

SAIPEM OF TOMORROW

A conversation between Chairman P. A. Colombo and Prof. S. Pareglio*

EMERGING SCENARIOS

THE ROLE OF THE BOARD OF DIRECTORS IN THE APPLICATION OF A SUSTAINABLE BUSINESS MODEL

Prof. S. Pareglio

Chairman, upon the first reflection, I think we live in a world where 'sustainability', as an emerging theme, often confined to the environmental matrix alone, has become a strategic key for the business. 'Sustainability' for companies means playing a broader role within contemporary society. Above all, it means taking a closer look with respect to the future. How does Saipem fit into this dual perspective?



Chairman P. A. Colombo

Saipem has met the challenges, both social and otherwise, with a distinctive sustainable model where the term 'sustainable' is something real, that likewise impacts our activities and is integrated in our strategic decisions, innovation, relations with stakeholders, the know-how of our people and corporate culture. Over the years our business model has not been limited to only meeting the expectations of stakeholders, but has also been designed to prepare Saipem for the competitive arena of the coming decades. A long-term vision, essential for the sustainability of the business, together with the values of ethics, know-how and technology, allow us to fully create value in all the over 60 countries in which we operate.



Prof. S. Pareglio

Innovation and long-term vision are two concepts that are closely linked to a very current topic such as climate change. Increasing its 'climate resilience' is essential for Saipem, as for any other company, in order to manage any related risks and to seize the opportunities.

Chairman P. A. Colombo

Countering the impacts on our society deriving from the changes taking place at the climatic level is a challenge from which society as a whole and we, in our small way at Saipem, cannot escape. As a provider of engineering and

construction services, Saipem can make an important contribution in terms of technological innovation aimed at optimising the 'climate change' actions of Oil & Gas developments by the Oil Companies, and in the energy efficiency sector as well where there is still a lot of work to be done. These are the kind of initiatives that turn into a constant commitment for Saipem and into opportunities that open new market prospects and diversify its business perimeter. In order to provide cutting-edge and sustainable solutions, Saipem helps its clients meet the needs of a future with reduced carbon emissions, where fossil and non-fossil sources can continue to meet the growing primary energy needs. This commitment to sustainability at all levels is also reflected in the company's policies and governance principles.

Prof. S. Pareglio

Indeed, in large companies there is an increasing focus on the quality of governance, and in particular on the role of the Boards of Directors as an 'instrument' capable of guiding and promoting the sustainability of the business: a competent BoD is an essential prerequisite for understanding the risks and opportunities related to environmental issues. What, then, is your view on the role of the Board of Directors of Saipem, and more generally of governance, in addressing future challenges?

Chairman P. A. Colombo

Saipem is equipped with an advanced Corporate Governance system that over the years has adapted to the challenges and evolved along with them. The flexible and pioneering spirit, the propensity for innovation and the long-term strategic vision of the company are reflected in its governance, expressed mainly by the Board of Directors, and in the work of Top Management. Challenges such as climate change are thus integrated into the business strategy and in business and risk management models. These issues are subjects of discussion of the internal committees such as the Corporate Governance Committee and Scenarios and the Audit and Risk Committee. As members of the BoD, we have expressed our commitment by actively participating at various times in discussions on sustainability issues and, in particular, we organised two workshops in 2017 dedicated to analysing the evolution of global business scenarios and of some relevant sustainability issues.

(*) Stefano Pareglio, Università Cattolica del Sacro Cuore, Associate Professor of Microeconomics, Environmental and Energy Economics; Society and Sustainability Program Coordinator at Fondazione Eni Enrico Mattei.

A conversation between the CEO, S. Cao, and M. Drexler*

BETWEEN VISION AND MISSION

OUR FUTURE STRATEGY

M. Drexler

Mr. Cao, the world is seeing an accelerated pace of change, where a multitude of complex global scenarios with a high degree of uncertainty (technological innovation, demographics, global warming and an uneasy balance between economics and politics) impact business. How can a company like Saipem operate successfully in such an uncertain scenario?



S. Cao

We are living in a time of extremely rapid changes and it is of utmost importance for a Company like Saipem to explore these scenarios, be able to understand their main trends and anticipate certain Clients' needs. These actions can give our Company the power to understand a rapidly changing world and adapt accordingly. It is now clear that we are in the most severe crisis in the history of the Oil & Gas industry with a huge reduction in Oil Company investments, but at the same time we are experiencing positive trends such as the growth in the population of developing countries, thus increasing the global energy demand. In this context, by taking into account the depletion of existing wells and the future contribution of those under development, even in a scenario which pushes the weight of renewable energies to the maximum extent possible, there is very little chance that the primary energy supply side can balance the growing energy demand with reduced investments in new Oil & Gas developments.



This, as a consequence, should further drive an increase in the price of commodities, with oil, but mostly gas, remaining a cornerstone of the energy mix for the next 20 years. Saipem has been acting as if oil prices will stay low forever and has been taking this crisis as an opportunity to open new markets and boost innovation, pursuing new technological solutions based on complementary green technologies. We will offer our clients a new hybrid – fossil fuel renewable – approach to new developments. Saipem must therefore be the company that finds innovative and efficient solutions for making viable expensive and risky projects.

This is our vision: to be a leader in making the future of our markets sustainable.

M. Drexler

Then, in order to be able to propose new solutions, what opportunities are there for Saipem to play a role in this evolving world?

S. Cao

We had the opportunity recently during the celebration of our 60 Year Anniversary to listen to Prof. Parag Khanna's speech where he shared his vision, stating that 'companies like Saipem are the heroes in a way of building platforms of connectivity, the mega-infrastructures in transportation, energy and communication areas'. To ensure connectivity and the demands of the next generation in a more sustainable and globalised world, we can be sure that there will be more investments in infrastructures over the next 40 years than there has been in the last 4,000 years. There's no doubt we must be ready to seize this opportunity. In fact, only companies that have an innate sense of innovation in their DNA as Saipem does can behave like a 'technological engine' capable of transforming traditional approaches, methodologies and ways of operating to move and go beyond limits.

M. Drexler

If the multiple scenarios are changing so rapidly, it is clear that all business and managerial models must consequently adapt and change accordingly. An obvious concern then is will all the actors be able to succeed and embody the model of the concrete solution provider?

S. Cao

I'm sure that we must anticipate and in some way guide the market rather than be guided by it. Our mission is to implement challenging, safe and innovative projects, leveraging on the competence of our people and on the solidity, multiculturalism and integrity of our organisational model. With the ability to face and overcome the challenges posed by the evolution of these scenarios, we must seize the opportunities to create economic and social value for all our stakeholders. The next step is to fully integrate our unique sustainable business model within our organisation. It's a challenging task, indeed, especially from a cultural point of view, but I think we have the ability and the strength to accomplish this mission.

(*) Michael Drexler, World Economic Forum: Head of Financial and Infrastructure Systems, member of the Executive Committee.