.p.A. and its subsidiaries for the purposes of the Internal Control and Risk Management System;
- definition of the model detailing information flows that allow the Board of Directors of Saipem S.p.A. to evaluate the Internal Control and Risk Management System;
- implementation of the first optimization measures.

These regulations and methodologies have been designed in accordance with the provisions of the aforementioned Article 154-bis of Law No. 58/1998 and of the US law Sarbanes-Oxley Act of 2002 (SOA) which Saipem is required to comply with as a subsidiary of Eni, whose securities are listed on the New York Stock Exchange (NYSE), and based on the CoSo Report ('Internal Control - Integrated Framework' published by the Committee of Sponsoring Organizations of the Treadway Commission – 1992, updated in May 2013). In accordance with international accounting principles, the Management System Guideline 'Internal Controls over Corporate Reporting' applies to Saipem S.p.A. and to all subsidiaries both in Italy and abroad, in consideration of their relevance for the preparation of financial reporting. All controlled companies, regardless of their relevance with respect to Saipem's internal control system, use this Management System Guideline as a reference for the design and implementation of their own internal control system, in order to ensure its adequacy in relation to the size of the company and the nature of its business.

Main features of the risk assessment and internal control systems for the purposes of financial reporting

The internal control system was designed in accordance with two fundamental principles: to extend control to all levels of the organisational structure, consistent with operating responsibilities; and the sustainability of controls in the long term, so as to ensure that the performance of controls is increasingly integrated and compatible with operational requirements.

The design, implementation and maintenance of the internal control system are ensured through: risk assessment, control identification, evaluation and reporting.

The risk assessment process has a top-down approach aimed at identifying those organisational departments, processes and specific activities that bear the risk of unintentional errors and/or fraud, which could have a material impact on the financial statements.

The identification of companies that fall within the scope of the internal controls system is based both on their contribution to the consolidated financial statements (turnover, net debt, net revenues, and profits before taxation) and their relevance in terms of processes and specific risks⁹. Among the companies identified as relevant for the purposes of internal controls, significant processes are then identified based on an analysis of quantitative factors (processes involved in the calculation of items featured in the financial statements which are greater than a certain percentage of profits before taxation), as well as qualitative factors (for instance: complexity of the accounting treatment used for an item; new items or significant changes in business conditions).

Risks are assessed for relevant processes and activities, i.e. potential events whose occurrence could compromise the achievement of the control objectives for financial reporting. These risks are prioritised in terms of their potential impact and likelihood of occurrence, based on quantitative and qualitative parameters and assuming no controls. Saipem carries out a specific assessment on risks of fraud¹⁰, using a methodology based on the 'Anti-fraud Programmes and Controls' included in the Management System Guideline 'Internal Controls over Financial Reporting'.

Controls are defined for the individual company, processes and associated risks deemed relevant. The control system comprises of entity level controls, which operate across the relevant entity (Group/individual company) and process level controls.

⁹ Companies subject to internal controls include those incorporated under and regulated by non-EU member state legislations, for which the provision of Article 36 of Consob Market Regulations apply.

¹⁰ Fraud: for the purposes of the Internal Control System, this refers to any international act or omission that may result in false representation or misleading reporting.

A checklist based on the model adopted in the CoSo Report divides entity level controls into five components. In May 2013, the Committee of Sponsoring Organizations of the Treadway Commission (CoSO) updated the framework for the internal control system (so called “CoSO Framework”) used as reference by Saipem for its own Internal Control over Financial Reporting.

Main amendments made to the CoSO Framework were aimed at:

- implementing changes in business and associated risks (i.e. evolution of IT systems since the first publication of the CoSO Report in 1992);
- identifying criteria for the definition, implementation and evaluation of the control system;
- placing increased attention on targets for operations, compliance and non-financial reporting (sustainability, transparency, integrity).

In the new version of the CoSO Report, the five components of the Internal Control System framework (control environment, risk assessment, control activities, IT systems and information flows, and monitoring activities) are unchanged. However, the new version has detailed 17 principles whose existence and correct implementation are essential to ensure the effective operation of the single components of the internal control system.

The ‘control environment’ component includes all activities relating to the definition of time-frames for the preparation and publication of financial results (interim and annual financial statements and associated financial calendars); the ‘control activities’ component covers organisational and regulatory structures that guarantee the achievement of financial reporting objectives (for instance the review and updating by specific departments of rules relating to the preparation of financial statements and charts of accounts); the component ‘IT systems and information flows’ includes management controls over the consolidation process (Mastro).

Process level controls are divided into specific controls, which are all activities, both manual and automated, aimed at preventing, identifying and correcting errors and irregularities occurring during operating activities; and pervasive controls, which are structural elements of the internal control system aimed at establishing a general environment which promotes the correct execution and control of operational activities (for instance segregation of incompatible duties and general IT controls).

Specific controls are detailed in ad-hoc procedures which define Company processes and the ‘key controls’, whose absence or non-implementation entails the risk of significant error/fraud in the financial statements which cannot be detected by other controls.

Entity Level Controls and Process Level Controls are constantly monitored to evaluate their design and operational effectiveness; this is done by means of ongoing monitoring activities carried out by the managers in charge of the relevant processes/activities, and through separate evaluations carried out by the Internal Audit department in accordance with an audit plan provided by the Chief Financial Officer/Manager responsible for financial reporting¹¹ which defines the audit scope and objectives to be implemented through agreed-upon audit procedures.

Monitoring activities highlight possible deficiencies in the control system; these are evaluated in terms of probability of occurrence and impact on Saipem’s financial reporting and, based on their significance, are classed as ‘deficiencies’, ‘significant weaknesses’ and ‘material weaknesses’.

The findings of monitoring activities regarding the state of the internal control system are periodically reported using IT tools that ensure the traceability of information relating to the adequacy of design and the operational effectiveness of controls.

¹¹ Additional information on the Chief Financial Officer/Manager responsible for preparing financial reports are provided under its dedicated section.

The work of the CFO/Manager responsible for preparing financial reports is supported by various departments within Saipem, whose responsibilities and tasks are set out in the aforementioned Management System Guideline. Specifically, internal controls involve all levels of Saipem's organisation, from operations and business managers to function and administrative managers. In this organisational context, a very important figure of the internal control system is the risk owner, who carries out line monitoring activities, evaluating the design and operating effectiveness of specific and pervasive controls and producing reports on monitoring activities.

Bodies involved in the Internal Control and Risk Management System

Saipem is committed to promoting and maintaining an adequate internal control and risk management system¹² consisting of a set of tools, organisational structures, Company rules and regulations aimed at safeguarding the Company's assets, the efficiency and effectiveness of Company operations, the reliability of financial reporting and compliance with the laws and regulations, of the Articles of Association and Company procedures. The structure of Saipem's internal control system constitutes an integral part of the Company's organisational and management model; it involves – with different roles – administrative bodies, supervisory bodies, control bodies, the management and all personnel, and complies with the principles contained in the Code of Ethics and the Corporate Governance Code, the applicable regulations, the relevant 'CoSO Report' framework and national and international best practices.

The main industrial risks that Saipem faces and is actively monitoring and managing are as follows:

- the HSE risk associated with the potential occurrence of accidents, malfunctions, or failures with injury to persons and damage to the environment and impacts on operating and financial results;
- the country risk;
- the project risk associated with the execution phase of engineering and construction contracts undertaken by the Onshore and Offshore E&C Business Units.

Additional information regarding these risks is illustrated in the Annual Report 2015, under the section 'Risk Management'.

The main responsibilities of the internal control and risk management system are entrusted to Saipem bodies and organs equipped with the necessary powers, tools and structures to pursue its objectives.

Saipem is aware that adequate processes for the identification, measurement, management and monitoring of main risks contributes towards ensuring sound and proper Company management in line with the strategic objectives set out by the Board of Directors. Saipem promotes a preventive approach to risk management whereby the management's decisions and activities aim to reduce the probability of negative events occurring and their associated impact. To this end, Saipem adopts risk management strategies in accordance with the nature and type of risk, such as mainly financial and industrial risks in addition to certain strategic and operational risks associated with the specific nature of the Company's operations.

Saipem is committed to guaranteeing the integrity, transparency, fairness and efficiency of its processes through the adoption of adequate tools, rules and regulations in performing activities and exercising powers, and promotes rules of conduct inspired by the general principles of traceability and segregation of activities. Indeed, Saipem's management – also on the basis of the risks managed – established specific control activities and

¹² The Board of Directors of Saipem S.p.A. on January 26, 2015 updated the Guidelines of the Internal Control and Risk Management System.

monitoring processes aimed at ensuring the internal control system's efficacy and efficiency over time. In line with this approach, Saipem has long been committed to favouring the development and diffusion of awareness towards internal control issues amongst all the Company's personnel. In this context, Saipem – through an appropriate internal regulation and in compliance with the provisions of the Sarbanes-Oxley Act (since it is a subsidiary of Eni, which is listed on the NYSE¹³) – manages the receipt (through easily-accessible information channels), analysis and processing of notifications it receives from its subsidiaries, even in confidential or anonymous form, relating to internal control issues, financial reporting, the Company's administrative responsibility, fraud or other matters (so-called whistle-blowing)¹⁴.

The internal control system is regularly verified and updated, so as to consistently guarantee its ability to monitor the main risk areas of the Company's activities, in relation to the specific nature of the Company's operational Divisions and organisational structure, and in response to possible changes within the legal and regulatory framework.

The Board of Directors

The Board of Directors plays a key role with regard to internal control matters, as it defines the guidelines of the organisational, management and accounting structure of the Company, its main subsidiaries and the Group as a whole; in this context, after analysing the proposals of the Audit & Risk Committee, the Board determines the nature and level of risk commensurate with the Company's strategic objectives and the guidelines for the internal control and risk management system, so as to guarantee that the major risks affecting the Company and its subsidiaries are identified, measured, managed and monitored. In defining these guidelines, the Board applies the sector regulations and takes into due consideration the reference models and national/international best practices. At their meeting of February 13, 2012, the Board of Directors confirmed its role in guiding and evaluating the adequacy of the internal control and risk management system.

Lastly, the Board assesses – on an annual basis and with the assistance of the Audit & Risk Committee – the adequacy, effectiveness and actual functionality of the internal control and risk management system as a whole, in relation to Saipem's characteristics. During the meeting held on March 16, 2016, the Board of Directors was presented with the following reports:

- Report by the Audit & Risk Committee dated March 11, 2016 which encloses the Report by the Executive Vice President for the Internal Audit function: these respectively close by stating “The Committee of Saipem S.p.A., pursuant to item 7.C.2 letter f) of the Corporate Governance Code, found that, on the date of this Report, taking into account the considerations made by the Audit & Risk Committee in force until April 29, 2015 and, as far as we could ascertain, in light of the information received, for activities carried out from May 16, 2015, no circumstance emerged such that caused the Internal Control and Management System to be deemed altogether inadequate” and “no situation emerged as of the date of this Report such that caused the Saipem's Internal Control and Risk Management System to be deemed altogether inadequate”;
- Report by the Officer responsible for the Company's Financial Reporting on the evaluation at December 31, 2015 of the internal controls over financial reporting, which closes by stating: ‘In light of the outcome of monitoring activities, in line with indications of shortcomings, the internal control system over financial

¹³ New York Stock Exchange.

¹⁴ Saipem fully guarantees the protection of persons that report any issues in good faith, and submits the results of the preliminary investigation to the Company's management and to the relevant control and supervisory bodies.

reporting in force as of December 31, 2015, is deemed to be adequate and does not present any relevant (material) shortcomings for the purposes of art. 154 bis of Law 58/98’;

- Report by the Compliance Committee which closes by stating “*Over the period of this Report and as far as they are concerned, at present no elements have emerged which caused Model 231 of Saipem S.p.A. to be deemed inadequate, nor its associated operating procedures*”.

The Board of Directors has noted the opinions expressed in the aforementioned reports and considered the organizational, administrative and accounting structure of the Company to be adequate.

Director responsible for the Internal Control System

In compliance with the provisions contained in the document “Management System Guidelines – Internal Control and Risk Management System”, the Board of Directors appointed the CEO as the officer responsible for maintaining a functional Internal Control System.

The CEO identifies the Company’s main business risks, taking into account the characteristics of the activities carried out by the Issuer and its subsidiaries and periodically reporting his findings for review by the Board of Directors; implements the guidelines for the internal control and risk management system approved by the Board; and is responsible for amending this system to suit the dynamics of the operating conditions and legislative and regulatory frameworks; provides the Board of Directors with the necessary information to fulfil its responsibilities, explaining the system for the identification, monitoring and management of risks, the relevant procedures, standards and Company departments.

The CEO also has the power to request that the Internal Audit function carry out audits on specific operational areas and/or ascertain adherence to internal corporate procedures, reporting their findings to the Chairman of the Board of Directors, the Chairman of the Audit & Risk Committee and the Chairman of the Board of Statutory Auditors. The Internal Audit function also promptly informs the Board of Directors of problems and critical issues that may emerge while fulfilling its responsibilities or that it became aware of, so that the Board may take appropriate action.

The Board of Statutory Auditors

The Board of Statutory Auditors, given its role of ‘Committee for internal control and auditing’ pursuant to Italian Legislative Decree No. 39/2010, supervises:

- compliance with the law and Articles of Association;
- adherence to fair management principles;
- the adequacy of the Company’s organisational structure within each area of competence, of the internal control and risk management system, and the administrative/accounting system, as well as the reliability of the latter to provide a fair reflection of business operations;
- the implementation of corporate governance regulations contained in the Corporate Governance Code issued by Borsa Italiana to which the Company adheres;
- the adequacy of directions given by the Company to its subsidiaries pursuant to Article 114, paragraph 2 of Legislative Decree No. 58/1998;
- the process of financial reporting;
- the efficiency of the internal control, internal audit and risk management systems;
- the legal audit of annual statutory and consolidated accounts;

- the independence of the external auditors, specifically for the provision of non-audit services to the audited company.

Audit & Risk Committee

The Audit & Risk Committee assists the Board of Directors in fulfilling its responsibilities vis-à-vis the internal control and risk management system. Specifically, it assists in setting guidelines for the internal control and risk management system and periodically checks that it is adequate and operates effectively. The Committee oversees Internal Audit activities and reviews any problems emerging from the internal control and risk management system, with the support of the functions, departments and bodies involved in managing and/or ensuring compliance with the system itself. It also supervises activities related to the approval of periodic financial reports.

Executive Vice President responsible for the Internal Audit department

The Executive Vice President of Internal Audit, Luigi Siri, was appointed by the Board of Directors, at their meeting of January 26, 2015, effective from March 10, 2015, having received the favourable opinion of the Audit & Risk Committee, based on the indication of the Chief Executive Officer and having consulted the Compensation & Nomination Committee and the Board of Statutory Auditors. He reports hierarchically to the Board of Directors and, on its behalf, to the Chairman of the Board, except for those duties that fall under the remit of the Audit & Risk Committee and the CEO, in his capacity as Officer responsible for the Internal Control and Risk Management System.

The Board of Directors entrusted the CEO with the task of setting the remuneration of the Internal Audit Executive Vice President, in line with Company policy and at the recommendation of the Compensation & Nomination Committee. The Internal Audit Executive Vice President is responsible for overseeing that the Internal Control and Risk Management system is fully operational and effective; he is not responsible for any operative area. The Audit & Risk Committee oversees the functions of the Internal Audit department vis-à-vis the relevant Board of Directors' responsibilities, monitoring and ensuring that these are fulfilled while maintaining the necessary conditions of independence, autonomy, adequacy, effectiveness and efficiency. The Executive Vice President of Internal Audit reports to the Board of Statutory Auditors in its capacity as 'internal control and audit committee' pursuant to Article 19 of Legislative Decree No. 39/2010.

The Internal Audit Executive Vice President has the powers to enter into contracts for consultancy and professional services, having access to adequate funds (up to €750,000 per transaction for contracts with juridical persons and up to €500,000 per transaction for contracts with physical persons – with no budget restrictions).

On March 11, 2016, the Internal Audit Executive Vice President released the annual report on the Internal Control and Risk Management System (covering the period January 1-December 31, 2015, containing information up to the date of issue) and expressed his opinion on its adequacy based on the monitoring activities carried out during the reference period.

In line with the 'Standards for the Professional Practice of Internal Audit' issued by the 'Institute of Internal Auditors', the Internal Audit department is responsible for providing independent and objective activities aimed at promoting efficiency and effectiveness improving measures in the internal control and risk management system and the Company's organisation.

The Internal Audit department assists the Board of Directors, the Audit & Risk Committee and the Company's management in pursuing the objectives of the organisation through a systematic professional approach, aimed at reviewing and improving processes of control, risk management and corporate governance.

Main responsibilities of the Internal Audit department are: (i) supervise the verification of the Risk Management And Internal Control System operation and appropriateness in Saipem S.p.A. and in its subsidiaries, also supporting the evaluations by relevant company control bodies, through the integrated planning of audit and 231 compliance interventions and the execution of interventions, including the unplanned ones, and the monitoring of implementation of corrective measures; (ii) ensure specialized support to the Management on risk management and internal control fields in order to facilitate the effectiveness, the efficiency and the integration of controls within company processes; (iii) ensure the independent monitoring actions in accordance with internal control models adopted by the Company; (iv) ensure the management of preliminary investigation activities in relation to submissions, also anonymous; (v) ensure the activities related to the assignment of tasks to Independent Auditors and the management of relationships with them; (vi) ensure support to the Audit & Risk Committee of Saipem S.p.A., also for what concerning secretaryship, and to the Board of Statutory Auditors; (vi) maintaining relations and ensuring proper information flows with the Compliance Committee, the Audit & Risk Committee and the Board of Statutory Auditors.

During the year, the Internal Audit function carried out the Audit Plan approved by the Board of Directors and reported its progress to the Audit & Risk Committee, the Board of Statutory Auditors and the Compliance Committee on a quarterly basis.

The Internal Audit Executive Vice President and the Internal Audit department have full access to all data, documents and information required to carry out their duties.

Integrated Risk Management

Board of Directors of Saipem S.p.A. at their meeting of July 30, 2013 approved, with the prior opinion of the Audit & Risk Committee, the 'Integrated Risk Management Principles'. The Integrated Risk Management process (hereafter RMI) includes a systematic and structured risk prevention approach, which through the identification, assessment, management and monitoring process for major risks, contributes to supporting informed decision-making as well as, where possible, transforming the major risks into opportunities and competitive advantage for the Company. Saipem, on the basis of the principles approved by the Board of Directors, developed and implemented the Integrated Risk Management Model, which forms an integral part of the internal control and Risk Management System.

The Integrated Risk Management Model, developed in accordance with international principles and best practices¹⁵, is intended to provide both a comprehensive and summary vision of company risks, to ensure greater consistency in the methods and instruments used to support risk management, and to strengthen the belief at all levels that adequate assessment and management of risks of different natures can influence the achievement of Company objectives and affects its value.

The Model comprises the following elements:

- (i) Risk Governance: the main framework of roles, responsibilities and information flows used in the management of main company risks; for these risks the reference model has roles and responsibilities over three levels of control¹⁶;

¹⁵ Refer to the CoSO Report.

¹⁶The first control level identifies, assesses, evaluates and manages risks within its remit, before identifying and implementing specific treatment measures; the second level monitors main risks to ensure their effective and efficient treatment, it also monitors the

- (ii) Process: all activities through which the various actors identify, measure, represent and monitor main risks which could affect the achievement of Saipem's objectives;
- (iii) Reporting: gathers Risk Assessment findings highlighting main risks in terms of probability and potential impact, and associated treatment plans.

Within the Risk Governance, are the following bodies:

- the *Advisory Committee*, chaired by the CEO and comprised of Saipem's top management, has a consultative role towards the CEO vis-à-vis main topics including the evaluation of main risks faced by the Group and the identification of guidelines for their management;
- as part of the IRM function, reporting directly to the CEO, industrial risk management activities were integrated, by setting up the following functions '*Enterprise Risk Assessment*', '*Enterprise Risk Monitoring and Studies*', '*Onshore Industrial Risk Management*', '*Offshore Industrial Risk Management*', '*Floater Industrial Risk Management*' and '*Drilling Industrial Risk Management, Projects Risks Methodologies and Tools*';
- the IRM functions ensures: i) development and management of the Risk Management System, which is aimed at identifying, analysing, treating and monitoring company risks; ii) the development and continuous improvement of risk management methodologies and tools; iii) the risk assessment process aimed at identifying, evaluating and treating main risks, in conjunction with Saipem functions and business areas; iv) the implementation of industrial risk management methodology and tools for projects, both during the commercial and the execution phase, and more in general for all Saipem initiatives; v) the presentation of results on main risks and the related processing plans to the Advisory Committee and to the Administration, Control and Compliance Bodies.

As part of the IRM function, the Enterprise Risk Management (ERM) process consists of three sub-processes:

- 1) Guidance in Risk Management;
- 2) Risk Assessment & Treatment;
- 3) Monitoring & Reporting.



adequacy and operations of controls against main risks; the third level provides independent and objective assurance on the adequacy and effective operation of the first and second levels of control.

With reference to the ‘guidance for risk management ‘ sub-process, Saipem’s Board of Directors, with the prior opinion of the Audit & Risk Committee, defines the Risk and Internal Control Management System policies so that major risks are correctly identified, as well as correctly measured, managed and monitored. Moreover, Saipem’s Board of Directors, as part of its duties and management role, determines, with the prior opinion of the Audit & Risk Committee, the degree of compatibility of such risks with the strategic objectives of the Company. Accordingly, Saipem’s Board of Directors examines Saipem’s major risks at least every six months, as presented by the CEO, taking into account the characteristics of the Company and specific risk profile of each business area and single process, so as to implement an integrated risk governance policy.

The ‘risk assessment & treatment’ sub-process defines main risks and associated remedial actions. Depending on the strategic objectives/sub-objectives defined by the Business Area, functions/organisational units are identified that are expected to contribute significantly to their achievement of Saipem’s strategic objectives/sub-objectives. Hence, using a top-down approach, the so-called ‘Risk Owners’ are held responsible for identifying and assessing, managing and monitoring the major risks under their responsibility, as well as any related remedial actions.

Specifically, the risk assessment activity aims at identifying and describing the main events that could affect the achievement of business objectives. It assesses risks that have been identified and provides information on which strategies and measures that need to be implemented to address them.

Finally, following the risk assessment process, the most appropriate strategies are defined on how to avoid, accept, reduce and share such risks. The sub-process ‘monitoring & reporting’ ensures the monitoring of major risks and the related treatment plans. It also ensures the availability of information regarding major risk management and monitoring at all Company levels.

Specifically, monitoring of risks allows the: i) identification of the improvement areas and critical issues for the management of major risks; ii) analysis of these risks trend and identification of any additional treatment, also considering the adjustment and development of risk management models; iii) timely identification and communication of new risks. Performance of the monitoring activities is documented to ensure its traceability and checking the availability of information and data obtained, as well as their repeatability.

In order to support the Company’s decision-making process, periodic risk assessment findings and monitoring data are submitted to the Advisory Committee, chaired by the CEO. The latter brings them to the attention of the Board of Directors, so that they may evaluate, at least once a year, the suitability and effectiveness of the Internal Control and Risk Management System based on Saipem’s characteristics, risk profile and compatibility with Company objectives.

As part of the IRM process, during the first half of 2015 an annual risk assessment cycle was launched. The evolution of the internal/external context and Saipem’s strategy formed the basis for the identification, shared by the management, of strategic lines of action and mitigation/management measures for main risks identified by the assessment. The findings of this annual risk assessment cycle were presented to the Board of Directors on July 28, 2015. During the second half 2015, an up-to-date analysis was carried out of Saipem’s major risks and their identification, assessment and remedial criteria reviewed. The findings of this analysis were presented to the Board of Directors on February 24, 2016.

Organizational Model, pursuant to Law Decree 231/2001 / Compliance Committee

On March 22, 2004, the Board of Directors approved for the first time the ‘Organisational, Management and Control model, pursuant to Law No. 231/2001’ and established a Compliance Committee. The Model constitutes a tool for the prevention of criminal liability deriving from the aforementioned law decree 231/2001.

In May 2008, the CEO began the process to align Model 231 to the new corporate organisation, which led to the Board of Directors approving, on July 14, 2008, the “Model 231/2001 (which includes the Code of Ethics)” specific to Saipem S.p.A.

Subsequently, following the introduction of new legislative provisions affecting the implementation of Legislative Decree 231/2001 and the outcome of specific project, Model 231 was updated taking into consideration the new legislative provisions as well as all the internal organizational changes of Saipem S.p.A. The current version of Model 231 of Saipem S.p.A. was approved by the Board of Directors on April 27, 2015. Update activities of Model 231 of Saipem S.p.A. and those for the *Organisation, Management and Control Model* of Saipem Group subsidiaries implementing the most recent legislative provisions are currently ongoing. The Boards of Directors of all subsidiaries have adopted their own Organisational, Management and Control Models, containing the Code of Ethics, and also setting up their own Compliance Committee, a collective body. Furthermore, in order to improve corporate governance and increase efficiency in monitoring the compliance of Saipem group subsidiaries, in 2014 a new risk-based classification system was introduced, dividing companies into the following four clusters: “A”) Highly Strategic subsidiaries; “B”) Strategic subsidiaries and holdings; “C”) Other operational subsidiaries; “D”) Non-operational subsidiaries. Therefore, new rules were introduced regulating Compliance Committees’ composition according to the aforementioned classification. It is noted that the Compliance Committee of Cluster “A” companies also performs the function of the Board of Statutory Auditors.

The Compliance Committee reports on the implementation of Model 231 and/or critical issues that may have arisen and informs on the outcome of activities carried out as part of their remit. The Compliance Committee reports as follows: on an ongoing basis to the CEO, who informs the Board of Directors as part of the duty of disclosure of delegate powers; six-monthly to the Board of Directors, to the Audit & Risk Committee and to the Board of Statutory Auditors; in this case a Six-Monthly Report is produced detailing activities and audits carried out during the period as well as new legislative provisions on matters concerning the administrative liability of legal entities.

In 2015, the Compliance Committee convened on 12 occasions to carry out its role of monitoring the effectiveness and adequacy, as well as the implementation and updating of Model 231, and its function as Guarantor of the Code of Ethics (section IV, paragraph 2.1 of the Code of Ethics). Its activities focused on:

- systematic and periodic monitoring of legal proceedings involving Saipem, requesting regular updates from the relevant Company functions tasked with following their evolution;
- co-ordination with the functions responsible for Internal Control, those supporting the activities of the Committee, and those responsible for critical or relevant processes;
- organizational changes implemented and/or desirable in view of legal changes (new offences) and changes in the Company’s organization;
- management of notifications received, also in its capacity as Guarantor of the Code of Ethics;
- activities involving information, divulgation and training through tailored initiatives.

Anti-corruption procedures

In line with the values that underpin Saipem’s activities, namely its ability to conduct business ethically, with loyalty, fairness, transparency, honesty and integrity and its respect for, and compliance with the laws, the Board of Directors on February 10, 2010 approved the adoption of additional detailed internal procedures aimed at preventing the corruption of both Italian and foreign public officials, by improving the current compliance system. Specifically, the Board adopted the ‘Anti-Corruption Compliance Guideline’ and

associated procedures entitled ‘Intermediary Agreements’ and ‘Joint Venture Agreements - Prevention of Illegal Activity’. These documents refer to international conventions on anti-corruption and are also in line with international best practices. These procedures were approved by the Board of Directors of all Saipem subsidiaries; at associated companies, Saipem’s representatives on the Boards of Directors informed that these anti-corruption procedures had been adopted at corporate level and formally requested that the principles contained therein be adopted through similar ad-hoc procedures.

Furthermore, several years ago Saipem set up an internal “Anti-corruption Unit and Legal Compliance” function, whose role is to deal with anti-corruption to provide Saipem employees with legal support in matters of Anti-corruption.

On April 23, 2012, following a review of internal existing regulation and the issue of new anti-corruption legislation, Saipem’s Board of Directors approved a new procedure, the Management System Guideline ‘Anti-corruption’, which annulled and replaced the ‘Anti-Corruption Compliance Guideline’. On June 30, 2015, Saipem issued the latest revision of the “Anti-corruption” Management System Guideline, rolled out to all Saipem personnel. The Management System Guideline ‘Anti-corruption’ has been adopted by all Saipem subsidiaries through a Board of Directors’ resolution.

As part of the updating process to achieve compliance vis-à-vis anti-corruption legislation, and following the adoption of the new Management System Guideline, the following Standard procedures were also reviewed and updated ‘Intermediary Agreements’¹⁷ and ‘Joint Venture Agreements - Prevention of illegal activity’¹⁸, which detailed the various actions to be put in place during the vetting process, award and management of the aforementioned agreements.

Saipem’s compliance and corporate governance systems in terms of anti-corruption regulations also provides for additional Anti-Corruption Regulatory instruments relating to areas and subjects that are particularly prone to the risk of corruption. Specifically, the following procedures were issued and/or revisited:

- “MSG – Legal” ;
- “Standard contractual clauses concerning the administrative liability of legal entities for unlawful administrative acts deriving from offences”;
- “Authorisation and control of sales or acquisitions of participations, companies or company branches”;
- “Management of Relations with Local Authorities on Tax Matters and of Foreign Tax Disputes”;
- “Third-party consultancy, supply and professional services”;
- “MSG - Procurement”;
- “Counterparty Risk Evaluation”;
- “Selection and appointment of Brokers and Insurance Companies”;
- “MSG – Human Resources” ;
- “Labour Disputes in Italy: appointment of external legal representatives and management of disputes”;
- “Missions of management personnel”;
- “Missions of non-management personnel”;
- “Charity/Donations and Sponsorship”;
- “General accounting”;
- “MSG - Company Affairs”;
- “MSG – External Communication”;

¹⁷ Revision 4 issued on September 5, 2012.

¹⁸ Revision 2 issued on July 31, 2012.

- “MSG – ICT Process”;
- “MSG – Investor Relations”;
- “MSG – Public Affairs”;
- “MSG – Integrated Risk Management”;
- “Gifts”;
- “Entertainment Expenses”;
- “Assigning and Managing Appointments for Notarial Services”;
- “MSG – Identity Management”;
- “MSG – Services to Saipem Personnel”;
- “Sustainability Stakeholders Engagement and Community Relations”;
- “Managing relations with public administration and supply management processes”;
- “Management of Vendor Feedback and Vendor offences”;
- “Whistle-blowing Reports received (including anonymously) by Saipem S.p.A. and by its Subsidiaries in Italy and Abroad”.

Some of these procedures are currently being reviewed in light of the principles and updates contained in the aforementioned Anti-corruption Management System Guideline.

External Auditors

The legal audit of Saipem’s financial statements is entrusted – pursuant to the law – to an External Audit Company registered in the Consob special registry and appointed by the Shareholders’ Meeting, upon a reasoned proposal by the Board of Statutory Auditors. The current external auditors are Reconta Ernst & Young S.p.A., whose mandate was approved by the Shareholders’ Meeting of April 26, 2010, for the financial years 2010-2018.

The financial statements of subsidiary companies are also subject to audit; these are carried out mostly by Ernst & Young.

With regard to the opinion on the consolidated financial statements, Reconta Ernst & Young is responsible for the audits carried out at subsidiary companies by other external auditors, which are immaterial in terms of consolidated assets and turnover.

The external auditors have full access to data, documents and information required to carry out their duties.

Officer responsible for the Company’s Financial Reporting

Pursuant to Article 21 of Articles of Association and Article 154-bis of Law No. 58/1998, the Board of Directors, having heard the opinion of the Board of Statutory Auditors, having consulted the Compensation & Nomination Committee and the Audit & Risk Committee, and at the Chairman’s proposal and in agreement with the CEO, appoints an Officer responsible for the Company’s Financial Reporting, selected from individuals who have carried out the following for at least three years:

- a) administrative and control activities in a managerial capacity at listed companies with a share capital exceeding €1 million, in Italy, in other European Union or OCSE member states; or
- b) legal audits at the companies, under letter a); or
- c) having had a professional position in the field of or a university professor teaching finances or accounting; or
- d) a management position at public or private companies with financial, accounting or control responsibilities.

The Board of Directors ensures that the Officer responsible for the Company's Financial Reporting is granted adequate powers and has sufficient means to carry out his/her duties; the Board also ascertains that the administrative and accounting procedures are adhered to. The Officer responsible for the Company's Financial Reporting has the power to sign contracts, should he deem it necessary, for the provision of intellectual work and professional services up to the sum of €750,000 per contract, without budget restrictions.

The Board of Directors at their meeting of December 6, 2013, having received the positive opinion of the Board of Statutory Auditors and positive assessment from the Compensation & Nomination Committee, appointed Alberto Chiarini, Saipem's Chief Financial Officer (CFO), as the Officer responsible for the Company's Financial Reporting, pursuant to Article 154-bis of Law No. 58/1998. The Board of Directors ascertained that Mr. Chiarini met the criteria of professional competence and good repute required by the Articles of Association, which are reviewed annually.

Coordination of bodies involved in the Internal Control and Risk Management System

As stated earlier in this Report, the Board of Directors appointed the CEO as the person responsible to set up, maintain and co-ordinate an efficient internal control system, and ensure its constant adequacy and efficiency with the support of the Audit & Risk Committee and the Executive Vice President for Internal Audit. The CEO implements the guidelines approved by the Board of Directors on matters concerning the Internal Control and Risk Management System.

The CEO has the power to request that the Internal Audit department carry out audits on specific areas of operation, and ensure adherence to internal regulations and procedures involving Company transactions and operations; of this, he notifies the Chairman of the Board of Directors, the Chairman of the Audit & Risk Committee and the Chairman of the Board of Statutory Auditors; the CEO reports promptly to the Audit & Risk Committee (or the Board of Directors) any critical issues or problems that emerged during this activity or that he has become aware of, so that the Audit & Risk Committee (or the Board of Directors) may take appropriate action.

The Executive Vice President for Internal Audit and the Audit & Risk Committee, made up of three non-executive independent members of the Board of Directors, have a pivotal role in the coordination of bodies involved in the Internal Control and Risk Management System. Specifically, meetings of the Audit & Risk Committees are attended by the Chairman of the Board of Statutory Auditors, or other Statutory Auditor designated by the latter. The CEO may also attend these meetings. The Executive Vice President for Internal Audit acts as the Secretary and supports the Audit & Risk Committee in performing its duties.

To ensure that information is sent to the Audit & Risk Committee and to allow it to carry out suitable preparatory activities and report directly to the Board of Directors:

- periodic meetings (at least half-yearly) are held with Saipem's CEO, COO and Executive Committee; the CEO promptly notifies the Audit & Risk Committee of any critical issues or problems that he may become aware of during his supervision of the Internal Control and Risk Management System;
- the CFO (Officer responsible for the Company's Financial Reporting) participates in all meetings;
- meetings are held with the COO and Saipem's management, including the CFO, during which information is provided regarding: (i) measures undertaken to address issues which have emerged from monitoring activities (carried out by the Management and the Internal Audit department), the status of progress for improvement measures, if any, implemented to the Internal Control and Risk Management System; (ii) specific aspects of the Internal Control and Risk Management System for relevant areas.

The Audit & Risk Committee also ensures that information is promptly shared with the Board of Statutory Auditors so that work within their respective remit can be attended to and common work can be coordinated properly.

The Audit & Risk Committee is informed of the implementation of Reports issued pursuant to Compliance and/or Governance Models, adopted on the basis of applicable laws and regulations. It also receives: risk reports, certificates attesting to the adequacy of the Regulation System issued by the Process Owners, reviews of the HSE model, and other documents provided for by the Company's procedures, in addition to the overall evaluation of the Internal Control and Risk Management System from the Internal Audit department.

All information required by the Board of Directors to assess the Internal Control and Risk Management System is reviewed by the Audit & Risk Committee of Saipem S.p.A., which carries out all preparatory activities and reports directly to the Board of Directors of Saipem S.p.A., as part of its periodic reporting, by issuing specific opinions. All information is also shared with the Board of Statutory Auditors of Saipem S.p.A. so that they can carry out the responsibilities afforded by law in matters of Internal Control and Risk Management System.

The Audit & Risk Committee reports to the Board of Directors, at least half-yearly, regarding the work performed and the adequacy of the Internal Control and Risk Management System.

The main duties of the Internal Audit department include the assignment of duties to and maintaining relations with the external auditors; and ensuring that information is shared with the Compliance Committee, the Audit & Risk Committee and the Board of Statutory Auditors. The Audit & Risk Committee oversees the Internal Audit department.

Directors' and Statutory Auditors' interests and transactions with related parties

In order to implement Article 2391-bis of the Italian Civil Code, Consob approved a Regulation on March 12, 2010 which obliged listed companies to adopt procedures not later than December 1, 2010, aimed at guaranteeing full transparency as well as procedural and effective fairness for transactions with related parties.

Also in light of the recommendations of the Corporate Governance Code issued by Borsa Italiana S.p.A., on November 24, 2010, Saipem's Board of Directors unanimously approved the procedure 'Interests held by Board Directors and Statutory Auditors and transactions with related parties', effective from January 1, 2011. This procedure supersedes the procedure 'Code of Practice Regulating Operations with Related Parties' approved by the Board of Directors on July 7, 2003.

The Audit & Risk Committee, comprised wholly of independent Directors pursuant to the Corporate Governance Code and the aforementioned Regulation, has expressed a preliminary opinion in favour of the adoption of this procedure.

This largely reflects the definitions and provisions of Consob Regulation: transactions with related parties have been divided into transactions of greater importance, transactions of lesser importance, and exempted transactions, with different procedures to be followed, based on the type and relevance of transactions.

Specifically, the Board of Directors reserves the right to approve transactions of greater importance, subject to the Audit & Risk Committee being in favour, having been involved in negotiations and having received complete and timely information. The Audit & Risk Committee expresses a reasoned, albeit not binding

opinion on the interest the Company may have in a transaction and the expedience and substantial fairness of its terms.

The Board of Directors, having consulted the Audit & Risk Committee, has also identified Transactions of smaller amounts, which are excluded from the procedure, as well as other types of transactions, which, due to the nature of the revenue and/or cost, are deemed to be Regular Transactions as they were completed in market-equivalent or standard terms and therefore are excluded from the procedure even if they are not of lesser amounts.

This procedure attributes a major role to independent Directors, as members of the Audit & Risk Committee and the Compensation & Nomination Committee, in matters of remuneration.

Also in terms of the duty of information to the public, Saipem's procedure reflects the provisions of Consob Regulation in full.

On March 13, 2012, the Board of Directors issued Revision 2¹⁹ of the procedure by way of updating it after its first year of application and taking into account the ensuing operational requirements.

The new procedure defines timeframes, responsibilities and verification tools by the interested resources, in addition to the flows of information required for the correct application of the procedure.

A specific discipline was added for those transactions in which a Director of Statutory Auditor holds a vested interest, on their own or third party's behalf.

Specifically, it details the checks and evaluations required in the preparatory and approval stages, as well as the reasons for the transactions involving a vested interest by a Director or a Statutory Auditor, notwithstanding the requirement of a reasoned opinion issued by the Audit & Risk Committee, when a transaction requires approval by the Board of Directors.

Board Directors, Statutory Auditors, General Managers and senior managers with strategic responsibilities declare every six months all transactions they may have entered into involving Saipem S.p.A. and/or its subsidiaries, either directly or through a third party, in compliance with IAS 24. They also declare potential significant relations for the purposes of the identification of related parties (for example, close relatives).

Amounts of transactions of a commercial, financial or other nature with related parties, a description of the most relevant types of transaction, their incidence on the balance sheet, income statement and financial flows are detailed in the consolidated and statutory financial statements of Saipem S.p.A..

Board Directors and Statutory Auditors declare, every six months, or sooner in the event of changes, any potential interests they may hold towards the Company and the Group.

In 2015, the CEO provided periodical updates to the Board of Directors and the Board of Statutory Auditors of transactions entered into with related parties.

By the end of 2016 a review of the current procedure is planned to improve the access to the database, identify exclusion thresholds, past transactions, and take into consideration the joint control exercised by Eni and Fondo Strategico Italiano.

¹⁹ The procedure 'Transactions involving interests by Board Directors and Statutory Auditors and transactions with related parties' is published on Saipem's website www.saipem.com under the section 'Governance'.

The Board of Statutory Auditors²⁰

Composition, appointment and functions of the Board of Statutory Auditors

The Board of Statutory Auditors, pursuant to Article 149 of Law Decree No. 58/1998, monitors: compliance with 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's position; the implementation of corporate governance regulations contained in the Codes of Practice issued by Stock Exchange management companies and/or professional associations, which the Company has made a public declaration to adhere to; the adequacy of directions given by the Company to its subsidiaries. The Board of Statutory Auditors, in its capacity as the Committee for Internal Audit and the Audit of accounts, carries out the duties provided in Article 19 of Legislative Decree No. 39/2010. Pursuant to the latter, the Board of Statutory Auditors submits a documented proposal to the Shareholders' Meeting concerning the granting of auditing responsibilities as well as remuneration for the external auditors, and, in case of revocation of the external auditors' mandate by the Shareholders' Meeting, must be consulted in advance. Whenever a Statutory Auditor has a vested interest, on his/her own or a third party's behalf, in a certain transaction entered into by the Issuer, they shall promptly inform the other Statutory Auditors and the Chairman of the Board of Directors detailing the nature, terms, origin and size of their interests. As part of their remit, Statutory Auditors may ask the Internal Audit department to audit specific areas of business and/or Company operations. The Board of Statutory Auditors and the Audit & Risk Committee exchange can rely on a timely and prompt exchange of information they deem relevant in the fulfilment of their duties.

The Board comprises three Statutory Auditors and two Alternate Auditors, appointed by the Shareholders on May 6, 2014. The term of office for Statutory Auditors is three years and will expire at the Shareholders' Meeting called to approve the Financial Statements at December 31, 2016.

Pursuant to Article 27 of the Articles of Association, Statutory Auditors are appointed from voting lists; one Statutory Auditor and one Alternate Auditor are appointed from the list put forward by the minority Shareholders. The filing, presentation and publication of lists are governed by Article 19 of Articles of Association and Consob regulations vis-à-vis appointments of management and control bodies, the same regulations governing the appointment of members of the Board of Directors.

Lists are structured in two sections: the first comprises candidates for the office of Statutory Auditor, the second candidates for the office of Alternate Auditor. Lists that, considering both sections, present three or more candidates for the appointment of the majority of members to the Board of Statutory Auditors, must include, in the list of Statutory Auditors, candidates of both genders in order to comply with current gender balance legislation. Should the Alternate Auditors' section feature two candidates, these will have to be of different genders.

Two Statutory Auditors and one Alternate Auditor are selected from the list which receives the majority of votes. The remaining Statutory Auditor and Alternate Auditor are selected by allocating each candidate a ratio, obtained by dividing the votes received by each list by the progressive number of Statutory Auditors still to be appointed. In the event that more than one candidate obtains the same ratio, the candidate on the list with no

²⁰ The professional résumés of Statutory Auditors are published on Saipem's website www.saipem.com under the section 'Governance'.

Auditors yet appointed or on the list with the lowest number of Auditors appointed will be elected. If these lists have yet to elect a Statutory Auditor, or if they have already appointed an equal number of Auditors, the candidate on the list with the highest number of votes will be appointed. In the case of another tie, the Shareholders' Meeting will vote again, but only amongst the candidates under ballot, and the candidate who receives the majority of votes will be elected.

The Shareholders' Meeting appoints the Chairman of the Board of Statutory Auditors from the list put forward by the minority Shareholders.

Should the procedure for the appointment of Statutory Auditors fail to meet the requirements of regulations on gender balance, the ratio of votes is calculated for each candidate taken from the Statutory Auditors sections of the various lists, by dividing the votes received by each list by the order number of each candidate. The candidate of the most represented gender with the lowest ratio amongst candidates from all lists is replaced, by the candidate from the least represented gender with the higher order number in the same Statutory Auditors section of the list of the replaced candidate, or in the Alternate Auditors section of the same list of the replaced candidate (in this case, the latter replaces as Alternate Auditor who took his place). If by doing so the gender balance legislation is still not met, the candidate is replaced by a person appointed by the Shareholders' Meeting through a majority vote as required by law, so as to ensure that the composition of the Board of Statutory Auditors is compliant with the law and the Articles of Association. If candidates from different lists obtained the same ratio, the candidate from the list which has appointed the greater number of Statutory Auditors is replaced, or the candidate from the list that obtained the fewest votes, or, if votes are equal, the candidate who obtains the fewest votes by the Shareholders' Meeting in an ad-hoc ballot.

If, for any reason, Statutory Auditors cannot be appointed by the aforementioned procedures, the Shareholders' Meeting shall see to the appointments through a majority vote as required by law, so as to ensure that the composition of the Board of Statutory Auditors is compliant with the law and the Articles of Association.

In the event of the replacement of an Auditor from the list that has received the majority of votes, the Alternate Auditor from the same list fills the vacant position; in the event of a replacement of an Auditor from other lists, the Alternate Auditor from those lists fills the vacant position. If the replacement fails to meet gender balance requirements, the Shareholders' Meeting must be called promptly to ensure compliance with this legislation.

This voting procedure from lists is only applicable whenever the entire Board of Statutory Auditors is replaced.

Pursuant to Article 144-quater, letter b) of Issuers' Regulations, lists may be presented by Shareholders who, individually or with others, hold shares amounting at least to 1% of the share capital.

Lists enclose declarations by each candidate stating that they meet the integrity and independence requirements (see Article 148, paragraph 3 of Law No. 58/1998) provided by law alongside their professional résumé.

The Shareholders' Meeting convened on May 6, 2014, appointed a new Board of Auditors comprising the Chairman Mario Busso, the Statutory Auditors Anna Gervasoni and Massimo Invernizzi and the Alternate Auditors Elisabetta Maria Corvi (who resigned on January 14, 2015) and Paolo Domenico Sfameni. On April

30, 2015, the Shareholders' meeting reconstituted the Board of Statutory Auditors by appointing Giulia De Martino as Alternate Auditor.

On October 30, 2015, Anna Gervasoni resigned from the office of Statutory Auditor due to "professional and academic commitments". At their meeting of December 2, 2015, the Shareholders' meeting reconstituted the Board of Statutory Auditors by appointing Giulia De Martino to the office of Statutory Auditor and Maria Francesca Talamonti to the office of Alternate Auditor.

The personal and professional résumés of Statutory Auditors are published on www.saipem.com under the section 'Governance'.

Article 27 of the Articles of Association states that Statutory Auditors must be in possession of the requisites as per current legislation, in particular Decree No. 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 of Saipem's Statutory Auditors are members of the Register of Certified Auditors.

In compliance with the provision of the Corporate Governance Code aimed at ensuring that Statutory Auditors meet the independence requirements following their appointment (a similar provision also applies to Board Directors), the Board of Statutory Auditors assesses annually, through their own declarations, that all its members meet the independence requirements.

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

For this purpose, amongst others, the Board of Statutory Auditors has a Secretary. This role is held by Simone Negri, a Saipem senior manager.

The Board of Statutory Auditors ensured the independence of the external auditors, ascertaining that they met all legal requirements and evaluating the nature and size of services other than accounting audits they provided to the Company and its subsidiaries directly, or through associated companies.

The Board of Statutory Auditors liaised closely with the Internal Audit department and the Audit & Risk Committee, attending Committee meetings and carrying out various joint meetings, some of which were also attended by the Executive Vice President for Internal Audit.

The Chairman of the Board of Statutory Auditors attends the meetings of the Corporate Governance Committee, set up with a resolution by the Board of Directors on May 15, 2015, and of the Compensation & Nomination Committee.

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

The Board of Statutory Auditors of Saipem S.p.A. convened 31 times during 2015, with meetings lasting on average 4.38 hours. Meetings were attended by an average of 95% of Statutory Auditors, while Board meetings were attended by an average of 97.22% of Statutory Auditors.

In 2016, as of the date of this report, the Board of Statutory Auditors has already met on 10 occasions.

In 2015 the Board of Statutory Auditors carried out numerous specific audit and control activities relating to the following areas of: (i) compliance with the law and the deed of incorporation, (ii) compliance with the principles of good administration, (iii) adequacy of the organisational structure, of the internal accounting system and the administrative/accounting system, as well as the reliability of the latter to provide a fair reflection of business operations, (iv) methods of implementation of corporate governance regulations adopted by the Company; (v) the adequacy of directions given by the Company to its subsidiaries pursuant to Article 114, paragraph 2 of Legislative Decree No. 58/1998; (vi) concerning the share capital increase approved by the Shareholders' meeting on December 2, 2015, the Board of Statutory Auditors supervised the progress of the operation and the correct development of the decision-making process by Directors, ensuring, pursuant to art. 95 of Leg. Decree 58/98 and art. 3 of Issuers' Regulations, that the Information Document of the offer was fully compliant, in terms of contents, form and structure, to the applicable legislation. In accordance with the Corporate Governance Code, the Board of Statutory Auditors has also ascertained that the operation complied with the business object of the Company and the strategies put forward by the Board of Directors.

Main activities carried out by the Board of Statutory Auditors in 2014 included:

- approval of the Annual Audit Plan;
- monitoring of the Integrated Risk Assessment System;
- review and evaluation of results of Internal Audit activities;
- meetings with the Company's top financial managers, the partner of the external Auditors to review the main items of the 2014 and 2015 financial statements and interim reports;
- periodic exchange of information with the external Auditors;
- exchange of information with Eni's Board of Statutory Auditors;
- monitoring the development of the Internal Audit operating module;
- acknowledging the measures implemented by the Company to comply with Law Decree No. 231/2001, paying particular attention to the compliance, training and analysis of sensitive processes;
- in-depth review of the risk assessment and management within the Saipem Group and monitoring the implementation of Integrated Risk Management activities;
- review of the periodic reports by the Compliance Committees of main strategic subsidiaries;
- monitoring the organisational structure and power allocation at the basis of the decision-making process within the Saipem Group;
- monitoring the measures undertaken by the Company to constantly update accounting processes in accordance with IFRS;
- checking that the Internal Audit Executive Vice President continues to meet the integrity, professionalism, competence and independence requirements;
- analysis, at least quarterly, of reports of issues, even in confidential or anonymous form (whistle-blowing), that are received by Saipem, assessing their contents and proposed corrective measures;
- monitoring the actual application of the procedure adopted by the Company on related parties' transactions;

- driving and monitoring initiatives launched by the Company relating to the corporate governance of main non-Italian subsidiaries, audited by the Corporate Governance Committee;
- constant monitoring of additional initiatives launched by the Company related to the corporate governance and internal control of the Saipem Group;
- maintaining an adequate flow of information with Consob vis-à-vis the controls put in place by the Board of Statutory Auditors;
- constant monitoring of ongoing judicial proceedings and internal audits put in place by the Company, with the support of external consultants, where necessary²¹;
- concerning the share capital increase approved by the Shareholders' meeting on December 2, 2015, the Board of Statutory Auditors supervised the progress of the operation and the correct development of the decision-making process by Directors, ensuring an adequate flow of information between the Company and the Supervisory Authority and the market. It also remained in constant communication with the relevant corporate functions and the external auditors, acknowledging the statements issued by the latter. The Board of Statutory Auditors also took note of the opinion issued by the Audit & Risk Committee on October 26, 2015 regarding the repayment of the financial debt owed to the parent company Eni S.p.A. Finally, the Board of Statutory Auditors acknowledged Consob notifications dated January 22, 2016 approving the Registration Document relating to the Issuer Saipem S.p.A., the Summary Note of the Offer and approval to trading ordinary shares of Saipem S.p.A. on the Computerised Share Trading Market managed by Borsa Italiana S.p.A.

Pursuant to Article 27 of the Articles of Association, Statutory Auditors may hold positions as members of administrative and control bodies at other companies; however, these are limited by Consob's Issuers' Regulations, Article 144-terdecies. In any case, pursuant to the aforementioned regulation, candidates already holding the office of Statutory Auditor at five listed companies may not be appointed as Auditors, and if elected, shall forfeit their office.

Anna Gervasoni, Massimo Invernizzi (Statutory Auditors) and Elisabetta Corvi (Alternate Auditor) have been nominated by Eni S.p.A., obtaining 44.22% of voting capital; Mario Busso (Chairman) and Paolo Sfameni (Alternate Auditor) had been nominated by institutional investors, obtaining 28.75% of voting capital.

Based on information received, we list hereafter the other offices (as Board Directors or Statutory Auditor) held by Saipem's Statutory Auditors in other companies.

MARIO BUSSO (Chairman)

Board Director of FCA Bank S.p.A.; Chairman of the Board of Statutory Auditors of ERSEL Sim S.p.A. and Tubiflex S.p.A.; Chairman of the College of Auditors of IOR - Istituto Opere Religione – Vatican; Statutory Auditor of ERSEL Investimenti S.p.A., Permico S.p.A., Millbo S.p.A. and Quasar S.p.A.

MASSIMO INVERNIZZI (Statutory Auditor)

Board Director of Itaca Comunicazione S.p.A.; Chairman of the Board of Statutory Auditors of Cinemeccanica S.p.A. e Industria e Innovazione S.p.A. (listed company); Statutory Auditor of Montezemolo & Partners SGR

²¹ See the 'Directors' Report' in the Annual Report.

S.p.A., Lombarda Vita S.p.A. and Rosetti Marino S.p.A. (listed company²²); Liquidator of Immobiliare di Pietra S.r.l. in liquidation and Pomposi S.r.l. in liquidation.

GIULIA DE MARTINO (Statutory Auditor)

Board Director of Elettra Investimenti S.p.A. (listed company); Chairman of the Board of Statutory Auditors of Novasim S.p.A. in liquidation; Statutory Auditor of Eni Trading & Shipping S.p.A., Raffinerie di Gela S.p.A., Agi S.p.A., Eniadfin S.p.A., E-geos S.p.A., Anas International Enterprise S.p.A., Cav S.p.A., Pirelli Design S.p.A., Autostrade del Molise S.p.A., Armònia SGR S.p.A., Quadrilatero Marche-Umbria S.p.A., and Partenopea Finanza di Progetto S.c.p.A.

PAOLO DOMENICO SFAMENI (Alternate Auditor)

Board Director of Investitori SGR S.p.A., Allianz Bank Financial Advisors S.p.A., Italmobiliare S.p.A. (listed company); Statutory Auditor of Pirelli Tyre S.p.A and La Fenice S.r.l.

MARIA FRANCESCA TALAMONTI (Alternate Auditor)

Board Director of Elettra Investimenti S.p.A. (listed company); Chairman of the Board of Statutory Auditors of Acam Clienti S.p.A.; Statutory Auditor of Costiero Gas Livorno S.p.A., Driver Servizi Retail S.p.A., RomAirport S.p.A., Servizi Aerei S.p.A., Selex Sistemi Integrati S.p.A., and Raffinerie di Milazzo S.c.p.A.

Investor relations

Saipem has adopted a policy of information supporting constant dialogue with 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 for investors, the market and the media is disseminated via press releases, and periodic 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 maintained by the Investor Relations Manager, Vincenzo Maselli Campagna. Information of interest is posted on Saipem's website (www.saipem.com) or can be requested via email from: investor.relations@saipem.com.

Relations with Shareholders are maintained by the Head of the Secretary's Office, Michele Nebbioli. Information of interest to Shareholders is posted on Saipem's website or can be requested via email from: segreteria.societaria@saipem.com.

The Institutional Relations and Communication department, headed by Camilla Alessandra Palladino, reports directly to the CEO and is responsible for defining strategies and guidelines for external communication, developing the Company's image and maintaining relations with institutional investors at both national and international level.

Every January, Saipem discloses to the public and publishes on its website its financial calendar detailing the main financial events for the current year.

Information pertaining to periodic financial reports, relevant operations and newly-issued corporate governance procedures, is disclosed immediately to the public also via publication on the website www.saipem.com, where all press releases and Shareholders' notices are also posted.

²² Company listed on AIM Italia / Mercato Alternativo del Capitale (MAC).

Saipem's commitment to providing investors and markets with financial information that is accurate, comprehensive, transparent, timely and non-selective is stated in the Code of Ethics, 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 December 13, 2010, the Board of Directors approved amendments to the Articles of Association to comply with new legislation relating to Shareholders' rights (Law Decree No. 27 of January 27, 2010) and legal audit of accounts (Law Decree No. 39 of January 27, 2010). Further amendments to the Articles of Association on which the Company must express a choice were approved by the Extraordinary Shareholders' Meeting convened on May 4, 2011. At their meeting of March 13, 2013, the Board of Directors amended the Articles of Association, specifically Articles 11, 13 and 19, to reflect the new provisions of Law Decree dated June 18, 2012 (so-called 'Corrective Decree') which in turn amended Law Decree No. 27 of January 27, 2010 (implementing EU Directive on 'Shareholders' Rights'). Please refer to the section hereafter 'The Shareholders' Meeting'.

The documentation relating to the General Shareholders' Meeting of April 30, 2015 and the Extraordinary and Ordinary Shareholders' meeting of December 2, 2015 was posted on the Company's website www.saipem.com as well as information on the share capital and the relevant directions on how to exercise the following Shareholders' rights: the right to submit questions prior to the meeting, adding items to the meeting agenda, voting by proxy utilising either the appropriate section of the Company's website or delegating the designated representative, methods for the presentation of lists for the appointment of the Management Bodies.

Questions received prior to the Shareholders' Meeting of April 30, 2015 were answered during the meeting.

No questions were received prior to the Shareholders' Meeting of December 2, 2015.

The Shareholders' Meeting

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

The functions of the ordinary Shareholders' Meeting are regulated by Article 2364 of the Italian Civil Code, with the exception of those matters for which the Board of Directors is responsible in accordance with Article 20 of the Articles of Association.

The Shareholders' Meeting of January 30, 2001 approved the Shareholders' Meetings regulations (posted on Saipem's website www.saipem.com) to ensure smooth and effective meetings proceedings and, specifically, to safeguard every Shareholder's right to intervene on items under discussion.

The Extraordinary Shareholders' Meeting of April 30, 2007 had approved the amendments to the Company's Articles of Association in order to comply with the provisions of Law No. 262/2005 on protection of investors and had granted the Board of Directors the power to approve amendments to the Articles of Association if required by law.

On December 13, 2010, the Board of Directors approved amendments to the Articles of Association in compliance with the provisions of law in terms of Shareholders' rights (Law Decree No. 27 of January 27,

2010). At the proposal of the Board of Directors dated March 8, 2011, the Extraordinary Shareholders' Meeting, on May 4, 2011, also approved amendments to the Articles of Association of a non-normative nature, which, pursuant to Law Decree No. 27 of January 27, 2010 ("Shareholders' Rights"), are at the Company's discretion.

Specifically, these provide that the Annual General Meeting be called through publication on the Company's website in addition to all other methods set forth in Consob Regulations and in compliance with the law and current legislation.

The legitimate attendance at Shareholders' meetings and the exercise of voting rights is confirmed by a statement to the Company from the accredited intermediary in compliance with his/her accounting records, on behalf of the Shareholder entitled to vote.

This statement is based on the intermediary accounting records registered at the end of the seventh trading day prior to the date of the Shareholders' Meeting on first call. Credit and debit records after this deadline shall not be considered for the purpose of legitimising the exercise of voting rights at the Shareholders' Meeting. Statements issued by the intermediaries must reach the Company by the end of the third trading day prior to the Shareholders' Meeting on first call.

Shareholders who, solely or jointly, represent at least one fortieth of the share capital may request, within ten days from publication of the calling of the Shareholders' Meeting, detailing items they wish to be added to the meeting agenda.

Shareholders entitled to vote may delegate others to represent them at the Shareholders' Meeting pursuant to the law. To do so, they must present a request either in writing or electronically. The electronic proxy can be filled in on Saipem's website and sent via certified e-mail, under the terms advised in the notice of Shareholders' Meeting and in compliance with current legislation and regulations. Pursuant to Article 135-undecies of Law No. 59/1998, for the 2015 General Shareholders' Meeting, the Company appointed Mr. Dario Trevisan as Shareholders' Representative, whom the Shareholders may confer a proxy free of charge with voting instructions on one or more proposals on the agenda.

At the proposal of the Board of Directors of March 13, 2012, the Extraordinary Shareholders' Meeting of April 27, 2012 approved amendments to the Company's Articles of Association required to comply with new gender regulations aimed at ensuring gender balance in Boards of Directors and Control Bodies of listed companies (Law No. 120 of July 12, 2011, and Consob Regulation No. 18098 of February 8, 2012). These amendments meant that articles 19 and 27 were modified and a new article 31 added.

At their meeting of March 13, 2013, the Board of Directors amended the Articles of Association, specifically Articles 11, 13 and 19, to reflect the new provisions of Law Decree dated June 18, 2012 (so-called 'Corrective Decree') which in turn amended Law Decree No. 27 of January 27, 2010 (implementing EU Directive on 'Shareholders' Rights'). Now Shareholders representing at least one fortieth of the share capital may submit resolution proposals on items already on the General Shareholders' Meeting agenda, under the same terms and deadlines currently used for presenting additions to the meeting agenda (Article 126-bis of Law No. 58/1998). These amendments are of a purely normative nature and can be approved by the Board of Directors pursuant to Article 20 of the Articles of Association and Article 2365, paragraph 2, of the Italian Civil Code.

The Extraordinary Shareholders' Meeting held on December 2, 2015 resolved to eliminate the par value of ordinary and savings shares, and amend articles 5 and 6 of the Articles of Association accordingly. The meeting also approved the proposal to increase the share capital for cash, in one or more tranches, for a

maximum overall amount (including share premium, if any) of €3,500 million, through the issue of ordinary shares with the same characteristics and entitlement as ordinary shares of Saipem S.p.A. currently in circulation, with no par value, to be offered in option to current holders of Saipem ordinary or savings shares pro-rata to the number of shares they own, pursuant to art. 2441, paragraph 1, of the Italian Civil Code, and amend art. 5 of the Articles of Association accordingly.

At the Shareholders' Meeting called to approve the financial statements, the Board of Directors reports on activities that occurred during the year, both through reports in the financial statements, made public prior to the meeting through methods as provided by the law and current regulations, and by answering questions and requests for clarification posed by the Shareholders.

At the Shareholders' Meeting, votes are cast using remote controls, which facilitate the Shareholders in exercising their rights and ensure that the voting results are immediately available.

The General Shareholders' Meeting of April 30, 2015 was attended by the Chairman Francesco Carbonetti, the CEO Umberto Vergine, and the Directors Francesco Gattei, Federico Ferro-Luzzi and Guido Guzzetti.

With regard to the share performance, please refer to the paragraph "Saipem S.p.A. Share Performance" in Saipem's Annual Report.

Saipem corporate governance additional practices

From 2013, with a view to ensuring continuous improvement, Saipem launched and put in place the following initiatives:

- a) creation of the 'Governance Improvement' team, whose responsibility is to monitor Saipem's governance system in connection with specific intervention areas previously identified by the top management;
- b) setting up an Executive Committee responsible for informing and supporting the CEO in business decisions, as well as economic, financial, compliance and risk management issues. This was renamed Advisory Committee in 2015 and gained additional responsibilities, namely the identification of strategies to manage stakeholder relations, defining guidelines to safeguard the health and safety of personnel, promoting the development of the Company's knowledge management and managing main risks;
- c) setting up a Compliance Committee responsible to ensure that all compliance and governance issues are identified and assigned to a Process Owner;
- d) setting up a Technical Committee responsible for ensuring that, within Saipem's regulatory system, all compliance and governance issues are properly addressed;
- e) definition and implementation of the process and the new Integrated Risk Management structure, aimed at ensuring maximum effectiveness and efficiency in risk management and at having an overview of corporate risks;
- f) review and reorganisation of the Internal Audit function;
- g) review of the organisational model of the E&C Business Unit through the implementation of business lines with profit & loss as well as regional accountability, that should ensure cross-product local integration;
- h) definition and implementation of the new External Communication & Industrial Relations department;
- i) rotation of several senior managers;

- j) mapping business processes, support, compliance and corporate governance processes, identification of the Process Owner figure, responsible for developing an adequate body of rules relating to the specific process;
- k) review of the main guidelines of Saipem's regulatory system with the issue of the Management System Guideline 'Regulatory System' based on the Process Owners' responsibilities, promoting the integration of compliance principles for processes, and the autonomy of subsidiary companies;
- l) review of the process for the allocation of powers and proxies, issuing ad-hoc Corporate Standards based on task segregation and balance of powers;
- m) issuing of the authorisation matrix for Saipem S.p.A., Saipem Branches, Subsidiaries and their Branches, identifying processes and activities deemed to be highly sensitive;
- n) review of the process for the appointment of Directors at Subsidiary Companies, aimed at optimising its composition by: i) safeguarding the balance of competencies and expertise; ii) separating the offices of Chairman and CEO; iii) precluding a Director from reporting to another Director;
- o) review of regulations and criteria used to determine the composition of Compliance Committees at foreign subsidiaries through the implementation of a dedicated governance model. This Model provides that Group companies are segmented based on risk identification criteria in order to ensure a tailored approach to proposed solutions. These solutions include: i) for the higher risk band, an additional role afforded to the Compliance Committee corresponding to that of the Board of Statutory Auditors; the allocation of Agreed Upon Procedures to the external auditors; the Chairman of the Compliance Committee must be an external independent professional; and the appointment of a further two internal members, dedicated full-time to this role; ii) for the intermediary risk band, the allocation of Agreed Upon Procedures to the external auditors; the Chairman of the Compliance Committee must be an internal employee dedicated full-time to this role; and the appointment of a further two internal members, who do not hold positions within any of the Company's Business Units; iii) for the lower risk band, a three internal-member Compliance Committee, one of whom acts as Chairman, who do not hold positions within any of the Company's Business Units;
- p) review of the continuous alignment of the internal anti-bribery regulations to best practices and ongoing training of personnel;
- q) review of procedures for the appointment of sub-contractors and vetting of suppliers; complete review of standard contractual clauses in matters of procurement.

Furthermore, in 2015:

- the Board of Directors at their meeting of April 30, 2015, vested the Chairman with a driving role to boost and coordinate the operations of the Board itself. In addition to the responsibilities and powers granted by law and the Articles of Association, with regard to the running of Corporate Bodies (Shareholders' Meeting and Board of Directors) and the legal representation of the Company, the Chairman was granted additional powers;
- a Corporate Governance Committee was set up to assist the Board of Directors by fulfilling a preparatory, consultative and advisory role in assessments and decision-making processes with regard to the corporate governance and Corporate Social Responsibility of the Company and the Group;
- at the proposal of the Corporate Governance Committee, the Board of Directors updated the Corporate Governance Code to adopt the provisions issued in July 2015 regarding the introduction of a specific reference to the sustainability principle in the business medium-long term outlook, it adopted certain

best practices in matters of internal control, already adopted at international and national level in certain business sectors, and added to the text of the Code certain positions expressed by the Corporate Governance Committee of Borsa Italiana in their 2014 Annual Report;

- the Board of Directors decided to appoint a Board Director from the minority list as Chairman of the Audit & Risk Committee, which at Saipem acts as the Related Parties Committee;
- in-depth studies progressed on the governance of foreign subsidiaries;
- the role of the former Executive Committee, renamed, Advisory Committee, was extended to include the functions of the Risk Committee and the Knowledge Management Committee, advising the CEO on key decisions for the business as well as on the management of the Company;
- the Executive Vice President for Internal Audit became a direct report to the Board of Directors and, on its behalf, to the Chairman of the Board, however, he also reports to the Audit & Risk Committee in his capacity as Officer responsible for the Internal Control and Risk Management System;
- a process for the identification of the *risk appetite* was launched as part of the review of the acquisition and execution of projects.

Events subsequent to year-end

Saipem achieved Financial Independence from the Eni Group with the successful completion, in February 2016, of the operation aimed at strengthening its balance sheet. During 2015, Saipem managed to consolidate its financial structure by creating a new financial company (Saipem Finance International B.V., incorporated in The Netherlands), responsible for managing major financial processes at Saipem Group level, namely sourcing financial funds on the capital markets, providing medium-long term and short-term financing and deposits to Saipem Group companies as well as monetary regulatory services.

On January 25, 2016, authorisation was received from CONSOB to start the public offer for the subscription of the share capital. Details and outcome of the operation are described under “Shareholding Structure” from page 11.

As indicated in the Shareholders’ Agreement between Eni and FSI which came into effect of January 22, 2016, from the date of the Sale neither Eni nor FSI shall exercise “sole control over Saipem pursuant to art. 93 of Legislative Decree 58/98”. The information document prepared by Eni pursuant to art. 5 of Related Parties’ Regulations relating to the sale of a stake held by Eni in Saipem states that “The provisions of the Shareholders’ Agreement related to Saipem’s corporate governance are aimed at creating a joint control of Saipem by Eni and FSI”. Consequently, from January 22, 2016 Saipem is no longer subject to the direction and coordination of Eni S.p.A.

TABLES

TABLE 1: SHAREHOLDING STRUCTURE

SHAREHOLDING STRUCTURE at 31/12/2015				
	Number of shares	% of share capital	Listed Market / not listed	Rights and obligations
Ordinary shares	441,301,574	99.98%	Computerized Share Trading Market (Mercato Telematico Azionario Italia – MTA)	Dividend /entitled to vote at the Shareholders' meeting
Shares with limited vote entitlement (savings shares)	109,326	0.02%	Computerized Share Trading Market (Mercato Telematico Azionario Italia – MTA)	Convertible with ordinary shares without time restriction /dividend per share €0.03 higher than ordinary shares / dividend per share up to €0.05 higher than ordinary shares if profits were recorded / not entitled to vote at the Shareholders' meeting
Shares without vote entitlement				

RELEVANT SHAREHOLDINGS at 31/12/2015			
Declarant	Direct Shareholder	% of ordinary capital	% of voting capital
PEOPLE'S BANK OF CHINA	PEOPLE'S BANK OF CHINA	2.035	2.035
DODGE & COX	DODGE & COX	12.08	12.08
ITALIAN MINISTRY OF ECONOMY & FINANCE	ENI S.P.A.	42.913(*)	42.913(**)

(*)On March 7, 2016 Dodge & Cox informed that it had decreased its holding in Saipem to 6.43%.

(**) On October 27, 2015, Eni entered into a sale and purchase agreement with FSI pursuant to which FSI undertook to buy a stake representing approximately 12.5% plus one share of the Company share capital, equal to 55,176,364 ordinary shares. This agreement took effect on January 22, 2016.

TABLE 2-A: STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES (up to April 30, 2015)

Board of Directors													Audit & Risk Committee		Compensation & Nomination Committee	
Office	Members	Year of birth	First appointment *	In office since	In office until	List (M/m) **	Exec.	Non-exec.	Indep. purs to CG Code	Indep. purs to L 58/98	No. Of other offices ***	(*)	(*)	(**)	(*)	(**)
Chairman	Carbonetti Francesco	1941	2014	06.05.2014	Approval of Fin. Stat. 2014	M		X	X	X	-	4/4				
Deputy Chairman	Vergine Umberto	1957	2010	06.05.2014	Approval of Fin. Stat. 2014	M	X				-	4/4				
CEO ♦	Bifulco Rosario	1954	2014	06.05.2014	Approval of Fin. Stat. 2014	M		X	X	X	2	3/4			5/5	C
Director	Ciuccarelli Nella	1969	2014	06.05.2014	Approval of Fin. Stat. 2014	M		X	X	X	-	4/4			5/5	M
Director	Ferro-Luzzi Federico	1968	2014	06.05.2014	Approval of Fin. Stat. 2014	m		X	X	X	-	4/4			5/5	M
Director	Gattei Francesco	1969	2014	23.09.2014	Approval of Fin. Stat. 2014	Coop. (***)		X			-	4/4				
Director	Guzzetti Guido	1955	2014	06.05.2014	Approval of Fin. Stat. 2014	m		X	X	X	1	4/4	7/7	M		
Director	Laghi Enrico	1969	2014	06.05.2014	Approval of Fin. Stat. 2014	M		X	X	X	4	0/4	0/7	C		
Director	Picchi Nicla	1960	2014	06.05.2014	Approval of Fin. Stat. 2014	m		X	X	X	2	4/4	7/7	M		
-----DIRECTORS TERMINATED DURING THE YEAR -----																
Director																
Number of meetings held during the year:								<i>BOARD OF DIRECTORS: 4</i>			<i>ARC: 7</i>			<i>CNC: 5</i>		
Minimum quorum required for the presentation of lists by minority shareholders for election of one or more members (pursuant to art. 147-ter of Law 58/98):													1%			

NOTES

• the Officer responsible for the Internal Control and Risk Management System.

♦ the Officer mainly responsible for the management of the Issuer, i.e. the Chief Executive Officer (CEO).

◊ Lead Independent Director (LID).

* the first year in which a Director has ever been appointed in the Board of Directors of the Issuer.

* "M" denotes the list from which a member has been appointed ("M": majority list; "m": minority list; "Board of Directors: list presented by the Board of Directors).

** Directors' attendance to Board and Committee meetings (attendance/number of meetings held during the period of office).

*** Other Directorships or Auditorships held by a Director in other companies listed either in Italy or abroad, and/or in financial, banking, insurance or large companies. Full details of these additional offices are provided inside this Report.

(*) Participation to meetings of the Board of Directors or a Committee (out of the total number of meetings held).

(**) The office of a Director in a Committee: "C": chairman; "M": member.

(***) Co-opted, replacing Fabrizio Barbieri, appointed from the majority list (M).

TABLE 2-A: STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES (from April 30, 2015)

Board of Directors													Corporate Governance Committee		Audit & Risk Committee		Compensation & Nomination Committee	
Office	Members	Year of birth	First appointment *	In office since	In office until	List (M/m) **	Exec.	Non-exec.	Indep. purs to CG Code	Indep. purs to L 58/98	No. Of other offices ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman	Paolo Andrea Colombo	1960	1999	30.04.2015	Approval of Fin. Stat. 2017	M		X			-	14/14	5/5	C				
Deputy Chairman	Stefano Cao	1951	1997	30.04.2015	Approval of Fin. Stat. 2017	M	X				-	14/14						
CEO ♦	Maria Elena Cappello	1968	2015	30.04.2015	Approval of Fin. Stat. 2017	M		X	X	X	4	14/14					6/6	C
Director	Francesco Antonio Ferrucci	1948	2015	30.04.2015	Approval of Fin. Stat. 2017	M		X	X	X	-	14/14	5/5	M			5/6	M
Director	Federico Ferro-Luzzi	1968	2014	30.04.2015	Approval of Fin. Stat. 2017	m		X	X	X	-	13/14					5/6	M
Director	Guido Guzzetti	1955	2014	30.04.2015	Approval of Fin. Stat. 2017	m		X	X	X	1	14/14			20/20	M		
Director	Flavia Mazzarella	1958	2015	30.04.2015	Approval of Fin. Stat. 2017	M		X	X	X	1	14/14			17/20	M		
Director	Nicla Picchi	1960	2014	30.04.2015	Approval of Fin. Stat. 2017	m		X	X	X	2	14/14			20/20	C		
Director	Stefano Siragusa (***)	1976	2015	30.04.2015	Approval of Fin. Stat. 2017	M		X			-	14/14	4/5	M				
-----DIRECTORS TERMINATED DURING THE YEAR -----																		
Director																		
Number of meetings held during the year:								BOARD OF DIRECTORS: 14			ARC: 5			CNC: 20			CRN: 6	
Minimum <i>quorum</i> required for the presentation of lists by minority shareholders for election of one or more members (pursuant to art. 147-ter of Law 58/98): 1%																		

NOTES

• the Officer responsible for the Internal Control and Risk Management System.

♦ the Officer mainly responsible for the management of the Issuer, i.e. the Chief Executive Officer (CEO).

◊ Lead Independent Director (LID).

* the first year in which a Director has ever been appointed in the Board of Directors of the Issuer.

** "M" denotes the list from which a member has been appointed ("M": majority list; "m": minority list; "Board of Directors: list presented by the Board of Directors).

*** Directors' attendance to Board and Committee meetings (attendance/number of meetings held during the period of office).

*** Other Directorships or Auditorships held by a Director in other companies listed either in Italy or abroad, and/or in financial, banking, insurance or large companies. Full details of these additional offices are provided inside this Report.

(*) Participation to meetings of the Board of Directors or a Committee (out of the total number of meetings held).

(**) The office of a Director in a Committee: "C": chairman; "M": member.

(***) Stefano Siragusa resigned on January 21, 2016 and was replaced (by co-optation) by Leone Pattofatto on the same date.

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors									
Office	Members	Year of birth	First appointment *	In office since	In office until	List (M/m) **	Indep. purs to CG Code	Attendance to meetings of the Board of Statutory Auditors ***	No. of other offices ****
Chairman	Busso Mario	1951	2011	06.05.2014	Approval of Fin. Stat. 2016	m	X	31/31	-
Statutory Auditor	Giulia De Martino	1978	2015	02.12.2015	Approval of Fin. Stat. 2016	M	X	6/6	1
Statutory Auditor	Invernizzi Massimo	1960	2014	06.05.2014	Approval of Fin. Stat. 2016	M	X	31/31	2
Alternate Auditor	Maria Francesca Talamonti	1978	2015	02.12.2015	Approval of Fin. Stat. 2016	M	X	-	1
Alternate Auditor	Sfameni Paolo	1965	2011	06.05.2014	Approval of Fin. Stat. 2016	m	X	-	1
----- STATUTORY AUDITORS TERMINATED DURING THE YEAR -----									
Alternate Auditor	Corvi Elisabetta	1957	2014	06.05.2014	January 14, 2015	M	X	-	x
Statutory Auditor	Gervasoni Anna	1961	2012	06.05.2014	October 30, 2015	M	X	17/22	x
Number of meetings held during the year: 31									
Minimum quorum required for the presentation of lists by minority shareholders for election of one or more members (pursuant to art. 148 of Law 58/98): 1%									

NOTES

* the first year in which a Statutory Auditor has ever been appointed in the Board of Statutory Auditors of the Issuer.

** "M" denotes the list from which a member has been appointed ("M": majority list; "m": minority list).

*** Statutory Auditors' attendance to meetings of the Board of Statutory Auditors (attendance/number of meetings held during the period of office).

**** Other Directorships or Auditorships held by a Statutory Auditor pursuant to art. 148-bis of Law 58/98 and the regulations included in Consob's Issuer Regulations. Full details of these additional offices are provided by Consob on their website pursuant to art. 144-quinquiesdecies of Consob's Issuer Regulations.