

# Managing operations for long-lasting success

For Saipem, sustainability is an element for stimulating the Company's business and for providing a competitive advantage over its peers. Saipem is an internationally oriented company which, on account of its size and the importance of its activities, plays a significant role in the marketplace, and in the economic development and welfare of its employees and of the communities in which it operates.



The complexity of Saipem's market context, the challenges of sustainable development that the Company faces, and the need to take into consideration the interests of all stakeholders, all combine to

underscore the importance of defining clearly the values that Saipem accepts, acknowledges and shares, as well as the responsibilities it takes upon itself in its effort to help build a better future for everyone.

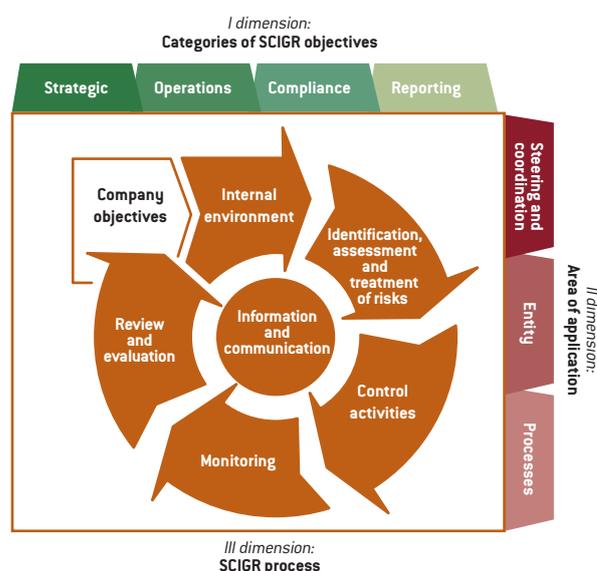
## Internal Control and Risk Management System

Saipem has proceeded apace with implementation of its 2013 programme to bolster its Internal Control and Risk Management System (Sistema di Controllo Interno e di Gestione dei Rischi - SCIGR).

The SCIGR consists of a set of rules, procedures and organisational structures aimed at facilitating identification, measurement, management and monitoring of major risks, as well as implementation of controls for achieving Company objectives.

The SCIGR is defined in accordance with the models of compliance and governance adopted and in line with national and international best practices. To this end, Saipem has approved the Corporate Governance Code for listed companies and complies with the CoSO Report (Committee of Sponsoring Organisations of the Treadway Commission, Internal Control, Integrated Framework) which represents the internationally recognised benchmark for the understanding, analysis and integrated evaluation of the SCIGR's effectiveness.

The Board of Directors defines SCIGR policies in order to ensure the identification, measurement, management and monitoring of the main risks to which Saipem and its subsidiaries are exposed, and on a half-yearly basis assesses their suitability, efficiency and effective functioning. The CEO ensures implementation of policies, overseeing the design, realisation and management of the SCIGR and constantly checking its adequacy and effectiveness.



The I dimension represents a vision of the SCIGR based on the objectives and correlated risks which it monitors: Strategic, Operational, Compliance and Reporting. The II dimension refers to the ranges of application used as a basis for structuring the SCIGR:

- The direction and coordination that Saipem SpA exercises over its subsidiaries.

- Entity: based on their legal and managerial autonomy. Saipem SpA and the subsidiaries shall establish an adequate and functioning SCIGR under their own responsibility.
- Processes: adopted by Saipem and used as a basis for organising the SCIGR.

The III dimension refers to the SCIGR process, which is continuous, integrated into Company activities, and interactive (in as much as the single phases, despite being in logical sequence, can be influenced by the development of each of the other phases).

The strengthening of the system should be read in the broader context of its ongoing alignment with national and international best practices and is concerned not just with the implementation of appropriate internal regulatory instruments, but also with the ultimate aim of pursuing governance practices in relation to risk management, independent monitoring and control over Group

companies, as well as the balancing of powers and proxies and the clarity of roles and responsibilities.

The main strengthening initiatives implemented in 2014, and still ongoing, concerned the setting up of internal bodies to oversee monitoring and policy making for compliance, governance and risk management, as well as verification and updating of tools for the management of Company powers and responsibilities, with a special focus on processes and activities considered to be the most sensitive, the balancing of competencies and the segregation of duties. Further measures involved the review of procedures for the appointment of subcontractors and the qualification of vendors, as well as a complete overhaul of standard contract clauses regarding procurements.

*Details of actions taken to reinforce the SCIGR are available in the 'Corporate Governance and Shareholding Structure Report 2014'.*