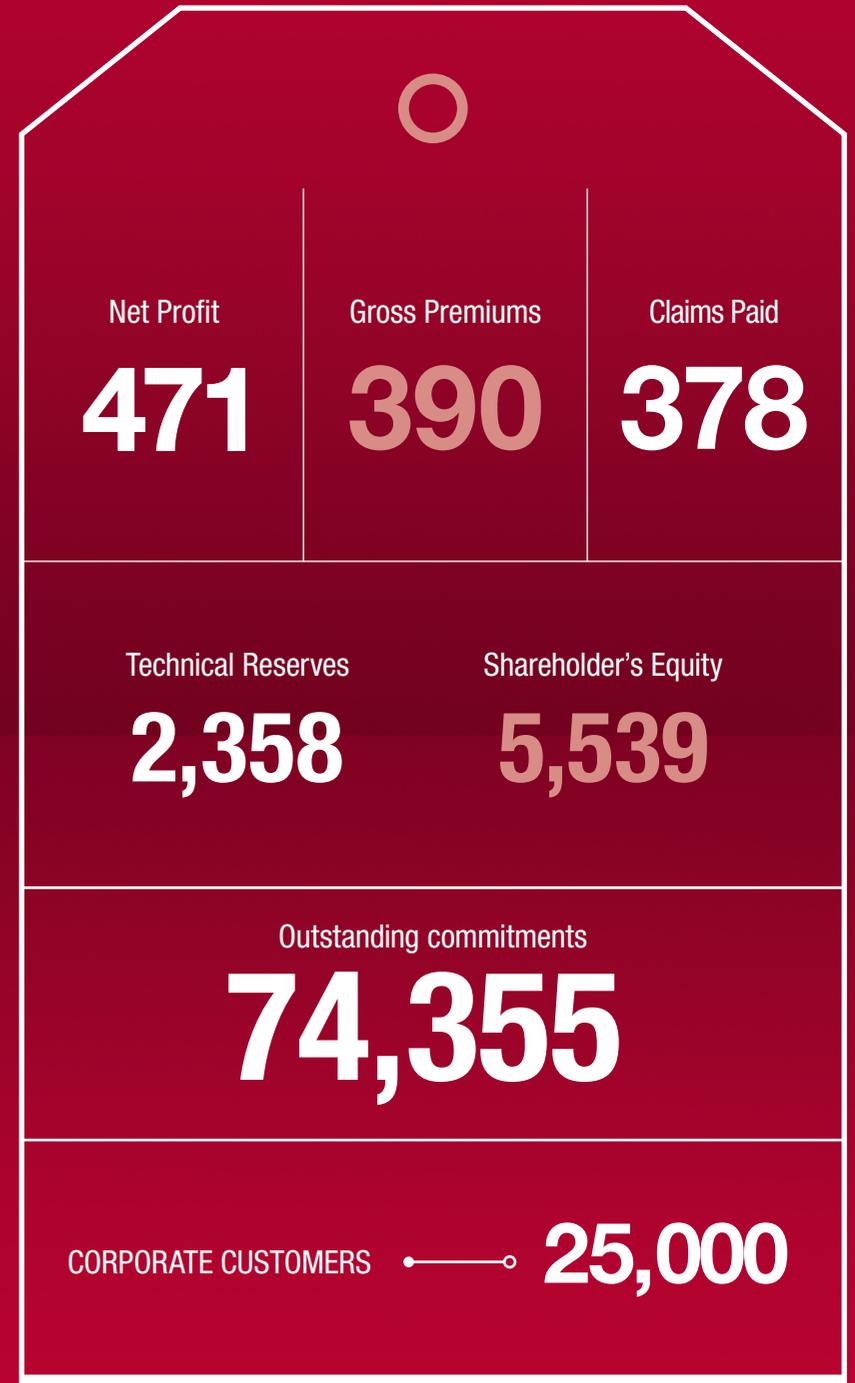


**DRIVING**  
ANNUAL  
**YOUR**  
REPORT  
**AMBITIONS**  
2014

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# 2014 highlights

IN MILLIONS OF EURO



## overview

Our journey through SACE's 2014 results starts here. Last year was rife with significant challenges and triumphs, and saw us work together with Italian companies. We dedicate this Annual Report to them – to the small and large businesses that strive every day to fly the flag of Italian excellence high.

# *Internationalisation is the strength of our businesses*

MAKING THEM GROW ACROSS THE WORLD  
IS OUR MISSION

2014 marks the tenth anniversary of SACE's conversion into a joint-stock company. During the past ten years, we have accomplished outstanding achievements against a backdrop characterised by structural changes in international trade and financial markets.

Over this period, we have served over 25 thousand businesses – largely SMEs – expanded our operations from 89 to 189 countries, widened the portfolio of insured transactions from 14 to 74 billion euro, and financed over 9 billion euro in accounts receivable due mainly from Italy's Public Administration.

We overhauled our offerings and introduced innovative solutions to provide the whole internationalisation supply chain: export credit, project finance, credit insurance, political risk insurance, surety bonds, financial guarantees, protection against construction risks, factoring, credit funds, and trade finance.

We are proud to have contributed to Italy's economy and allowed Italian companies to play a prominent role in international markets. But we must do more and better. Today, Italy has a window of opportunity that is unlikely to open up again: GDP growth estimates are improving, the energy trade balance is favourable, and the combined impact of expansionary monetary policies and a weak euro will boost the economy – especially exports, which represent a key growth driver.

Industrial equipment and technologies, furniture and design, fashion, and all agrifood sectors – the “Made in Italy” brand encompasses several products popular all over the world. Every day at SACE, we strive to create the best possible conditions for them to succeed in the most promising markets.

***“In 2014, our portfolio  
of transactions exceeded  
74 billion euro, the highest  
level in SACE's history”***

*Beauty is a greater recommendation than any letter of introduction*, said Aristotle. The Italian quality of our handmade and industrial products is our strength and differentiates us from our competitors all over the world. But this is not the only tool at our disposal.

Firms operating in international markets face considerable uncertainty and volatility, and thus increasingly require insurance-financial solutions.

This is why SACE ensures its strategic support to Italian small, medium and large businesses competing all over the world. In 2014, our portfolio of transactions exceeded 74 billion euro – the highest level in SACE's history – including 37 billion euro in export and internationalisation transactions, up 6% from 2013.



Giovanni CASTELLANETA



Alessandro CASTELLANO

The fastest-growing geographies were Sub-Saharan Africa, Asia, the Middle East, and North Africa. Meanwhile, credit insurance, surety bonds, protection against construction risks, and factoring operations reached 38 billion euro. We ended the year with a consolidated net profit of 471 million euro, rising 36% year-on-year.

This testifies to the soundness of our business model, based on SACE's expertise in managing risks and experience in different markets. Gross premium were essentially stable at 390 million euro. The claims ratio was positive to the tune of 352 million euro, with 378 million euro in claims largely attributable to the impact of the main geopolitical crises.

During the year, we expanded our product range with the full launch of the Trade Finance product, tailored to exporters' liquidity needs, and promoted *Fondo Sviluppo Export* (Export Development Fund) – a credit fund dedicated to underwriting corporate bonds issued by Italian export-oriented and internationally focused companies, with SACE playing the role of investor and guarantor.

***“We are proud to have contributed to Italy's economy and allowed Italian companies to keep and create jobs”***

2015 started on a strong footing. SACE successfully placed its first subordinated perpetual 500 million euro bond issue, two-thirds of which was taken up by institutional investors. This is an acknowledgment of the strength of SACE's business model and, most importantly, the potential of Italian products.

Looking forward, we believe that turning the internationalisation of Italian companies into the country's growth engine requires complementing a geography of risks with one of opportunities. In other words, we must help Italian companies grow internationally with adequate protections as well as bolster their financial competitiveness and ability to invest.

Thanks to many years of experience, SACE monitors the trends in emerging countries and provides companies with the right tools to position themselves in high potential markets or get a head start in new ones. There are several relatively unexplored geographies with significant room for growth: from countries in Sub-Saharan Africa – featuring prominently in the first edition of the Frontier Markets Programme dedicated to new emerging geographies – to Georgia, one of the most dynamic economies in the Caucasus, where SACE won a technical consulting contract for the creation and development of the country's export credit agency.

***“Thanks to the professional skills and the daily commitment of our people, SACE is ready to achieve new heights”***

The evolution of the Russian crisis, the continued instability throughout the Middle East, the challenges facing growth in Asia and the recovery in Europe, Africa's multi-speed economic development, and the new equilibriums in the Americas – sitting on the side – lines of these and other global playing fields in new markets is a non-choice.

Every day, we choose to navigate across borders together with the many companies that have placed their trust in us, allowing them to play a leading role in international markets from a stronger position.

The Board of Director and us want to thank the women and men at SACE who, with the professional skills and dedication they demonstrate every day, enabled the company to achieve consistently outstanding results over the last 10 years. We wish them and our customers well in this journey of growth, discovery and innovation to promote Italy's entrepreneurial talent.



Alessandro Castellano  
*Chief Executive Officer*



Giovanni Castellaneta  
*Chairman*

# *Together with Italian companies*

TO OVERCOME INTERNATIONAL CHALLENGES

Every day we put our professional skills and passion to use in writing new global success stories of Italian companies. The experience acquired in over 30 years of work in foreign markets enables us to identify and assess risks in order to support Italian businesses even in challenging conditions. Over 25 thousand Italian companies trust SACE to protect and develop their business. We support them in their growth by providing solutions meeting their needs, from managing risks to bolstering their financial position, boosting competitiveness, and accessing liquidity.

OUR MANAGEMENT



# FOSTERING COMPANIES TO *make Italy grow*

We have always believed in corporate social responsibility. We are aware that what we do, and how we do it, affects our stakeholders and the community. We know we contribute to the creation of value-first of all, by our customers. With our support, several companies have managed to establish a presence in foreign markets, creating or keeping jobs in these challenging years. At SACE, we believe that virtuous actions can really make a difference. This is why we strive every day to do our job to the best of our ability.

In all our operations, we consistently uphold transparency, fairness, loyalty and honesty with all those we have worked with.

We care about the environmental impact of our business. We comply with the OECD standards and learn from international best practices to ensure the projects we support generate added value for the well-being and development of the countries we operate in, fully respecting the specific characteristics of different places and cultures.

The full extent of our commitment is outlined in the Sustainability Report, a document intended for all our stakeholders: employees, customers, partners, institutions, shareholders, and more generally, the community. The report, certified by the independent body TÜV Italia and prepared in accordance with the international guidelines of the Global Reporting Initiative, goes beyond the simple accounting process and measures the company's economic, environmental and social impact.

The report represents our attention to transparency towards all stakeholders and underlines our day-to-day commitment to combine business interests with social responsibility.

*Because we know we can contribute to building a more sustainable world.*

## OUR STAKEHOLDERS

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### OUR PEOPLE

Employees  
Collaborators  
Interns  
Trade unions



### CUSTOMERS

Small and medium businesses  
Large businesses  
Banks



### COMMUNITIES

Civil society and future generations  
Non-governmental organisations  
Environmental associations  
Students and Academia  
Professional associations  
Suppliers  
Non-profit



### INSTITUTIONS

National institutions  
International institutions



### PARTNERS

Export credit agencies  
Financial institutions



### SHAREHOLDERS

Cassa depositi  
e prestiti



# OUR COMMITMENT *to SMEs*

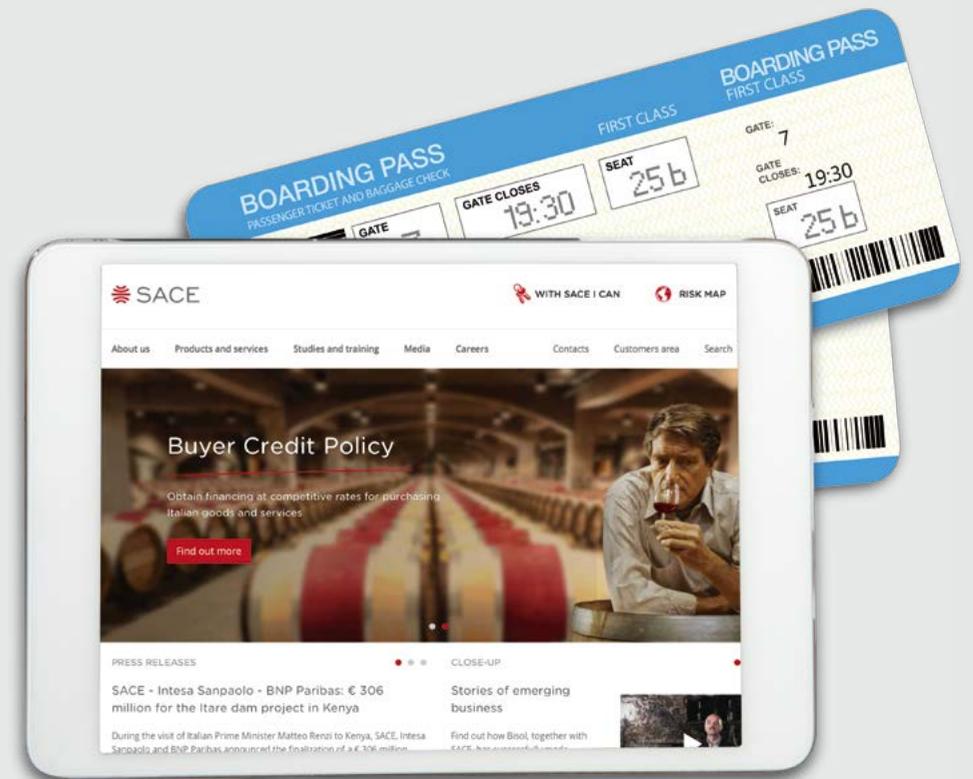
In a world without borders and while demand in Italy is struggling, accessing foreign markets represents a crucial growth opportunity for Italian businesses, especially SMEs.

Every day, we work together with companies to tackle challenges in international markets and support their initiatives, helping them obtain credit and protecting them against the risk of non-payment.

Our 14 offices, as well as the 42 agencies spread throughout Italy, serve as their point of reference. SACE's accounts are not just salespersons, but rather internationalisation professionals ready to assist businesses with their wealth of expertise and capable of providing solutions tailored to the specific needs of each individual company. Besides the office network, SACE counts on agencies and brokers specialising in credit insurance, surety bonds, and protection against construction risks, as well as factoring professionals.

In 2014, SACE overhauled its digital image with a new website featuring interactive multimedia contents, putting companies and their success stories front and centre. The website offers preferential access to SACE's offerings, allowing to request insurance coverage and initial evaluations directly online.

*Because to us, being close to companies means responding promptly and following them in every stage of their operations, both in Italy and across the world.*



# CLOSE TO YOUR BUSINESS IN *emerging markets*

Every international growth project brings new opportunities, but also several risks. You cannot improvise with internationalisation.

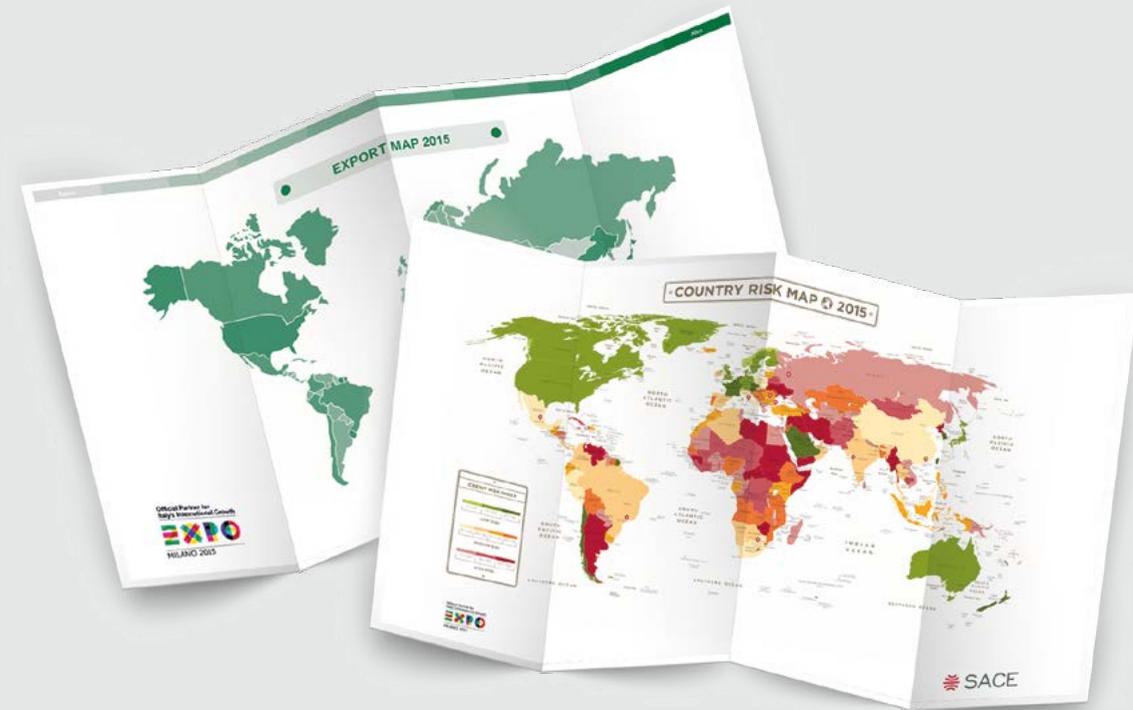
You need to understand and thoroughly assess all relevant risks, trusting a partner that knows how to operate in foreign markets – especially emerging ones, where risks are greater, but so is the room for growth.

The companies that place their trust in SACE have access to a team of economists dedicated to studying 189 countries and specialising in the analysis of the trends in Italy's industrial sector.

SACE has developed operational instruments to support business strategies, such as the Country Risk Update, Frontiers, the Country Risk Map, the Export Report, and the new Export Map, which charts the opportunities for Italian exports across the world. They are available online at the new website [www.sace.it](http://www.sace.it) and serve as a reference for entrepreneurs, universities, research institutes, and the press.

The companies that rely on SACE can count also on a constantly expanding international network covering the markets with the greatest potential (BRICs, Romania, South Africa, Turkey, Mexico, and soon the United Arab Emirates) and that consolidates strategic relationships and partnerships with local banks, counterparties and institutions.

*Because our global outlook and presence on the ground offer unique value to Italian companies in tackling their international challenges.*



BUCHAREST

MEXICO CITY

HONG KONG

ISTANBUL

JOHANNESBURG

MOSCOW

MUMBAI

SAO PAULO



# AN OFFERING AS UNIQUE *as your idea*

The needs of Italian companies in terms of exports and internationalisation have changed over the years.

They have shifted from the protection of export credit to increasingly complex insurance and financial instruments. SACE's offerings have met and often anticipated these needs, expanding the range of dedicated services to cover all the requirements of Italian companies selling their products and investing abroad: from searching for business opportunities in new markets to helping with tenders, securing funding to invest in research and development, and financing accounts receivable.

In 2014, we enriched our product range with important new services that span the entire value chain. We activated the Advisory service to help the less-experienced SMEs navigate international markets. To help companies overcome liquidity problems, SACE has leveraged the synergies with its product companies: Trade Finance is the new service that combines credit insurance (both for the short and medium-long term) directly with the advantages offered by factoring. To promote funding sources other than the banking system, SACE has sponsored Fondo Sviluppo Export (Export Development Fund), the new credit fund with an overall lending capacity of 350 million euro dedicated to underwriting corporate bonds issued by unlisted export-oriented and internationally focused Italian companies – especially SMEs.

*Because finding solutions increasingly closer to the needs of businesses is our job.*





# WORLD AND BUSINESS

*MV Agusta*

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**15**  
million euro

SACE guaranteed a 15 million euro loan for MV Agusta to support the well-known Italian motorcycle brand in its growth in the USA, Brazil, and South East Asia.

# exporting to grow

## THE BEST OPPORTUNITIES COME FROM ABROAD

Exports, the main driver of Italy's GDP growth as well as the turnover of the country's businesses, still have a considerable growth potential. SACE's export credit services represent another important tool Italian companies can use to expand abroad, offering competitive financial packages and protecting themselves against the risk of non-payment.

In recent years, exports have been driving Italy's economy. This component, now worth around 30% of the country's GDP, will remain strategic also in the medium term.

In 2014, while domestic demand remained weak, the demand from abroad continued contributing to GDP growth – boosting it by 0.3 percentage points.

### ELETTRONICA SANTERNO

**15**  
million dollars

SACE fact allowed elettronica santerno to monetise its accounts receivable for the supply of two photovoltaic plants in Chile, totalling 15 million dollars, and SACE bt insured them through an innovative scheme.

Irma COPPOLA and Marianna PARLAPIANO 

Exports of goods and services rose 2.4% in volume, reaching almost 449 billion euro overall. This performance was driven mainly by traditional reference markets – from the USA to Europe (especially the United Kingdom and Germany, but also Spain and Poland) – and emerging Asian markets (especially China and Asean countries).

Economic conditions are ripe for Italy to bolster exports and consolidate its international competitiveness, thanks to factors such as the recovery in countries where Italian products are in strong demand, the signs of confidence coming from the Italian business community, the new liquidity injected by Quantitative Easing, the depreciation of the euro against the dollar and the Swiss franc, and Expo Milano 2015, serving as a global showcase of Italian excellence.

However, in such a highly volatile world, exporters face multiple complex challenges. To grow sustainably, export-oriented companies must comprehensively assess the risk profiles their business will be exposed to in the different reference markets.

They need to identify the target markets with the greatest potential as well as the riskiest ones, which require the utmost caution. The latter include some destinations that have been historically important for Italian exporters – Russia, Ukraine, and several North African and Middle Eastern countries – but which have been rocked by the crisis and geopolitical instability in recent years.

At the same time, new emerging markets – especially in Asia – are becoming important destinations for Italian products, while some mature economies that already absorb a considerable share of our exports

are continuing to do so or returning to play a key role. So which will be the best destinations for Italian exports in 2015?

Certainly the United States, which are recovering thanks to extraordinary fiscal and monetary measures and their favourable position in the global energy landscape. A depreciating euro could further boost exports to this market, which already buys over 27 billion euro worth of Italian products.

Europe will play a leading role too – and not just Germany, which will remain the largest market for Italian companies, but also the rest of the euro area will benefit from the European Central Bank's expansionary monetary policy measures.

Prospects are particularly positive for Spain, which is already recovering thanks to exports and consumer spending. It will grow again at a steady pace, becoming an important destination for our businesses. Looking beyond the euro area, other important markets to consider are the United Kingdom, where consumer spending is reviving, and Poland, where the robust growth of Italian exports is helping make up for the losses caused by the Russian crisis.

The same applies to Eastern European countries. They have been only partially affected by the downturn in Russia, their main trade partner, compensating it with German demand. This has benefited also Italian exports, as in the case of the Czech Republic and Romania.

As Latin America slows down and performance across Africa is mixed, the focus is shifting to the East.

Asia, home to 60% of the world's population, by 2050 will account for 50% of the world's GDP and financial assets. It offers a wide choice of markets that Italian companies have been watching for some years now. Besides China, the largest Asian market for Italian products with nearly 10 billion euro of exports, after years of decline India is becoming once again an important target for Italy's businesses. These should also pay significant attention to several Far East economies, which present risk profiles similar to those of advanced markets.

For Italian companies, grasping all opportunities offered by foreign markets is not only a chance not to be missed, but also a necessity, if they are to offset the negative impact caused by falling domestic demand. SACE provides exporters with a wide range of insurance and financial services to meet the needs of small, medium and large companies.

With SACE's credit insurance solutions, Italian companies can offer their customers payment extensions at competitive conditions while protecting themselves from the risk of non-payment. In more complex operations, involving medium/long-term lines of credit, SACE steps in to support Italian exporters by guaranteeing the financing granted to foreign customers to buy goods or services.

In 2014, SACE sponsored over seven hundred similar transactions, insuring 7.5 billion euro worth of exports (+56% from 2013). The European Union accounted for 38.8% of insured volumes, followed by Latin America (32.8%) and Non-EU European and CIS countries (16.1%). Sub-Saharan Africa has been growing strongly, rising from 0.6% in 2013 to 4.4% as a percentage of total insured volumes. The most active sector is the cruise industry (30.3%), followed by infrastructure and construction (15.9%), and oil & gas (12.7%). In terms of number of transactions, mechanical engineering remained the largest sector, representing 40% of guaranteed transactions.

## SACMI

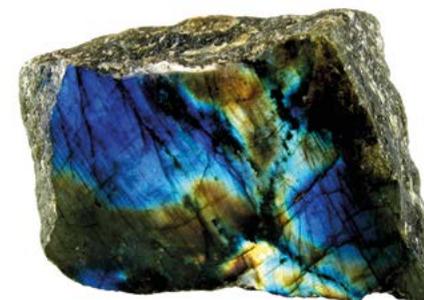
**31**  
million euro



SACE insured supplies of the SACMI Group's products for a total of 31 million euro. SACMI is the global leader in ceramics machinery, operating in 26 countries and exporting its products all over the world.

## LAVIOSA CHIMICA MINERARIA

**2.5**  
million euro



### *India and Turkey*

SACE guaranteed a loan for Laviosa Chimica Mineraria, a Tuscany-based SME, to purchase mines in India and Turkey for a total of 2.5 million euro.

# towards new frontiers

## PLANNING AHEAD TO CONQUER THE MARKETS OF THE FUTURE

New and largely unexplored markets are emerging across the planet's different geographies, offering interesting medium/long-term growth prospects.

By approaching them with the right strategy thanks to SACE's advisory services, businesses can diversify their destinations, positioning themselves in what will be the emerging markets of the future.

Italian companies have considerable international projection. Approximately twenty thousand businesses export their products to more than fifteen markets, and an additional fifteen thousand to a number of countries ranging between six and fifteen.

### REGGIANI MACCHINE

**530**  
thousand euro



SACE insured a supply contract for the delivery of a fabric-printing machine in Bangladesh from Bergamo-based Reggiani Macchine for a total 530 thousand euro. Thanks to SACE Fct's Trade Finance service, the company monetised the accounts receivable due from its foreign customer.

Yet, despite the progress made in recent years, over 50% of Italy's exports are still concentrated in Europe, with considerable room for growing and diversifying into a wider range of destinations, including outside the most popular emerging markets. This would enable Italian companies not only to seize more opportunities, but also to control risks more effectively.

Just think of how the objective difficulties seen in a number of important markets for Italy's products have affected the country's economy. The Arab Spring has cost it 16 billion euro in lost exports over the last three years (5.6 billion euro towards Egypt, 3.8 towards Libya, 3.6 towards Syria, and 2.9 towards Tunisia), while the Russian crisis caused foreign sales to drop by 1.1 billion euro in 2014 alone.

Reorienting export flows towards select emerging countries – with good credit standing and steady import growth rates – would fully compensate for these losses over the next three years, generating 38 billion euro in additional exports.

80% of these gains would come from increasing market penetration in countries where Italian companies already have a stable presence (for example, Brazil, China, India, Poland, Algeria, and Morocco), and 20% from geographies that are either “new” or where they have a small footprint (e.g. Indonesia, the Philippines, Kenya, Peru, and Colombia).

Monitoring the trends in emerging countries offers substantial competitive advantages to those with the right tools to position themselves in high potential markets as well as early movers in relatively unexplored but strategically important regions.

An example is Cuba, where SACE – after confirming that local operating conditions are indeed improving by participating in technical and institutional missions – has been gradually expanding its operations. Or Georgia, one of the most dynamic economies in the Caucasus, where SACE won a technical consulting contract for the creation and development of the country's export credit agency.

However, in the medium/long-term it will be Sub-Saharan African countries that will emerge as the new frontier markets. It is no coincidence that in 2014 Mozambique, Tanzania, Ghana, Kenya, Angola, and Senegal stole the spotlight in the first edition of the “Frontiers” programme dedicated to Sub-Saharan Africa – where SACE saw an exponential rise in insured exports, from 28 million to 326 million euro in 2014 alone.

Looking for opportunities in these markets requires an informed approach to understanding the local dynamics from multiple points of view. Most companies entering foreign markets are small- and medium-sized, and therefore struggle to address the risks associated with international growth on their own as well as access adequate funding to expand abroad.

With its new advisory services, SACE provides SMEs with a team of specialists that can support management in defining and implementing foreign growth opportunities, as well as offer all-around assistance to assess the consistency of the approach to target markets and the different risk profiles, identifying financial and insurance solutions for individual commercial and investment transactions.

# the revival of political risks

## INVESTING IN A HIGHLY UNSTABLE WORLD

Political risks are what businesses perceive to be the greatest deterrent to operating in emerging countries. By protecting foreign investments against these risks, SACE enables companies to focus on developing their business in high potential markets characterised by political instability.

In the last five years, political risks have been one of the most significant negative factors in the global landscape. Economic crises, geopolitical tensions, local and regional conflicts, and broad and targeted sanctions have put pressure on international trade and foreign investments.

Meanwhile, the transmission channels that spread financial crises have become more pronounced, exposing either directly or indirectly all global economies and players to the risk of contagion. SACE's Risk Index – which measures the risks Italian companies are exposed to when operating abroad – shows political risk has remained overall stable at 49/100.



### MANULI RUBBER

**7.5**  
million euro

SACE guaranteed a 7.5 million euro investment Manuli Rubber made in Orsha, Belarus. Thanks to SACE, the Milan-based company built a hydraulic pipe manufacturing facility, bolstering its position in this high-potential market.

Valentina CARIANI

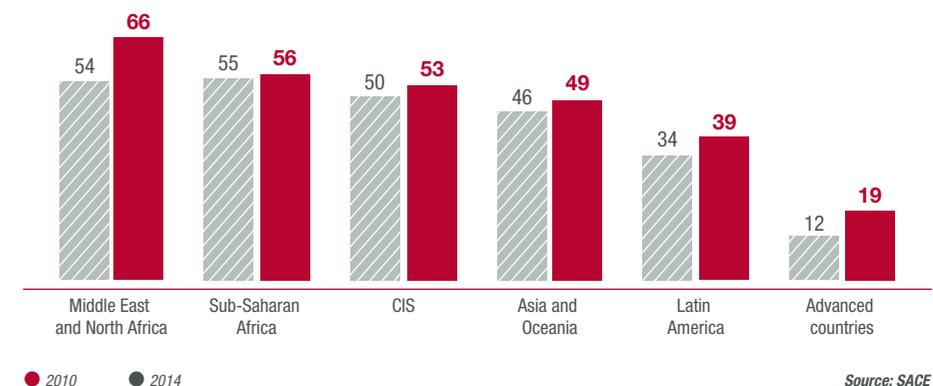


However, this is an average that conceals widely heterogeneous and varying performance across different countries, including within the same geographic areas.

Political risk consists of several profiles: political violence, the risk of expropriation, and transfer risk. These are all separate but nonetheless related, and in the last five years they have been deteriorating – except for transfer risk, which has declined by 11 points, as it reflects more closely the signs of the global economic recovery.

The risk of political violence has been the one increasing the most, rising 17% across the world. It has soared especially in the Middle East and North Africa (+12 points) – due to the protracted uncertainty caused by the Arab Spring, which now has spread to several markets and is affecting economic activity across the whole region – as well as advanced economies (+7 points), because of the protests that exploded in countries badly hit by the economic crisis and which implemented austerity measures (such as Greece and Cyprus, where this risk remains nonetheless low).

RISK OF POLITICAL VIOLENCE (SACE RISK INDEX)



Source: SACE

This trend has been observed also in other high risk areas: the Community of Independent States (CIS), destabilized by the Russian-Ukrainian crisis, where political violence rose by 3 points; Latin America, af-

ected by the spiralling situation in Venezuela and Argentina; and Asia, roiled by the tensions in Thailand.



The risk of expropriation has increased globally (+9%). As in the case of political violence, the Middle East and North Africa registered the most severe deterioration. This is not surprising, considering that the countries unsettled by riots have seen the most dramatic consequences, including unilateral actions (expropriations, nationalisations) taken by some governments.

The risk of expropriation has risen steadily also in Latin America – mainly because of Argentina and Venezuela, where strong government interference in the economy caused it to soar by 27 and 10 points, respectively, bringing it near the warning threshold of 90 points. Other markets in the area that have deteriorated considerably are El Salvador, Guatemala, and Honduras.

In Sub-Saharan Africa, several countries have registered heightened risks – especially the Central African Republic, Madagascar, Mali, and Chad. Amongst CIS countries, only some of them experienced a deterioration, including Ukraine, Tajikistan, Turkmenistan, and Uzbekistan. Asia and Oceania paint a different picture; there, the risk of expropriation has grown slightly, mainly because of the substantial increase in Bangladesh and Papua New Guinea.

Generally, in all these countries, the rise of political risk in its various forms – which companies consider part of the risk of doing business – inevitably causes business volumes to contract, as well as losses on invested capital. Therefore, Italian companies looking to invest in politically unstable countries face a choice: either invest, dealing with the potential costs of political instability on their own, or not invest at all.

SACE, with the tools designed to safeguard investments, offers companies a third option, allowing them to forget about political risks and focus on developing their business. Through the *political risk insurance* services, they can protect both their international equity investments and the loans granted to foreign associates, as well as limit or compensate losses or the failure to repatriate the returns on their investments (for example, dividends, profits, or reimbursements of shareholders' loans) because of wars and civil unrest, foreign exchange controls, direct and indirect expropriation, and the revocation of agreements stipulated with local public counterparties.

In 2014, several companies chose these tools to invest abroad safely. Insured volumes reached 225 million euro, up considerably compared to 1 million in 2013, and were concentrated mainly in Egypt, Madagascar, Mozambique, and Russia.

## LUMIEI IMPIANTI

# 800

thousand euro



## Albania

SACE enabled Lumiei Impianti, an SME from Friuli, to build and operate a hydroelectric power plant in Albania, insuring the company against the political risks associated with the project, for 800 thousand euro.

# *new momentum for large-scale projects*

## PROJECT FINANCE PROVIDES RESOURCES FOR THE EXPORTS OF ITALIAN COMPANIES

There is Italian talent and technology in large-scale international projects too, which involve not just Italy's leading industrial groups, but also a broad range of small- and medium-sized sub-suppliers. In 2014, SACE's specialists assisted large Italian and foreign companies in structuring complex project finance operations, with an exposure of over 6 billion euro.

In less than a decade, financing large-scale infrastructure projects has changed dramatically all over the world, leading to new project financing models. When the financial crisis broke out, causing a recession and constraining liquidity, this segment underwent a radical overhaul, giving export credit agencies a leading role in finding and structuring loans for highly complex projects.

Before the crisis, banks and financial institutions were almost the only sources of funding. Entities such as SACE generally participated just in the last stages of project financing operations with a particularly high risk profile.

Today, we face a completely new scenario because of the new capital requirements under Basel III – proportional to the risk assumed – as well as the deteriorating economic and financial conditions and geopolitical instability in key areas like the Middle East and North Africa, where several oil & gas projects are usually concentrated.

Testifying to this shift, between 2006 and 2014 the total amount of large-scale projects backed by SACE tripled, reaching 6 billion euro last year. These operations enabled large Italian industrial groups, as well as the broad number of small- and medium- sized sub-suppliers, to win important contracts in high potential geographic areas.

This trend will continue gaining momentum in the medium term because of the lingering economic-financial volatility, the uncertain outlook for several strategic markets, and the drop in oil prices, which are now below the minimum level necessary for large-scale extraction projects to be profitable.

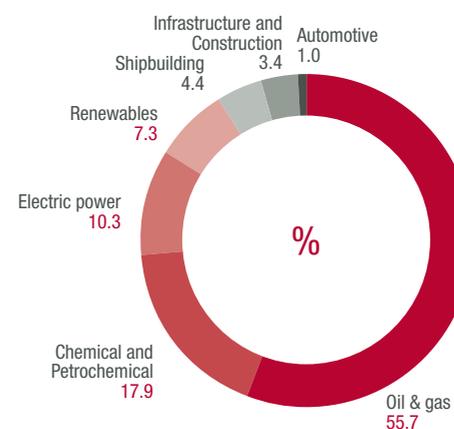
Over the years, SACE has accumulated and strengthened its know-how in this area, assuming a key role at the negotiating table. Project finance operations are followed by a team of experts with specific skills in the sectors that most use this type of financing. This way, SACE actively participates from the very first stages of the analysis of the project's financial and economic feasibility, as well as provides effective and timely support to the stakeholders.

In addition, SACE also assesses the environmental impact of the operations it guarantees, in accordance with the guidelines in the OECD Recommendations.

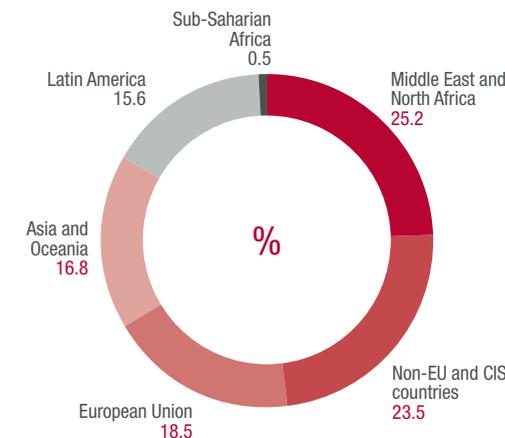
SACE's portfolio includes forty-five projects as at December 31, 2014, of which twenty are in Italy – mainly referring to the renewable energy sector, which benefited from the incentives offered by the Italian government between 2007 and 2012.

In terms of volumes, SACE focuses mainly on the following sectors: oil & gas (55.7%), chemical and petrochemical (17.9%), and electric power (10.3%). The Middle East and North Africa (25.2%) are the geographic areas where most projects backed by SACE are concentrated, followed by non-EU and CIS countries (23.5%) and the European Union (18.5%).

SACE'S EXPOSURE TO PROJECT FINANCE OPERATIONS BY INDUSTRIAL SECTOR AS AT DECEMBER 31, 2014



SACE'S EXPOSURE TO PROJECT FINANCE OPERATIONS BY GEOGRAPHIC AREA AS AT DECEMBER 31, 2014



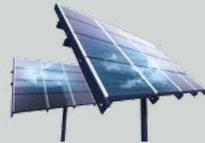
# STANDING TOGETHER WITH “MADE IN ITALY” PRODUCERS EVEN IN LARGE-SCALE *international projects*



## *Mexico* **SUKHOI-SUPERJET**

SACE guaranteed a loan totalling over 200 million euro for Interjet, a Mexican airline, to purchase 11 Sukhoi-Superjet 100 planes.

## *Italy* **ANDROMEDA**



SACE guaranteed a 97.6 million euro loan for Andromeda PV to build 2 photovoltaic plants, for a combined 51.3 MW, in Montalto di Castro.



## *Baltic Sea* **NORD STREAM**

SACE guaranteed 1 billion euro in loans as part of the Nord Stream project, the offshore natural gas pipeline from Russia to Germany across the Baltic Sea.

## *Bulgaria* **LUKOIL**



SACE guaranteed a 420 million dollar loan for the Russian oil company Lukoil to upgrade and expand the Burgas refinery in Bulgaria. The contract works, awarded to Technip, include the construction of a hydrocracking plant.

## *Qatar* **RAS GIRTAS**



SACE guaranteed a 300 million dollar loan for the project company Ras Girtas to build a 2,730 MW thermoelectric power plant and a desalination plant in the Ras Laffan industrial area in Qatar.



## *Papua New Guinea* **PNG LNG**

SACE guaranteed a 900 million dollar loan for contracts awarded to Italian companies, including Saipem and Nuovo Pignone, as part of the PNG LNG project. This concerns the construction of a natural gas extraction and liquefaction plant in Papua New Guinea.



## *World* **SHIPBUILDING**

SACE guaranteed 1.6 billion euro in loans for the Italian shipbuilding industry to build and upgrade 8 cruise ships ordered by international cruise operators.

## *Colombia* **REFICAR**



SACE guaranteed a 210 million dollar loan to upgrade and expand a refinery for Reficar in Cartagena. The project, worth a total 5 billion dollars, will involve several Italian companies for goods and services contracts.

## *Perù* **CERRO DEL ÁGUILA**



SACE guaranteed a 65 million dollar loan for the construction of the Cerro del Águila hydroelectric power plant in Peru. The project, awarded to Astaldi in a joint venture with the Peruvian company Graña Y Montero, involves the construction of a dam and related civil works, including a 510 MW underground power plant.



## *Turkey* **STAR**

SACE guaranteed a 600 million dollar loan for the STAR (Socar Turkey Aegean Refinery) project, which concerns the construction of a greenfield refinery near Izmir and involves several Italian companies, including Saipem.

## *Oman* **ORPIC**

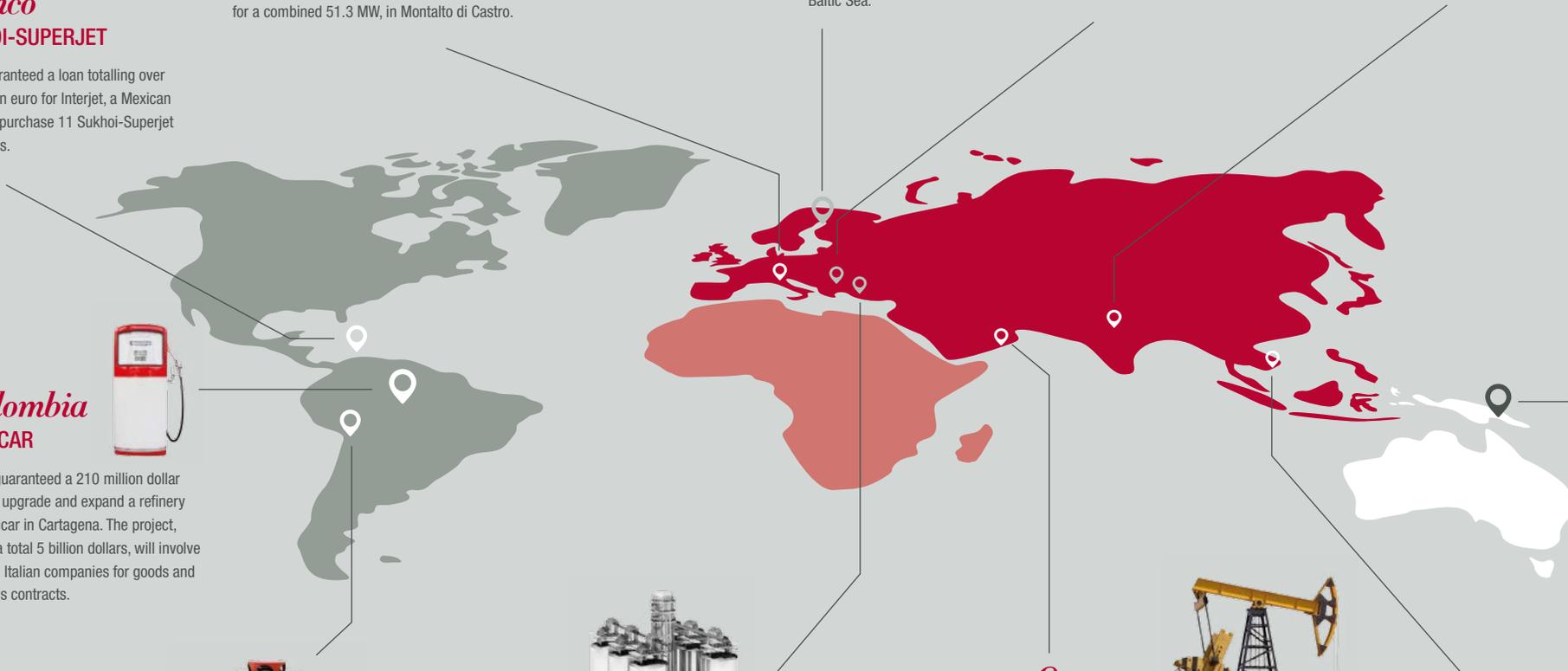


SACE guaranteed a 100 million dollar loan to ORPIC, a company owned by the Oman government operating in the crude oil refining and petrochemical industries, for supply contracts entered into by Italian companies concerning the upgrading and expansion of the Sohar refinery.

## *Vietnam* **NSRP**



SACE guaranteed a 200 million dollar loan for the Nghi Son Refinery and Petrochemical Limited Liability Company (NSRP) joint venture to build a greenfield refinery and petrochemical plant 200 KM south of Hanoi. The project involves 20 Italian SMEs.



# Kickstarting investment

## NEW TOOLS TO FINANCE INNOVATION AND GROWTH

Restarting investment is key to reviving the economy. SACE supports Italian companies, especially SMEs, in finding the funds needed to invest and grow through both banks and capital markets.

Companies' investments are one of the clearest indicators of economic health and confidence, but they have been suffering from the adverse business cycle conditions of the last few years. Restarting them is necessary to revive growth, both in Europe and Italy.

CHANTECLER



**1**  
million euro

SACE guaranteed a 1 million euro loan to support the international growth of Chantecler, an SME from Campania specialized in high-end jewellery.

The company will use the funds to open mono-brand stores in high potential countries for luxury goods, such as Hong Kong, Malaysia, and Singapore.

Daria PERRELLA



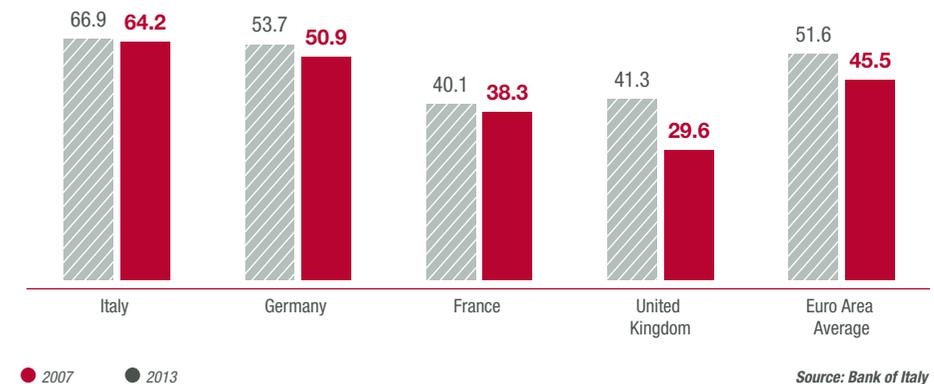
In the latter, the decline in manufacturing output has affected companies' capital spending, causing investments to drop by 31.6% in the 2007-2013 period. This figure reflects the lasting recession, with inflation far from its equilibrium level – in late 2014 it slid into negative territory (-0.1%) – and the prolonged credit crunch, with bank lending to businesses plunging by 53 billion euro since 2009.

The European Central Bank's Quantitative Easing is an extraordinary opportunity to kickstart credit and stave off deflation. However, it might not automatically lead to a proportional increase in bank loans.

The credit crunch has created a vicious cycle: demand for loans from businesses, which are reluctant to invest, is weak, and banks provide credit only with particularly stringent conditions attached, especially for small - and medium-sized companies. At the end of 2014, the interest rate on new bank loans to companies was 65 base points above the euro area average, putting Italian businesses at a competitive disadvantage in the international marketplace.

This problem is compounded by the limited funding diversification of Italian companies. Bank debt still accounts for 50% of total funding (80% in the case of SMEs) – a proportion that remains doggedly above the European average, which has declined from 52% to 45% since 2007.

BANK DEBT AS A PERCENTAGE OF TOTAL CORPORATE DEBT (%)



Large companies have partly offset the credit crunch by turning to capital markets. As of 2009, they have been placing an annual average of 32 billion euro in

bonds, nearly 9 billion more than between 2002 and 2007. In 2014, net bond issuance was positive to the tune of 4.6 billion euro.



Also SMEs – the hardest hit by the credit crunch – face the challenge of rethinking their financing strategy. However, this segment is less attractive for investors than it could be. The challenge is to create an asset class offering adequate return for the perceived risk.

There have been considerable efforts to help both medium-sized companies (the AIM – Alternative Investment Market – or the Italian Stock Exchange’s Elite project, of which SACE is a partner) and small ones (with district bonds and business networks). Meanwhile mini-bonds, introduced by the Sviluppo Italia decree, remain a crucial opportunity to develop new funding sources.

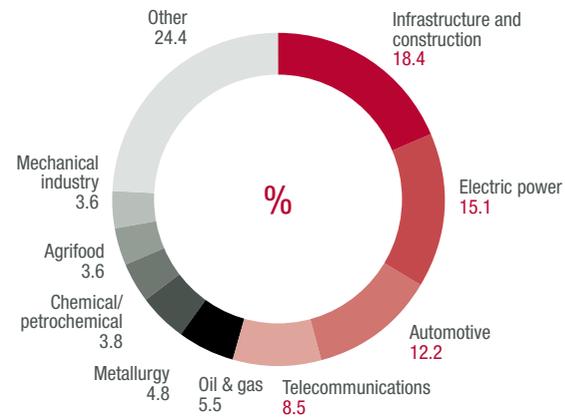
This is the rationale behind Fondo Sviluppo Export (Export Development Fund), the credit fund sponsored by SACE and managed by Amundi Sgr for small- and medium-sized Italian exporters. By issuing bonds guaranteed by SACE and underwritten by the Fund, companies obtain the financial resources needed to invest in their international expansion projects.

This initiative bolsters SACE’s commitment to facilitating access to credit for Italian businesses, especially SMEs. Besides bonds, SACE can guarantee also working capital financing or funding for a wide range of international expansion initiatives, from foreign direct investments – acquisitions, mergers or joint ventures – to research and development spending in Italy, the purchase or upgrading of plants and machinery, and communication and marketing activities.

In 2014, SACE guaranteed 1.8 billion euro in financing, mainly for the infrastructure and construction (18.4%), electric power (15.1%), and automotive (12.2%) industries.

It continues collaborating with the European Investment Bank (EIB) to support Italian companies investing in infrastructure, energy supply, environmental sustainability, and research and development. In 2014, SACE’s guarantees enabled the EIB to lend 850 million euro to Italian companies.

NEW GUARANTEES FOR INTERNATIONAL EXPANSION INITIATIVES BY SECTOR (2014)



## SPARCO

3

million euro



*World*

SACE guaranteed a 3 million euro loan to support Turin-based Sparco in its international expansion. The credit line will finance the investments required to make carbon-fibre car components and enhance the new range of motorsport products, consolidating Sparco’s global leadership in this sector.

# the search for liquidity

## SOLUTIONS FOR ADDRESSING UNCERTAINTY IN PAYMENTS

Late payments, together with the protracted credit crunch, have made it particularly difficult for companies to manage their cash flows. SACE offers solutions enabling businesses to plan cash flows and generate liquidity by financing their accounts receivable due from Italian and foreign counterparties, both in the private and the public sector.

In Italy, during 2014 market conditions confirmed that the economy remains challenging and businesses still face difficulties with payments. The problems mainly concern liquidity and relate to the capitalisation of banks as well as counterparty risk. Along with credit issues, companies have had to become more rigorous in selecting their strategic partners and suppliers.

The number of companies that have gone bankrupt, i.e. failed to honour their debts, since 2008 exceeds eighty two thousand. Meanwhile, those still in business require shorter payment terms, obtaining on average smaller cash advances against their accounts receivable from banks.

### CATTLEYA

**700**  
thousand euro



SACE Fct allowed Cattleya, a Rome-based movie studio, to monetise over 700 thousand euro in accounts receivable due from the Regional Government of Lazio through a non-recourse factoring agreement.

The resulting lack of liquidity and inadequate cash flow planning often cause overwhelming difficulties in handling external factors beyond a company's control.

SMEs suffer from the historical weakness associated with their financial structure: they have a modest capitalisation, are highly dependent on bank credit, and have limited ability to fund themselves on the market. This structure is hobbled by the industrial system's failure to support organic value creation by combining the quality of Italy's craftsmanship and products with more sophisticated financial instruments resilient to market turmoil.

These problems affect several types of companies, from SMEs – which almost exclusively supply leading businesses in their territory and cannot obtain the funds needed to meet short-term needs from their own banks – to medium-large firms looking to invest in their supply chain or in research to gain market share in Italy and abroad.

The commercial relations between these different entities are still fragile and one-way only. The supplier is subject to the bargaining power of its main customer, which at times is not in a position to know how the other party is actually doing. It is the attention the stronger partners pay to their strategic suppliers that has made it possible – elsewhere more than in Italy – to structure international supply chains and give small companies the chance to enter the global market gradually and with more robust finances.

In 2014, suppliers to Italy's Public Administration (PA) saw the conclusion of the legislative process that formally bring payment terms for public-sector

entities in line with European standards. To address the liquidity problems caused by the late payments from the PA, the latter has settled 32.5 billion euro in payables in the last two years. This has encouraged several lenders to resume financing PA suppliers at more convenient rates.

Against this backdrop, with the cost of money at its lowest level since the introduction of the single currency, the opportunity to neutralise the risks associated with the certainty of payments and the timing of cash inflows and outflows, especially in the short term, becomes particularly enticing.

The solutions provided by SACE – through the product company SACE Fct – enable a company to plan cash flows and generate liquidity immediately by factoring its accounts receivable due from Italian and foreign counterparties, both in the private and the public sector, either with or without recourse. Alongside conventional factoring, SACE offers businesses two innovative instruments to boost their liquidity:

- trade finance, which combines credit insurance with the benefits of factoring, allowing exporters to collect their receivables due from foreign counterparties right away
- reverse factoring, dedicated to large Italian industrial companies and their suppliers and aiming to support the supply chain by optimising payment flows as well as extending contractual payments terms.

In 2014, SACE Fct financed nearly 2.7 billion euro in accounts receivable due from a total of 3,355 debtors (+6% compared to 2013). The business is growing, confirming the interest of Italian companies in factoring.

# riding the momentum of Expo 2015

## AGRIFOOD: THE CHALLENGES OF A HIGH POTENTIAL INDUSTRY

By focusing more on foreign markets, Italian agrifood products could reach 50 billion euro in exports in 2020. SACE works with agrifood companies towards this goal by insuring their sales, improving cash flow management, and boosting their competitiveness in high potential countries.

The agrifood industry is taking on an increasingly important role in the Italian economy, thanks to its structural resilience and international growth potential – which is yet to be fully realised. Between 2007 and 2014, amid dire economic conditions, this segment only lost 3% of its output, compared to 24% for the manufacturing industry as a whole; it increased exports by almost 50%, compared to a 9% decline in the manufacturing industry; and managed to keep employment levels steady.

### MISCELA D'ORO

**240**  
thousand euro



SACE insured Miscela d'Oro against political and commercial risks related to a supply contract for roasted coffee, for a total of over 240 thousand euro. Thanks to the Basic Online Policy, the Sicily-based SME was able to export its products to Saudi Arabia and the UAE safely.

With 34.3 billion euro worth of exports and a 2.4% growth rate, in 2014 the Italian agrifood industry performed strongly on the international market. The picture looks even better when considering the 2010-2013 four-year period, when agrifood exports fared especially well in both advanced non-European markets (+8.1%), and emerging ones (+15.1%) – which have the highest demand growth potential. Conversely, in emerging European markets the segment grew at a slower pace than Italy's direct competitors, such as Spain (+15.1%) and France (+14.4%).

Increasing the exports of Italian agrifood products requires a well-calibrated strategy, focusing on a select number of segments that can combine Italy's reputation for quality with economies of scale and international standards. An important contribution to Italian agrifood exports could come from the top ten segments: pasta (with its 37.5% market share, Italy is the undisputed global leader); olive oil (25%); wine (19%); meat; cocoa; vegetable, pulse and fruit preparations; cheese and dairy products; fresh apples and pears; coffee; sausages and cold cuts.

Were Italy to concentrate on these ten sectors, expanding its presence in the most promising geographic areas for each category (that is, those where imports are growing strongly), agrifood exports could exceed 7 billion euro by 2018. Given these premises, increasing Italian agrifood exports to 50 billion euro

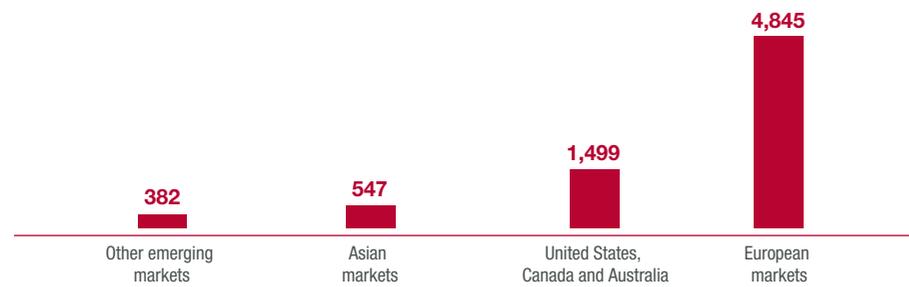
by 2020 – the goal set by Italy's Ministry of Agriculture – is achievable.

The best results are expected to come from mature markets. In Europe, where there are common and harmonised rules and regulations, exports could climb by 4.8 billion euro; the United States, Canada and Australia could absorb around 1.5 billion euro worth of additional exports. The main growth drivers in Europe would be Germany and Great Britain, which alone would account for a further 2.8 billion euro in exports.

There is also significant room to grow in relatively new markets for Italian agrifood products – especially Asia, which could absorb an additional 547 million euro in exports. Among other countries, Hong Kong, China, South Korea and Singapore stand out.

For the purposes of diversification, and looking at the medium/long-term, exporters should also consider the largely untapped potential of other geo-economic areas, with several emerging markets increasingly interested in Italian agrifood: Saudi Arabia, Brazil, Egypt, Mexico, and Algeria.

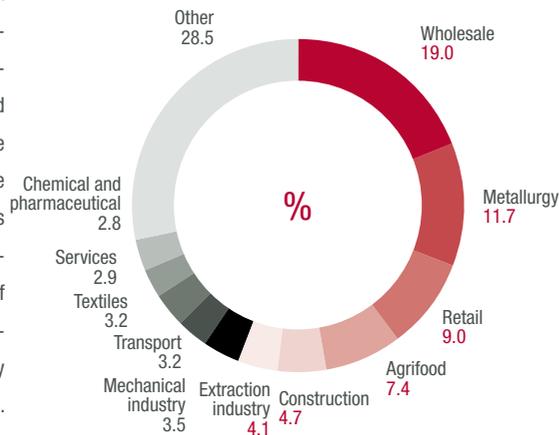
2014-2018 POTENTIAL NEW AGRIFOOD EXPORTS (Millions of Euro)



Source: SACE estimates based on UN Comtrade data

Looking for opportunities in the above destinations requires considerable strategic effort and the right tools. The quality of Italian products must be combined with a competitive commercial package offering customers convenient payment terms and extensions. This is made possible by the wide range of credit insurance solutions SACE offers through the product company SACE BT, which enable businesses to insure individual transactions or the entire turnover generated in Italy or abroad against the risk of non-payment. In addition, thanks to the new Trade Finance service, businesses can also obtain liquidity by factoring their insured receivables without recourse. In 2014, over 1,200 companies chose to protect their sales with the coverage offered by SACE BT, insuring more than 11 billion euro in accounts receivable. The agrifood industry represented 7.4% of insured volumes, second only to wholesale (19%), metallurgy (11.7%), and retail (9%). There was a sharp increase in accounts receivable insured abroad, representing 37% of the portfolio.

VOLUMES INSURED BY SACE BT BY SECTOR (2014)



ZACCAGNINI

**1.5**  
million euro



*Brazil, Canada, and South East Asia*

SACE guaranteed a 1.5 million euro loan for Zaccagnini, an agricultural company from Abruzzo specialized in quality grapes and wines, to consolidate the company's position in Brazil, Canada, and South East Asia.

# starting with the right guarantees

## FOR THE CONSTRUCTION INDUSTRY, GROWTH LIES BEYOND ITALY'S BORDERS

As Italian companies suffer from the economic situation in their home country, the best opportunities for them are in foreign markets investing in infrastructure and urbanisation. SACE helps them tackling these challenges with a comprehensive range of security bonds and insurance solutions.

In recent years, the Italian construction industry – comprising over 600 thousand companies – has been registering an increasingly divergent performance across regions. While the domestic market shrunk significantly, the sector fared very well on the international market, which will continue offering the best growth and diversification opportunities in the medium/long-term. Large firms are well positioned in several foreign markets, but SMEs still have problems in expanding internationally.

### SICILSALDO

**6**  
million euro

SACE guaranteed an advance payment bond and a performance bond for Sicilsaldo, enabling the Sicily-based company to carry out works concerning a natural gas pipeline in Mexico, for a total of 6 million dollars.

Fabrizio FERRARI



In Italy, the credit crunch and spending cuts have reduced demand and caused investments to fall sharply – by 3.5% in 2014 alone. This trend affected almost all sectors. Housing starts were down double digits, partly because of the drop in permits and concessions, and non-residential construction starts fell by 4.3%, mainly due to the difficulties in accessing credit. Also the infrastructure segment suffered from the situation of the country's public finances. Between 2007 and 2013, non-residential construction companies saw new mortgages fall by 73% – a trend that tentatively started reversing in 2014 (+6.7% compared to the previous year).

The only segment that registered a positive trend in demand (+1.5%) was the upgrading of housing stock, accounting for 34% of construction investments. This segment was buoyed by the extension of tax incentives for renovations and energy efficiency improvements.

The problems facing the industry were somewhat alleviated by the European Directive and the measures passed to accelerate the settlement of the Public Administration's arrears: late payments continue contributing to the number of bankruptcies, totalling approximately 3,500 in 2014 (+12.1%).

The picture is starkly different beyond the border. Abroad, Italian construction companies keep growing at a steady pace, grasping the opportunities offered by the urban and infrastructural development of the main emerging countries.

Despite the economic and sovereign debt crisis, the instability in North Africa and the slowdown in the BRIC countries, international sales grew for the ninth year in a row, up 8.6% in 2013. Since 2004, they have risen

from around 3 billion to 9.5 billion euro. In 2013 alone, Italian businesses won orders totalling 17 billion euro, also thanks to the ability to diversify their business.

Over the years, construction companies have expanded from infrastructure to real estate developments – in the housing, non-residential and hotel segments – and complex environmental works. Increasingly, they are combining construction with property management by entering into important concession arrangements – often in strategic sectors such as motorways, health care, and power and water generation and distribution.

In a context characterised by high operational complexity, construction companies must be ready to compete as best as they can to grasp new growth opportunities. Presenting themselves to principals with the right guarantees is crucial for being able to participate in tenders or win contracts and orders in Italy and abroad. SACE and its product company SACE BT assist companies by issuing, either directly or in collaboration with banks and insurers, contractual guarantees and surety bonds to fulfil legal obligations. SACE BT offers also products that companies in this industry traditionally use to protect themselves from the risks associated with the construction of facilities and civil works both in Italy and abroad.

More than 18 thousand businesses have chosen SACE's surety bonds and insurance products against construction risks, finding support throughout the entire construction process – from tendering to insurance after works completion. In 2014, SACE issued over 25 thousand surety bonds and products protecting against construction risks, for a total of 2.6 billion euro worth of transactions guaranteed and policy limits amounting to 5.7 billion euro.



# STRATEGY AND RESULTS

*ATR*

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**375**  
million dollars

SACE guaranteed a credit line for the Indonesian airline Lion Air, enabling it to purchase fifteen ATR 72-600 planes for 375 million dollars. With this deal, ATR strengthens its position as the global leader in the 50-70 seat turboprop aircraft sector. ATR is a joint venture between Alenia Aermacchi and EADS.

# operating performance

## STRATEGY

In 2014, global economic growth continued suffering from weak investments and performance below expectations. Some difficulties emerged in the previous two years – such as the limited availability of credit to businesses, in particular SMEs – persisted, with tentative signs of improvement showing up only in the last quarter. For Italy, 2014 was another year marred by recession. Economic activity was still hampered by falling investments in both construction and capital goods, only partially offset by rising household spending. Geopolitical tensions and the sanctions imposed on Russia had a direct and indirect impact on export volumes.

Against this macro-economic backdrop, SACE supported the exports and international growth of Italian companies while pursuing a careful risk underwriting and management policy. During 2014, it implemented strategies placing greater emphasis on customers and that resulted in an agreement with Italy's Ministry of the Economy and Finance: this allowed SACE to step up operations conducted with counterparties, sectors and countries showing a high concentration risk.

SACE further expanded its product range with Fondo Sviluppo Export (Export Development Fund), an alternative financing channel for SME's international growth plans, as well as the full launch of the Trade Finance product and the creation of Advisory functions and programmes. In order to place the customer at the centre and meet the needs of the entire value chain, SACE enhanced and leveraged the synergies with its product companies.

In 2015, Italy's GDP growth and employment rates are expected to improve as global growth gradually firms up, driven by the economies that reacted better to the crisis such as the United States, the United Kingdom, and Germany. SACE aims to further increase the number of customers by opening new offices in Italy and abroad, boosting competences concerning the knowledge and assessment of country risk, targeted marketing efforts, and the participation at Expo Milano 2015 as Official Partner for Italy's International Growth.

With regard to product companies, SACE BT, which offers credit insurance, surety bonds and protection from constructions risks, performed strongly in 2014 and completed the review of the risk and customer portfolios of the Credit line started in 2012. It expects that in 2015 the top line will remain unchanged from last year as a result of prudential underwriting policies.

SACE SRV, which manages the dossiers used to assess counterparty risk and in debt collection operations, finished optimising its information flow and achieved results in line with expectations. Over the next few months, the company will seek to streamline operations supporting the other companies as well as exploit synergies.

SACE Fct, a factoring company, ended 2014 in line with its Business Plan goals, in spite of the impact of legislative measures concerning payments due from the Public Administration and increased

price competitiveness, which compressed margins. In 2015, the company will continue pursuing its growth strategy, focusing its product range and sales network on the corporate segment while gradually scaling back operations with the Public Administration.

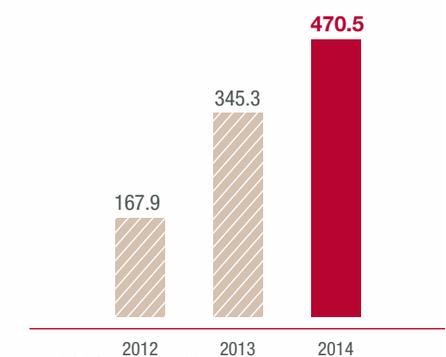
## FULL YEAR RESULTS

At the consolidated level, in 2014 SACE posted a net profit of 470.5 million euro, up 36.3% from 345.3 million euro in 2013. The profit for the year was 383.1 million euro, rising 38%.

SACE BT ended the year with a profit of 964 thousand euro, compared to the 3.9 million euro loss in 2013. The result consolidates the positive contribution from SACE SRV, which achieved a net profit of 400 thousand euro.

SACE Fct closed its fifth year of operation with a profit of 15.8 million euro, up 4.4% from 2013.

CONSOLIDATED NET PROFIT (Millions of Euro)



Irene CAPRICCIOLI



## TURNOVER

Overall, insurance operations generated 97.1% of revenues, and factoring the remaining 8.3%.

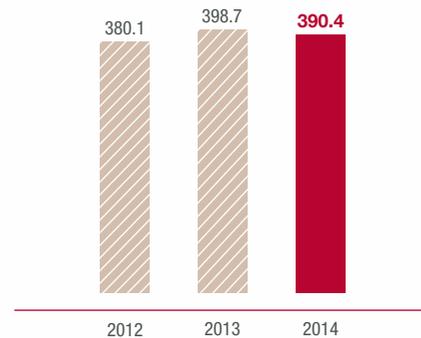
Gross consolidated premiums amounted to 390.4 million euro, down slightly from last year (-2.1%). 352.7 million euro came from direct operations and 37.7 million euro from indirect ones (reinsurance acceptance). Operations supporting the exports and international growth of Italian companies generated 312.6 million euro in gross premiums, substantially in line with 2013.

SACE BT's operations generated 79 million euro in gross premiums, down from 83.9 million in 2013. This

result was consistent with the prudential underwriting and risk management policies adopted. The Credit line made the greatest contribution to premiums, raising 34.8 million euro, while the Surety Bonds line generated 31.3 million euro and Other Damage to Property 11.7 million euro. The remaining 1.2 million came from non-life lines, which represent a marginal part of SACE BT's business.

SACE Fct's factoring operations generated 35.2 million euro in net operating income, slightly falling from 35.6 million euro in the previous year. This amount consisted of 70% in net interest income and 30% in net fee and commission income.

GROSS CONSOLIDATED PREMIUMS  
(Millions of Euro)

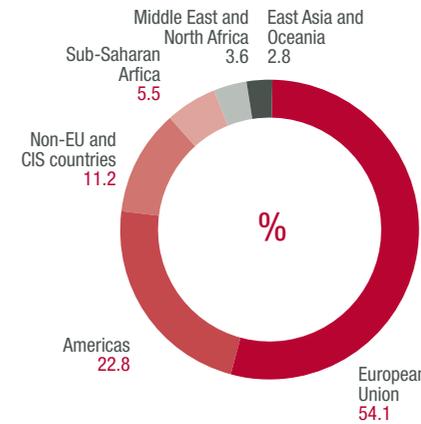


## VOLUMES

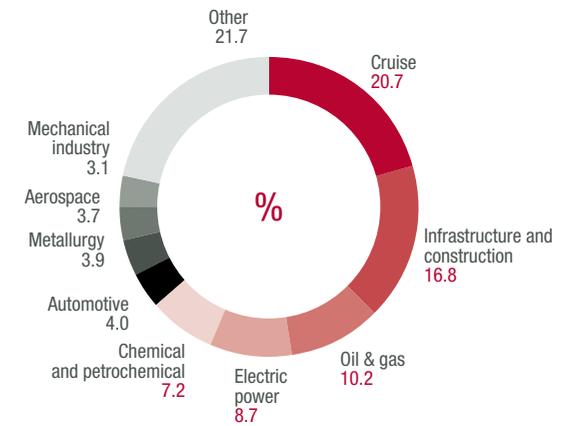
SACE approved new guarantees totalling 10.9 billion euro, up 25.7% from 2013. The new commitments are concentrated largely in the European Union (54.1%), North and South America (22.8%), and Non-EU and CIS countries (11.2%). The largest sector was the cruise industry, accounting for 20.7% of new

guarantees approved, followed by infrastructure and construction (16.8%), oil & gas (10.2%), and electric power (8.7%). Mechanical engineering, the flagship of Italy's exports, was the sector SACE supported the most in terms of the number of insured and guaranteed transactions.

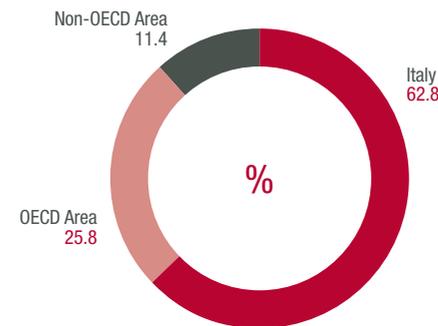
NEW GUARANTEES APPROVED BY SACE  
BY GEO-ECONOMIN AREA (2014)



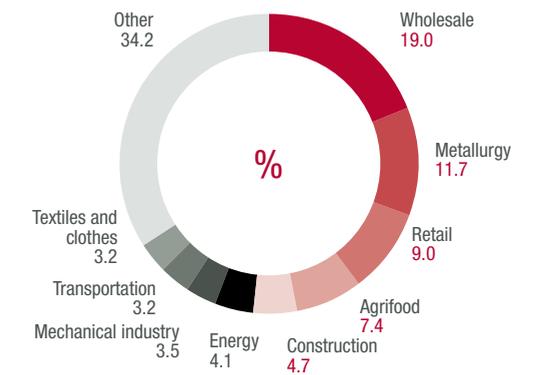
NEW GUARANTEES BY SACE SECTOR (2014)



VOLUMES INSURED BY SACE BT IN THE CREDIT LINE  
BY GEO-ECONOMIC AREA (2014)



VOLUMES INSURED BY SACE IN THE CREDIT LINE  
BY SECTOR (2014)



SACE BT's Credit line insured 11.1 billion euro, down 38.8% compared to the previous year. 63% of the total was in Italy, and the remaining 37% abroad.

The largest sectors were wholesale (19% of volumes), metallurgy (11.7%), retail (9%) and agrifood (7.4%). SACE BT's Surety Bonds line insured 2 billion euro worth of transactions, down 9.3%.

SACE Fct generated 2.7 billion euro in turnover, up 4.4%. Non-recourse factoring accounted for 84.1% of the total. The largest industries in terms of accounts receivable financed were energy (32%), construction (15.2%), and the public sector (14.2%). With regard to debtors, they were concentrated mainly in the Public Administration (62%), although private counterparties grew as a proportion of the total (38%).

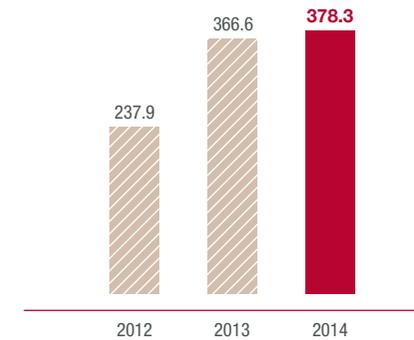
## CLAIMS

The claims reimbursed in 2014, net of reinsurance, amounted to 378.3 million euro at the consolidated level, rising slightly from 366.6 million euro in 2013. SACE settled 339.1 million euro in claims—an 8.6% increase, mainly attributable to the reimbursements paid for transactions insured in Iran as local counterparties struggled to meet their obligations due to the sanctions imposed by the UN and the EU. Trade claims concerned mainly the steel and mechanical industries and referred largely to debtors in Ukraine, Poland, and Iran.

SACE BT paid 39.2 million euro in claims, down 28.2%. The Credit line registered a 59% drop in the costs of claims compared to the previous year, as showed by the number of non-payment claims (-64%). The Surety Bonds line saw a 30% reduction

in claims, while the relevant costs increased 11%. There was a considerable rise (+73%) in the number of claims in the Other Damage to Property line, accompanied by a 229% increase in the costs of claims.

CONSOLIDATED CLAIMS SETTLED (Millions of Euro)



## REINSURANCE

SACE's reinsurance policy aimed at maintaining and improving the technical balance, consists in carrying out transactions with highly rated international market participants. SACE has entered into 26 reinsurance agreements with other export credit agencies.

In 2014, SACE finalised a reinsurance agreement and a consulting contract with the multilateral entity Iciec (Islamic Corporation for the Insurance of Investment and Export Credit). During the year, SACE also updated the terms of the reinsurance agreement with K-sure, the Korean Eca, widening the range of insurance products concerned by the agreement.

During the year, SACE also finalized its first reinsurance agreement with Lloyds, the London-based market. The cession concerned transactions with counterparties and sectors presenting significant concentration risks. SACE had the opportunity to access a market that represents the best practice in the reinsurance industry.

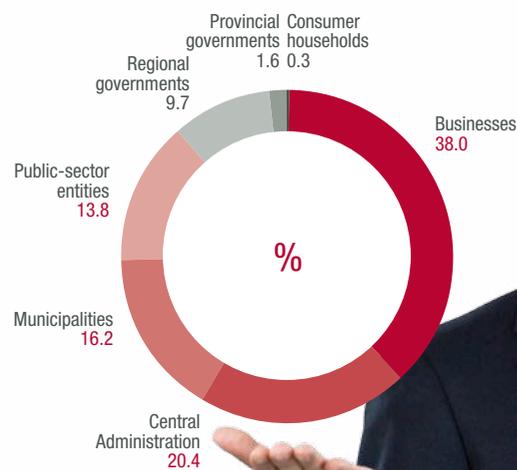
SACE BT successfully renewed its reinsurance agreements in 2014 despite the ongoing economic uncertainty affecting the lines the company operates in. SACE BT's improved performance persuaded market participants to approve the 2014 reinsurance programme.

## RECOVERIES

SACE collected 152.4 million euro from political recoveries, in line with 2013. These mainly referred to receivables due from Iraq, Egypt, Cuba, and Argentina. Trade recoveries amounted to 21.6 million euro, up from 7.8 million in the previous year.

The recoveries collected by SACE BT, net of legal expenses, amounted to 5.8 million euro, down 12%.

TURNOVER BY ACCOUNT DEBTOR'S SECTOR (2014)



Marco SAVASTANO



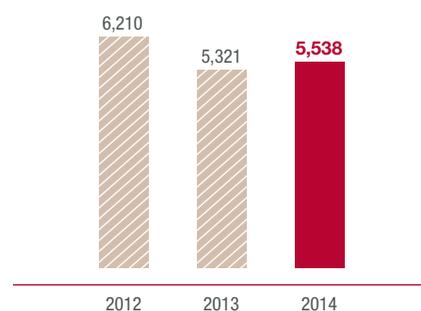
## SHAREHOLDER'S EQUITY AND TECHNICAL RESERVES

As at December 31, 2014, consolidated shareholder's equity amounted to just over 5.5 billion euro, up from approximately 5.3 billion euro in the previous year.

The share capital, fully paid up, amounted to 4.3 billion euro. The technical reserves, consisting of the premium and claim reserves, totalled nearly 2.4 billion euro (-6.4%).

In January 2015, SACE placed a subordinated perpetual 500 million euro bond with institutional investors.

SHAREHOLDER'S EQUITY (Millions of Euro)



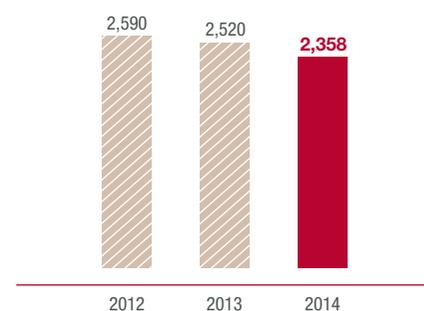
## FINANCIAL INVESTMENTS

Consolidated financial investments at the end of 2014 amounted to 6.3 billion euro, slightly down from 2013 (-4.1%).

The portfolio consisted of 41.3% in bonds, 8.9% in UCITS (Undertakings for Collective Investment in Transferable Securities) – which invest mainly in bonds and equities – 0.6% in equities, and the remaining 49.1% in money-market instruments.

SACE's financing activities are aimed at optimising the capital structure, improving financial stability, balancing the risks underwritten through insurance operations, and contributing to the company's goals.

TECHNICAL RESERVES (Millions of Euro)



FINANCIAL INVESTMENTS (Millions of Euro)

TYPE OF INVESTMENT	2014	2013	% Change
Money-market investments	3,088.4	1,986.5	55.5%
Bonds	2,599.0	3,783.6	-31.3%
UCITS investments	558.6	717.9	-22.2%
Equities	39.6	69.3	-42.9%
<b>Total</b>	<b>6,285.5</b>	<b>6,557.3</b>	<b>-4.1%</b>

## CONSOLIDATED BALANCE SHEET

ASSETS - THOUSANDS OF EURO	2014	2013	2012
Intangible assets	14,383	14,585	14,600
Property, plant and equipment	75,447	76,165	77,481
Technical reserves to be borne by reinsurers	84,669	82,185	106,305
Investments	7,053,135	6,812,228	7,458,433
Sundry receivables	1,354,459	1,098,645	972,121
Other assets	376,771	461,822	265,474
Cash and cash equivalents	100,205	155,612	502,871
<b>Total assets</b>	<b>9,059,069</b>	<b>8,701,242</b>	<b>9,397,285</b>

LIABILITIES - THOUSANDS OF EURO	2014	2013	2012
Shareholder's equity	5,538,828	5,320,744	6,210,100
Provisions	37,915	35,178	43,757
Technical reserves	2,358,356	2,519,477	2,589,707
Financial liabilities	733,145	294,146	133,228
Payables	139,864	130,698	110,267
Other liabilities	250,961	400,999	310,226
<b>Total equity and liabilities</b>	<b>9,059,069</b>	<b>8,701,242</b>	<b>9,397,285</b>

## CONSOLIDATED INCOME STATEMENT

thousands of euro	2014	2013	2012
Gross premiums	390,432	398,671	380,124
Change in the premiums reserve	17,103	102,838	91,338
Premiums earned for reinsurance ceded	-22,353	-31,730	-34,738
<b>Net premiums earned</b>	<b>385,182</b>	<b>469,779</b>	<b>436,724</b>
Commission income	11,067	10,745	10,920
Gains or losses on financial instruments at fair value	-402,738	-84,071	12,956
Gains on financial instruments and investment property	223,241	276,949	139,466
Other revenue	667,575	531,695	452,660
<b>Total revenue and income</b>	<b>884,327</b>	<b>1,205,097</b>	<b>1,052,726</b>
Claims reimbursed and change in technical reserves	-55,603	264,829	485,615
Shares of claims borne by reinsurers	-22,606	-19,855	-27,045
<b>Net claims-related expenses</b>	<b>-78,209</b>	<b>244,974</b>	<b>458,570</b>
Commission expense	642	360	559
Losses on financial instruments and investment property	13,649	7,426	22,823
Operating expenses	111,302	102,484	100,718
Other costs	158,085	271,715	199,518
<b>Total costs and expenses</b>	<b>205,469</b>	<b>626,959</b>	<b>782,188</b>
<b>Profit before tax</b>	<b>678,858</b>	<b>578,138</b>	<b>270,538</b>
Tax expense	208,334	232,886	102,605
<b>Profit for the year</b>	<b>470,524</b>	<b>345,252</b>	<b>167,933</b>

# risk management

## RISK MANAGEMENT POLICIES

Identifying, measuring, controlling and managing risks are the key stages of our risk management process. They are crucial in comprehensively assessing the company's assets and liabilities using the best asset liability management techniques.

Integrating risk management into decision-making processes aims to improve SACE's risk-adjusted performance.

The group defines its risk management processes considering the specific characteristics of the different business lines, in accordance with the relevant regulations. These outline three pillars:

- Pillar I introduces a capital requirement to address the risks inherent in insurance-financial operations (technical, counterparty, market, and operational risks)
- Pillar II requires SACE and its product companies to define a capital adequacy strategy and assessment process
- Pillar III introduces disclosure requirements concerning capital adequacy, risk exposures, and the general characteristics of the relevant management and control systems.

The most significant risks managed by SACE and its product companies are the following:

- technical risk, that is underwriting and credit risks. The former refers to the risk of loss or impairment of liabilities due to inadequate pricing and provisioning assumptions; the latter is the risk of default as well as fluctuations in the credit standing of the counterparty. The group manages both risks by adopting prudent pricing and provisioning policies, risk assumption policies, and techniques to actively monitor and manage the portfolio
- market risk, generated by trading in financial instruments, currencies and goods. The group addresses it using asset liability management techniques and maintains it below predetermined levels by adopting asset allocation guidelines and quantitative risk measurement models (Market VaR)
- operational risk, that is the risk of losses arising from failed or inadequate processes, personnel and internal systems, or external events. The companies carry out risk self-assessments on a

regular basis, identifying and recording actual operational losses through the loss data collection process. These data are the input to the operational risk measurement and management process, in accordance with the principles underlying the relevant regulations.

- liquidity risk, that is the risk the company cannot liquidate investments and other assets to meet its own financial obligations as they come due. SACE and SACE BT are not exposed to significant liquidity risks, as all instruments in the trading books that hedge technical reserves refer to securities traded on regulated markets. Moreover, the short average life of the investments guarantees their fast rotation. Conversely, SACE Fct faces a material liquidity risk, which consists essentially in a funding liquidity risk. More specifically, this type of risk includes the difficulty of dealing with current and future cash outflows efficiently, meeting operational business obligations to potentially settle outstanding loans, and, finally, raising funds on the market without incurring capital losses or excessively high funding costs
- concentration risk, arising from the exposure to single counterparties as well as groups of connected counterparties in the same economic sector, operating in the same business, or located in the same geographic area
- interest rate risk, which specifically concerns SACE Fct's operations and refers to non-trading assets. It represents the company's economic-financial exposure to unfavourable changes in interest rates.

The company also identifies the following risks, measuring and mitigating them through adequate management processes if required:

- reputational risk, that is the risk of deterioration of the company's image and of an increase in conflicts with customers, also due to the poor quality of the services rendered, the placement of inadequate products, or the sales network's conduct. The Group effectively mitigates this risk through the relevant internal control, compliance and risk management processes, as well as specific internal procedures governing the operations of SACE and the product companies
- the risk associated with being part of a group ("contagion" risk) as a result of the relations between SACE and its product companies. This is the risk that problems at an entity of a group spread to the other members, negatively affecting the solvency of the company itself and posing the risk of conflict of interests
- non-compliance risk, that is risk of incurring legal or administrative penalties and suffering losses or reputational damage as a result of the failure to comply with laws, regulations or provisions issued by Supervisory Authorities, as well as corporate governance standards (articles of association, codes of conduct, corporate governance codes). In addition, this risk also arises from unfavourable changes in the legal framework or case law.

## THE ROLE OF RISK MANAGEMENT

Risk management and monitoring operations are the responsibility of a single organisational structure. Through an integrated process, this structure contributes to strategic decisions as well as the operational and financial stability of SACE and its product companies. It also defines the methods and instruments used to identify, measure and control risks, ensuring that procedures are adequate relative to the risk profiles of the individual companies. In particular, this structure:

- proposes methods and develops integrated risk measurement and control models and systems, ensuring the company's capital is properly allocated in compliance with the corporate guidelines and the relevant regulations
- defines, develops and periodically reviews measurement and control systems concerning the risk/reward ratio and the creation of value referring to the individual risk-taking units
- contributes to defining the operational limits for the various corporate functions
- determines the current and future capital requirements in relation to material risks, ensuring the comprehensive measurement and control of the group's overall risk exposure by preparing procedures to identify, assess, monitor and report risks, including scenario analyses and stress tests
- supports the company's functions concerned in decisions concerning provisioning
- prepares periodical reports on the outlook of the risks assumed and any anomalies and excesses, submitting them to the Board of Directors, the Top Management, and the heads of operational functions

- monitors operations aimed at optimising the capital structure as well as the management of provisions and liquidity (as asset liability management)
- collaborates with other functions and control bodies, both internal and external, providing information flows on a regular basis
- takes part in defining risk assumption and management guidelines for common counterparties in collaboration with the competent functions at the group companies, supporting them in preparing the operational and technical documentation
- establishes a common approach towards sensitive counterparties.

## LOAN AND GUARANTEE PORTFOLIO

SACE's portfolio includes 2,769 counterparties at risk. Of these, 907 are counterparties also of SACE BT, whose portfolio – Credit and Security Bonds lines – contains over 99 thousand names. 94% of the common counterparties are Italian companies, concentrated mainly in the mechanical and metallurgical sectors as well as the agrifood industry.

In terms of exposure, the sectors presenting the most risks are infrastructure and construction, oil & gas, the metallurgical industry, aerospace and shipbuilding, and the chemical and petrochemical sector.

SACE Fct is exposed to over 3,500 counterparties, of which 178 are in common with SACE BT and 3 with SACE.

The counterparties to both SACE Fct and SACE BT are almost exclusively Italian (90%): 86% are private companies (41% in the wholesale and retail industry), while the remaining 14% are local Public Administration bodies (of which 68% are Municipalities).

There are 18 entities that are counterparties to all three companies, operating mainly in telecommunications, infrastructure and construction, and the electric power industry.

## SACE'S RISK PORTFOLIO

SACE's total exposure, calculated as the sum of loans and principal and interest on outstanding guarantees, amounted to just under 37.7 billion euro, up 6.4% compared to 2013. Thus, the growth trend observed in 2013 – which had slowed down in 2012 – continued, mainly thanks to the guarantee portfolio, which accounts for 96.8% of the overall exposure.

**37.7 BN €**  
SACE's total exposure

increase on  
2013 + **6.4%**

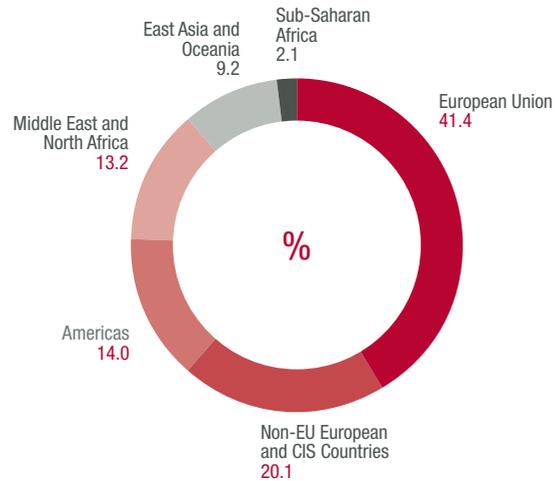
SACE'S TOTAL EXPOSURE (Millions of Euro)

PORTAFOGLIO	2014	2013	Change
Outstanding guarantees	36,494.3	34,475.8	5.9%
principal	31,439.8	29,336.4	7.2%
interest	5,054.5	5,139.4	-1.7%
Loans	1,205.5	949.9	26.9%
<b>Total</b>	<b>37,699.8</b>	<b>35,425.7</b>	<b>6.4%</b>

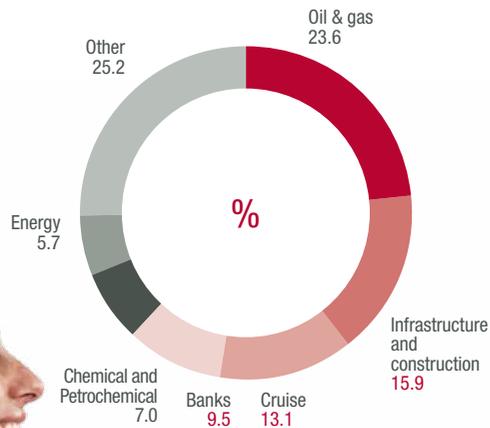
The breakdown by geo-economic area shows the group is most exposed to European Union countries (41.4%, compared to 40.4% in 2013), and especially Italy, which still ranked first in terms of concentration: it accounted for 28.6% of the total.

The group slightly reduced its exposure to non-EU European countries and the Community of Independent States (from 21% to 20.1%) as well as the Americas (from 14.2% to 14%); maintained its exposure to the Middle East and North Africa (13.2%) as well as East Asia and Oceania (9.2%) stable; and increased its exposure to Sub-Saharan Africa (from 2% to 2.1%).

SACE'S TOTAL EXPOSURE BY GEO-ECONOMIC AREA AT DECEMBER 31, 2014



SACE'S GUARANTEE PORTFOLIO BY INDUSTRIAL SECTOR AT DECEMBER 31, 2014

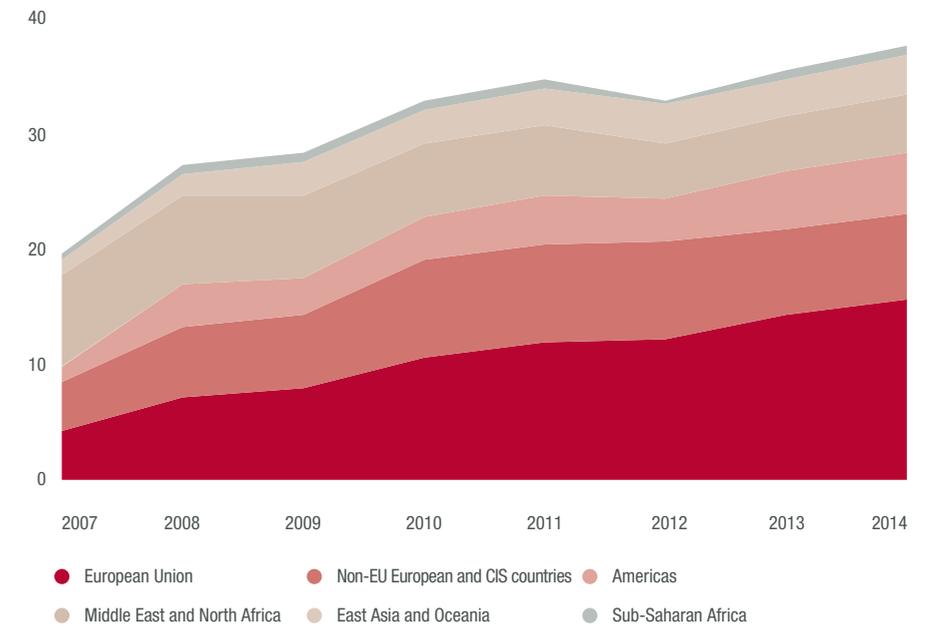


Concerning the breakdown of the guarantee portfolio by type of risk, sovereign risk increased slightly (+2.6%), while political risk edged down (-1.8%). Private risks accounted for 88.6% of the guarantee portfolio, up from 87.6% in the previous year and continuing the trend in recent years of a gradual increase in private risk as a percentage of the total. Conversely, political and sovereign risks have been contracting dramatically, from 43.9% in 2005 to 10.9% in 2014.

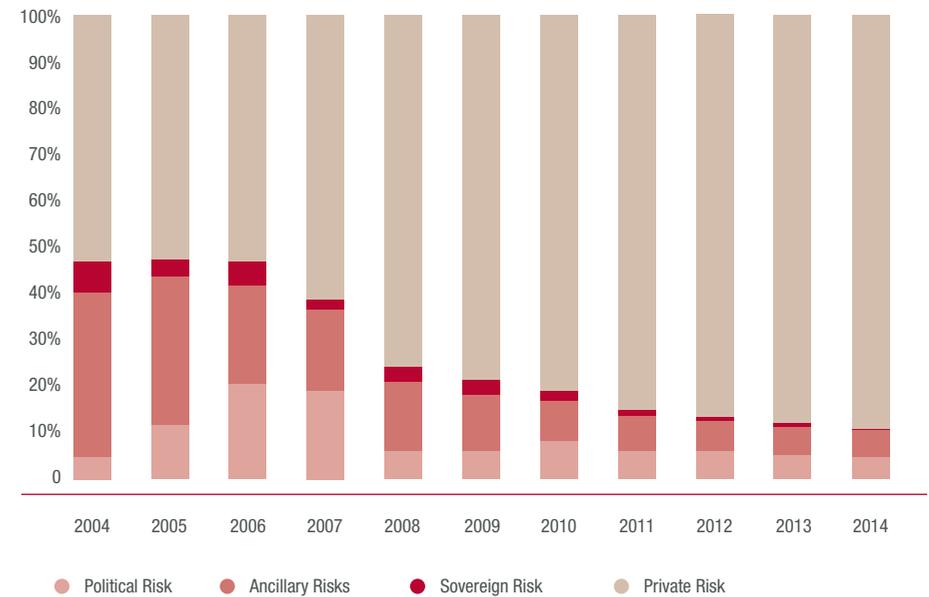
The breakdown by sector continued showing a high level of concentration, with the five largest sectors accounting for 69% of the portfolio. Oil & gas still ranked first, representing 23.6% of the total (23% in 2013). SACE increased its exposure to infrastructure and construction (from 15.4% to 15.9%) as well as the cruise industry (from 10.6% to 13.1%).

Francesca MELONI

TREND IN THE BREAKDOWN OF SACE'S TOTAL EXPOSURE BY GEOGRAPHIC AREA (Billions of Euro)



TREND IN THE BREAKDOWN OF SACE'S GUARANTEE PORTFOLIO BY TYPE OF RISK (2004-2014)



## SACE BT'S RISK PORTFOLIO

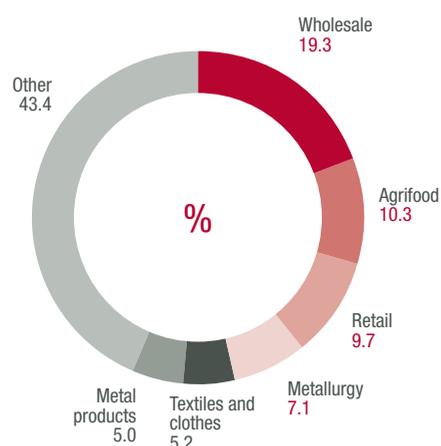
SACE BT's total exposure as at December 31, 2014 amounted to 36.4 billion euro, in line with the end of 2013 (+0.5%).

SACE BT'S EXPOSURE BY BUSINESS LINE (Millions of Euro)

PORTAFOGLIO	2014	2013	Var.
Credit	7,559.8	10,039.0	-24.7%
Surety Bonds	6,713.2	6,990.1	-4.0%
Other Damage to Property	22,086.7 <sup>(1)</sup>	19,141.0	15.4%
<b>Total</b>	<b>36,359.7</b>	<b>36,170.1</b>	<b>0.5%</b>

(1) Includes exposure related to Non-Life Lines, totalling 2,334.3 million euro.  
The Exposure of the Construction portfolio alone is 19,749 million euro.

SACE BT'S EXPOSURE IN THE CREDIT LINE BY INDUSTRIAL SECTOR AT DECEMBER 31, 2014



The Credit line's exposure, calculated considering the policy limits at risk net of excesses, was 7.6 billion euro (down 25% compared to 2013). This was the result of the portfolio review carried out by SACE BT.

The portfolio was concentrated mainly in the European Union (78.6%). Italy alone accounted for 56.5%, a proportion that is falling (67% in 2013) due to the

risk diversification strategies implemented during the year. Wholesale, agrifood and retail were the portfolio's three largest industrial sectors, representing 19.2%, 10.3%, and 9.7% of the total, respectively.

The exposure of the Surety Bonds line, that is the amount of insured capital, was 6.7 billion euro, down slightly (-4%) compared to 2013.

Guarantees for tenders amounted to 62.9% of outstanding risks, followed by those for payments and tax refunds (33%).

The portfolio consisted of nearly 32 thousand contracts, concentrated largely in Northern Italy (63.9%) and the Central regions (27.2%).

The nominal exposure of the Other Damage to Property line was 22.1 billion euro, including 19.7 billion euro related to the Construction portfolio (19.1 billion in 2013) and 2.3 billion euro to the policies of the Non-Life Lines.

The latter's exposure was up 15.4% from the previous period.

The actual exposure - calculated net of deductibles, excesses and indemnity limits - was 17 billion euro.

There were 7,166 policies outstanding: CAR and EAR policies accounted for 50.6% of the portfolio, contracts related to the Decennial Liability policy 38.8%, and the policies of the Non-Life Lines 10.6%.

## SACE FCT'S RISK PORTFOLIO

SACE Fct's total receivables, that is the overall amount of receivables purchased net of those collected and credit notes, at the end 2014 amounted to 1.5 billion euro, substantially unchanged from 2013.

SACE FCT'S TOTAL RECEIVABLES BY PRODUCT TYPE (millions of euro)

PORTAFOGLIO	2014	2013	Var.
Non-recourse factoring	1,316.4	1,277.8	3.0%
Recourse factoring	184.5	226.5	-18.6%
<b>Total</b>	<b>1,500.9</b>	<b>1,504.3</b>	<b>-0.2%</b>

Consistently with previous periods, total receivables mainly referred to non-recourse factoring, accounting for 87.7% of the overall portfolio. Receivables factored with recourse represented the remaining 12.3%.

The breakdown of total receivables by the transferor's industrial sector shows that 32.8% were concentrated in the energy industry. Construction ranked second (21.5%), rising sharply from 2013 (+14.1%).

The breakdown by the transferor's geographic area shows that the highest concentration was in central Italy (49.3%), although this was down compared to 2013 (57.9%).

Meanwhile, there was an increase in transfers from Italy's north-west (from 23.1% to 29.9%) and abroad (from 0.9% to 2.5%).

As for the breakdown by debtor's sector, most counterparties are concentrated in the Public Administration (71.7%). However, the number of businesses rose as a percentage of the total (from 22.9% to 28%).

The breakdown of total receivables by the debtor's geographic area shows a high concentration in central Italy, mainly due to the specific location of Central Administration bodies.



**WE ARE  
SACE**

*DE CECCO*

---

**12.5**  
million euro

Through the *Fondo Sviluppo Export* (Export Development Fund), SACE subscribed for a 12.5 million euro bond issued by the De Cecco food group to support the brand's development in foreign markets such as the USA, Japan, England, Germany, France, and South East Asia.

# we are SACE

Passion, professionalism, innovation: these are the strengths we use every day to support the competitiveness and growth of Italian companies. We are well aware that our employees are our greatest asset. That is why realizing the full potential of our human capital is at the centre of our human resource policies and we strive to create a working environment that offers the best professional growth opportunities and ensures an appropriate work-life balance.

We promote a corporate culture based on merit and equal opportunities. We undertake to prevent any discrimination based on sexual orientation, ethnicity, nationality, culture, religion, political ideas, age, or disability, and provide a working environment that recognises and considers diversity as an engine of value creation.

## THE GROUP IN FIGURES

At December 31, 2014, our group employs 715 people, essentially in line with the previous year. About 66% are at SACE, and the remainder at the subsidiaries: 162 at SACE BT, 56 at SACE FCT, and 23 at SACE SRV.

73% of employees work at the Rome office, 25% at other Italian offices, and 2% abroad. 4% of our workforce is not Italian.

**73%** of employees  
at the  
*Rome office*

of employees  
at the other  
*Italian offices* **25%**

**2%** of employees at other  
offices throughout the  
*World*

65% of employees are under 45 and 72% have a university degree. 334 are men. Women number 381, accounting for 53% of the total workforce and 32% of management.

These figures reflect  
*SACE's commitment  
to Valore D,*  
the association founded at the initiative of  
12 large Italian companies to promote and  
develop female talent.

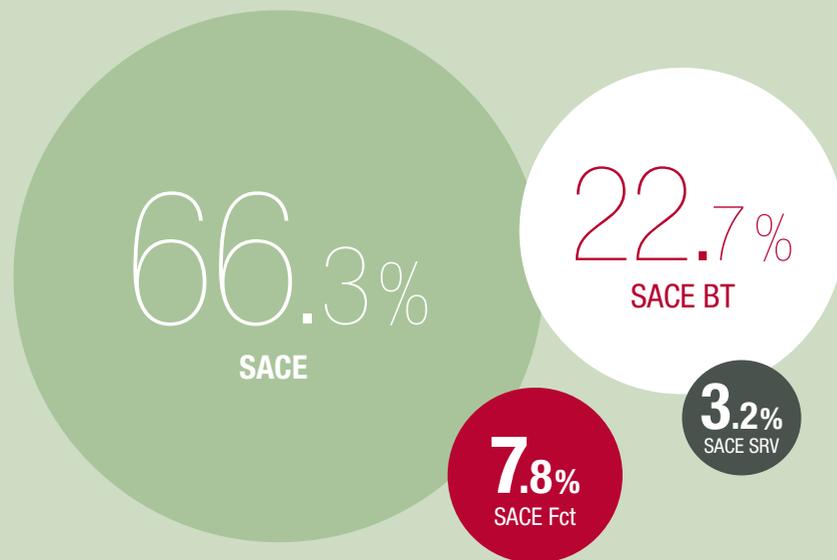
The group hired 38 people in 2014; 29 are under 36, and 24 are women. Our internships – numbering 47 in 2014 – offer young graduates an important professional growth opportunity in the various work areas.

28% of the 46 interns who completed their internship in 2014 converted into employees on different contracts.

**53%**  
of our employees are  
*women*



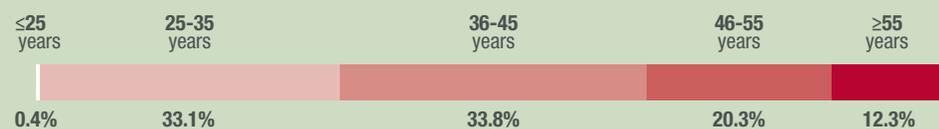
## EMPLOYEES BY COMPANY AS AT DECEMBER 31, 2014



## NUMBER OF EMPLOYEES



## EMPLOYEES BY AGE GROUP AS AT DECEMBER 31, 2014



## ALWAYS ON THE MOVE: LIFELONG TRAINING

# 72%

of employees have  
a university degree

Lifelong training and learning are essential to keep up with the times. We offer employees training courses to accompany them in their professional growth, and dedicate an induction plan to new employees to help them integrate in the company.

During 2014, considering both classroom and online courses, SACE provided an average of 20 hours of training per person, for a total of 14,550 hours. In addition, SACE Training, the unit dedicated to training and specialised consulting services, hosted in-house workshops, providing 4,181 hours of classroom and online training in 2014 to 2,114 participants.

## THE MOST IMPORTANT INVESTMENT: OUR PEOPLE

Skills and enthusiasm are crucial to tackle successfully the challenges of a continually evolving market. That is why we seek young talents with higher education, strongly motivated, and proficient in foreign languages.

We participate in the most important job fairs in Italy and collaborate with leading Italian universities, graduate schools and post-graduate master's degree programmes, which promote a mutually beneficial exchange of expertise and help us select new hires. Furthermore, since 2012 we have been supporting the "Bocconi Merit Awards" programme, sponsoring one of the seventy scholarships awarded to the most deserving students enrolled in the first year of graduate programmes.

# 14,550

hours of total training



Marco  
LOMBARDO

## ATTENTION TO WORK-LIFE BALANCE

We are well aware that our success comes from realising the full potential and the satisfaction of each single person in our organisation.

We promote work-life balance to enable employees to strike the right balance between professional and personal fulfilment. This vision translates into a programme involving several initiatives designed to help people balancing the time and energy dedicated to their work and their personal life.

We try to accommodate  
*our employees' needs,*  
ensuring they spend quality time in the  
office and simplifying everyday tasks as  
much as possible.

We support our people's professional growth through individual career plans tailored to each person's skills and potential. This translates into widespread job rotation, offering employees the opportunity to test themselves out of their comfort zone.

Job rotation promotes the exchange of skills, boosts career opportunities, and makes the work experience more fulfilling. These changes also lead to learning by doing and help employees quickly gain experience in functions and sectors different from their original ones.

We also offer our staff international assignments at one of our foreign offices – an experience that further enriches professional growth opportunities.

Augusto MICHETTI



Michela D'ANGELO



To this end, in 2010 we introduced "Happy Manager: help just two steps away". The programme aims to address the main everyday life problems that often consume an employee's free time, like paying bills, queueing at the post office, or renewing a driving licence.

The project "Telework from home", which started a few years ago, enables employees who need to, to work from home a few days of the week and for certain periods of time, using a workstation provided by the company.

They can thus stay connected with the office and colleagues via phone and the internet.

SACE has also appointed a mobility manager – a professional responsible for addressing mobility problems, developing solutions to reduce commuting costs and time on the one hand, and mitigate the company's impact on traffic, and thus the environment, on the other. SACE also subsidises annual public transit passes, offers real-time information on traffic and public transport services, and has activated a "Bike point" service, making a fleet of bicycles available to employees for short trips.



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SACE promotes two initiatives for its employees' children. The "Children in the office" day opens the company's doors to its employees' younger children, involving them in games to bring them closer to their parents' working environment.

The "Spiga" project (SACE Per I Giovani Apprendisti - SACE For Young Apprentices) is dedicated to young people aged between 18 and 26 and is an opportunity to bridge the gap between education and work. The participants take part in role-playing sessions simulating a day at the company, introducing them to the world of business.

Promoting employees' health – by facilitating access to health care services and promoting an active, healthy life style – is a pillar of our company's welfare policy.

SACE offers employees health insurance, cancer screening tests every two years for those over 45, and seasonal flu vaccinations.

Moreover, to promote a healthy and active lifestyle, employees can use the company gym, featuring state-of-the-art equipment. Also the "SACE in... shape" programme contributes to the same end: among other initiatives, it includes the promotion of an anti-smoking

campaign, the distribution of locally sourced fruit and the "Oranges for health" of the Italian Association for Cancer Research (Airc, Associazione Italiana per la Ricerca sul Cancro) in common areas, and meetings with nutritionists for the treatment of eating disorders. SACE protects employees' health also by offering specific training courses concerning the relevant laws, the organisation of first aid and fire-fighting teams, and the location of medical facilities on the group's premises. In collaboration with the Red Cross, SACE also organises paediatric first aid and CPR courses for its employees.

## CREATE VALUE FOR THE ENVIRONMENT AND THE COMPANY

Growth is meaningful only if it leads to long-lasting improvements in quality of life. SACE accepts this challenge – one of the most daunting facing our economy – and promotes a forward-looking corporate culture of sustainability to safeguard future generations.

Several initiatives – improving waste sorting and recycling as well as energy efficiency, and raising awareness about reducing consumption – keep employees focused on respecting the environment and help teaching and spreading best practices.

The company takes part in a campaign to collect used cell phones: donated devices are sent to specialised disposal companies, which convert them into resources to finance cooperation and development projects.



Cristina DOTTORI and Andrea DI SALVO



We encourage employees to actively participate in community volunteering initiatives. Since 2008, we have been supporting the non-profit association *Dynamo Camp*, a recreation therapy centre that houses minors suffering from serious conditions free of charge and promotes games and sports activities in a natural and protected environment. Some of our employees choose to volunteer for these activities, offering their time, commitment and passion just to give a smile to the camp's young guests.

We have become "Corporate Golden Donor" of the Fondo Ambiente Italiano (Fai, the Italian National Trust), an association committed to protecting Italy's natural and artistic heritage.

Believing that small acts of solidarity can make a difference, we have organised blood drives this year too. We collected 100 blood bags, donating them to Avis in Milan and the Bambino Gesù Children's Hospital in Rome. In addition, for several years now we have been participating in "Race for the Cure", a solidarity and fundraising race to support the fight against breast cancer. 179 of our employees and their families took part in the latest edition.

Large and small acts of solidarity promote a culture of social responsibility as well as awareness about sustainable growth and greater integration with the community among our staff.

Giovanni Abbadia • Vincenzo Abbate • Clelia Abbonizio • Cristina Abbruzzese • Tiziana Abbruzzese • Andrea Abrate • Claudia Roberta Accardi Simonetta Acri • Lorenzo Adinolfi • Roberta Airò • Stefano Ala • Maria Maddalena Albarano • Marinella Alberichi • Marco Aldegheri • Valerio Alessandrini Paolo Alfieri • Roberto Allara • Alessandro Altamura • Saverio Amoroso • Valentina Andreani • Francesca Andreani • Claudio Andreani • Rosina Andreoli Annalisa Angeletti • Sonia Angelini • Daniela Anniballe • Nazario Antelmo • Giuseppe Arcaro • Marcella Arduini • Francesca Argenti • Sabrina Arnone Laura Arpini • Fulvia Maria Arrigoni • Raoul Ascari • Giuseppe Ascierto • Annamaria Asta • Prospero Astarita • Ambra Auriemma • Gianfranco Avellini Ruggero Baffari • Massimo Baldini • Cristina Balestra • Fabio Ballerini • Emanuela Ballini • Enrico Barberi • Paola Barchietto • Dario Barigelli Maria Barilaro • Alessandro Barile • Matteo Barnabè • Maria Del Carmen Barral Diz • Lorenzo Bartoli • Nazzaro Bartolini • Antonio Bartolo Lidia Bartolucci • Orlando Basile • Roberto Basilicata • Nicola Bassi • Daisy Bastoni • Marco Battaglia • Roberto Battisti • Franco Bellamente Roberta Bellavia • Nicola Bellini • Stefano Bellucci • Pasquale Belmonte • Giovanna Chiara Beretta • Rossella Bernardo • Michela Bertini Barbara Bertoldi • Flavio Bertolossi • Anna Bertolotti • Francesco Bevilacqua • Alberto Biagiotti • Luca Bianchi • Monica Biffi • Raffaella Bigotti • Luciano Bisceglia • Stefano Bisogni • Giammarco Boccia • Francesca Bontempi • Danilo Boragine • Alessandro Borneto • Alessandra Bracaglia • Stefano Braga Vanda Bralio • Barbara Branciamore • Gianluca Bravin • Marina Breccia • Luca Brecciaroli • Federico Bressan • Laura Brichetto • Eteldreda Brugnatelli Mario Alejandro Bruni • Massimiliano Bruno • Alessia Bruno • Danilo Bruschi • Ignazio Bucalo • Sara Bucuni • Susanna Bulgarelli • Giuseppe Buongiorno Benedetto Buono • Mario Buratti • Mauro Buttarelli • Gianluca Cabula • Alessandro Calamea • Dalma Calandra • Sonia Calcagni • Nicola Calvano Mirco Calzolari • Patrizia Campitelli • Daniela Cannavò • Andrea Cantoni • Beatrice Cappuccio • Irene Capriccioli • Roberta Capurso • Vincenzo Caputi Alessandra Caputo • Annalisa Capuzzi • Fabio Caramellino • Daniela Maria Carbonati • Giuseppe Carbone • Francesca Maria Cardarelli • Dario Cardillo Valentina Cariani • Veronica Carlocchia • Milos Carloni • Rocco Carlucci • Sabrina Carretta • Daniela Carteri • Francesca Caruso • Patrizia Casadei Valentina Casalgrandi • Stefania Casalvieri • Stefano Casandri • Francesco Casanova • Massimiliano Cascianelli • Nicoletta Cassano • Rosanna Cassese Claudio Cassiani • Alessandro Castellano • Rossella Casu • Daniela Cataudella • Patrizia Cattaneo • Maddalena Cavadini • Fabiana Cavallin Alberto Cecchini • Alessandro Ceci • Barbara Celari • Giuseppina Ceraso • Paolo Cerino • Andrea Cervini • Alice Cetroni • Lawrence Chapman Claudia Cherubini • Maria Josephine Peter Chettiar • Lorenza Chiampo • Flavia Chiappini • Teresa Chiarello • Valentina Chiavarini • Yulia Chuykova Francesca Anna Cibati • Matteo Ciccarelli • Emanuela Ciccolini • Patrizia Cifani • Alessandra Cimini • Elena Cimmino • Rosaria Maria Cinquegrani Camilla Cionini Visani • Paola Cipriani • Marco Cipriano • Domenico Ciranni • Patrizia Clinco • Valerio Coari • Davide Cocco • Costantino Coco Roberta Coen • Anna Maria Cofini • Antonio Colantuoni • Domenico Coletta • Roberta Collacciani • Fabio Colombo • Benedetto Antonio Colombo Vittoria Colonna • Clementina Colucci • Rossella Concio • Eliana Conti • Gianluca Coppeto • Irma Coppola • Antonella Coppola • Raffaele Cordiner Claudio Giovanni Corradini • Emanuele Corradino • Claudia Emilia Corrao • Manolo Corretto • Mirko Corsetti • Flavia Costabile • Francesco Paolo Cotugno Michael Creighton • Emanuela Cretoni • Alessandra Croci • Fabrizio Cruciani • Pasquale Curto • Eugenia Cutini • Maurizio d'Andria • Barbara D' Elpidio Alberto D'Accardo • Diletta D'Addario • Giulio Dal Magro • Paolo Dalmagioni • Fabio D'Amelia • Ida D'Amora • Michela D'Angelo • Gabriella Daresta Andrea D'Armini • Rocco Dartizio • Lorenzo D'Aveta • Francesca Maria De Caro • Francesco De Cillis • Pauline De Faria Sebok • Vincenzo De Gioia Maria Teresa De Lio • Mauro De Lorenzo • Cristina De Martin Topranin • Giancarlo De Mattia • Manuela De Pace • Patrizia De Paolis Fabiana De Romanis • Maria De Rossi • Barbara Del Marro • Paola Del Sole • Enrica Delgrosso • Paolo Della Torre • Rossella Derme • Alessia Di Agostino Andrea Di Benedetto • Mariano Di Biagio • Patrizia Di Deodato • Elisabetta Di Dionisio • Carola Di Francesco • Federica Di Girolamo • Annarita Di Manno Giovanni Di Nicola • Andrea Di Nicolantonio • Francesca Di Ottavio • Andrea Di Salvo • Marianna Di Saverio • Antonella Di Tullio • Dalila Diana Letizia Diana • Piergiorgio D'Ignazio • Fausta Dilena • Laura Diprima • Stefano Donghia • Patrizia Donna • Laura D'Orazio • Cristina Dottori • Costantino Duca Dea Duranti • Salvatore Pio D'Urso • Domenico Esposito • Fiamma Fabiani • Antonio Fabozzi • Francesca Fabrizio • Elisa Facchin • Alex Fadani Maria Gloria Fagiolo • Pina Faiella • Claudia Falavolti • Claudio Falciano • Riccardo Fanelli • Michela Fant • Marco Farano • Vito Francesco Favata Elena Fecci • Oriana Feola • Marco Ferioli • Roberta Ferrante • Emiliano Ferrari • Fabrizio Ferrari • Paolo Ferrito • Marco Figliuzzi • Claudio Filippelli Paola Filippone • Luisa Finesi • Francesca Fiocco • Fiorella Fiordelli • Alessandro Fiore • Giovanni Fiorillo • Pompea Fiorini • Anna Flamini • Andrea Foresi Stefania Forti • Francesca Fortunato • Ilaria Franceschelli • Roberta Franci • David Frazzetto • Giovanna Antonia Fronteddu • Patrizio Gabriele Leonardo Luca Alessa Gadaleta • Andrea Galano • Gabriele Galbani • Maria Assunta Galbani • Roberto Galiani • Ernesto Galimberti • Cecilia Galli Pasqualina Gallo • Irene Gambelli • Catia Gambini • Serafina Garofalo • Luca Gatto • Antonio Genna • Rossella Gentile • Antonella Gentili • Lorenzo Gerini Emanuela Gezzi • Stefano Gherardi • Roxana Maria Gherman • Andrea Ghisellini • Jacopo Giacomelli • Francesco Giampaoli • Marianna Gianfrancesco Vincenza Giannini • Paola Eva Gianoglio • Ludovica Giglio • Roberta Gioda • Ivano Gioia • Elena Gioni • Alessandra Giordano • Rossella Giorgi Roberta Giorgio • Ilaria Giovannini • Daniela Girolami • Gaetanina Gisini • Pietro Giuliani • Tiziana Giustiniani • Luca Goldoni • Evgeniya Gorbacheva Stefano Gorissen • Sabrina Gorruso • Manuela Grassini • Eleonora Maria Gravina • Roberta Greco • Gianpiero Greco • Giusy Grillo • Francesca Grillo Ida Grimaldi • Ernesta Gualdaroni • Silvana Gualterotti • Simonetta Guardavaccaro • Carlo Guarinoni • Simonetta Guerra • Annalisa Guerrisi Fabio Guglieri • Alessandro Guida • Luca Gullotta • Daphne Honcoop • Alessia Iannoni Sebastianini • Antonio Iannuzzelli • Francesco Ioime

Ann Ulrika Karlsson • Natalya Korlotyan • Laura Maria Korte • Insaïda Krosi • Anna La Licata • Sharon Labi • Lucia Marianna Labriola • Gian Marco Lai Luigi Lammoglia • Francesco Lanzo • Giuseppa Lanzotti • Giacomo Larocca • Margherita Lasorte • Lavinia Lenti • Angela Leo • Daniele Leone Leonardo Leso • Mei-Zang Li • Edoardo Li Castri • Patrizia Liberati • Giovanni Licata • Marco Licciardello • Linda Maria Lippi • Giovanni Lo Faso Simone Lo Papa • Leandro Lo Presti • Luigi Loico • Marco Lombardo • Carolina Lonetti • Alessia Lordi • Enrico Lucciola • Emanuele Luciani Thomas Luciov Frossard • Marta Lupi • Alberto Macaluso • Giuseppa Macca • Francesca Maccarrone • Roberto Macchioni • Lucia Maccellari Fulvia Maffi • Patrizia Magarini • Alessia Maggio Tummiolo • Carlo Magistrelli • Gianluca Magistri • Marina Magni • Salvatore Maimone • Mattia Maione Federico Maitino • Angelo Malandrini • Rosanna Malfagia • Petronela Luminita Malureanu • Matteo Mancini • Rodolfo Mancini • Elsa Manigrasso Serena Mannu • Claudia Mannucci • Luca Manzi • Eva Maranzano • Walter Marazzini • Aldo Mari • Valerio Marinaro • Maria Cristina Marini Mauro Marolla • Roberta Marracino • Anna Maria Marroni • Eva Martin • Nadia Martinelli • Chiara Maruccio • Concetta Franca Maruotti Alessandra Marzani • Franca Masia • Laura Maria Masini • Francesco Massari • Antonio Massoli Taddei • Marco Mastrangelo • Mariapia Mastroddi Paolo Mastrogiacomo • Claudia Elisa Mastro Simone • Cosimo Matarazzo • Andrea Mattioli • Alessio Maurici • Maria Grazia Mazzarano • Mario Mazzella Renato Mazzoneschi • Andrea Mazzotti • Francesca Meloni • Maria Raffaella Menabene • Andrea Menabene • Antonio Menchella • Stefano Meneghel Piergiorgio Mengarelli • Gianmario Mengozzi • Emiliano Menichetti • Sergio Mensitieri • Stefania Mercanti • Cinzia Mercone • Valeria Meuti Laura Maria Miccichè • Maria Luisa Miccolis • Mariangela Micheletti • Augusto Michetti • Francesco Migliorino • Livio Mignano • Maria Laura Mingarelli Marco Minoretti • Stefania Mittempergher • Luca Moneta • Silvia Montanari • Enzo Montanari • Massimo Monteleone • Sara Montesi • Massimiliano Monti Donato Roberto Morea • Cristina Morelli • Beatrice Morera • Valentina Moretti • Manuela Moretti • Randa Maria Morgan • Elisa Morici Marina Moscatiello • Marco Mossino • Francesca Mureddu • Alessandro Musto • Chiara Nalli • Luisa Napolitano • Alessandro Napolitano Lorenzo Nappo • Paolo Johan Natali • Paolo Natalini • Simona Fortunata Nava • Andrea Nebbia • Carlo Neri • Serena Nicoletti • Giorgia Nigri Chiara Maria Stefani Noè • Alessia Notargiacomo • Roberta Nuccetelli • Carlo Nuccitelli • Donatella Occhionero • Antonio Oliva • Mario Orabona Pierpaolo Orlando • Silvia Ortenzi • Stefania Paciotti • Eleonora Padoan • Rosa Pagano • Stefania Paglia • Luca Pagliara • Franco Pagliardi Mara Pagnotta • Cristina Paiella • Paolo Palmieri • Giacinto Palmisano • Luca Pancucci • Elia Sabatino Panico • Antonia Paoillo • Marco Parisi Angela Fabienne Parisi • Marianna Parlapiano • Mariarosaria Pasca • Lara Pasquali • Mauro Pasqualucci • Luca Passariello • Anna Maria Passarini Francesca Pastore • Serena Paternesii • Marina Paturi • Annalisa Pecoraro • Emanuele Pede • Vincenzo Pedicini • Flavio Pelassa • Alessandra Pellegrini Lucia Pelosio • Daria Perrella • Stefania Perrone • Silvia Peruzzi • Donatella Peruzzi • Alessio Petaccia • Simona Pettitta • Pietro Petrucci Stefania Pettinaro • Anna Maria Piazza • Andrea Pierrri • Maria Cristina Pilia • Paolo Pinna • Cristina Pinzari • Isacco Piovani • Rosaria Pisaniello Marco Pizzato • Angelo Pizzulo • Laura Placidi • Federica Pocek • Ivana Poletti • Giancarlo Polidori • Marco Pollera • Sara Pompei • Cristiana Portale Luca Pozio • Roberto Prageldi • Benedetta Premuda • Monica Proietti • Daniela Proietti • Loredana Protti • Dmytri Prozorov • Giuseppe Puccio Giuseppe Puglisi • Carlo Andrea Puppo • Cinzia Quaranta • Fabrizio Quintiliani • Ilaria Quinto • Laura Radaelli • Giovanni Raimondo • Valerio Ranciaro Stefano Recchilongo • Giovanni Rege • Giammarco Regoli • Cristina Renzi • Stefano Retrosi • Marco Rettaroli • Chiara Riccardelli • Eugenia Riccelli Annalisa Ricci • Alessandra Ricci • Francesca Ricciardelli • Stefano Ricciardi • Laura Mae Richardson • Michael Riedl • Francesca Rimedio • Rosa Riolo Cinzia Rosanna Rizza • Filippo Rizzuto • Claudia Rochira • Daniela Roddi • Sabina Rodriguez Agri • Giuseppe Romano • Marcello Romei Bugliari Giuseppe Antonio Romeo • Michal Ron • Luca Pietro Ronchi • Francesca Rossi • Andrea Rossi • Daniela Rotellini • Sophie Anne Marie Rouilleault Luciano Franco Roveda • Amit Roy • Mariagrazia Rudes • Diego Russo • Fabio Rustichelli • Giancarlo Sabatini • Cristiana Sabene • Annalisa Saccotelli Stefano Salera • Giovanni Salinaro • Stefano Saloni • Gianluca Salvagnoni • Marco Sandrone • Massimiliano Sanna • Marco Sanseverino Giulia Santaniello • Roberto Santi • Gabriele Santini • Maria Santoro • Teresa Saponara • Carmela Nunzia Sapuppo • Carlos Saravia • Gaetano Sarno Marco Savastano • Patrizia Savi Scarponi • Emanuele Sbardella • Alessandra Sbardella • Marianna Scarano • Christian Scarozza • Silvia Scatena Gianmarco Schiavi • Massimo Schirò • Daniele Schroder • Manlio Scipioni • Erimyan Galina Sergeevna • Marco Sergi • Marco Severi • Marco Sica Enrico Sinno • Nenad Sofronic • Antonio Soncin • Angela Sorge • Neslihan Soydan • Stefania Spalluti • Tiziano Spataro • Pierluca Spaventa Manuela Maria Spinazzi • Alessandra Spinelli • Filippo Ivo Spinogatti • Elisabetta Spirito • Cristina Spizzichini • Brunella Stampatore • Simona Iolanda Stompanato Mariagrazia Suglia • Elisabetta Taralli • Gian Piero Tarantino • Giulia Tardani • Roberto Taricco • Paolo Alessio Tarquini • Roberto Tatasciore Alessandro Terzulli • Speranta Tirsar • Eva Tompetrini • Massimo Tosti • Michele Toto • Marco Traditi • Maria Vanessa Traggiai • Giorgio Traietti Andrea Tramonte • Maria Francesca Tranchina • Laura Rosaria Tricarico • Laura Tripodi • Davide Trombetta • Alessandro Trotto • Carlo Tucci Yeliz Tufekcioglu Kucukaltan • Alberto Turchetto • Ugo Ugolani • Pierluigi Ulivi • Luca Alberto Ulivieri • Rita Usai • Matteo Vaghi • Marco Vagnarelli Lisbi Valdez • Nadia Valentini • Silvia Valenziani • Paola Valerio • Enrica Vannoni • Rosa Varvara • Debora Ventrice • Matteo Venturelli • Clara Veronoli Anna Verrascina • Marzia Verri • Emanuela Vetere • Marina Vettese • Riccardo Vianello Simoli • Maria Vienna • Marta Giulia Villani • Marco Villiargio Alessandra Vinciguerra • Cinzia Viotti • Anna Maria Virgulti • Giovanni Vitale • Massimiliano Vitale • Maria Eleonora Vitaliani • Pierluigi Viti • Annamaria Vox • Simona Vultaggio • Gabriella Zagni • Claudia Zampa • Fabio Zamperini • Mariana Zampier • Andrea Zippel • Eleonora Zitelli • Rossella Zurlo



# CORPORATE GOVERNANCE

*ISAIA & ISAIA*

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**1.5**  
million euro

SACE guaranteed a 1.5 million euro loan for Isaia & Isaia, an SME from Campania,  
to open a mono-brand store in Los Angeles.

# corporate governance

## CORPORATE STRUCTURE

SACE, a joint-stock company wholly owned by Cassa depositi e prestiti, owns 100% of:

- SACE BT, a joint-stock company operating in the Credit, Surety Bonds, and Other Damage to Property lines
- SACE Fct, a joint-stock company operating in the factoring sector.

SACE BT owns 100% of SACE SRV, a company specialised in debt collection and managing the group's information base.

Relations between SACE and its direct or indirect subsidiaries are governed by principles and rules guaranteeing a unified business vision, cohesion, and consistent conduct.

To ensure the sound and prudent management of the business, SACE directs and coordinates its subsidiaries while allowing them to operate independently.

## LEGAL FRAMEWORK

SACE provides guarantees and insurance against political, catastrophic, economic, commercial, and exchange rate risks facing Italian companies in their international operations, in accordance with Italian Legislative Decree 143/1998 and CIPE (Interministerial Committee for Economic Planning) Resolution 62/2007. SACE is also authorised to provide guarantees and insurance for transactions that are economically strategic for Italy in terms of international growth, economic security, and the activation of production processes in compliance with Italian Law 296/2006, as well as against risks related to the non-collection of receivables due from Public Administrations pursuant to Italian Legislative Decree 185/2008. The commitments assumed by SACE while carrying out its business are backed by a government

guarantee (Italian Legislative Decree 269/2003, art. 6, paragraph 9).

SACE operates also in compliance with European Union laws (including Directive 29/1998) and the OECD Arrangement on Officially Supported Export Credits ("Consensus"). SACE abides by the principles established by the Berne Union, the international organisation of providers of export credit and investment insurance.

SACE BT, established in 2004, is authorised to provide insurance services and is supervised by the Italian insurance supervisory authority (*Ivass, Istituto per la Vigilanza sulle Assicurazioni*).

SACE Fct, created in 2009, is registered in the general and special register of Financial Intermediaries in articles 106 and 107 of the Consolidated Law on Banking, and supervised by the Bank of Italy.

## CODE OF ETHICS AND ORGANISATION, MANAGEMENT AND CONTROL MODEL

The corporate governance system establishes the rules and practices governing the company's management and control.

SACE bases its governance model on the respect of the rule of law and transparency, and adopts a prevention and control system consisting of the Code of Ethics and the Organisation, Management and Control Model (the "Model").

The Code of Ethics sets out the values and principles directors, statutory and independent auditors, managers, employees, collaborators, and third parties that SACE and its subsidiaries do business with

must uphold. The Code of Ethics is separate from the Model, but related to it, as it is an integral part of the prevention system adopted. Approved by SACE's Board of Directors pursuant to Italian Legislative Decree 231/2001, the Model is the result of a thorough analysis carried out inside the company and consists of:

- a general part governing the principles of the Decree, the governance Model, the principles of the Internal Control System, the Supervisory Body, the disciplinary system, personnel training, and the dissemination of the Model both inside and outside the company
- a special part identifying the areas within SACE for which there is a potential risk of committing crimes, and indicates a series of instruments to prevent them.

The Model has the following purposes:

- to optimise the corporate governance system
- to allow exempting SACE from administrative liability in the event crimes are committed
- to set up a comprehensive prevention and control system to reduce the risk of committing crimes connected to the company's operations
- to raise awareness among all those working in the name and on behalf of SACE that they could commit crimes potentially resulting in penalties against not only themselves but also the company
- to inform all those acting in any capacity in the name, on behalf and in the interest of SACE that any breach of the provisions of the Model will result in sanctions, including the termination of the contractual relationship
- to stress that the company will not tolerate unlawful conduct, as it is contrary to the company's ethical principles
- to effectively sanction conduct in breach of the Model by imposing disciplinary or contractual penalties.



Beatrice MORERA

The Model is intended for directors and all those representing, administrating and managing the company, its employees, and the parties that, although external to the company, are in “employment” or “dependent self-employment” relationships with it.

The Supervisory Body exercises control over the Model and the Code of Ethics: it supervises the adequacy, updating and implementation of the former, and investigates any breaches of the latter within the scope of its responsibilities.

## INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk management system consists of the rules, processes, procedures, functions, organisational structures and resources ensuring the proper functioning and performance of the company. The system has the following purposes:

- to implement corporate strategies and policies
- to adequately control current and potential risks and maintain risk within the Company's risk appetite
- to ensure the effectiveness and efficiency of corporate processes
- to guarantee the timeliness of the company's information reporting system
- to ensure the reliability and integrity of corporate, accounting and operating information, as well as the security of information and IT procedures
- to protect the value of the company's assets and protect it against losses, including in the medium/long-term
- to ensure the Company's operations comply with the laws in force as well as internal policies, regulations and procedures.

The Board of Directors, which has ultimate responsibility for this system, ensures it is current, functioning and effective at all times, promoting a high level of ethical integrity and a culture of internal control to raise awareness among all employees about the importance of monitoring.

The Top Management maintains the internal control and risk management system as a whole functioning and adequate. In addition, it ensures the staff is aware of their roles and responsibilities so that they consider themselves actually involved in performing controls, which are intended as an integral part of their work. To this end, the Top Management defines the organisational structure, procedures, powers and responsibilities in detail.

The internal control and risk management system has three lines of defence.

The first is the responsibility of the operational structures and the relevant managers, and consists in identifying, assessing, monitoring and mitigating risks arising from the company's day-to-day operations. To this end, said structures ensure operations are performed properly as well as compliance with the operational limits assigned to them, consistently with the risk objectives and risk management procedures.

The second line is the responsibility of the Risk Management and Compliance functions. They supervise the proper implementation of the risk management process, as well as the respect of the operational limits assigned to the various functions and the compliance of the company's operations with the law.

The third line is the responsibility of the Internal Auditing function, which monitors and regularly assesses the effectiveness and efficiency of the risk management, control and governance system relative to the type and severity of risks.

## INTERNAL AUDITING

For SACE and its subsidiaries, Internal Auditing acts as an independent and objective internal provider of advisory and assurance services to improve the organisation's effectiveness and efficiency. It helps the Company in pursuing its goals through a systematic approach, which generates added value because it aims to assess and improve the risk management, control and governance processes, identifying any sources of inefficiency in order to improve the company's performance. The Internal Auditing's mandate, approved by the Board of Directors, formally sets out the purposes, powers, responsibilities and lines of reporting to top management concerning both its findings and the annual plan. The latter, approved by the Board of Directors, outlines the priority audits,

which are defined based on the Company's strategic goals and the assessment of existing and potential risks relative to the company's outlook. The annual plan may be reviewed and amended in response to significant changes in the company's operations, programmes, systems, activities, risks, and control.

Internal Auditing monitors all lines of defence of the internal control system and disseminates the culture of control promoted by the Board of Directors.

It operates in accordance with the relevant external regulations, the international standards for the professional practice of Internal Auditing, and the Code of Ethics of the Institute of Internal Auditors (IIA).

## COMPLIANCE

Compliance systematically and continuously monitors the evolution of the legal framework, assessing the relevant impact on internal processes and regulations and indicating the best actions to properly implement it.



Mauro DE LORENZO

It monitors non-compliance risks, intended as the risk of incurring legal or administrative penalties and suffering losses or reputational damage as a result of the failure to comply with laws, regulations, or corporate governance standards. It also assesses reputational risk, intended as the risk of suffering losses due to the negative perception of the company by stakeholders or of an increase in conflicts with customers.

## CORPORATE BODIES AND COMMITTEES

SACE operates according to a traditional administration and control model, which includes a governing body, the Board of Directors, and a control body, the Board of Statutory Auditors.

The Board of Directors ("Board") has five members and is vested with broad powers to manage the company and perform all operations necessary to achieve the company's purpose, in compliance with the law and the Articles of Association. The Board assesses the adequacy of SACE's organisational, administrative and accounting structure, continuously monitoring its performance, and examines the strategic, business and financial plans. It has ultimate responsibility for the internal control system and is key in identifying, assessing and controlling the most material risks for the company.

The Board of Statutory Auditors supervises compliance with the laws and the Articles of Association as well as the principles of sound management, and the adequacy and proper functioning of the organisational, administrative and accounting structure.

The Chairman of the Board of Directors has the power to represent SACE.

The Chief Executive Officer, besides having the power to represent the company and being an authorised signatory, is vested with broad powers to manage the company in accordance with the authority delegated to him and the guidelines set by the Board of Directors.

The Remuneration Committee conducts research and in-depth analysis on remuneration criteria, evaluating the adequacy of remuneration policies and plans as well as their implications for the underwriting and management of risks.

The Steering Committee examines and shares the strategies and objectives of SACE and its subsidiaries, validates and monitors operating and business performance in its various aspects, and controls management and operational guidelines.

The Operations Committee evaluates the proposed operations submitted to the Board of Directors and examines material operations, assessing whether they are eligible under the company's guidelines. The Investments Committee defines the company's financial strategies.

The Commercial Coordination Committee is responsible for developing commercial synergies between SACE and its subsidiaries, assesses the opportunity to develop new business initiatives, and examines the product portfolio of SACE and its subsidiaries as well as the proposals for the development of new products.

## COMPANY OFFICERS AND CONTROL BODIES

### BOARD OF DIRECTORS<sup>1</sup>

Giovanni Castellaneta - Chairman  
Alessandro Castellano<sup>2</sup> - Chief Executive Officer  
Maria Elena Cappello<sup>3</sup>  
Carlo Monticelli  
Leone Pattofatto

### BOARD OF STATUTORY AUDITORS<sup>1</sup>

Marcello Cosconati - Chairman  
Alessandra Rosa  
Giuliano Segre  
Edoardo Rosati<sup>4</sup>  
Maria Enrica Spinardi<sup>4</sup>

### ACTING REPRESENTATIVE OF THE ITALIAN COURT OF AUDITORS

Antonio Frittella<sup>5</sup>  
Guido Carlino<sup>6</sup>

### INDEPENDENT AUDITOR<sup>7</sup>

PricewaterhouseCoopers S.p.A.

1 - Appointed by the Shareholders' Meeting of July 2, 2013 for a three-year term

2 - Appointed by Board of Directors' resolution of July 17, 2013

3 - Term of office expiring on April 30, 2015

4 - Alternate statutory auditors

5 - Term of office expiring on December 31, 2014

6 - Term of office started on February 17, 2015

7 - Appointed for the 2013-2015 three-year period by the Shareholders' Meeting of April 15, 2013

# *glossary*

**CREDIT INSURANCE:** operations related to receivables with a maturity of less than 24 months and supervised by IVASS (the Italian insurance supervisory authority).

**EXPORT CREDIT:** operations guaranteed by the Italian government in compliance with OECD regulations for receivables with a maturity of at least 24 months.

**PERFORMING LOAN:** amount on which the agency has paid a claim and that the debtor is repaying on time.

**TOTAL EXPOSURE (OF SACE):** sum of outstanding principal and interest payment commitments (net of reinsurance and hedging) and performing loans.

**EXPORT CREDIT AGENCY (ECA):** export credit agency.

**FACTORING:** contract by which a company (transferor) transfers its receivables to a financial company (factor), which becomes the owner of those receivables and can provide the transferor with accounts receivable management and financing services as well as insurance against the risk of default.

**GUARANTOR:** third party that under the insurance contract commits to repay the amount due to the insured should the debtor default.

**APPROVED GUARANTEE:** in the case of SACE, an insurance policy approved by the competent bodies.

**OUTSTANDING GUARANTEE:** in the case of SACE, an insurance policy approved by the competent bodies on which the first premium instalment has been paid.

**OUTSTANDING COMMITMENT (OF SACE):** total principal amount of the guarantees outstanding as at the date in question.

**OUTSTANDING COMMITMENT (OF SACE BT):** for the Credit line, the total amount of credit lines granted net of the amount not covered under the policy; for the Surety Bonds line, the amount of capital insured; for the Other Damage to Property line, the total amount of capital insured and policy limits.

**OUTSTANDING COMMITMENT (OF SACE FCT):** total receivables, that is the amount of receivables outstanding as at the date in question.

**INDEMNITY:** amount owed by the insurer as compensation for the damage suffered by the insured following a claim.

**LOSS RATIO:** ratio between the cost of claims and the gross premiums earned.

**COUNTRY LIMIT:** maximum amount (cumulative and/or for individual products/risks) of the insurer's liability in respect of a country.

**GROSS PREMIUM:** total amount due to the insurer, generated by the outstanding guarantee and referring to the entire coverage period.

**NON-LIFE LINES:** guarantees covering injuries to people and/or damage to property following a fire, theft as well as general liability.

**RECOVERY:** amount on which the agency previously paid a claim and collected in full or in part from a debtor/guarantor.

**REINSURANCE ACCEPTANCE:** transaction by which an insurance company (reinsurer) takes on part of the risks insured by another insurer (reinsured).

**REINSURANCE CESSION:** transaction by which an insurer (reinsured) passes part of its risk exposure to an insurance policy onto another insurance company (reinsurer).

**ANCILLARY RISKS:** risks related to credit risk, such as production risk, the risk a surety bond will be called unfairly, and destruction risk.

**MARKETABLE RISKS:** according to OECD regulations, political and commercial risks on debtors in European Union Member States and other Category zero OECD countries with a maximum risk period of less than 24 months.

**NON-MARKETABLE RISKS:** according to OECD regulations, political and commercial risks on debtors not in European Union Member States or other Category zero OECD countries with a maximum risk period of over 24 months.

**BANKING RISK:** risk related to transactions backed by bank guarantees.

**PRIVATE (OR CORPORATE) RISK:** risk related to transactions with banking/corporate parties.

**SOVEREIGN RISK:** risk related to transactions covered by a sovereign guarantee, that is one provided by the Ministry of Economy and Finance or other entities able to assume liability for damages on behalf of the Government.

**PREMIUM RESERVE:** technical reserve consisting of the amount of unearned gross premiums issued (fractional premium reserve), as it refers to risks which will continue existing in the following period, and from additional provisions intended to cover any higher costs for outstanding risks (reserve for outstanding risks).

**CLAIMS RESERVE:** technical reserve consisting of the total amounts that, based on a conservative estimate based on objective elements, are needed to pay claims received in the period or in previous ones and not yet settled, as well as the relevant settlement expenses.

**TECHNICAL RESERVES:** amounts that insurance companies must set aside and recognise in their financial statements to cover potential claims from policyholders.

**TURNOVER (OF SACE FCT):** amount of receivables sold to the factor in the period.

**VALUE AT RISK:** maximum potential loss in the reference time period with a certain confidence level (usually 95-99%).

**VOLUMES INSURED (BY SACE):** guarantees approved in the period.

**VOLUMES INSURED (BY SACE BT):** volumes insured in the Credit and Surety Bonds lines in the period.

# where we are

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