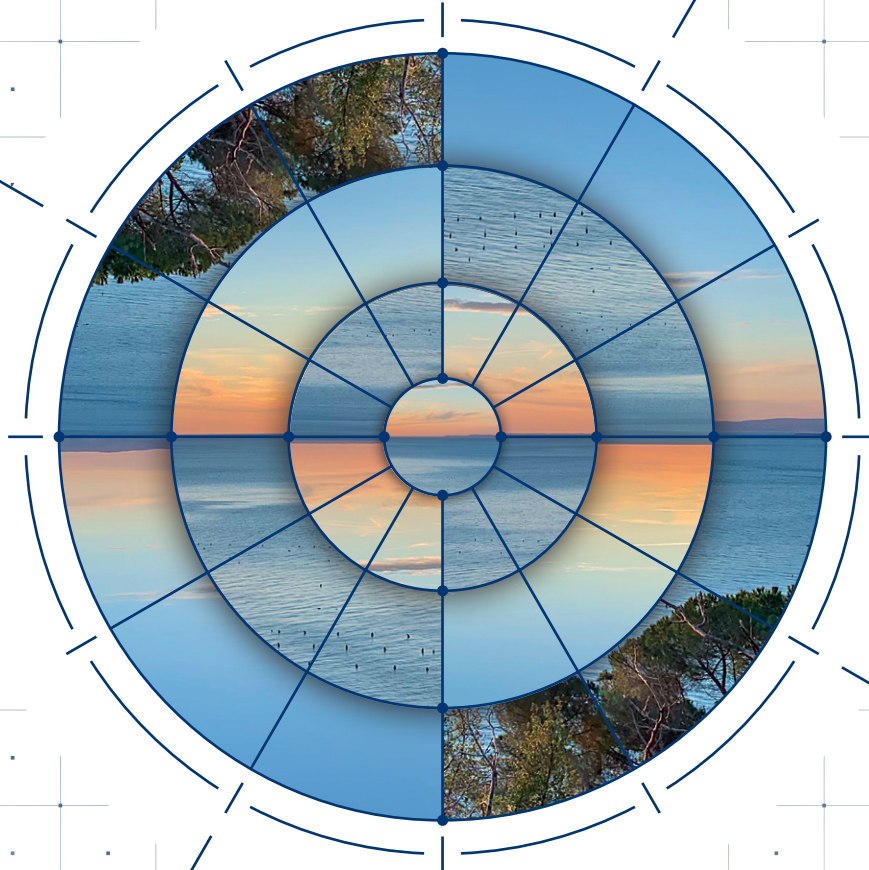


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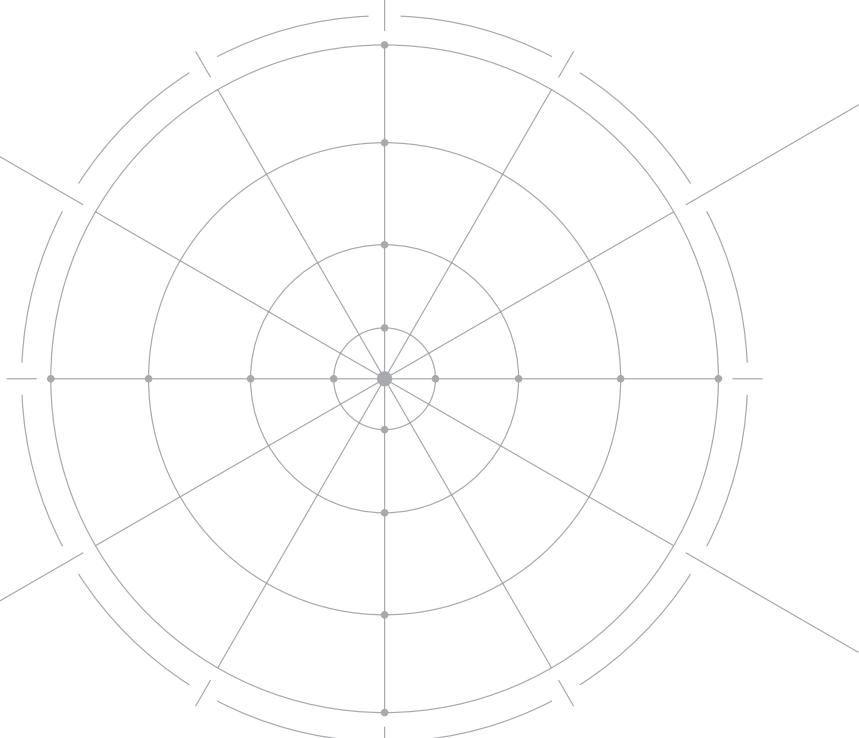


SUSTAINABILITY REPORT 2021

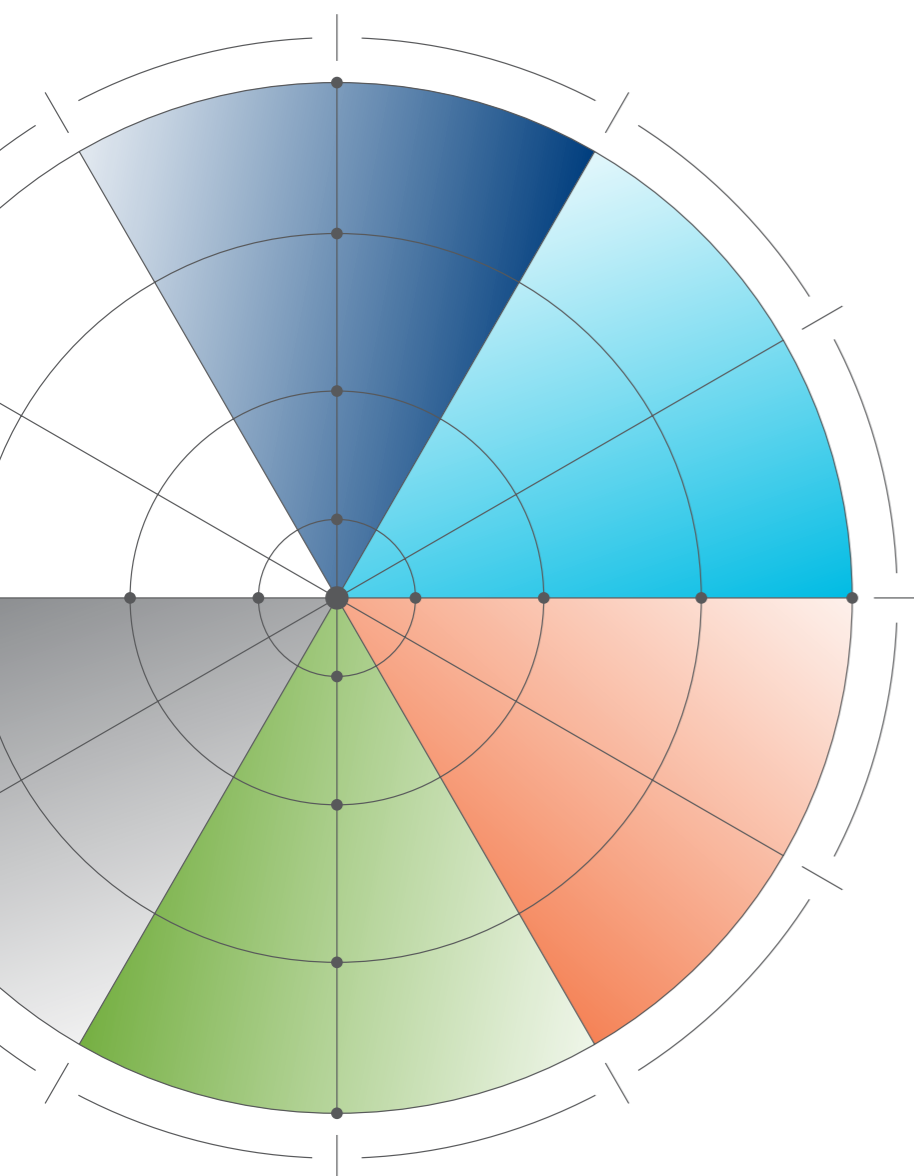
Consolidated Non-Financial Statement pursuant to Legislative Decree No. 254/2016

SUSTAINABILITY REPORT 2021

Consolidated Non-Financial Statement
pursuant to Legislative Decree No. 254/2016



INDEX



Letter to Stakeholders	4	Social sustainability	113
ESG highlights 2021	8	Customers and Products	114
Sustainability objectives 2021	10	Main customers	115
The Fincantieri Group	13	Sustainable and safe ships	117
Group overview	14	Product quality	122
Sustainable strategy	24	Customer satisfaction	125
Governance and responsible and ethical management of our business	45	Engagement with customers	126
Governance	46	People	128
Corporate Governance and Remuneration Policy	46	Development and safeguarding of human resources	130
Internal control and risk management system	52	Diversity and equal opportunity	137
Legality, integrity and prevention of corruption	56	Health and safety in the workplace	142
Human rights	62	Wellbeing for people	148
Management of reorganizations and restructuring	64	Engagement with people	154
Cyber security	66	Communities and local territory	156
Information and personal data security	70	Lines of action	157
Economy and market	72	Engagement with communities and institutions	167
Economic value for stakeholders	72	Environmental sustainability	169
European Taxonomy	75	Fincantieri for the climate	170
Sustainable finance	77	The challenge of climate change and risk management	172
Tax approach	78	Sustainable management of natural resources	188
Expansion of the business segments	80	Environmental aspects	190
Economic satellite businesses	82	Efficient investments	198
Innovation and sustainability	84	Biodiversity	200
Innovation strategy	85	Technology for the climate	202
Main projects	88	Eco-sustainable ships and infrastructure	202
Cooperations	91	Eco-design	212
Managing and sharing knowledge	95	Sustainable partners	213
Sustainable supply chain	96	Agreements and initiatives to be eco-sustainable	213
Supplier base	99	Annexes	217
Qualification and monitoring	104	Methodological note	218
Supply chain of foreign companies	108	Description of material topics	222
Engagement with suppliers	111	Global compact reconciliation table	224
		GRI content Index	226
		Independent auditors' report on the consolidated non-financial statement	240



Letter to Stakeholders

2021 was a year of gradual recovery compared to the previous year and our fifth Sustainability Report bears witness to the Group's perseverance and determination to overcome one of the most challenging economic situations the world has had to face in modern times. This already difficult scenario has been exacerbated by the dramatic events of the war waged by Russia in Ukraine.

At times like these we need to call on all our available resources and I am proud to say that not only has Fincantieri persisted while continuing to honour its commitments - in terms of production, eight cruise ships and two expedition cruise vessels built in our network of shipyards at home and abroad have been delivered in the past year - but it has swiftly returned to its growth path, also in the areas of innovation and sustainability. Before mentioning the results that confirm this trend, I would like to emphasize the effort we have made in tackling the pandemic crisis which, unfortunately, we cannot yet consider as behind us. We have been the forerunner in the employee vaccination campaign and thanks to it, and to the timeliness of its launch, we have been able to effectively protect the health of our staff and of those in satellite businesses, the Company's true assets. This project culminated in the opening, at the end of December, of a new vaccination centre at the Monfalcone plant, demonstrating how a constructive collaboration between public health and the Company can translate into a focus on the local territory.

As I said, 2021 was a year of recovery in all respects, and I would like to go over the most important steps, starting with the component that has always been a driver for Fincantieri: innovation. Many green projects have been launched or completed. I want to start with the major partnerships with other leading industrial players in Italy, aimed at protecting the national interest, which is even more important at a time like the present.

We have signed a Memorandum of Understanding (MoU) with ArcelorMittal Italia and Paul Wurth Italia aimed at reconvertng the existing full-cycle steel plant in Taranto in line with environmentally friendly technologies, convinced that this is a key step in boosting the national steel industry and, consequently, Italy's manufacturing industry as a whole.

With Eni, we decided to identify a system of integrated solutions in decarbonization projects in the fields of energy, transport and the circular economy. These are highly strategic sectors for which the industry has confirmed its desire to take a leading role in energy transition.

We have signed a protocol with Enel Green Power to define an integrated solution for the production, supply, management and use of green hydrogen for port areas and for long-range maritime transport, enhancing excellence and know-how in their respective fields of expertise. With Enel X, we have begun to explore how we can work together to build and operate next-generation port infrastructure with a low environmental impact. We are taking action on multiple fronts and, among these, the implementation of cold ironing - the technology for providing power from shore to ships at berth - deserves particular attention. This solution will prove central to maritime transport in the future - and therefore to the economy of the next decades - and is in fact part of the project for the new cruise terminal that Fincantieri Infrastructure will build in the port of Miami for the shipowner MSC Cruises.

With the same partner, joined by Snam, we have signed an MoU for the design and construction of the world's first hydrogen-powered cruise ship; yet another opportunity that will allow us to offer our customers the best in innovation to help minimize environmental impact.

This accomplishment brings me to another chapter in which we play a leading role, that of new technologies. Our subsidiary Fincantieri SI, leader in the integration of electric propulsion systems and complex electromechanical systems, has established the joint venture Power4Future with Faist Electronics, a subsidiary of Faist Group, specialized in the development and supply of complete electricity storage systems. This joint venture will be dedicated to the production of lithium batteries, which are highly strategic in many industrial sectors and considered a source of competitive advantage for companies and countries that possess the technology. The batteries produced by Power4Future will also make an important contribution to achieving the Italy's decarbonization goals, the basis of the National Recovery and Resilience Plan which has defined specific priorities for making Italian ports, and transport more generally, greener.

Through Fincantieri Deco we have also developed an ecological dredger that removes sediments without contact with the seabed, thus ensuring a reduced environmental impact and the possibility of separating reusable materials from those that require special disposal.

I would also like to mention what has been done by our subsidiary company Isotta Fraschini Motori within the IFuture project, which aims to create an engine for industrial use and its 'marinization' for the segment market. The company's new engine, which focuses on those technologies that contribute to energy transition, was launched with a road show that involved a selected audience of national companies, also with the aim of strengthening the Made in Italy brand in the country's generator segment.

Lastly, earlier this year we launched Zeus, the experimental naval unit powered by fuel cells for navigation at sea and the first of its kind in the world.

In addition to all this, the Company's design and management efforts, in line with the European Green Deal, continue to produce vessels that stand out on the market due to the constant pursuit of efficiency and lower emissions. This applies as much to the Group's Italian shipyards, where work has begun on the first ship in the new liquefied natural gas class for Princess Cruises, a Carnival Corporation brand, as it does to those abroad. The subsidiary VARD continues to strengthen its position in the offshore renewable energy sector, receiving, among other prestigious customers, an order from the British company North Star for the construction of four service operation vessels that will operate in Dogger Bank, which, once completed, will be the largest offshore wind farm in the world.

We have also achieved remarkable goals in terms of economic and social responsibility, underlined publicly by personalities such as the historian and economist, Professor Giulio Sapelli, who defined the Fincantieri model as 'a textbook case'. On this point, I should mention the signing of an important and innovative trade union agreement, on the subject of tenders, signed by the main national trade unions and with the national trade union coordination executive. This agreement confirms what has been done by the Company in recent years and marks important lines of development that have translated into a set of actions, marked by increased participation, sharing and sustainability of the activities.

We then signed a sustainability linked construction loan with Intesa Sanpaolo and Cassa Depositi e Prestiti, which is connected to achievement of the objectives in the Sustainability Plan. This is the first transaction of its kind for the Company, demonstrating our ongoing search for effective tools to support our holistic vision of business.

Extending the discussion to the issue of workers' health and safety, in addition to the plan to improve the production process that involves multiple sites, I must also mention the letter of intent signed with Comau, part of Stellantis Group, for the development of prototype robotic solutions for steel welding. This is an important innovation for the shipbuilding industry that helps protect workers' safety and improves the ergonomic conditions in which they work.

In the wake of continuous improvement in the relationship with the territories in which we operate, I would particularly like to mention the agreement supporting parents signed at the beginning of this year with the Government, represented by the Minister for Equal Opportunities and the Family Elena Bonetti, and the national secretaries of the trade unions for the creation of nurseries in our company sites. I see this as a major accomplishment not only in improving work-life balance for our employees, but also to enable women to be mothers at all times.

I would also like to mention the renewal of our collaboration with the Sandro Pertini Higher Education Institute in Monfalcone, which has established the naval engineering specialization, a prerequisite in the training of the professionals that our Company needs. The same city also saw the inauguration of a pre-school that had been renovated thanks to Fincantieri's resources and, in November, welcomed the first 53 children from the area. Remaining in the educational field, I would like to underline that Fincantieri has been confirmed, for the third consecutive year, as Italy's Most Attractive Employer among companies in the Manufacturing, Mechanical and Industrial Engineering sector in the ranking of Universum, a Swedish company that has certified the most attractive companies for both students and young professionals. Finally, I want to mention a fact of which I am particularly proud: according to a research by Infocamere, Fincantieri is in the Top100 companies in Italy that have continued to hire, even during the pandemic, with the entry of 645 employees into the workforce in the two-year period from June 2019 to June 2021.

All of these efforts have been recognized internationally by two separate independent bodies: CDP (formerly the Carbon Disclosure Project), the no-profit organization for environmental reporting, which assigned Fincantieri an A- rating for the second consecutive year for the activities it carried out in the past year, and V.E, formerly Vigeo Eiris, that measures the integration of social, environmental and governance factors in the sustainability area and once again confirmed Fincantieri in the 'Advanced' range, the highest, ranking us in first place in its reference basket.

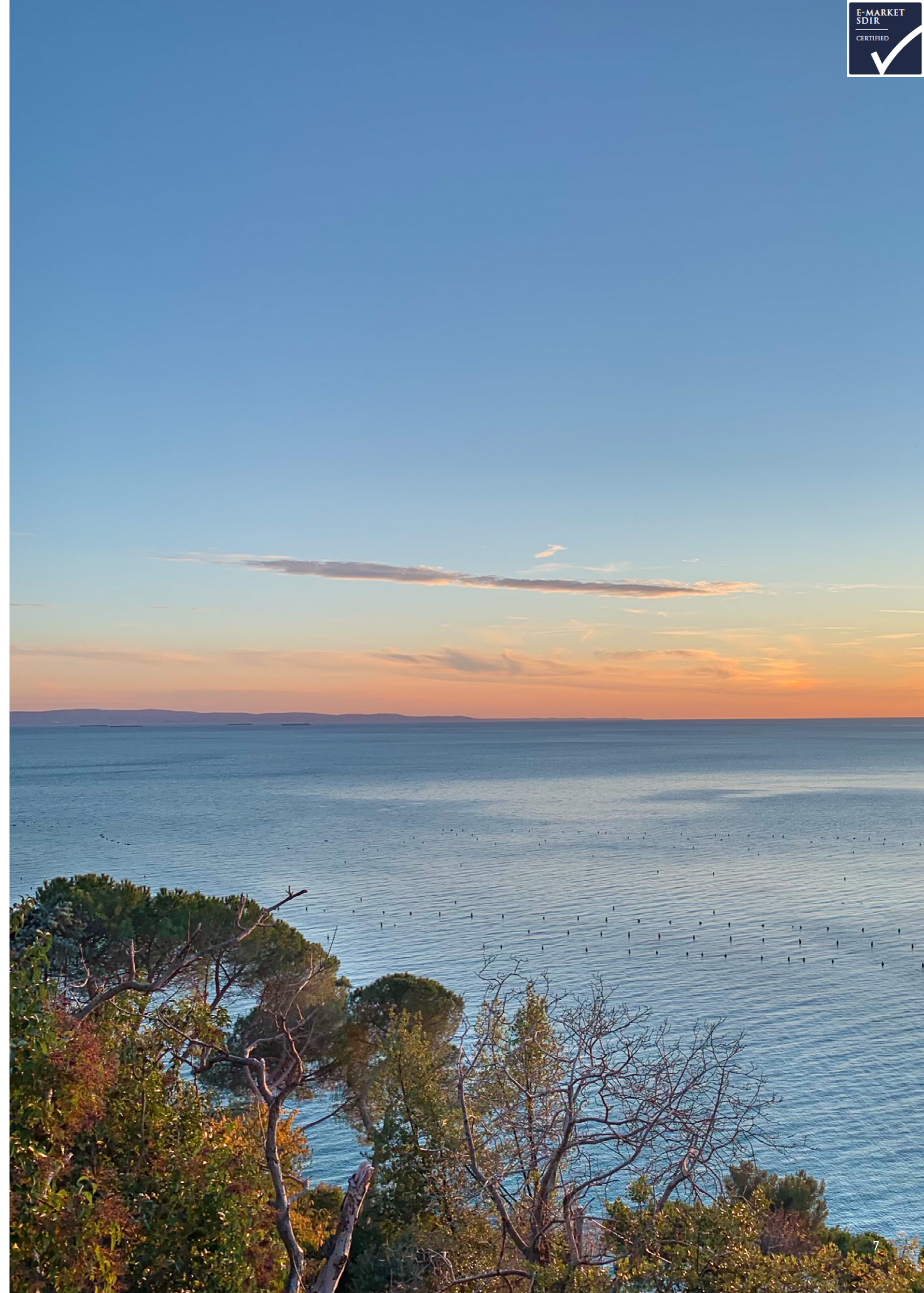
In confirmation of all the above, Fincantieri has wholeheartedly renewed its participation in the United Nations Global Compact, the world's largest initiative for business sustainability on a voluntary basis, inspired by ten universal principles relating to human rights, labour, the environment and the fight against corruption, through political actions, business practices as well as social and civil behaviour.

Before concluding, I would like to focus on a cornerstone that supports our corporate strategy: culture. Each company has its own and this must be combined with a sense of belonging, internalization and affection for the working environment we each work in. This develops over time and it is an essential aspect of which sustainability is now the key: this makes the difference and it is a winning choice.

This is the best summary of what we have achieved this year but, at the same time, it is also a starting point for what we aim to continue doing in the future.



GIUSEPPE BONO
Chief Executive Officer of Fincantieri



ESG highlights 2021

SHIPYARDS AND DOCKS

Europe

Italy

Trieste
Monfalcone
Marghera
Sestri Ponente
Genova
Riva Trigoso - Muggiano
Ancona
Castellammare di Stabia
Palermo

Norway

Brattvaag
Langsten
Søviknes

Romania

Braila
Tulcea

Asia

Vietnam

Vung Tau

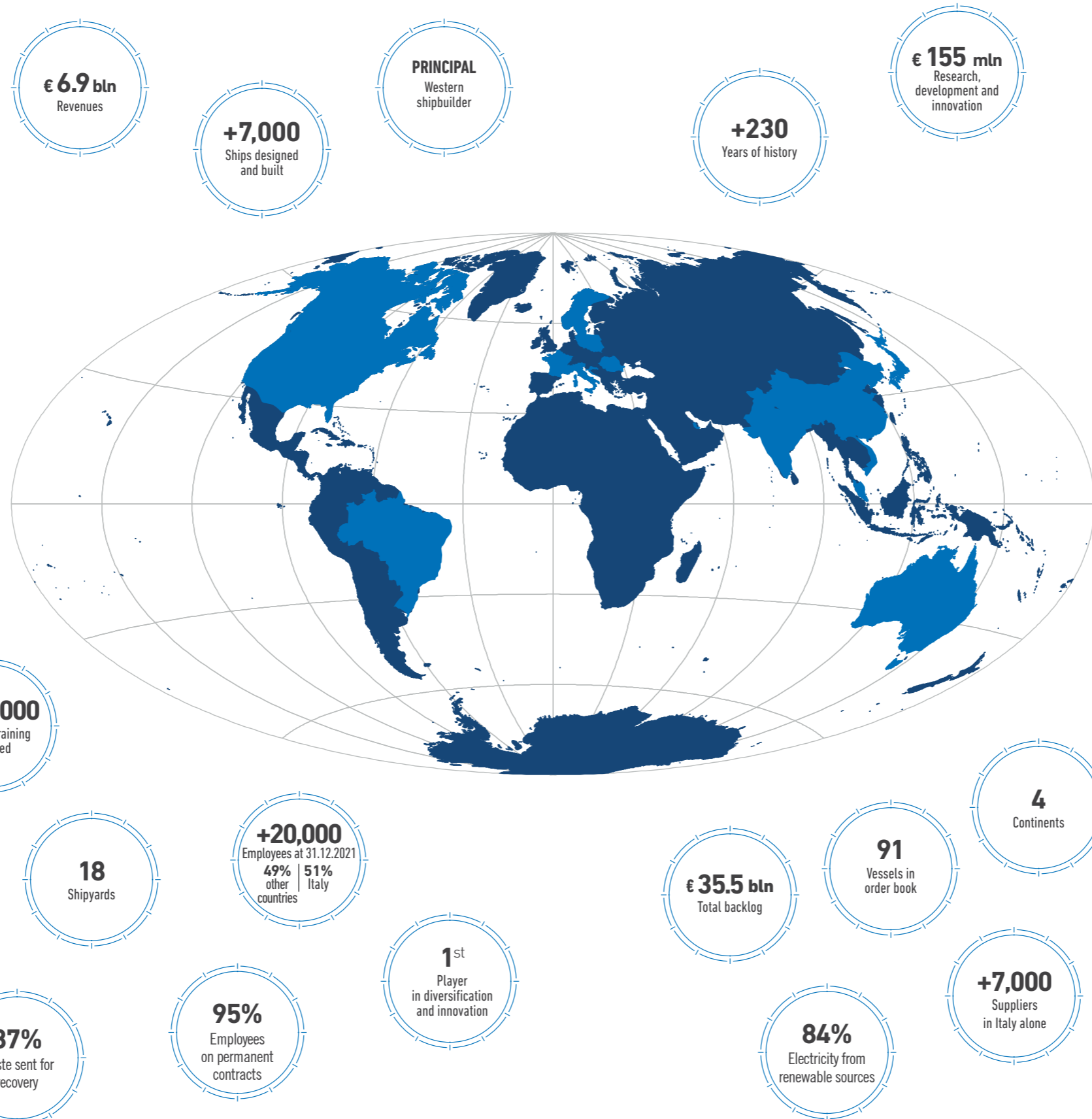
Americas

Usa

Marinette
Sturgeon Bay
Green Bay

Brazil

Suape



MAIN SUBSIDIARIES

Europe

Italy

Cetena
Isotta Fraschini Motori
Fincantieri Oil&Gas
Marine Interiors
Marine Interiors Cabins
Fincantieri NexTech
Seanergy A Marine
Interiors Company
Fincantieri SI
Fincantieri Infrastructure
Fincantieri Infrastructure
Opere Marittime
Fincantieri Infrastrutture Sociali
IDS Ingegneria Dei Sistemi
SOF
Issel Nord
MI
E-Phors
BOP6

Norway

Vard Group
Vard Design
Vard Piping
Vard Electro
Vard Accomodation
Seaonics

Romania

Vard Tulcea
Vard Braila

France

Team Turbo Machines

Croatia

Vard Design Liburna

Sweden

Fincantieri Sweden

Poland

Seaonics Polska

Asia

China

Fincantieri (Shanghai)
Trading

India

Fincantieri India
Vard Electrical Installation and Engineering (India)

Qatar

Fincantieri
Services Middle East

Singapore

Vard Holdings
Vard Shipholdings
Singapore

Japan

FMSNA YK

Vietnam

Vard Vung Tau

Americas

Usa

Fincantieri Marine Group
Fincantieri Marine System
North America
Fincantieri Services USA
Fincantieri USA
Fincantieri Infrastructure USA
Fincantieri Infrastructure

Wisconsin

Canada

Vard Marine

Brazil

Vard Promar

Oceania

Australia

Fincantieri Australia

Sustainability objectives 2021

The 19 objectives of the 2018-2022 Sustainability Plan with a final or interim deadline in 2021 are given below. Our **Sustainability Plan** represents our strategic vision for sustainability and details the commitments undertaken by the Fincantieri Group, through the Charter of Sustainability Commitments, and breaks them down into qualitative and quantitative targets that can be measured over time.

Our objectives contribute to the achievement of the **Sustainable Development Goals** (SDGs) of the United Nations 2030 Agenda and in particular **8 SDGs**, which we have recognized as relevant to our business and in line with the Group's strategic directions.

During the year **all the 2021 objectives were achieved** with the exception of obtaining ISO 50001 certification for the Energy Management System, which could not be completed on time due to the impact of the COVID-19 pandemic on the scheduled conduct of activities.

The pages in this Report that describe the related initiatives are marked with the following logo:



MATERIAL TOPIC	COMMITMENT	OBJECTIVE	STATUS	PAGE	
 GOVERNANCE TOPICS					
	Promotion of the sustainability culture in line with the Group Values, encouraging managers to think in a sustainable manner within their sphere of influence	Gradual assignment of sustainability objectives in the Company's variable remuneration system	⊙	152	
	Maintenance of the Corporate Governance system and risk management (including sustainability risk) in line with international best practices	Implementation of the International Ship and Port Facility Security Code (ISPS Code)	⊙	146	
	Adoption of preventative measures and policies geared towards the prevention of corruption in all spheres of influence	Definition of the tax strategy	⊙	78	
	Integration of sustainability issues with stakeholders through the promotion of dialogue and listening initiatives with those involved in the Group's activities	Implement an external stakeholder engagement program	⊙	28	
	Increasingly sustainable and responsible corporate performance, creating the conditions for development that ensures the needs and expectations of all stakeholders are met	Preparation of guidelines to assess the opportunity to make investments in accordance with sustainability principles	⊙	199	
	Cyber security	Guarantee the protection of computer systems and data by minimizing the risk of network breaches, corruption of sensitive data or processes and develop the cyber security strategy for products and services	Develop a central information technology system and industrial platforms to bolster protection of industrial networks	⊙	67
	Sustainable supply chain	Promotion and support of a responsible and sustainable supply chain that shares our values and is based on long-lasting relationships founded on integrity, transparency and respect	Implementation of an action plan to promote the dissemination of the Suppliers' Code of Ethics	⊙	98
			Launch of the Sustainable Supply Chain project	⊙	99

MATERIAL TOPIC	COMMITMENT	OBJECTIVE	STATUS	PAGE	
 SOCIAL TOPICS					
	Human rights	Commitment to creating the socio-economic conditions to ensure respect for human rights throughout the value chain	Conduct annual audits to assess and monitor the most critical suppliers in terms of human rights, health and safety and the environment	⊙	106
	Development and safeguarding of human resources	Constant collaboration and cooperation in an inclusive and international context in order to encourage the exchange of ideas, opinions and experiences and the development of multidisciplinary skills	Collect proposals and improvement initiatives with regard to sustainability from employees and implement them (FincantieriON project)	⊙	155
		Industrial relations based on dialogue and listening to protect jobs and employment	Draw up a policy or guideline for managing any company reorganization or restructuring	⊙	64
	Diversity and equal opportunity	Promotion of programs offering equal opportunities to all employees in order to promote diversity and inclusion within the Group	Conduct a gender pay equality survey	⊙	140
			Define an action plan to increase employee awareness of diversity and inclusion	⊙	139
	Customer satisfaction	Listen to needs and expectations to maximize customer satisfaction	Develop and apply methodologies for detecting the level of customer satisfaction. Identify new organizational solutions to strengthen customer loyalty	⊙	125
	Product quality and safety	Continuous improvement of the quality and safety of products and services in compliance with technical standards, in all phases of the production process to meet the high standards required by the business	Keep ISO 9001 certifications on the Quality Management Systems and product certifications in line with market expectations	⊙	123
			Increase product safety	⊙	120
	Health and safety in the workplace	Continuous improvement of workers' health and safety conditions	Optimization of the use of supplier evaluation tools	⊙	145
 ENVIRONMENTAL TOPICS					
	Climate change	Support for research to improve the analysis and management of risks associated with climate change	Conduct a climate change scenario analysis in compliance with the principles defined by the Task Force on Climate-related Financial Disclosures (TCFD)	⊙	174
	Environmental management	Implementation of projects to improve energy efficiency and conserve natural resources, protect biodiversity and reduce environmental impact to prevent soil, air and water pollution	Obtain ISO 50001 certification	○	190

Key: ⊙ achieved ○ not achieved

The purpose, methodology used and the full Sustainability Plan describing the objectives, targets and timescales are available on the website www.fincantieri.com/en/sustainability/governance/sustainability-plan/

THE FINCANTIERI GROUP

Group overview

Sustainable strategy

As a benchmark in industrial culture, we are confidently setting the course in an increasingly complex world, integrating people, professions and territories

We are an international group with strong skills in managing complex projects, serving a business portfolio that is extremely diversified in terms of geographical markets, sectors and customers. We are one of the **most important shipbuilding groups in the world**, Italian leader at global level in cruise ship design and construction, a reference player in all high-tech shipbuilding industry sectors, from ships for Defence to offshore and specialized vessels, from high value-added ferries to mega yachts, as well as in ship repairs and conversions, production of systems and components for the mechanical and electrical sectors, ship interior solutions and after-sales support services. We have also been able to deploy our know-how in other high-tech sectors such as infrastructure, digital, electronics and advanced systems engineering.

We work to create an increasingly technological and sustainable future, focusing on innovation and respect for people, territories and the environment.

Group overview

With over 230 years of history and more than 7,000 ships built, Fincantieri keeps its headquarters in Trieste and its know-how and management centres in Italy. It employs over 10,000 people in Italy and generates more than 90,000 jobs, which double on a global scale thanks to a production network of 18 shipyards on four continents and more than 20,000 direct workers.

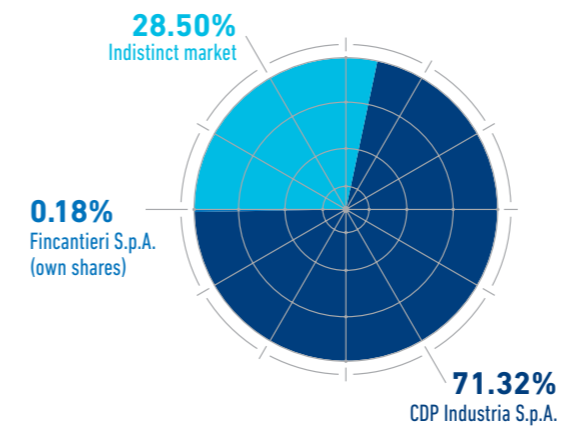
Our customers include major cruise operators and we are the sole supplier of the Italian Navy, a reference partner for the US Navy and many foreign navies, and a key player in some of Europe's major defence partnership programs.

Broadening our competencies is our main strategic and competitive lever; it allows us to operate successfully not only in our core business, but also in different sectors and markets, united by the high added value in terms of organizational model, complexity management, innovation and sustainability.

Over the years, we have developed our organizational structure to adapt it to the Group's strategies and to respond to the challenges posed by the market in a timely manner. Today our Group consists of a number of companies with headquarters in Italy and around the world, and adopts an integrated production model based on excellence. Fincantieri has 102 subsidiaries, 36 of which are Italian and 66 are foreign.

In 2021, we further strengthened our presence in the **infrastructure** segment by completing the acquisition of INSO - Sistemi per le Infrastrutture Sociali S.p.A., and its subsidiary SOF. This acquisition is part of our strategy to diversify our Group's business by entering the healthcare infrastructure sector, offering facility management services and also taking on the role of systems integrator in the supply of medical equipment and technology. The acquisition of the IDS Group was completed as part of the Group's strategy to grow and strengthen its activities in **high-tech sectors**. The group is specialized in the design and marketing of integrated solutions in a wide range of sectors, from satellite communications to systems for managing flight procedures, from the design of naval and aeronautical components to radar systems for railway security, homeland security and defence applications. As part of our **vertical integration** of production, we finalized the acquisition of the naval branch of Metalsigma S.r.l. (leased since August 2020), which is active in the provision of glass processing services, it being a component for naval furniture. Also finalized in 2021 was the acquisition of Team Turbo Machines, a French company operating in the business of **after-sales** maintenance services for steam **turbines** installed in petrochemical plants, sugar refineries, waste-to-energy plants and power plants, serving some of the most important utilities networks operating in the French-speaking area.

SHAREHOLDER STRUCTURE

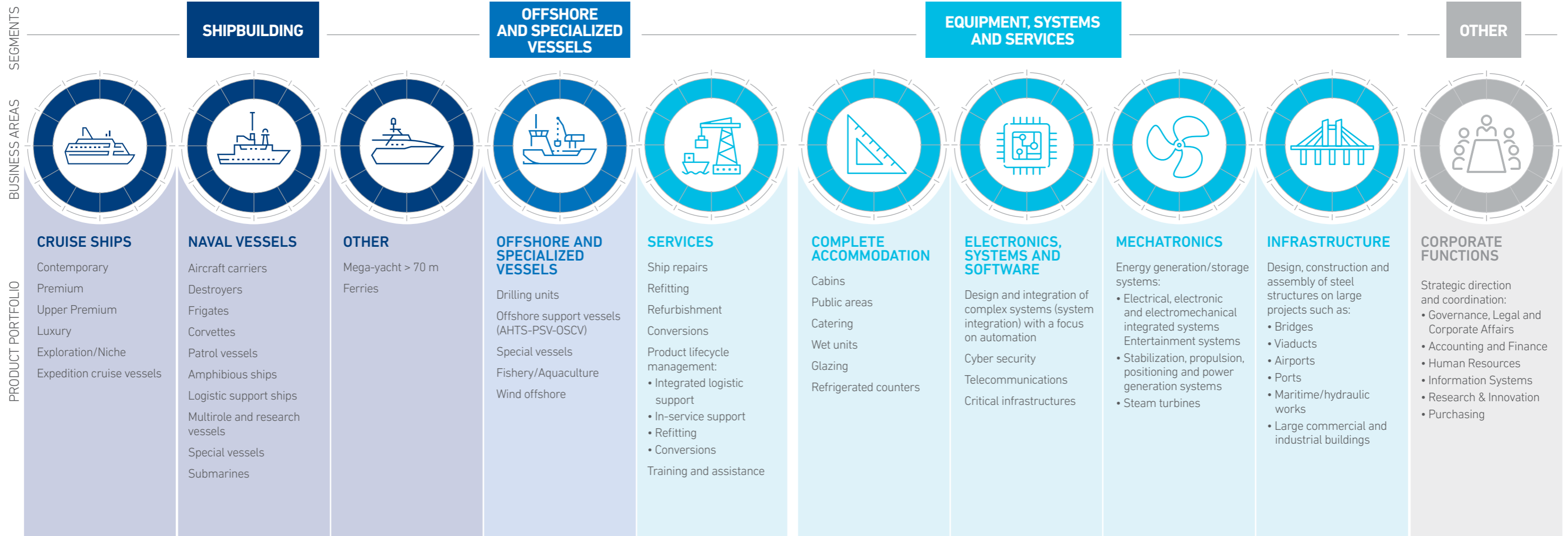


CHARACTERISTICS OF THE SHAREHOLDER STRUCTURE	YES/NO	% share capital
Shareholders' agreements	No	-
Shareholding threshold for the submission of slates for the appointment of corporate bodies and officers	-	1%

At 31 December 2021, 71.32% of Fincantieri's share capital of 862,980,725.70 euros is held, through the subsidiary CDP Industria S.p.A., by Cassa Depositi e Prestiti (CDP) S.p.A., a company controlled by the Ministry of Economy and Finance. The remainder of share capital was distributed between a number of private investors (none of whom held significant interests of 3% or above) and own shares (of around 0.18% of shares representing the share capital).



Group overview



MAIN SUBSIDIARIES/ASSOCIATES/JOINT VENTURES	SHIPBUILDING	OFFSHORE AND SPECIALIZED VESSELS	SERVICES	COMPLETE ACCOMMODATION	ELECTRONICS, SYSTEMS AND SOFTWARE	MECHATRONICS	INFRASTRUCTURE	CORPORATE FUNCTIONS
Fincantieri S.p.A. • Monfalcone • Marghera • Sestri Ponente • Cantiere Integrato Navale Riva Trigoso e Muggiano • Ancona • Castellammare di Stabia • Palermo Vard Group AS • Søviknes Vard Tulcea SA • Tulcea Vard Braila SA • Braila Vard Accommodations AS CSSC - Fincantieri Cruise Industry Development Ltd.	Fincantieri Marine Group Holdings Inc. FMG LLC • Sturgeon Bay Marinette Marine Corporation LLC • Marinette ACE Marine LLC • Green Bay Fincantieri India Pte Ltd. Fincantieri USA Inc. Fincantieri Australia PTY Ltd. Fincantieri (Shanghai) Trading Co. Ltd. Etihad Ship Building LLC Orizzonte Sistemi Navali S.p.A. Naviris S.p.A.	Fincantieri S.p.A. Fincantieri Oil&Gas S.p.A. Vard Group AS • Brattvaag • Langsten Vard Promar SA • Suape Vard Vung Tau Ltd. • Vung Tau Vard Design AS Vard Piping AS Vard Marine Inc.	Fincantieri S.p.A. • Arsenale Triestino San Marco • Bacino di Genova FMSNA Inc. Fincantieri Services Middle East LLC Fincantieri Services USA LLC Fincantieri Services Doha LLC	Marine Interiors Cabins Sp.A. Marine Interiors S.p.A. Seanergy a Marine Interiors company S.r.l. MI S.p.A.	Fincantieri NexTech S.p.A. Issel Nord S.r.l. Cetena S.p.A. E-PHORS S.p.A. IDS Ingegneria Dei Sistemi S.p.A.	Fincantieri S.p.A. • Riva Trigoso Isotta Fraschini Motori S.p.A. Fincantieri SI S.p.A. Power4Future S.p.A. FINMESA S.c.a.r.l. Vard Electro AS Seaonics AS Team Turbo Machines S.A.S.	Fincantieri Infrastructure S.p.A. Fincantieri Infrastructure Opere Marittime S.p.A. Fincantieri Dragaggi Ecologici S.p.A. BOP6 S.c.a.r.l. Fincantieri Infrastructure USA Inc. Fincantieri Infrastructure Wisconsin Inc. Fincantieri Infrastructure Florida Inc. Fincantieri Infrastrutture Sociali S.p.A. SOF S.p.A.	Fincantieri S.p.A.

The Group operates through the following three segments:

- **Shipbuilding:** encompassing the business areas cruise ships and expedition cruise vessels, naval vessels, ferries and mega yachts;
- **Offshore and Specialized Vessels:** encompassing the design and construction of high-end offshore support vessels for the Oil & Gas segment and for offshore wind farms, specialized ships, vessels for open ocean aquaculture, as well as the offer of innovative products in the field of drillships and semi-submersible drilling rigs;
- **Equipment, Systems and Services:** includes the following business areas i) Services, which includes ship repairs and conversions, logistic support, refitting, training and after-sales services, ii) Complete Accommodation, which includes the fitting out of cabins, public areas, catering, toilets and windows, iii) Electronics, Systems and Software, which focuses on advanced technological solutions, from the design and integration of complex systems (system integration) to telecommunications and critical infrastructure, iv) Mechatronics, which includes the integration of mechanical components and power electronics in naval and onshore sectors; v) Infrastructure, which includes the design, construction and installation of steel structures for large projects, as well as the production and construction of maritime works and the provision of technology and facility management in the health, industry and service sectors.

Vision, Mission, Strengths and Values

VISION

We aspire to be world leaders in the industrial sectors where we operate, becoming a reference point for our customers, always selecting high value-added sectors and standing out for our diversification and innovation and for our ability to apply our skills in other sectors.

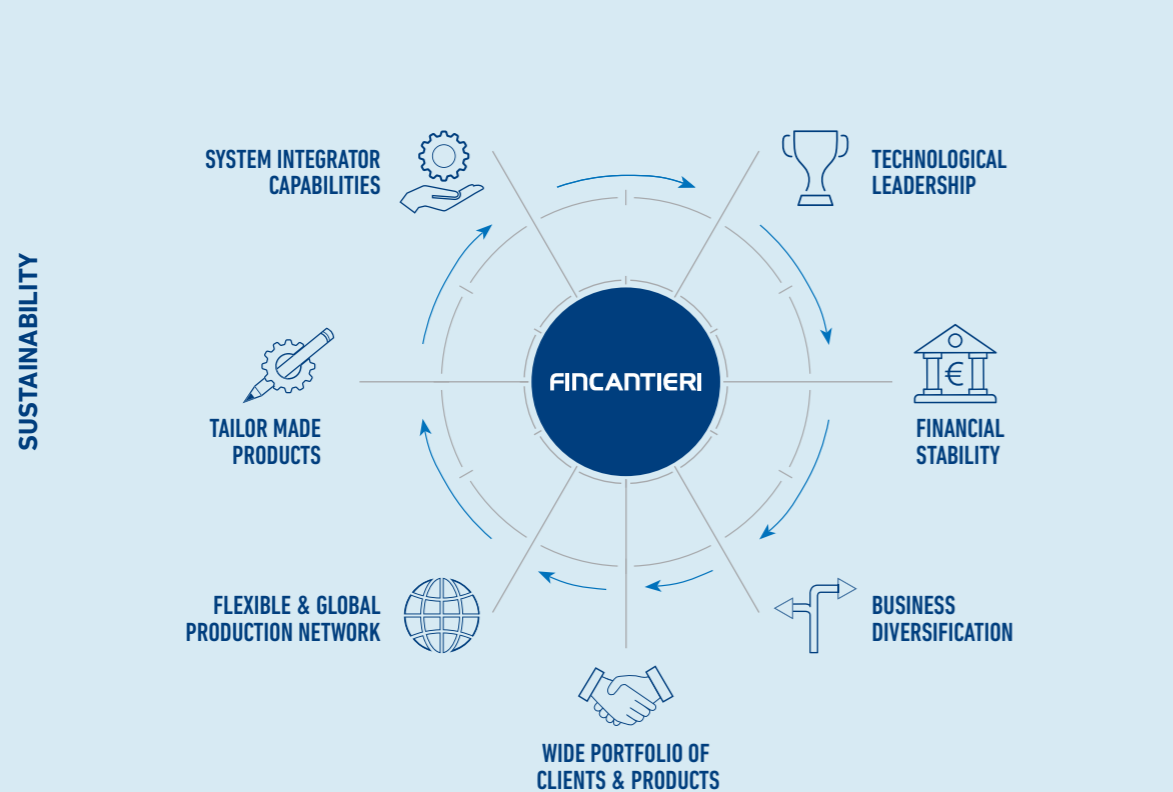
The Sea Ahead: all those who work for the Fincantieri Group steer for this course, talented men and women working responsibly and ethically to help develop our idea of a future increasingly characterized by innovation, performance and sustainability.

MISSION

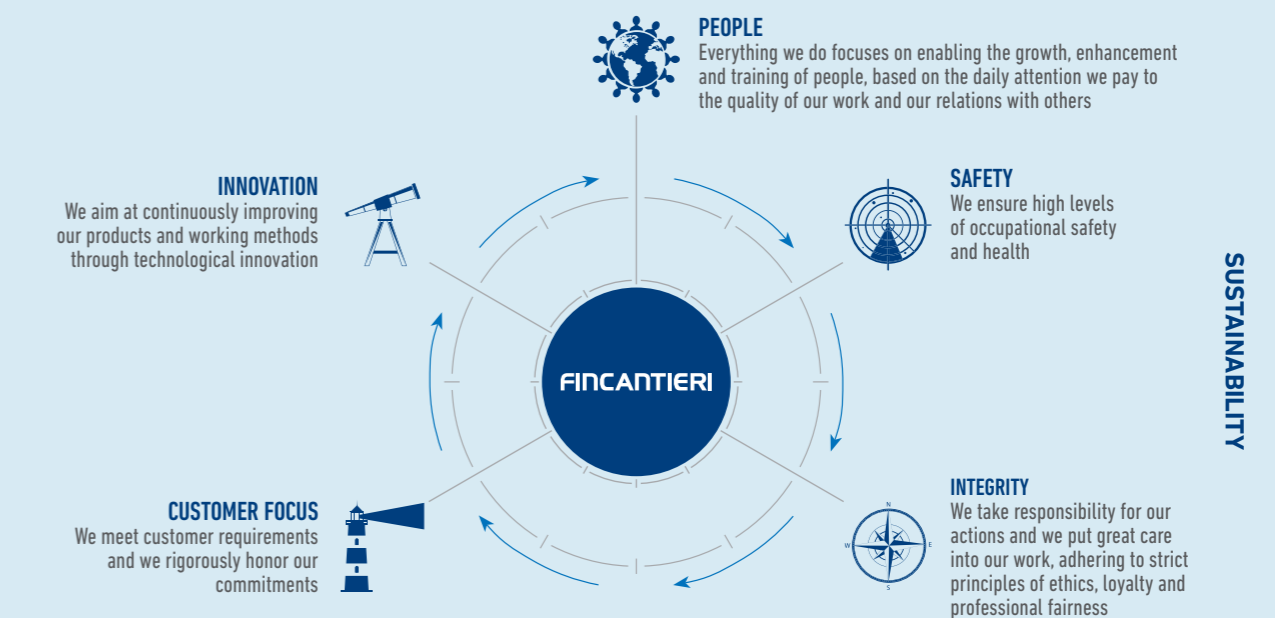
Technological development and continuous improvement are the goals that we have set for ourselves, and we are determined to pursue them.

Our every action, project, initiative or decision is based on strict observance of the law, labour protection and protection of the environment, safeguarding the interests of our shareholders, employees, clients, trade and financial partners, local communities and groups, creating sustainable value for every stakeholder.

OUR STRENGTHS



OUR VALUES



Sustainability rating and awards

2021 was a very busy year, and it was also filled with satisfaction from the sustainability viewpoint. We received a number of awards and recognitions that allow us to consolidate our best in class position on the sustainability themes in our segment.

Sustainability rating

CDP

For the second year running, CDP (formerly the Carbon Disclosure Project) awarded Fincantieri a rating of A- (on a scale of measurement from D, minimum, to A, maximum), for its commitment to combating climate change and affirming its leadership on this issue as well. CDP also gave Fincantieri the A- rating in the Supplier Engagement Rating (SER) ranking. This rating measures the effectiveness with which companies are involving their suppliers, again as regards climate change.

V.E

With a score of 70/100, Fincantieri held its position in the "Advanced" range - the highest - in the V.E classification (formerly Vigeo Eiris), an agency that measures the integration of social, environmental and governance factors in the sustainability area, and is ranked number one in its reference basket.

S&P Global

Fincantieri, for the first time, was assessed by S&P Global through the Corporate Sustainability Assessment (CSA) questionnaire, within the IEQ Machinery and Electrical Equipment basket, obtaining a score of 58/100 on December 20, 2021.

Sustainalytics

For the first year, Fincantieri was also assessed by Sustainalytics, a Morningstar subsidiary that specializes in evaluating how effectively companies manage Environmental, Social and Governance (ESG) risks. It obtained the score of 19.7 points in the "Low Risk" band (scale 0 best, >40 worst) and is placed 6th out of 121 companies evaluated in the Heavy Machinery and Trucks basket.

Gaïa Rating

Gaïa Rating, a French sustainability rating company that assesses over 1,000 companies, part of the EthiFinance group, awarded Fincantieri an overall score of 87 points out of 100.

Sustainability awards

Green Star 2021

Fincantieri has been recognised as one of the most sustainable companies in Italy, obtaining the "Green Star 2021" Seal from the German Institute of Quality (ITQF) in collaboration with the Institute for Management and Economic Research (IMWF) in Hamburg, becoming one of Italy's 200 Green Stars and ranking first in the "Engineering, Construction and Infrastructure" segment, with a score of 100. The analysis was conducted using the "social listening" methodology, considering almost one million items of online content concerning the green impact of companies in Italy.

Green Stars are those companies that have made the greatest commitment to green economy strategies, with the specific intention of minimizing their impact while respecting the environment and society.

Universum

For the third year in a row Fincantieri won the Universum Most Attractive Employers award given by Universum Global, a leading Swedish company in employer branding. This award places Fincantieri in the overall ranking of the top 30 most attractive companies for university students and young professionals who took degrees in STEM (Science, Technology, Engineering, Math) disciplines. The Company's first place standing in the ranking of companies operating in the Manufacturing, Mechanical & Industrial Engineering segment was also confirmed.

Safety Award

Shipbuilders Council of America (SCA) awarded the Excellence in Safety Award to Fincantieri Marinette Marine and the Improvement in Safety Award to Fincantieri Bay Shipbuilding (Sturgeon Bay), for health and safety at the two yards.

Webranking Italia

Fincantieri ranked 25th with three stars in the Italy Webranking research, which measures the corporate and financial communication basics and openness to dialogue on the digital channels of the largest listed companies, basing itself on the basic requests of the stakeholders.

Webranking also measures sustainability communication, which goes beyond reporting, focusing on stakeholder relations and meeting their requirements. Fincantieri is one of the top four Italian companies in the sustainability area.

Area Studi Mediobanca

Fincantieri has entered the Top 20 of Italy's leading industrial companies, according to research by Mediobanca's Research Area. It is placed 19th in the ranking, up four places compared to the previous year.

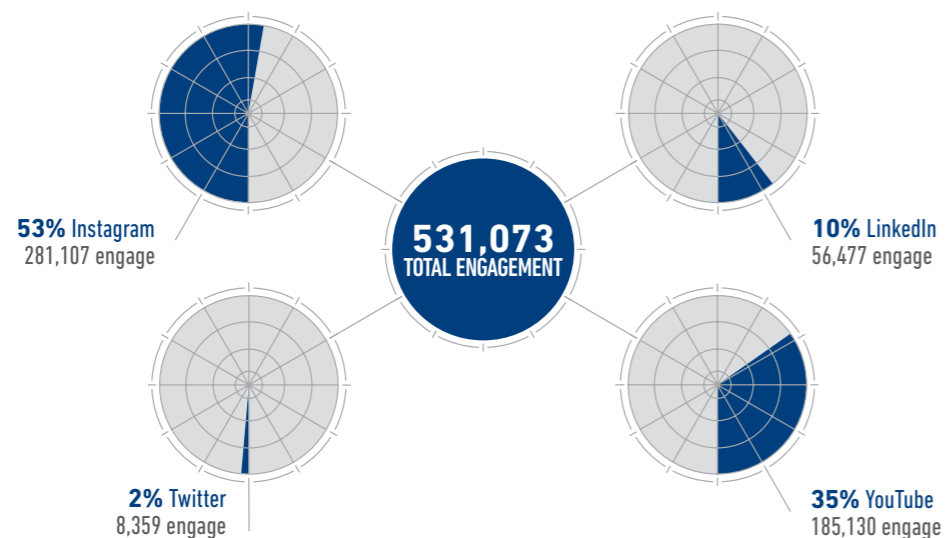
Fincantieri in the media

Communication is key to creating a culture and awareness in all areas and building trust with both internal and external stakeholders. Communication linked to sustainability, in particular, is essential to create culture and awareness both inside and outside the Company, and it is an inducement for comparison and the involvement of its stakeholders. Spreading corporate messages about sustainability and the Group's approach on this topic is an increasingly important asset for consolidating Fincantieri's positioning as a sustainable company.

NUMBER OF ITEMS



Social media also plays an increasingly important role in sustainability-related communication. Fincantieri has official channels on LinkedIn, Instagram, YouTube and, since February 2021, on Twitter. The four official channels totalled an overall engagement of over 500,000 interactions between likes, comments and re-sharing of content, with a very high engagement rate (number of interactions/number of impressions), considering the average for each channel.



The official channels have a total of more than 280,000 followers, which has grown by more than 30,000 new users over the course of the year. Taking into account the official channels of the subsidiaries, the number of followers increases by more than 30% to over 430,000.



FINCANTIERI'S FOLLOWERS

<p>LinkedIn</p> <p>226,500 followers +12% vs 2020 equal to + 25,000 followers</p>	<p>343,900 followers including the subsidiaries</p>	<p>VARD group 44,500 Fincantieri Marine Group 47,000 Marine Interiors S.p.A. 5,000 Isotta Fraschini Motori S.p.A. 4,500 Fincantieri Infrastructure S.p.A. 4,000 Cetena S.p.A. 5,400 Seastema S.p.A. 2,500 Fincantieri Australia 4,500</p>
<p>Instagram</p> <p>40,500 followers +17% vs 2020 equal to + 6,000 followers</p>	<p>72,000 followers when we include Marine Interiors and Fincantieri Yachts</p>	
<p>YouTube</p> <p>11,800 subscribers +31% vs 2020 equal to + 2,800 users</p>		
<p>Twitter</p> <p>4,400 followers in the first 10 months</p>		

Sustainable strategy

We are a reference point in industrial culture and this position comes with the responsibility to act in a sustainable manner. Thus, it is in our interest to combine competitiveness with environmental sustainability and social responsibility. This is why we are continuing on our path to **sustainable success** with the adoption of an integrated strategy capable of combining business growth and financial stability with social and environmental sustainability.

For us, a company is sustainable when it generates value with the future, and not just the present, in mind, namely when it also generates value for those who will come after us. To achieve this, we work so that every person in the Group understands the value of being sustainable and reflects in their everyday work the fundamental principles of social responsibility, undertaking and contributing to satisfying the expectations of all stakeholders, triggering a virtuous cycle that generates synergies and activates a shared, proactive commitment. Sustainability is not just an opportunity but a **duty** and a real mission to represent a model of excellence in the world. For us, being sustainable means constantly improving health and safety in the workplace, developing technological innovation, promoting a responsible supply chain, maintaining customer satisfaction and trust, engaging with local communities by supporting them and, last but not least, reducing environmental impact by helping to combat climate change. All this with the aim of making tomorrow better than today.

WE SUPPORT



As evidence of our commitment and of the importance of a growing integration of sustainability in corporate strategic choices, in 2019 we joined the United Nations **Global Compact**, the most wide-ranging business sustainability initiative in the world. It is an initiative of voluntary adherence to ten universal principles relating to human rights, labour, the environment and anticorruption, which promote the values of sustainability in the long term through political actions, corporate practices and social and civic behaviour.

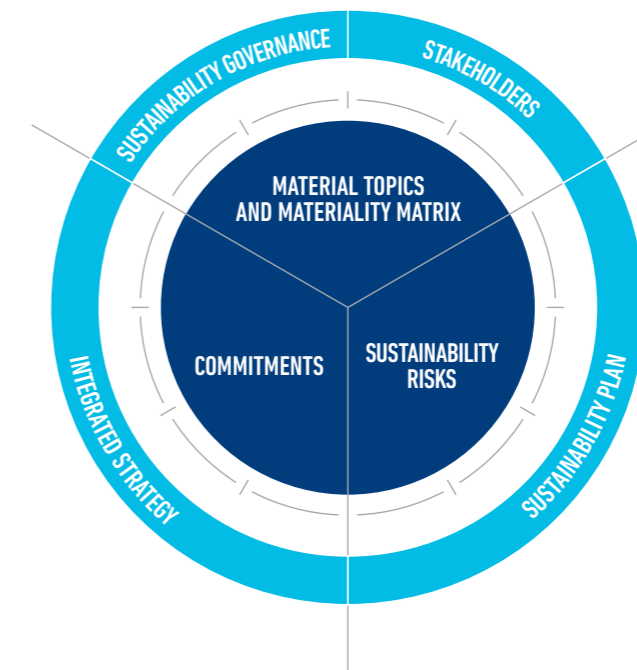
We are also committed to contributing to the **Sustainable Development Goals (SDGs)** of the United Nations 2030 Agenda for Sustainable Development, approved by the General Assembly in 2015. These are common sustainable development goals for today's complex social challenges. The latter goals are an important reference for the international community and for Fincantieri in conducting its business.



Value creation model

Our sustainable business model is aimed at creating long-term value for everyone involved in our activities. By means of a well-structured sustainability governance, a clear definition of material topics and commitments, a risk management system that incorporates Environmental, Social and Governance (ESG) aspects, an integrated strategy with common Pillars between the Sustainability Plan and the Business Plan, we are able to manage our business ensuring protection of all the resources employed.

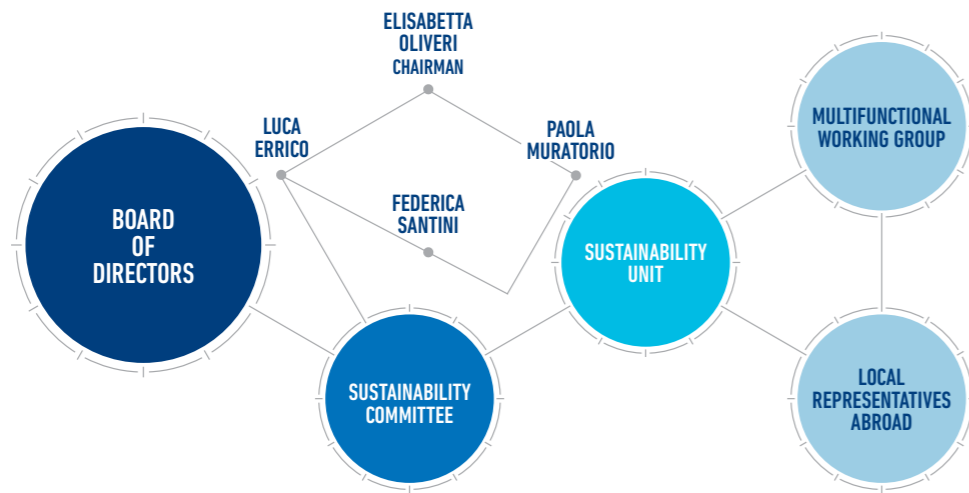
SUSTAINABILITY MODEL





Sustainability governance

Our governance, compliant with international best practices, is capable of effectively supporting the pursuit of our strategy with a view to creating sustainable value. Our model aims to guarantee an effective protection and monitoring of processes associated with sustainability and provides for:



SUSTAINABILITY COMMITTEE

Set up in 2016 by Fincantieri’s Board of Directors, the Committee is composed of four Directors. Together with the other Board Committees, it supports the Board of Directors in the objective of creating long-term value for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the Company. In this regard, the Sustainability Committee carries out fact-finding, proposal-making and advisory activities whenever the Board has to make assessments or take decisions involving sustainability issues, in the exercise of the Company’s business or in the interaction with stakeholders, including through the integration of sustainability issues in corporate strategies. In particular, the Committee:

- examines the adequacy of the Company’s sustainability policies in light of its strategic guidelines by monitoring international best practices;
- supports the Board, also by means of proposal-making activities, taking into account the issues covered in the Non-Financial Statement – Sustainability Report, provided for by Legislative Decree no. 254/2016, in examining policies that have an impact on the environment, on society or on relations with all stakeholders, and in particular as regards:
 - respect for human rights, labour rights, diversity and equal opportunities and their promotion by the Company;
 - development and safeguarding of human resources with a focus on employee training and corporate welfare activities;
 - health and safety in the workplace;
 - environmental management, with regard to climate change and the environmental impact of the Company’s products, production process and activities;
 - business integrity, transparency and anticorruption;
 - data and information security;
 - product quality and safety, with a special focus on customer satisfaction;
 - research, development and innovation activities;

- procurement processes with particular reference to the integration of sustainability issues;
- initiatives aimed at local communities and stakeholders in general;

- identifies and indicates to the Board, also in cooperation with the Control and Risk Committee, the specific financial and non-financial risks that may arise for the Company’s business related to sustainability issues;
- monitors the performance of the main sustainability ratings and makes proposals aimed at improving the Company’s relative positioning;
- examines the Sustainability Report in advance of the Board and issues an opinion to the Board;
- examines the Sustainability Plan and monitors the progress of the objectives contained in it;
- examines the strategic lines of the business plan before it is submitted to the Control and Risk Committee.

The Chairman of the Committee reports on the Committee’s activities to the Board at the earliest opportunity. The Committee met 5 times in 2021.

SUSTAINABILITY UNIT

It reports directly to the Chief Financial Officer, coordinates sustainability activities, ensures compliance with the commitments undertaken, monitors the progress of projects and achievement of the sustainability objectives while continually keeping the Sustainability Committee informed.

MULTIFUNCTIONAL WORKING GROUP

It supports the Sustainability unit by helping prepare the Sustainability Report and define objectives, targets and timeline for the sustainability commitments undertaken by the Group. The Working Group includes representatives from the departments most involved in sustainability issues.

LOCAL REPRESENTATIVES ABROAD

They represent the VARD group, Fincantieri Marine Group and Fincantieri Marine Systems North America Inc. They support the Sustainability unit and the Working Group in the collection and management of information for the Sustainability Report and coordinate in turn with a working group, specifically dedicated to sustainability.

Stakeholders

We consider listening to and involving our stakeholders as paramount in order to understand their needs, their interests and their expectations. Stakeholders' involvement, through a proactive and multi-channel approach, allows us to develop long-term relationships which become a source of competitive advantage for our Group.

STAKEHOLDER IDENTIFICATION AND ENGAGEMENT



2017

We have analysed and identified the main categories of stakeholders, both within and outside the Group. More specifically, consideration was given to those stakeholders towards whom we have responsibilities and those persons or entities able to influence the Group's performance; their level of representativeness and authoritativeness have also been considered and the main categories of stakeholders identified.



2019

A pivot project on stakeholder engagement was carried out using an on-line survey involving over 240 stakeholders, customers, suppliers and partners, the financial community and other stakeholders, to help us understand where we can and must make the most impact, in an initial path of engagement that we are committed to developing over time. Together with them, we have identified the material issues considered relevant for both the Company and its stakeholders. We have started to meet small groups of stakeholders to discuss sustainability issues.



2020

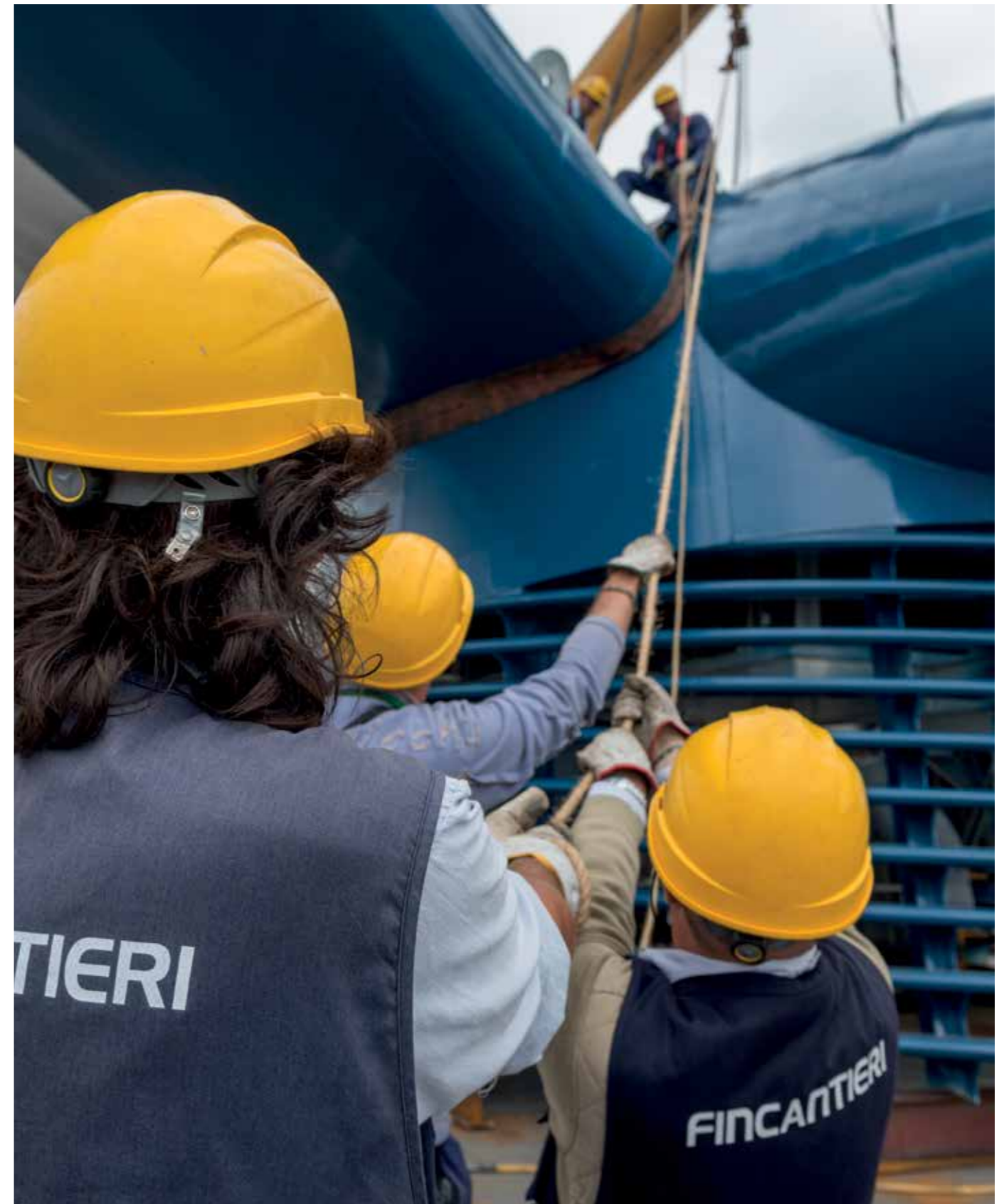
The spread of COVID-19 has changed the economic and social context in which we operate. Therefore, we had to reassess the most relevant issues in terms of sustainability. To achieve this, we conducted a stakeholder engagement Sustainability survey, involving over 7,000 internal and external stakeholders. Remote meetings with individual groups of stakeholders, suppliers and partners, the financial community, agencies and institutions, etc.

STAKEHOLDER ENGAGEMENT



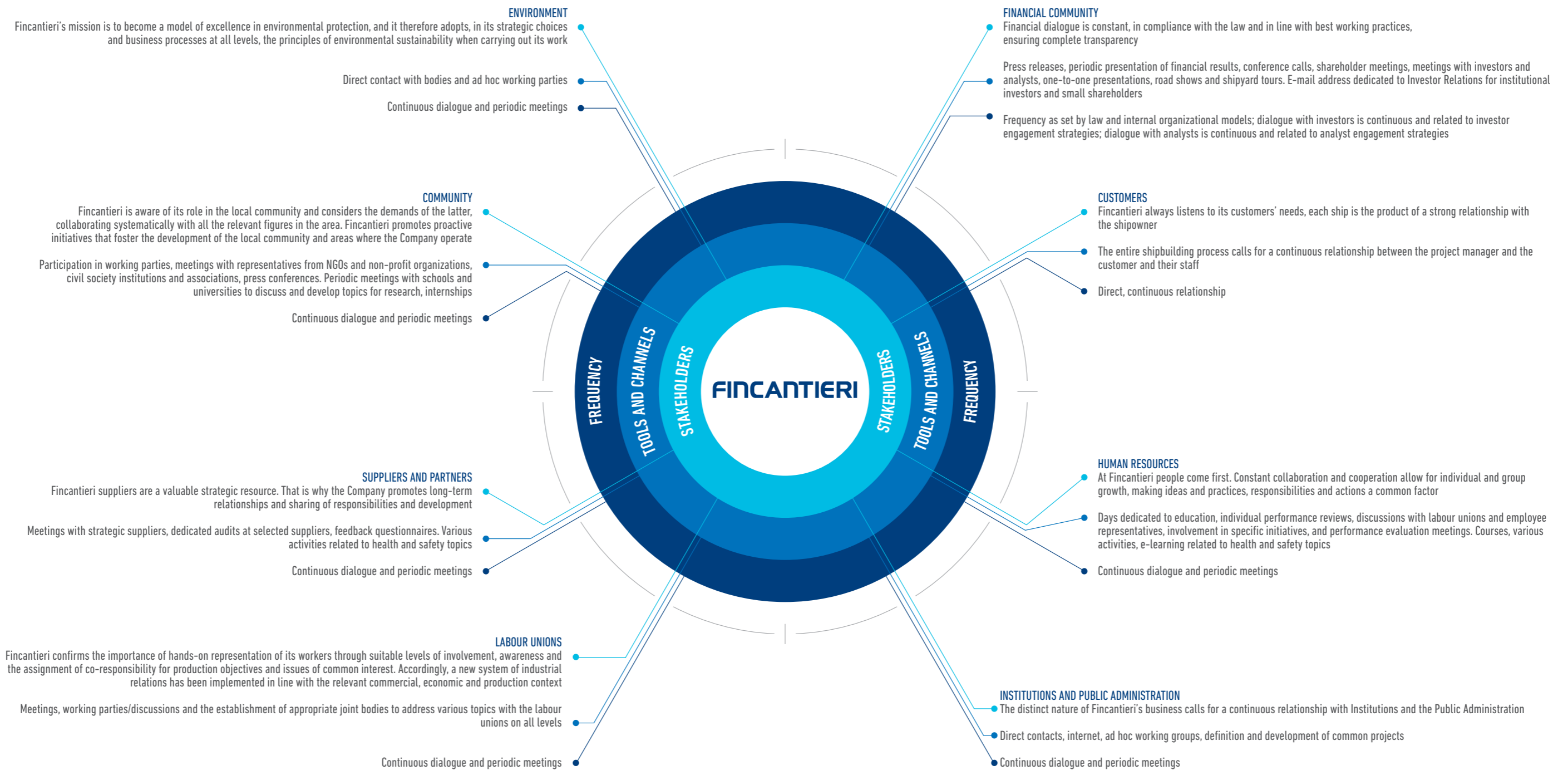
2021

During the year, we continued our stakeholder engagement activities, involving our employees with a specific survey on the issues of diversity and inclusion, our suppliers with a webinar dedicated to sustainability and innovation, and we participated in the Italian Sustainability Week to dialogue with the financial community on Environmental, Social and Governance (ESG) issues and how they are managed.



For each group of stakeholders, we have identified the main tools, listening channels and frequency of contacts with the aim of gathering their expectations and their needs, as well as communicating the results achieved and the programs promoted by the Group. Responsibility for relations with the various stakeholders is spread across the whole Group, with the specific functions constantly engaging with their respective groups of stakeholders.

STAKEHOLDERS



Dialogue with investors and analysts and reporting to the market continued in 2021 through remote contact tools, including teleconferences and videoconferences. Since its listing, Fincantieri has provided individual shareholders and institutional investors with two dedicated e-mail accounts, which are monitored on a daily basis.

Our constant dialogue with investors, analysts and rating agencies, providing reliable, transparent and timely information on our activities is aimed at maintaining and increasing the market's confidence in the Company and creating long-term relationships.

Moreover, we have published on our website the **Policy for managing dialogue with the shareholders and other relevant stakeholders**, which describes the management methods and contents of the dialogue outside of the Shareholders' Meeting between the Company and its shareholders, on issues falling within the Board's remit.

The Policy for managing dialogue with shareholders and other relevant stakeholders, is available on the website www.fincantieri.com/en/investors-relations/engagement-policy/

During the year, the management participated in 11 events, including conferences and roadshows, meeting 97 institutional investors.

We took part in the **Italian Sustainability Week 2021** organized by Borsa Italiana, meeting 9 investors to discuss the main updates on the business and the following issues:

- sustainability strategy;
- actions taken to achieve the objectives regarding the reduction of greenhouse gas emissions;
- innovation and clean technologies in the naval domain;
- sustainability objectives, targets and ratings;
- health and safety in the workplace, also in response to the spread of the pandemic.

For the Italian Sustainability Week 2021, the General Manager made a video interview on the key sustainability issues in Fincantieri.

The video of the interview is available on the website www.borsaitaliana.it/finanza-sostenibile/eventi/italian-sustainability-week-2021/videopills/company.en.htm

We dialogue with national and international legislators and Institutions to maintain a constructive collaboration, interpret and apply new regulations correctly and share expertise, initiatives and projects. We contribute to public consultations for the definition of new legislative measures and regulations for the industry, providing practical indications.

To support the development of its business, Fincantieri S.p.A. and its subsidiaries participate in the governance of various national and international associations, stimulating, along with the other associates, a propulsive and systematic action in the areas of research and development and in the promotion of the various stakeholders' interests. The main organizations and associations with which we actively collaborate with include Confindustria, Federmeccanica, ASSONAVE, Confindustria Nautica, Federazione del Mare, SEA Europe, Euroyards, Surface Navy Association, Shipbuilders Council of America, Norsk Industri Maritim.

For more information on memberships and participation in associations, see the website www.fincantieri.com/en/sustainability/governance/memberships-and-participation-in-associations/

We meet regularly with our customers, employees, suppliers and representatives of the communities in which we operate in the pursuit of constant collaboration and continuous improvement.

In 2021, engagement activities focused in particular on decarbonization, new business, innovation, diversity and inclusion, and managing the COVID-19 pandemic. No critical issues emerged from stakeholder engagement activities.

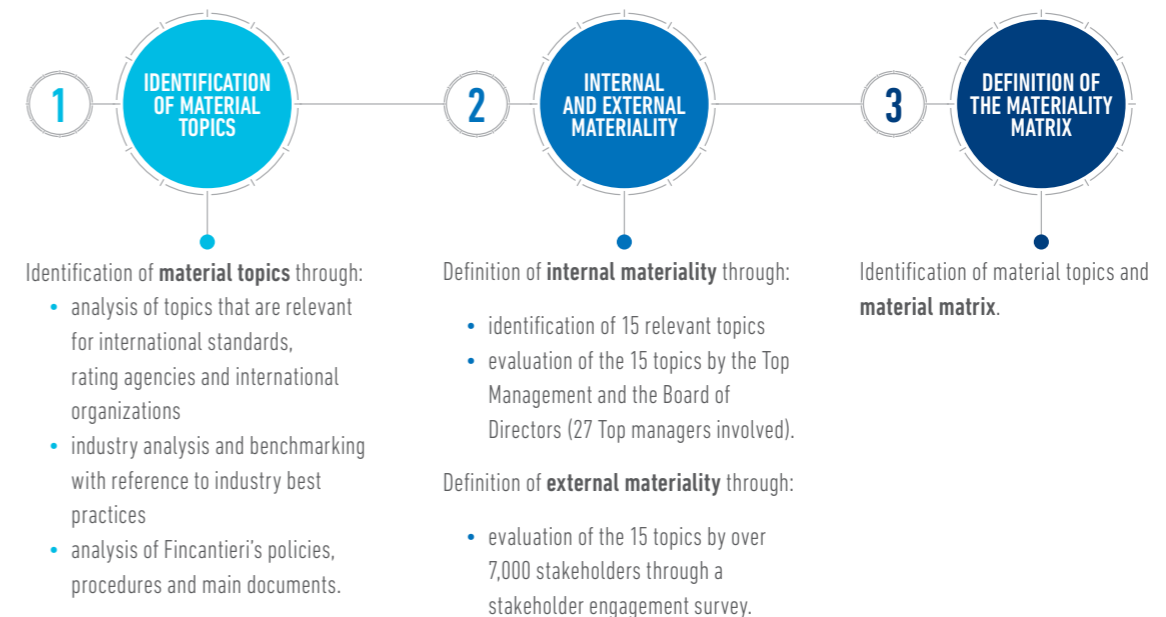
The initiatives implemented by the Group for the individual stakeholder groups are described in the various chapters of this Report.



Material topics and materiality matrix

We launched and have since consolidated over time a process called **materiality analysis**, aimed at identifying material topics for sustainability, namely those topics that are relevant from an economic, social and environmental point of view for us and our stakeholders. We use the results of the analysis to define the Group's commitments, the objectives of the Sustainability Plan and the reporting of the Sustainability Report.

PROCESS FOR DEFINING THE MATERIALITY MATRIX

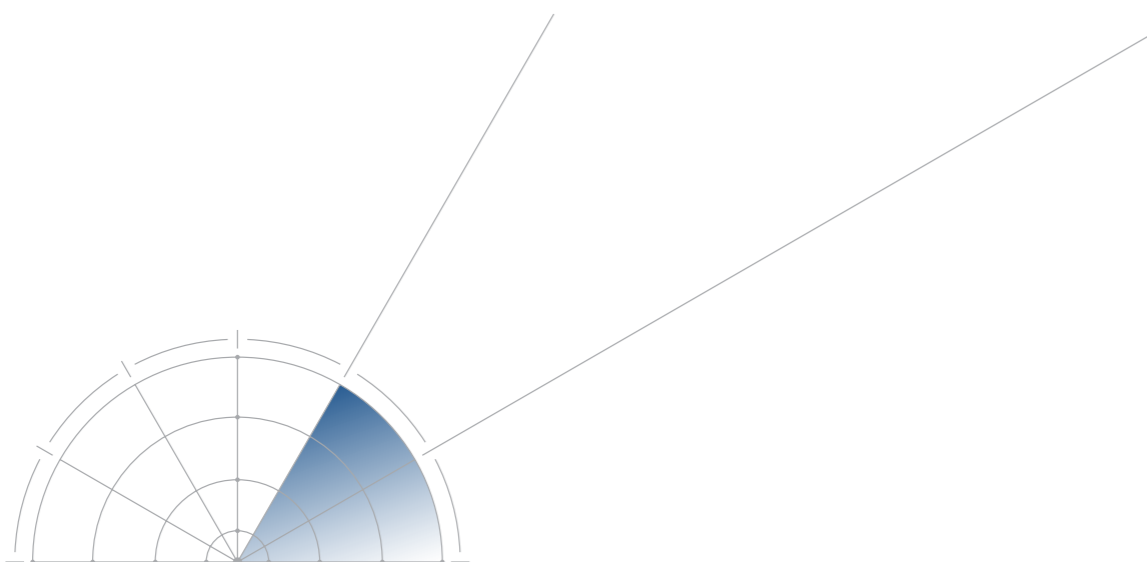


In 2020, through an in-house analysis and a market benchmark, we updated the most significant sustainability topics and, through a special on-line survey, Sustainability survey, we analysed both perception of the topics from the Company's perspective (Top Management and Board of Directors) and perception from the stakeholders' perspective by involving more than 7,000 people from amongst employees, customers, suppliers and partners, the financial community and other stakeholders.

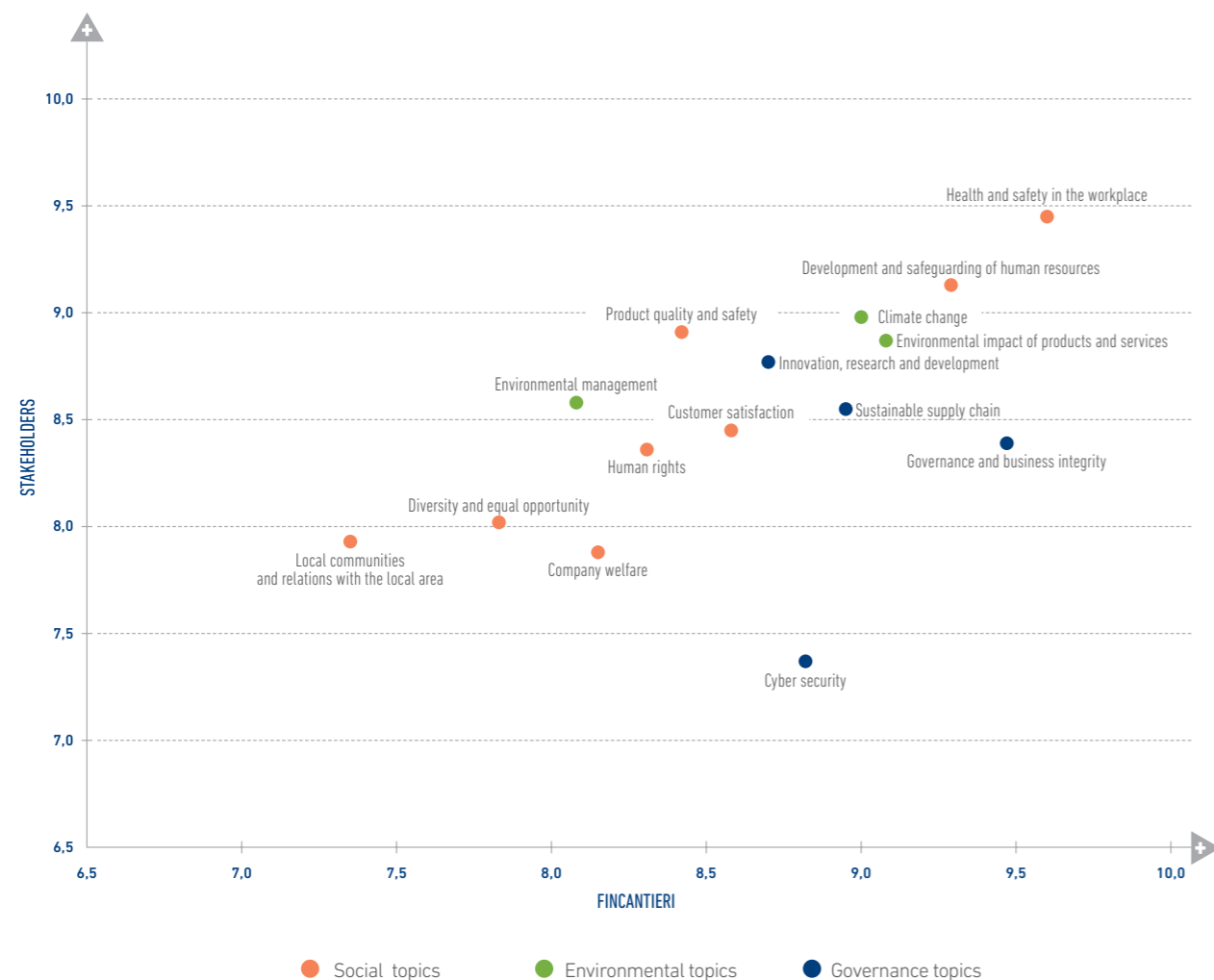
Both internally and externally the topics were evaluated on a scale of 1-10, where 10 is "highly significant". Stakeholders were also asked to vote the three topics sustaining the biggest impact of the pandemic.

A materiality threshold was defined (corresponding to 6.5), beyond which an issue must be accounted for. Joint consideration of internal and external significance led to the identification of the material topics, to their prioritization and to the definition of the materiality matrix.

In 2021, aware of the importance that the issue of climate change is acquiring at a global level and in order to increase our contribution to the fight against climate change, Top Management and the Board of Directors (representing the horizontal axis of the matrix) decided to increase the score given to the material topic of climate change from 7.8 to 9, with the consequent updating of the materiality matrix.



MATERIALITY MATRIX 2021



The materiality matrix is reviewed annually in accordance with the Standards of the Global Reporting Initiative (GRI) and it was submitted to the Sustainability Committee and approved by the Board of Directors of Fincantieri S.p.A. in January 2022.

The description of the material topics is available in the annexes on page 222.



Sustainability commitments

We have updated our commitments for each material topic with the aim of contributing to a healthy, resilient, sustainable society, where people can advance and prosper. The Group's commitments are contained in the **Charter of Sustainability Commitments** approved by the Board of Directors of Fincantieri S.p.A. in January 2021. The Charter aims to provide an overview of our commitments on environmental, social and governance issues. It is addressed to all stakeholders and presents the Group's mission, values and principles that shape its sustainable, responsible and ethical development. It is a central element of our integrated sustainability strategy because it is an expression of the commitments that guide the Group's actions regarding relevant sustainability issues, which are in turn set out in the Group's Sustainability Plan in qualitative and quantitative goals that can be measured over time and are reported annually in the Sustainability Report. The Charter is part of the set of policies and guidelines that support us in our business, alongside the Code of Conduct and other guidance documents on specific issues.

OUR COMMITMENTS



GOVERNANCE TOPICS

MATERIAL TOPIC	COMMITMENT
Governance and business integrity	<ul style="list-style-type: none"> Promotion of the sustainability culture in line with the Group Values, encouraging managers to think in a sustainable manner within their sphere of influence Maintenance of the Corporate Governance system and risk management (including sustainability risk) in line with international best practices Adoption of preventative measures and policies geared towards the prevention of corruption in all spheres of influence Integration of sustainability issues with stakeholders through the promotion of dialogue and listening initiatives with those involved in the Group's activities Increasingly sustainable and responsible corporate performance, creating the conditions for development that ensures the needs and expectations of all stakeholders are met
Cyber security	<ul style="list-style-type: none"> Guarantee the protection of computer systems and data by minimizing the risk of network breaches, corruption of sensitive data or processes and develop the cyber security strategy for products and services
Innovation, research and development	<ul style="list-style-type: none"> Investments in research and innovation with the aim of developing sustainable, efficient, safe and competitive products and processes with particular reference to the technologies needed to reduce environmental impact and increase their digitalization
Sustainable supply chain	<ul style="list-style-type: none"> Promotion and support of a responsible and sustainable supply chain that shares our values and is based on long-lasting relationships founded on integrity, transparency and respect



SOCIAL TOPICS

MATERIAL TOPIC	COMMITMENT
Development and safeguarding of human resources	<ul style="list-style-type: none"> Promotion of growth, training and enhancement of human capital Constant collaboration and cooperation in an inclusive and international context in order to encourage the exchange of ideas, opinions and experiences and the development of multidisciplinary skills Industrial relations based on dialogue and listening to protect jobs and employment
Company welfare	<ul style="list-style-type: none"> Increase the wellbeing of people through innovative solutions rather than traditional ones
Diversity and equal opportunity	<ul style="list-style-type: none"> Promotion of programs offering equal opportunities to all employees in order to promote diversity and inclusion within the Group
Health and safety in the workplace	<ul style="list-style-type: none"> Continuous improvement of workers' health and safety conditions
Human rights	<ul style="list-style-type: none"> Commitment to creating the socio-economic conditions to ensure respect for human rights throughout the value chain
Local communities and relations with the local area	<ul style="list-style-type: none"> Dialogue with and support for local communities through social, environmental, cultural and educational initiatives Collaboration with governments, national and international associations to adopt policies and strategies to contribute to a healthy, inclusive, resilient and sustainable society for everyone
Product quality and safety	<ul style="list-style-type: none"> Continuous improvement of the quality and safety of products and services in compliance with technical standards, in all phases of the production process to meet the high standards required by the business
Customer satisfaction	<ul style="list-style-type: none"> Listen to needs and expectations to maximize customer satisfaction



ENVIRONMENTAL TOPICS

MATERIAL TOPIC	COMMITMENT
Climate change	<ul style="list-style-type: none"> Support for research to improve the analysis and management of risks associated with climate change Reduction of carbon dioxide (CO₂) and other pollutant emissions with the aim of contributing to the fight against climate change
Environmental management	<ul style="list-style-type: none"> Implementation of projects to improve energy efficiency and conserve natural resources, protect biodiversity and reduce environmental impact to prevent soil, air and water pollution Increase employee awareness of environmental impact and promote virtuous behaviour
Environmental impact of products and services	<ul style="list-style-type: none"> Development of ecologically sustainable products and services with the aim of contributing to a circular and low carbon economy

The Charter of Sustainability Commitments is available on the website www.fincantieri.com/en/sustainability/governance/our-commitments/



Sustainability risks

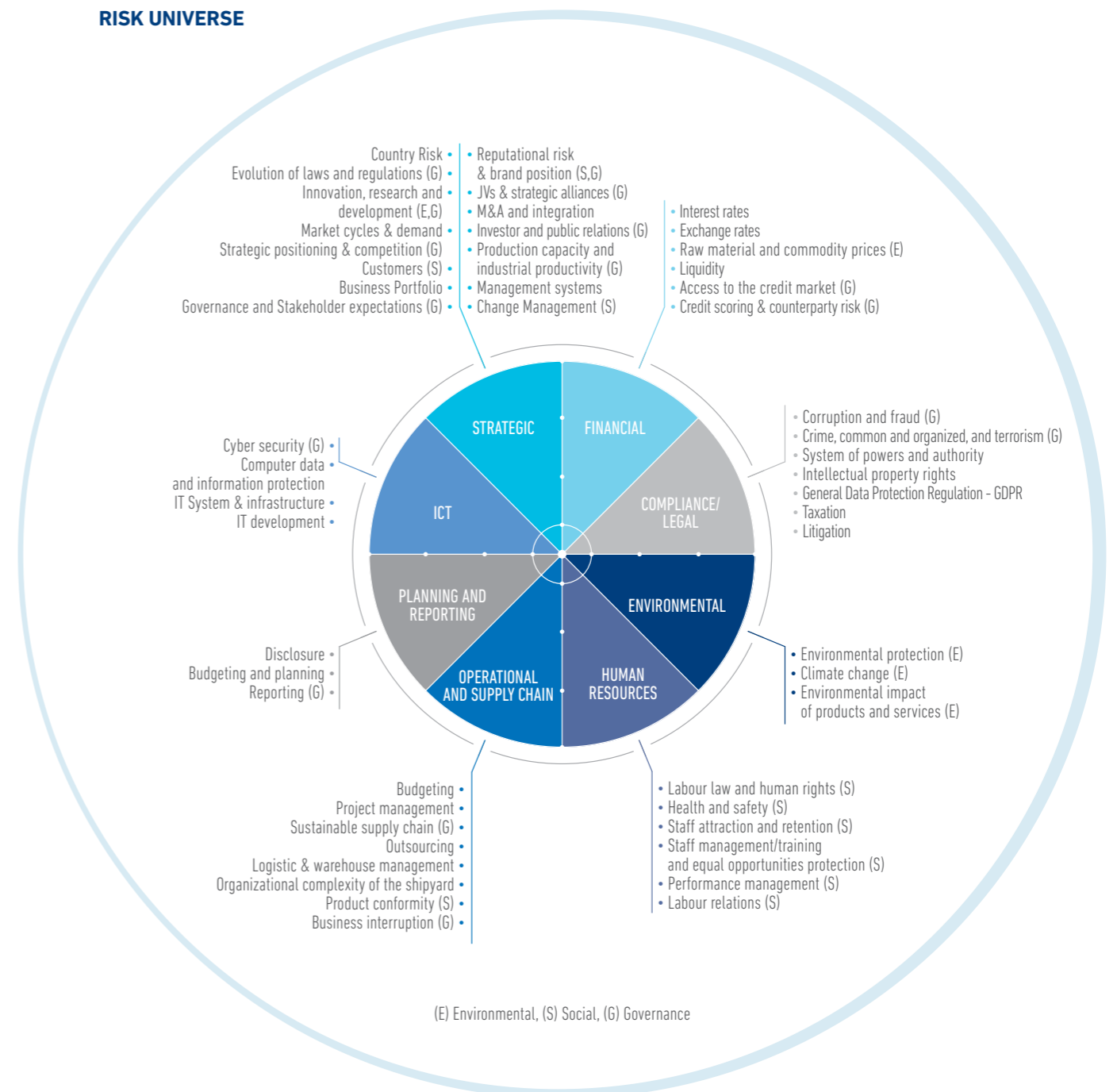
We have **Enterprise Risk Management (ERM)** processes and systems to detect, evaluate and monitor the main Company risks (Risk Universe), in compliance with the requirements for listed companies as per the Corporate Governance Code.

During 2021, the Risk Officer - in collaboration with the Sustainability and Group Account and Administration functions - carried out a complete review of the Group's risk catalogue, with a view to fully integrating sustainability, business and compliance aspects.

The Group Risk Universe consists of **52 risks**, divided into **8 macro-categories**, of which **29** are **Environmental, Social and Governance (ESG)** risks.

The risks have been assessed in terms of probability and impact by the Company's Middle and Top Management. As a result of this assessment, the 12 most material risks (Top Risks at inherent level) were identified and investigated, of which **7 were ESG** risks.

RISK UNIVERSE



Management of the **main ESG risks** is described in the chapters of this Sustainability Report.

MAIN ESG RISKS

MATERIAL TOPIC	RISK EVENT	DESCRIPTION OF RISK	MANAGEMENT METHOD
Innovation, research and development/ Climate change	Innovation, research and development	Risk that the Company does not monitor and/or invest in technological developments for products, services or processes, as well as in digitalization and artificial intelligence, with a consequent adverse impact on competitiveness, on leadership in complex high-potential markets and on the development of more efficient and sustainable solutions that include systems with low emissions of greenhouse gases or other pollutants and that are energy efficient. This also includes the risk associated with technological transition, which, if poorly designed and executed, can lead to long lead times, high costs, operational inefficiencies and low product/process quality.	Chapters: - Innovation and sustainability - Technology for the climate
Customer satisfaction	Customers	Risk that the Company is unable to meet the needs of its customers or that it establishes contractual relationships with counterparties of dubious integrity or that the excessive concentration of such relationships limits the Company's bargaining power, with a consequent impact on profitability, on business sustainability in the medium/long term and on reputation. This risk may be influenced by inadequate or no technological innovation of the product/process, by technical-functional characteristics of the product that are not in line with market requirements, by inadequate levels of quality and safety of the product/process, by a production model or product that is not socially or environmentally sustainable, by no evaluations of counterparties' business integrity, etc.	Chapter: Customers and products/Customer satisfaction
Governance and business integrity	Governance and Stakeholder expectation	Risk that the Governance Model is not adequately disseminated at all Company levels or that there is a lack of integration between corporate strategy, values, culture and sustainable development, resulting in activities being carried out that are not in line with a sustainable governance in the medium/long term with reference to the social, ethical, environmental and economic impact. This category also includes the risk of failure to monitor planned improvement initiatives, both in terms of progress and performance.	Chapter: The Fincantieri Group/Sustainable strategy
Local communities and relations with the local area	Investor and public relations	Risk that the Company does not adopt an appropriate public relations strategy, including corporate sustainability communications to meet ESG agencies' rating targets or investor needs, aimed at building and consolidating long-term relationships with stakeholders. Inefficient relationships with local, national and international counterparties (local cities and authorities/associations, legal and government authorities, industrial associations, SMEs, etc.) can damage the Company's image and reputation, diminish its credibility and creditworthiness, and compromise its competitiveness and operations.	Chapter: The Fincantieri Group/Sustainable strategy
Governance and business integrity	Production capacity and industrial productivity (TOP 12)	Risk that insufficient production capacity (either its own or that of its suppliers), excess capacity or incorrect distribution of workloads on the basis of available production capacity (plant, space and workforce) prevents the Company from meeting market demand, achieving optimum levels of efficiency (industrial productivity) and margins. The risk may arise due	Chapters: - Economy and market - Sustainable supply chain - Sustainable management of natural resources

MATERIAL TOPIC	RISK EVENT	DESCRIPTION OF RISK	MANAGEMENT METHOD
		to inadequate analysis of the production cycle (in terms of frequency and medium-term vision), inadequate maintenance or innovation of the equipment supporting the production process that does not take into account energy efficiency and the possible impacts on the environment.	
Development and safeguarding of human resources	Change management	Risk that the Company's organizational model is unable to support the Group's business transformation and growth. This risk may arise if there is an inadequate or no reorganization of functions, roles and responsibilities, business processes and procedures, or if the necessary skills to manage change are lacking.	Chapter: People/Development and safeguarding of human resources
Governance and business integrity	Corruption and fraud	Risk that employees or third parties with whom the Company has dealings carry out unlawful/illegal activities (i.e. corruption, fraud, lack of transparency, leaking of confidential information, non-compliance with Company procedures and regulations) exposing the Company to fines, administrative and criminal sanctions, litigation, loss of profits, loss of customers.	Chapter: Governance/Legality, integrity and prevention of corruption
Governance and business integrity	Criminality (common and organized) and terrorism (TOP 12)	Risk of common or organized crime occurring on or outside of the Company's premises to the detriment of people and Company assets, productivity and business continuity. This includes risks related to industrial security and the protection and safeguarding of state secrets and classified information and information for exclusive disclosure, as well as risks related to the physical security of assets (tangible and intangible) and human resources.	Chapters: - Governance/Legality, integrity and prevention of corruption/ Cyber security - People/Health and safety in the workplace
Climate change	Prices of raw materials and commodities	Risk that changes in the price of raw materials and commodities (steel, copper, fuel) will affect the Company's production costs. This risk may arise for example as a result of catastrophic events affecting the supply chain or as a result of changes in customs policies or international agreements regarding import/export.	Chapters: - Fincantieri for the climate - Sustainable management of natural resources
Environmental management	Environmental protection	Risk that the Company does not invest adequately in environmental protection, with consequent harm to the community in both the short and medium/long term. This risk may arise due to a lack of timely or adequate transposition of existing and emerging regulations into internal processes, a flawed system of management, control and mitigation of potential environmental impacts arising from its activities (e.g. pollution, energy consumption, environmental disaster, damage to biodiversity) or poor training, information and awareness raising given to individuals.	Chapters: - Fincantieri for the climate - Sustainable management of natural resources
Climate change	Climate change (TOP 12)	Risk that a catastrophic event resulting from acute weather phenomena (storms, floods, earthquakes, fires or heat waves) and/or chronic weather phenomena, i.e. long-term climate changes (temperature changes, rising sea levels, reduced water availability, loss of biodiversity, etc.), may damage assets (plants, buildings, etc.) or cause a production stoppage for the Company and/or its suppliers, and prevent the Company from carrying out its operations by interrupting the value chain or lead to a slowdown in the supply chain.	Chapters: - Fincantieri for the climate - Sustainable management of natural resources

MATERIAL TOPIC	RISK EVENT	DESCRIPTION OF RISK	MANAGEMENT METHOD
Environmental impact of products and services	Environmental impact of products and services	Risk that the Company is unable to develop products or services capable of minimizing their environmental impact throughout their entire life cycle, not taking into account the good practices of the circular economy with consequent air, soil, water and noise pollution. This risk may arise due to a failure to implement (or inadequate implementation of) new green technologies or inadequate structuring of the production process.	Chapters: - Fincantieri for the climate - Sustainable management of natural resources
Human rights	Labour law and human rights	Risk that the Company does not transpose or verify the correct application of regulations relating to labour law and does not protect human rights with regard to both its own employees and the employees of subcontractors, exposing the Company to fines, administrative and criminal sanctions, litigation, loss of profits, loss of customers and reputational damage.	Chapter: Governance/Human rights
Health and safety in the workplace	Health and safety (TOP 12)	Risk that the Company does not invest adequately in the protection of health and safety in the workplace, with consequent harm to its own employees and third parties involved in Company activities. This risk may arise due to a lack of timely or adequate transposition of existing and emerging regulations into internal processes, a flawed system of management and control of health and safety risks related to business activities and related mitigation actions, incorrect or inadequate performance of ordinary and/or extraordinary maintenance, and/or the absence of adequate systems for identifying contamination (e.g. leaks of fumes and/or spills of paint), and/or catastrophic risks (e.g. climatic events and/or natural disasters and epidemics), or poor training, information and awareness raising given to individuals.	Chapter: People/Health and safety in the workplace
Company welfare/ Development and safeguarding of human resources	Staff attraction and retention (TOP 12)	Risk that the Company is unable to attract and retain highly qualified and competent management personnel with a high level of diversity in terms of age, nationality and gender, or to integrate figures capable of managing the Group's growth and ensuring business transformation into the organizational structure. Disruption of professional relations between the Company and key figures could compromise the achievement of the Company's strategic and operational goals. This includes the risk that the Company may not be able to offer appropriate remuneration compared to the market or adequate benefits or welfare tools in accordance with the expectations of employees to ensure their loyalty (e.g. improving the balance between work and personal needs).	Chapter: People/Development and safeguarding of human resources
Development and safeguarding of human resources/Diversity and equal opportunity	Staff management/ training and safeguarding of equal opportunities	Risk that the Company is unable to adapt/develop internal the specialist skills needed to ensure business transformation or does not implement personnel development policies aimed at enhancing human capital, protecting diversity and promoting equal opportunities. This risk may arise from the failure to invest or discontinuity of investment in staff training or from inadequate training, hiring of staff who are unsuitable for the tasks they need to perform or an incorrect coverage of Company roles.	Chapter: People/Diversity and equal opportunity

MATERIAL TOPIC	RISK EVENT	DESCRIPTION OF RISK	MANAGEMENT METHOD
Development and safeguarding of human resources	Performance management	Risk that the Company does not evaluate and monitor employee performance against assigned targets to the detriment of employee development and the Company's sustainable growth. This risk may derive from individual performance targets that are not aligned with the strategic objectives or specific enough to guide behaviour in support of the Company strategy, and/or from the absence of adequate indicators to measure staff performance not only in economic terms but also in terms of sustainable development.	Chapter: People/Development and safeguarding of human resources
Development and safeguarding of human resources	Labour relations (TOP 12)	Risk that the Company does not manage its relations with its staff and trade union representatives adequately and transparently, resulting in hostility and/or fractured relations. The occurrence of such a risk may lead to strikes and production slowdowns/interruptions.	Chapter: People/Wellbeing for people
Cyber security	Cyber security (TOP 12)	Risk that the Company suffers a cyber attack aimed at identity, data and information theft (e.g. confidential/insider information, sensitive data, bank credentials, etc.), temporary suspension of Company services or sabotage of computer systems, exploitation of the computing power of Company computers for criminal purposes, resulting in reputational damage, loss of turnover, loss of customers and suppliers, penalties and claims, and business interruption.	Chapter: Governance/Cyber security
Sustainable supply chain	Sustainable supply chain	Risk of not conducting adequate due diligence on potential suppliers, not monitoring their performance over time and/or not developing solid and long-lasting relationships for medium/long term business development in line with current and emerging regulations and the Company's sustainability principles with consequent economic, legal and reputational impacts. This risk includes aspects of economic and financial soundness, compliance with business integrity (ethics and legality), compliance with environmental, social and human rights regulations, compliance with regulatory requirements relating to the awarding of contracts for the supply of ICT goods, systems and services falling within the scope of national cyber security, production capacity and quality. This risk also includes the inability to meet the Company's ESG requirements (e.g. efficiency, technological innovation, ability to provide the required information).	Chapter: Sustainable supply chain
Governance and business integrity	Reporting	Risk that the financial and non-financial reporting (external reporting) prepared for the Company's stakeholders is not prepared with a view to transparency, contains significant errors or is incomplete, so that it is misleading and consequently prejudicial for the interests of third parties, exposing the Company to fines, administrative and criminal sanctions, and reputational damage. This also includes the risk of inadequate or untimely internal reporting, which could compromise management's ability to make adequate, timely and sustainable long-term decisions.	Chapter: Methodological note

For more information on the Internal Control and Risk Management System see page 52.

Integrated strategy

Through the integrated strategy, Business Plan and Sustainability Plan we highlight a strong intention to be a responsible and ethical Group, whose policies are aimed at generating and distributing increasing resources to all stakeholders and with a commitment that is first and foremost shown in the **sustainable management of business**. We have set the goal of achieving economic, financial and production sustainability through better management of the environmental, social, intellectual and human resources. This is why the important (material) topics for the Group have been integrated into its business strategy and why the Sustainability Plan has been implemented.

With this strategy we are able to sustainably manage our response to the challenges posed by the market of today and tomorrow and guarantee sustainable success with the objective of created value over the long term for all stakeholders.

2018-2022 Sustainability Plan

The Sustainability Plan represents Fincantieri's strategic vision of sustainability and details the commitments undertaken by the Group, through the Charter of Sustainability Commitments, and breaks them down into qualitative and quantitative targets that can be measured over time, complies with the ten principles of **Global Compact** and contributes to the achievement of the **Sustainable Development Goals (SDGs)** of the United Nations 2030 Agenda.

The **Sustainability Plan** is structured as follows:

15 MATERIAL TOPICS

Identified by means of a stakeholder engagement activity that considered both the Group's point of view and that of customers, suppliers and partners, the financial community and other stakeholders who were involved through an online survey.

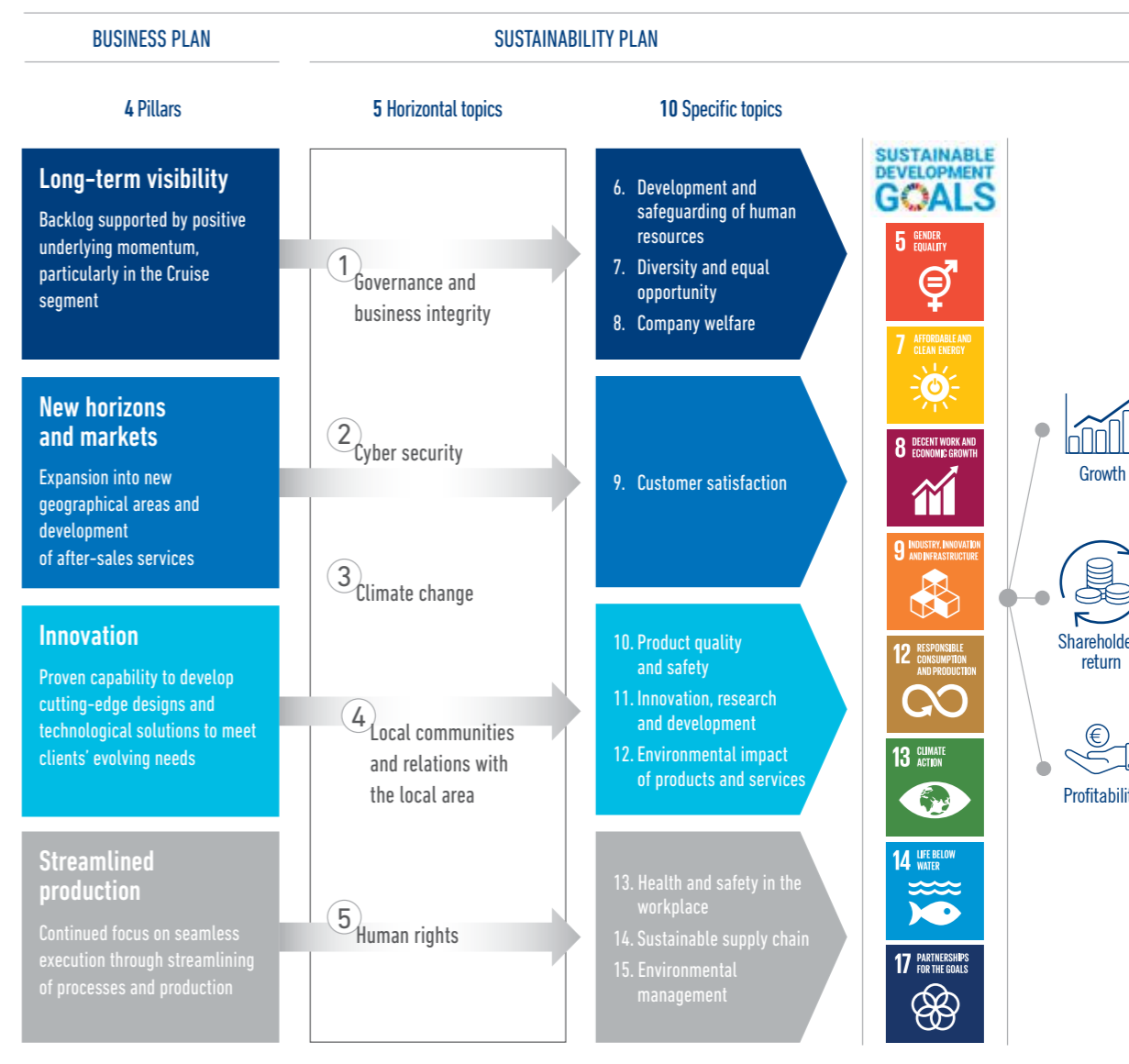
24 COMMITMENTS

Undertaken by the Group through the Charter of Sustainability Commitments.

45 OBJECTIVES

To be achieved in the short, medium and long term, which will contribute in particular to the achievement of the 8 SDGs that Fincantieri has recognised as significant for its business and in line with its own strategic direction. The Plan's objectives are updated on a yearly basis, building on the results achieved and adding new needs that emerge over time.

STRATEGIC DIRECTION AND SUSTAINABILITY



The 15 material topics for sustainability are linked to the 4 Pillars of the Business Plan. (Long-term visibility, New horizons and markets, Innovation, Streamlined production) and in particular:

- 5 material topics are horizontal in that they involve all 4 Pillars and contribute generally to the Group's growth;
- other 10 material topics are associated specifically with one of the 4 Pillars, which shows a clear correlation between the business drivers and those aspects of sustainability that the Company recognises as significant.

The Sustainability Plan is approved by the Board of Directors of Fincantieri S.p.A.. Responsibility for achieving the objectives in the Sustainability Plan lies with the different corporate departments involved, which dedicate resources, tools and know-how to implement the actions underlying those objectives. The Plan's objectives are revised on a yearly basis taking in account the results achieved and adding the new needs that arise over time.

The purpose, methodology used and the full Sustainability Plan describing the objectives, targets and timescales are available on the website www.fincantieri.com/en/sustainability/governance/sustainability-plan/



GOVERNANCE AND RESPONSIBLE AND ETHICAL MANAGEMENT OF OUR BUSINESS

Governance

Economy and market

Innovation and sustainability

Sustainable supply chain



GOVERNANCE

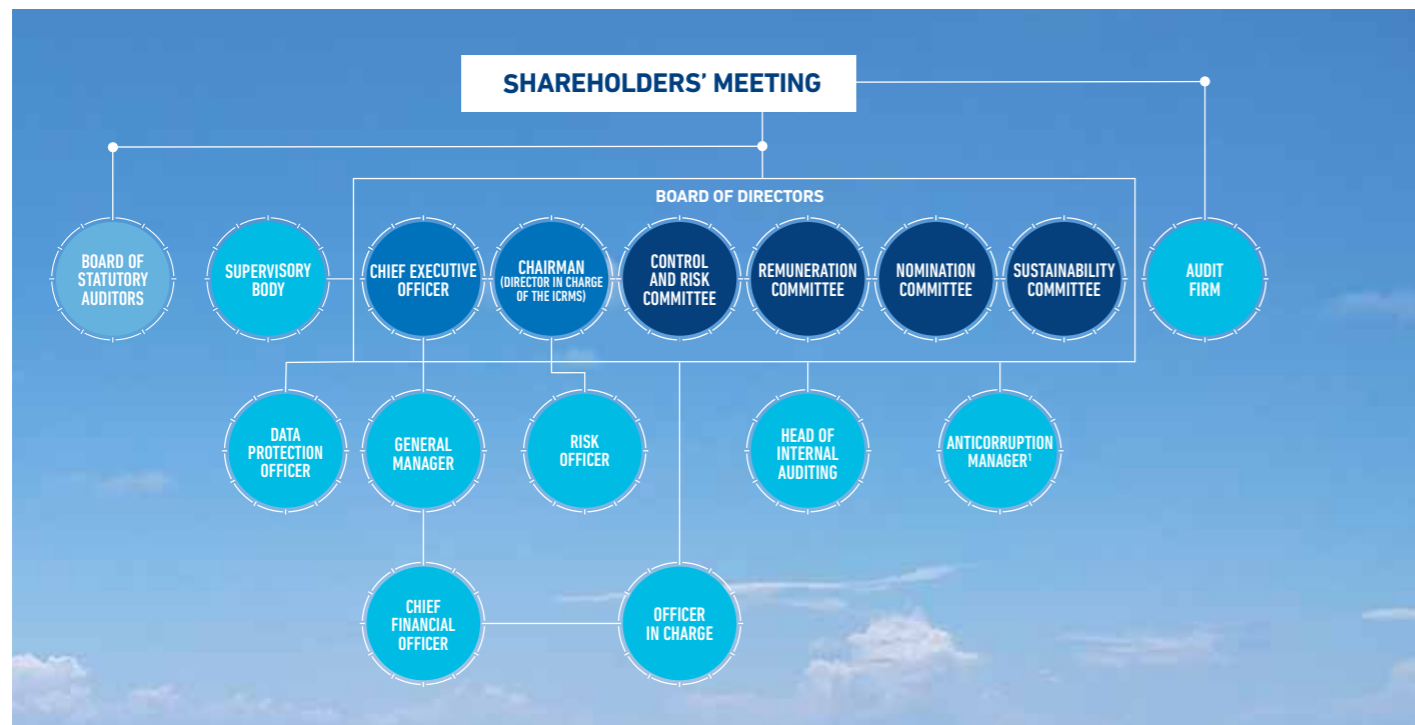
We believe in a responsible and ethical business management through a system of governance and control aligned with best practices



We are aware of the role played by and importance of an appropriate corporate governance model in the effective and responsible performance of the Group's business, contributing significantly to the creation of sustainable value for all stakeholders in the medium to long term. Fincantieri performs its business with respect for the law, internal regulations and professional ethics. To this end, we have developed a set of policies and guidelines that support the Company on a day-to-day basis.

Corporate Governance and Remuneration Policy

Fincantieri's Corporate Governance model is in line with the recommendations of the Corporate Governance Code currently in force and is structured as follows.



¹ Head of the Compliance Department for the prevention of corruption in accordance with UNI ISO 37001:2016

Shareholders' Meeting

The Shareholders' Meeting is the corporate body where Shareholders participate in the Company's decisions on matters reserved to their competence by law and the By-laws.

Board of Directors

The Company's Board of Directors (BoD) is the key body of the Corporate Governance system, having the broadest powers for the ordinary and extraordinary administration thereof, including the definition of the Company's and the Group's strategic, organizational and control policies. The Board of Directors currently in office consists of ten members, seven of whom meet the independence requirements pursuant to Article 148, paragraph 3, of the Consolidated Law on Finance and six of whom are independent also in light of the recommendations of the Corporate Governance Code, and was nominated by the Shareholders' Meeting held on 5 April 2019 for the financial years 2019, 2020 and 2021.

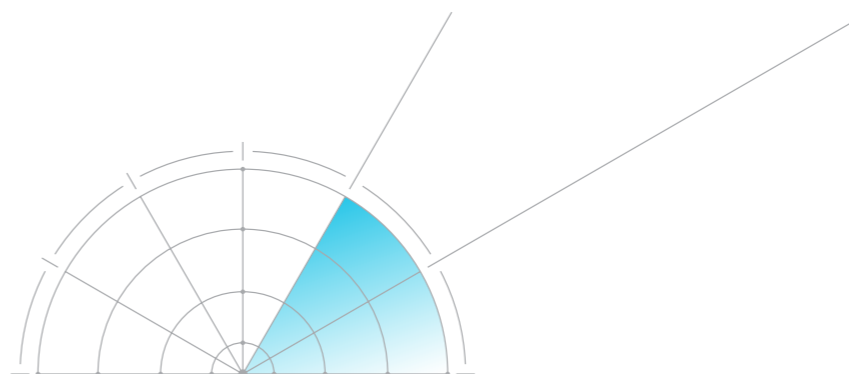
COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES AT THE DATE OF THE REPORT

DIRECTOR	OFFICE	EXPIRY OF TERM	ROLE	INDEP. BY LAW	INDEP. BY CODE	CRC	RC	NC	SC
Giampiero Massolo	Chairman	Sh. meeting to app. Fin Stat. 2021	Executive	-	-	-	-	-	-
Giuseppe Bono	CEO	Sh. meeting to app. Fin Stat. 2021	Executive	-	-	-	-	-	-
Barbara Alemanni	Director	Sh. meeting to app. Fin Stat. 2021	Non-Executive	✓	✓	X	X	-	-
Massimiliano Cesare	Director	Sh. meeting to app. Fin Stat. 2021	Non-Executive	✓	✓	C	-	X	-
Luca Errico	Director	Sh. meeting to app. Fin Stat. 2021	Non-Executive	✓	✓	-	-	X	X
Paola Muratorio	Director	Sh. meeting to app. Fin Stat. 2021	Non-Executive	✓	✓	X ¹	C	-	X
Elisabetta Oliveri	Director	Sh. meeting to app. Fin Stat. 2021	Non-Executive	✓	✓	-	X	-	C
Fabrizio Palermo	Director	Sh. meeting to app. Fin Stat. 2021	Non-Executive	✓	-	-	X	X	-
Federica Santini	Director	Sh. meeting to app. Fin Stat. 2021	Non-Executive	-	-	X	-	-	X
Federica Seganti	Director	Sh. meeting to app. Fin Stat. 2021	Non-Executive	✓	✓	X	-	C	-

CRC: Control and Risk Committee.
RC: Remuneration Committee.
NC: Nomination Committee.
SC: Sustainability Committee.

¹ The Member of the Control and Risk Committee who replaces the Director Santini when the committee, meeting as the RPT Committee, examines major operations with related parties.

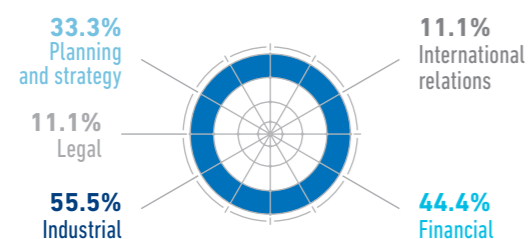
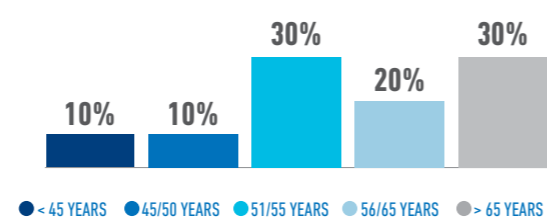
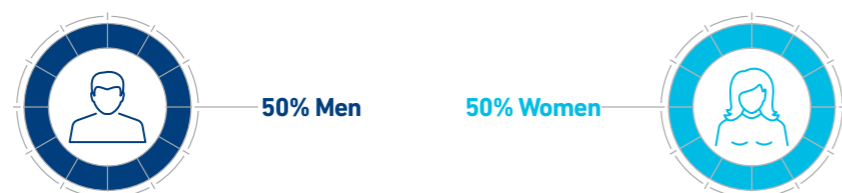
C: Chairman of the Committee.
✓: Satisfies the requirements
-: Not applicable
X: Member of the Committee



OTHER INFORMATION ON THE BOARD OF DIRECTORS *

Number of Directors	10
Number of executives	2
Number of non-executives	8
Number of non-executives that do not qualify as independent under the Code	2
Number of independent under the Code	6
% less represented gender	50%
Average age of Directors	58.3
No. of BoD meetings	10
% attendance at BoD meetings	91
Average duration of BoD meetings	100 min.
Position on multiple offices	Adopted

*The statistical data of this table for Fincantieri refer to the composition and operation of the Board of Directors during the 2021 financial year.

CHARACTERISTICS OF THE MEMBERS OF THE BOARD OF DIRECTORS**AREA OF EXPERTISE****AGE****GENDER**

The Board of Directors has structured its organization, also by establishing four dedicated **Advisory Committees**, that carry out investigative, proactive proposal and consultation tasks:

- the Control and Risk Committee, which is also assigned to act as a committee responsible for related party transactions with the exception of resolutions with regard to remuneration;
- the Remuneration Committee, which is also assigned to act as a committee responsible for related party transactions of resolutions with regard to remuneration;
- the Nomination Committee;
- the Sustainability Committee.

Their composition, responsibilities and methods of operation, as well as the powers and means assigned, are regulated by specific regulations approved by the Board of Directors upon the establishment of said Committees and which have been subsequently amended on the basis of the changes introduced over time to the Code of Conduct, as well as the novelties introduced by the Corporate Governance Code. All members of the Committees are non-executive Directors, the majority of whom are independent and have functional powers to perform the tasks assigned to them.

All the Committee Chairs are independent Directors.

Board of Statutory Auditors

The Board of Statutory Auditors consists of three Standing Auditors and three Alternate Auditors appointed by the Company's Shareholders' meeting using a dedicated procedure. The acting Statutory Auditors satisfy the integrity and professionalism requirements along with the independence requirements. The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting held on 9 June 2020 for the financial years 2020, 2021, 2022.

COMPOSITION OF THE BOARD OF STATUTORY AUDITORS AT THE DATE OF THE REPORT

MEMBERS	ROLE	EXPIRY OF TERM
Gianluca Ferrero	Chairman	Sh. meeting to app. fin. stat. 2022
Pasquale De Falco	Standing auditor	Sh. meeting to app. fin. stat. 2022
Rossella Tosini	Standing auditor	Sh. meeting to app. fin. stat. 2022
Aldo Anellucci	Alternate member	Sh. meeting to app. fin. stat. 2022
Alberto De Nigro	Alternate member	Sh. meeting to app. fin. stat. 2022
Valeria Maria Scuteri	Alternate member	Sh. meeting to app. fin. stat. 2022

The Auditors act completely autonomously and independently from all shareholders. Therefore, an Auditor who - independently or on behalf of third parties - has an interest in a particular transaction/operation of the Company must promptly and comprehensively inform the other Auditors and the Chairman of the Board of Directors about the nature, terms, origins and extent of this interest. The Auditors are also obligated to respect the limits on multiple offices held as director and auditor in Italian joint stock companies provided for by the applicable regulatory provisions and by the By-laws.

OTHER INFORMATION ON THE BOARD OF STATUTORY AUDITORS *

Number of Auditors	3
Average age of Auditors	59
No. of meetings	11
Average duration of meetings	130 min.
% attendance by Auditors	100

*The statistical data of this table for Fincantieri refer to the composition and operation of the Board of Statutory Auditors during the 2021 financial year.



For more information on Corporate Governance, see the Report on Corporate Governance and Ownership Structure, www.fincantieri.com/en/governance/corporate-governance-system/corporate-governance-reports/

Remuneration policy

The Remuneration Policy of Fincantieri is aimed at achieving the Company's strategic priorities and strengthening sustainable performance. It is approved annually by the Board of Directors, on the proposal of the **Remuneration Committee**. The Board of Directors is also the corporate body responsible for the proper implementation of the Policy, which is supported by the Remuneration Committee, which has propositional and advisory functions. The adequacy, overall consistency, and concrete application of the Remuneration Policy are evaluated by the Remuneration Committee, as recommended by the Corporate Governance Code and provided for by the Rules of the Committee. The Remuneration Committee consists of four non-executive directors, three of whom are independent and at least one of whom has adequate knowledge and experience in finance or remuneration policy, evaluated by the Board of Directors when nominated.

The parties covered by the Remuneration Policy are the Chairman, the Chief Executive Officer, the General Manager, Executives with Strategic Responsibilities and other Key Executives.

Management of the Remuneration Policy for the General Manager, Executives with Strategic Responsibilities and other Key Executives is delegated to the Chief Executive Officer, supported by the Human Resources and Industrial Relations Department. The verification of the qualitative and quantitative performance targets and the consequent determination of any economic benefits due to those concerned is carried out after the approval of the annual accounts, subject to verification by the Chief Executive Officer. The use of a **short-term variable incentive plan** on an annual basis (MBO) is designed to translate business plan strategies into a series of annual targets and it can have a decisive impact on the performance of the executives involved. Moreover, in coherence with the principles of transparency and ethics adopted by the Company, Fincantieri's MBO system is applied with the same mechanisms, such as, for example, proportionality with respect to fixed remuneration and the claw back clause, to all 'high risk employees', i.e. senior and middle managers identified as agents of the Company, as well as the rest of the target company population.

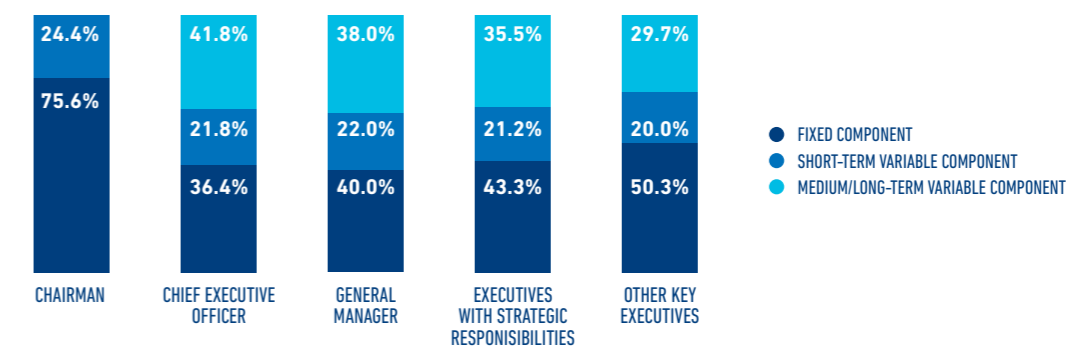
Fincantieri's Remuneration Policy provides, on an exceptional and extraordinary basis, for the possibility of granting **specific benefits at the time of hiring**. These are only envisaged for selected high-profile managerial figures and may consist of: entry bonuses linked to economic losses deriving from the termination of the previous employment relationship that prejudice the entry/hiring of the new resource (such as, for example, recognition of short/medium-term incentives, etc.) and variable components guaranteed only for the first year of employment. The Policy also defines **severance payments**. In particular, no specific individual agreements are envisaged for Directors in the event of termination of office; specific individual agreements may be envisaged for the General Manager and Executives with Strategic Responsibilities, which may not, however, exceed the maximum limits envisaged by the National Collective Bargaining Agreement (CCNL) in force for Executives of Companies producing Goods and Services.

Moreover, Fincantieri's Remuneration Policy provides for **specific insurance coverage** for the Chairman and the Chief Executive Officer. The General Manager, Executives with Strategic Responsibilities and other Key Executives, and other Executives of the Company, enjoy more favourable treatments than that established by the CCNL (National Collective Bargaining Agreement) for their category in terms of insurance, social security and supplementary pension coverage.

In the definition of the **long-term variable components**, in line with the LTI Plan 2016-2018, on 27 March 2018, the Board of Directors approved the LTI Plan 2019-2021 which essentially follows the same structure though with the addition of another objective associated with the attainment of certain **performance on specific sustainability ratings**. The sustainability index makes it possible to measure achievement of the sustainability targets set by the Company, combined with and/or in addition to targets related to economic and financial performance, in order to align with European best practices and the growing expectations of the financial community for sustainable development.

The creation of sustainable value in the medium to long term, the alignment of the interests of management with those of the shareholders and the support of retention capacity are the primary objectives of this Plan, in line with the indications in the Corporate Governance Code and the best and most widespread market practices.

PAY-MIX 2019-2021 LTI



The structure of the remuneration package is set out below.

TYPE OF REMUNERATION	PURPOSE	POSITIONS INVOLVED
Fixed remuneration	Remunerates the role and more specifically the responsibilities assigned to the recipients, taking account, among other things, of the experience, quality of contribution made to achieving the business results and level of excellence with respect to the assigned duties.	<ul style="list-style-type: none"> Chairman Chief Executive Officer Non-executive Directors General Manager Executives with Strategic Responsibilities Other Key Executives
Short-term variable remuneration (annual MBO)	Remunerates results achieved in the short term and is aimed at expressing the industrial plan strategies into a series of annual, individual and group objectives, capable of decisively influencing the performances of the executives involved.	<ul style="list-style-type: none"> Chairman Chief Executive Officer General Manager Executives with Strategic Responsibilities Other Key Executives
Medium/long-term variable remuneration (Performance Share Plan)	Remunerates results achieved in the medium/long term and is aimed at improving the alignment of interests of the recipients with those of the shareholders and supporting the retention capabilities for key resources.	<p>The beneficiaries are individually identified at the discretion of the Board of Directors, on the advice of the Remuneration Committee, among the following persons:</p> <ul style="list-style-type: none"> Chief Executive Officer and, according to the Chief Executive Officer's indications, the following persons: General Manager Executives with Strategic Responsibilities Other Key Executives



For more information, see the Remuneration Report available on the website www.fincantieri.com/en/governance/remuneration/

Internal control and risk management system

Fincantieri's Internal Control and Risk Management System (ICRMS) consists of a set of tools, organizational structures, and corporate procedures which seek to contribute - through a process of identification, assessment, management and monitoring of the main risks - to a sound and correct management of the Company, in a way that is consistent with the predetermined objectives defined by the Board of Directors.

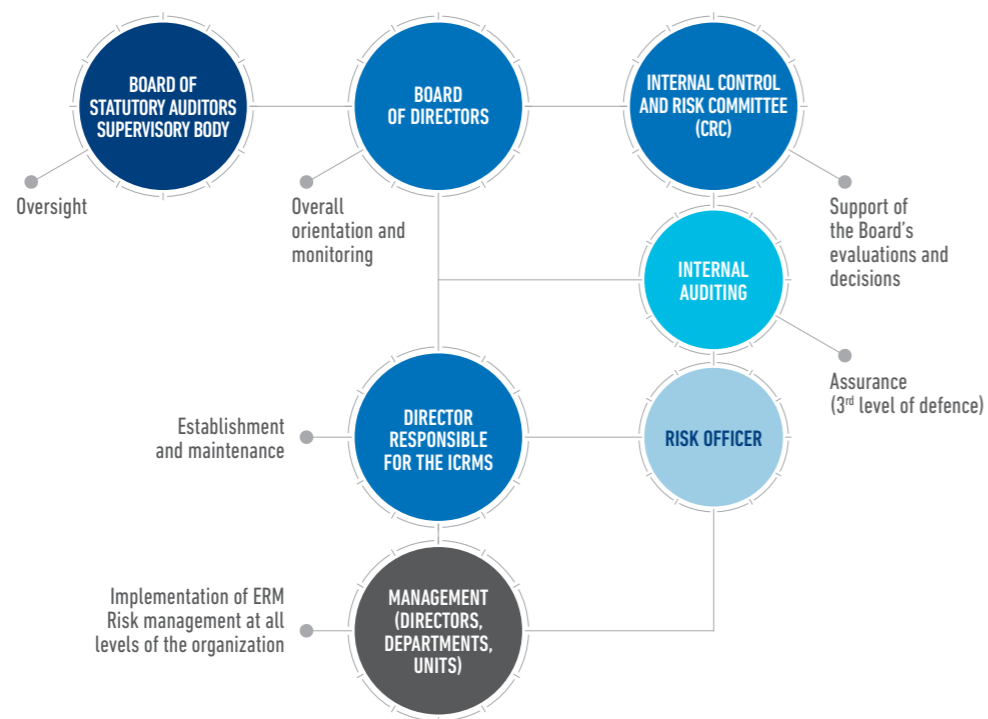
This system, defined according to leading international practices, is based on the three traditional levels of control:

- 1st level: the operational departments identify and assess risks and implement specific actions to manage them;
- 2nd level: the functions in charge of risk management define risk management methods and tools, and conduct monitoring activities;
- 3rd level: the Internal Auditing department provides independent assessments of the entire system.

Fincantieri has adopted a Risk Management Policy, setting out the general principles it intends to pursue in order to implement the guidelines of the ICRMS, adopted by the Board of Directors, that define the methods by which the main risks affecting the Parent Company and its subsidiaries are identified, measured, managed and monitored.

Risk management model

In order to implement the above-mentioned guidelines, we have been adopting an Enterprise Risk Management (ERM) model for some time now. This model complies with the principles contained in the Corporate Governance Code of listed companies and has taken the CoSO ERM-Integrated Framework as its reference, in order to identify and manage risks in a uniform manner throughout the Group. The risk management process is carried out using a continuous approach involving different organizational structures, with different roles and responsibilities.



The **Director in Charge of the ICRMS**, a role attributed to the Chairman of the Board of Directors, ensures that the ICRMS is an integral part of the Group's business ethic and operations, activating to this end appropriate information, communications and training processes as well as disciplinary and remuneration systems which incentivise the proper management of risks and discourage conduct that is contrary to the principles dictated by those processes. The Director in Charge of the ICRMS also verifies that the ICRMS is capable of reacting promptly to significantly risky situations and facilitates the identification and prompt implementation of corrective actions.

The **Risk Officer** is responsible for:

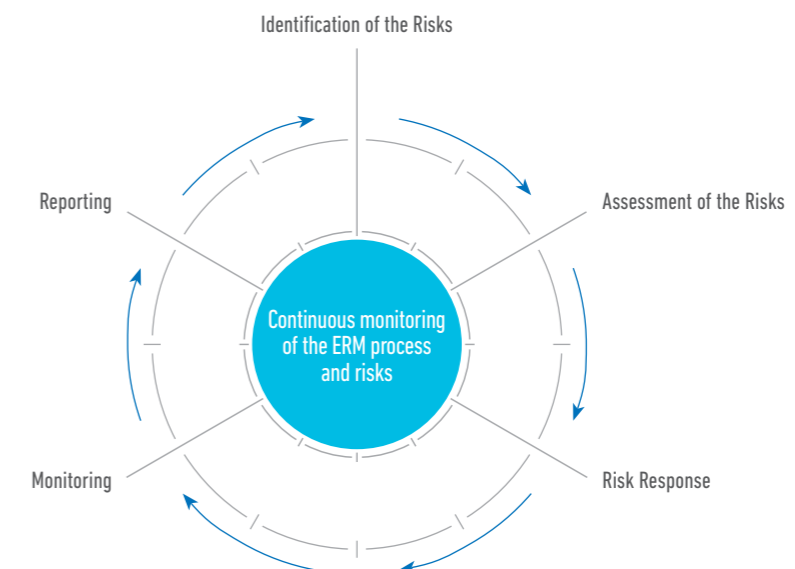
- supporting the Director in Charge of the ICRMS in determining the methodologies to identify, evaluate and monitor the main business risks;
- coordinating the activities of risk management and of support to management, verifying compliance with the ERM methods defined by Fincantieri;
- periodic reporting to the bodies responsible for the ICRMS on the risk management process.

The Risk Officer is not in charge of managing specific risks, which is the responsibility of management, but is responsible for implementing an integrated risk management process. The Risk Officer provides high-level support in the dissemination of risk culture.

Management is responsible for implementing ERM within the business processes under its remit, identifying, assessing and managing risks that may have an impact on the defined objectives. On this point, it should be noted that in 2021 specific training on risk management was provided to senior and middle managers and unit managers of the Parent Company for an overall total of nearly 1,500 hours.

The risk management process

Risk management is a continuous and recurring process, spread throughout the organization, that involves the systematic and repeated identification, assessment, treatment and monitoring of risks.



Identification

The identification of possible existing risks, in relation to the defined strategic objectives, is carried out periodically in line with the time horizon of the company's strategic plan or whenever environmental factors inside or outside the Group make it necessary.

In 2021, the Group's risk catalogue (the so-called Risk Universe) was completely revised with a view to fully integrating sustainability, business and compliance aspects.

The **Group's Risk Universe** consists of **52 risks**, divided into 8 macro-categories, of which 29 are Environmental, Social, Governance (ESG) risks that have been identified and assessed in terms of their probability and impact by Fincantieri's middle and top management.

 For more information on sustainability risks, see p.37

The Risk Officer periodically updates the **Risk Management Model**, which maps the persons responsible for managing and monitoring the risks identified, i.e. the Risk Owners, reflecting in it any changes in the organizational structure.

Assessment

Each identified risk is assessed according to the parameters of probability of occurrence over the plan horizon and its impact. Assessment scales are used to make the risks comparable. These are defined by the Director in Charge of the ICRMS, with the support of the Risk Officer, based on the Risk Appetite and Risk Tolerance thresholds approved by the Board of Directors.

The impact assessment is broken down into 8 types:

- economic and financial;
- operational;
- assets;
- social (community);
- environmental;
- reputational;
- human capital;
- intellectual capital.

The assessment of each risk is carried out at Inherent level (i.e., the theoretical risk assumed in achieving the objectives) and at an Actual Residual level (i.e., the risk that remains following the establishment of internal control procedures implemented to mitigate the probability and impact related to the occurrence of the risk event) and, as part of the assessment, each Risk Owner identifies the main prevention/mitigation measures in place and assesses their relative level of adequacy.

The combination of probability of occurrence and impact determines the risk rating, which enables the comparison of the risks under assessment and the representation of Fincantieri's overall exposure, comparing it with the defined thresholds, in order to identify the priorities for action for the subsequent risk response strategies.

Risk Response

The definition of the risk management strategy is based on the risk assessment (mitigate, accept, transfer, avoid). For risks within their purview, the Risk Owner is responsible for identifying response plans for risks identified as critical and high and for submitting them, with the support of and through the Risk Officer, to the Director in Charge of the ICRMS. In this phase, if the need arises, the Risk Owner is asked to identify and plan specific prevention/mitigation initiatives in addition to those already in place, in order to bring risks back to a level considered acceptable and consequently keep the risk profile within the set limits.

Having identified further actions and controls to be implemented, the Risk Owner carries out an assessment of their expected mitigating effect in terms of probability of occurrence and/or impact of the risk, determining the rating of the expected residual risk.

Monitoring


The internal and external context is subject to possible changes and it is therefore necessary to regularly monitor the risk portfolio in order to assess its dynamics and verify the operational effectiveness of the defined response strategies. Risk monitoring activities and their management is carried out at least once a year, by repeating the steps described above, and, during the year, with specific verification and/or analysis activities on:

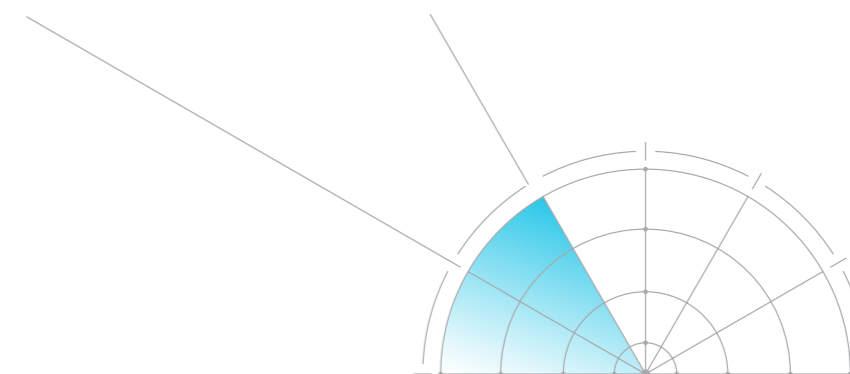
- the existence, traceability and risk mitigation capacity of the controls identified as in place during the risk assessment;
- the additional controls to be implemented and their implementation status;
- any changes in the risk profile following macro-changes in the scenario (reassessment of inherent, actual residual and expected residual risk);
- the most significant risks (e.g. cause analysis, impact analysis, risk management and monitoring system).

Reporting

The Risk Officer, having completed the assessment and result consolidation process, prepares specific reports for the various actors of the ICRMS. The results of the ERM process are used:

- by the ICRMS actors to provide the necessary assurance to the Corporate Bodies regarding the identification of the main business risks, as well as the reasonable certainty that they are managed in accordance with the limits defined for value creation;
- by the Board of Directors when drawing up the Report on Corporate Governance and Ownership Structure providing information on the subject;
- by Internal Audit as information elements for the preparation of specific risk-based audit plans.

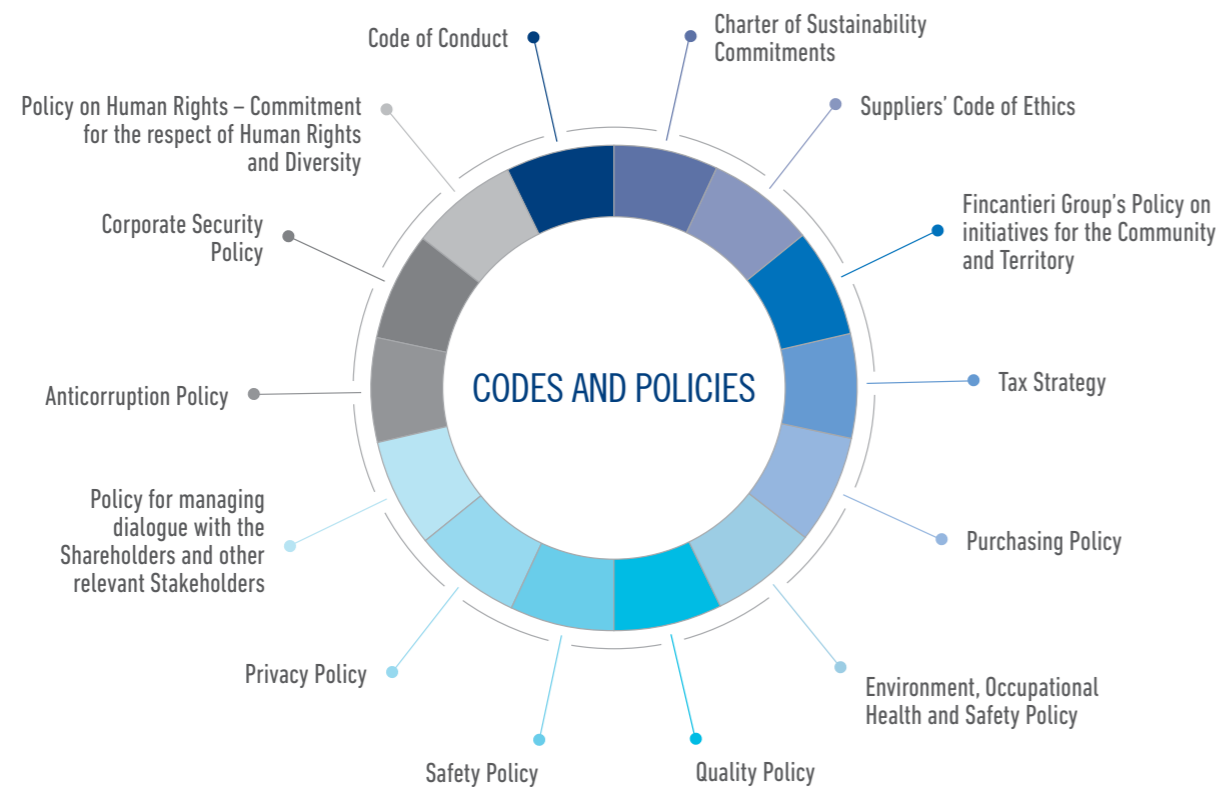
 For more information on Corporate Governance, see the Report on Corporate Governance and Ownership Structure, www.fincantieri.com/en/governance/corporate-governance-system/corporate-governance-reports/



Legality, integrity and prevention of corruption

We believe that success can be long lasting only with responsible, ethical business management; the Group's actions are performed with integrity, honesty and dedication and are based on mutual trust, so that growth is also guided by the principle of shared value.

We conduct our business in compliance with the law, internal regulations and professional ethics. To this end, we have developed a set of policies and guidelines that support us in our activities and which are described in various chapters of the Sustainability Report.



Code of Conduct

Everyone who works for Fincantieri, without exception or distinction, is committed to observing and ensuring the observance of the company's Code of Conduct, which, for the smooth functioning, reliability and reputation of the Group, requires that all the activities are conducted in compliance with the law, with international conventions and in strict accordance with the human rights enshrined in the UN Universal Declaration. Operating according to the principle of fair competition, with honesty, integrity, fairness and good faith, respecting the legitimate interests of our stakeholders, shareholders, employees, customers, commercial and financial partners and of the general public and local communities in which we conduct our activities is fundamental prerequisite for the effective operation, reliability and reputation of the Group, but at the same time represents a key asset for Fincantieri's ongoing success. The conviction of acting in the interest or advantage of the Company never justifies adopting a conduct that goes against these principles and all conduct contrary to the words or spirit of the Code will be subject to sanctions as mentioned in the Code.

We are committed to encouraging and promoting knowledge of the Code among employees and with all parties who have business relations with Fincantieri and we monitor observation of the Code, providing suitable tools for information, prevention and control, and ensuring the transparency of existing operations and conduct. The Board of Directors and the Company management are responsible for verifying the Code of Conduct's implementation and application, and they may also make proposals to supplement or amend its provisions.

The Code of Conduct is available on the website www.fincantieri.com/globalassets/sustainability2/business-ethics/fincantieri-code-of-conduct.pdf

During 2021, at the Parent Company level, 6 reports of violations of the Code of Conduct were received and managed (compared to 12 in 2020), which primarily concerned violations of corporate procedures and the ethics of a Company supplier. No reports involved discrimination or harassment, unethical behaviour or tax offences. Four investigations were initiated, one of which led to disciplinary action.

Organizational Model

Fincantieri has adopted an organizational, management and control model according to the Legislative Decree No. 231/2001 (Organizational Model), the latest version of which was approved by the Board of Directors on 28 January 2021. It consists of a general part, in which the principles, functions and essential components of the Organizational Model are illustrated, and of special parts, in which the activities at risk of crime for each type of crime deemed relevant, the principles of conduct and the procedures are identified.

The organizational model is available on the website www.fincantieri.com/en/governance/business-ethics/model-231/

Anticorruption Policy

Given the extensive geographic context in which we operate, the Company has adopted a number of internal regulatory instruments aimed at identifying and applying a global anticorruption policy that defines the expectations for conducting business operations in strict compliance with the best international standards on anticorruption legislation. The Group's commitment to anticorruption - established in primis by the Code of Conduct - is reflected in a series of corporate documents that are its existing means to combat corruption. The first of these documents is the Anticorruption Policy adopted by the Company in 2014 and updated in February 2020, which introduced a regulatory system to protect sensitive areas and which is addressed to all employees and third parties.

The primary objective of Fincantieri's Anticorruption Policy is to emphasise the Group's commitment to the fight against corruption in all of its forms and to zero tolerance for this phenomenon through constant reinforcement of the degree of integrity and transparency in internal conduct able to positively influence the Company's reputation in the areas where it works.

The Policy is delivered to employees at the time of their recruitment, with signature certifying the receipt and the commitment to become familiar with and observe the relevant rules, and to third parties when contracts are stipulated.

The Anticorruption Policy is available on the website www.fincantieri.com/globalassets/sustainability/business-ethics/fincantieri-anti-corruption-policy.pdf

Since 2020, Fincantieri S.p.A. has been in possession of the **ISO 37001** certification for its **Management Systems for the prevention of corruption**. An essential step which underscores our organization's commitment and unwavering attention paid to the business ethics topics and refusal of all forms of corruption. The Anticorruption Management System implemented by Fincantieri guarantees:

- implementation of the Group Anticorruption Policy;
- identification, analysis and assessment of the corruption risks to which the Company is potentially subject;
- assignment of adequate responsibilities and execution of appropriate controls of the processes sensitive to the risk of corruption;
- adoption of the measures aimed at preventing and facing possible corruptive situations;
- meeting requirements set by the applicable legislation on the subject of corruption prevention.


At an organizational level, in order to oversee the Company's Anticorruption System, in accordance with the ISO 37001 standard, it is the responsibility of the Board of Directors to identify and appoint the "compliance department for the prevention of corruption", giving it the appropriate operational responsibilities and authority to carry out its duties.

The Anticorruption function was established in 2020 by the Board of Directors for this purpose.

At the subsidiary level, Fincantieri NexTech and SOF are also ISO 37001 certified.

With reference to the Parent Company, the **Internal Auditing** function examines and independently evaluates the internal controls to verify if what is required by the anticorruption procedures has been met within the range of the annual planned audits approved by the Board of Directors. The **Supervisory Body** plays a special role. Its activities call for the periodic collection of confidential information in order to identify potentially risky conduct with reference to corruption with respect to both Italian and foreign Public Administrations, and to private parties. The Organizational, Management and Control Model, according to Legislative Decree No. 231/2001 and the corporate regulatory framework, are subject to a continuous updating process in order to adapt them to the organizational and legal changes and to adequately respond to the possible risk of committing crimes.

Since 2009, the instruments that the Company has adopted to prevent the risk of corruption include a system for the reporting of infringements to the Supervisory Body (**whistleblowing**), defined in the Organizational Model, which allows employees and third parties to report problems relating to non-compliance with the provisions of the Code of Conduct, the Organizational Model, company procedures or with legal regulations. Since January 2019, an update of the whistleblowing computer system has been made operational. This system uses an independent platform to send reports and is an evolution in terms its suitability in order to ensure the confidentiality of the sources and of the information communicated (as required by Law No. 179 of 30 November 2017).

 For more information on the whistleblowing system and on all the anticorruption procedural tools, see the website www.fincantieri.com/en/governance/business-ethics

As regards training on the anticorruption procedures and policies, during 2021 the following courses were delivered at the Parent Company:

- **According to Legislative Decree 231/2001 - general part:** aims at disseminating and sharing, at all levels, the measures prepared by Fincantieri to prevent offences from being committed by subjects that might oblige the Company.
- **According to Legislative Decree 231/2001 - specific part on corruption and corporate offences:** analyses the topic introduced by Legislative Decree 231 of 2001 in terms of responsibility of entities and companies. In particular, some special parts provided for by the decree are analysed in-depth: corruption and corporate offences.

- **Fincantieri's Anticorruption Management System:** concerns the elements and essential characteristics of the anticorruption system adopted by Fincantieri to manage the prevention of corruption; it also deals with the tasks and responsibilities of the anticorruption function and the whistleblowing system implemented by the Company.
- **Specific training on the anticorruption system in Fincantieri:** provides an overview of the main corruption risks and of a few indicators for identifying possible corruptive phenomena; it also describes the content of the Grants, donations, sponsorships, gifts and hospitality procedure, the methods for managing non-conformities found and the tools made available to its resources to recognise and fight the corruption phenomenon.

These courses were delivered to **all employees** of Fincantieri S.p.A. (employees, middle managers and senior managers), while agents and specific corporate departments were given the specific modules.

Since 2021, the Anticorruption Management System has also been disseminated to **blue-collar employees**.

For employees of Italian subsidiaries, specific anticorruption training meetings are held, organized by their supervisory bodies with a view to extending this training to the e-learning mode.

The **Board of Directors** receives an annual report from the Supervisory Body on the activities performed, including the training, which is generally provided after the installation of the new Board. The last anticorruption training to Board members was provided in 2020.

The table below shows the data on the overall number of employees who received anticorruption and/or business ethics training in 2020 and 2021.

NUMBER OF PEOPLE TRAINED ON BUSINESS ETHICS AND INTEGRITY

	SENIOR MANAGERS		MIDDLE MANAGERS		WHITE COLLAR EMPLOYEES		BLUE COLLAR EMPLOYEES		TOTAL		% of total employees	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
ITALY	244	95	418	86	4,421	644	0	2,974	5,083	3,799	52%	35%
NORWAY	1	0	1	0	12	0	0	0	14	0	1%	-
ROMANIA	0	0	0	0	0	0	0	0	0	0	-	-
REST OF EUROPE	1	2	4	6	19	44	4	6	28	58	30%	27%
NORTH AMERICA	47	61	203	227	557	576	25	20	832	884	35%	40%
SOUTH AMERICA	0	0	0	0	0	0	0	0	0	0	-	-
ASIA, AFRICA AND OCEANIA	0	0	0	0	16	24	37	189	53	213	7%	22%
TOTAL	293	158	626	319	5,025	1,288	66	3,189	6,010	4,954	30%	24%
% of total employees per category	74%	36%	55%	28%	61%	14%	1%	32%	30%	24%		

The data refer to the entire Fincantieri Group.
The 2020 North America data were revised for comparison purposes following improvement of the information gathering process.

The change compared to last year on the training carried out is due to the introduction in 2020, in Italy, of a number of courses on the Anticorruption Management System adopted by Fincantieri S.p.A.. This course was also disseminated to blue-collar employees in 2021.

NUMBER OF PEOPLE TRAINED ON ANTICORRUPTION - 2021

	SENIOR MANAGERS	MIDDLE MANAGERS	WHITE COLLAR EMPLOYEES	BLUE COLLAR EMPLOYEES	TOTAL	% of total employees
ITALY	84	74	326	2,974	3,458	32%
NORWAY	0	0	0	0	0	-
ROMANIA	0	0	0	0	0	-
REST OF EUROPE	2	6	38	0	46	22%
NORTH AMERICA	57	215	555	6	833	38%
SOUTH AMERICA	0	0	0	0	0	-
ASIA, AFRICA AND OCEANIA	0	0	24	189	213	22%
TOTAL	143	295	943	3,169	4,550	22%
% of total employees per category	33%	26%	10%	32%	22%	

The data refer to the entire Fincantieri Group and are an indication of the number of people trained in business ethics and integrity.

The courses were held in the local language of the countries where the companies involved in training are based.

As regards monitoring of corruption cases, it should be noted that no confirmed cases of corruption involving companies in the Fincantieri Group were found in 2020 and 2021.

National Framework Tender Protocol

Aware that the procurement system represents a key element in our ability to develop and raise our competitive standing in our reference markets, we believe that respect for legality, transparency and strict compliance with the laws governing labour, also within the supply chain, form the backbone of the Fincantieri Group's business integrity strategy.

As emerged from the findings contained in the reports of the Anti-Mafia Investigation Directorate and EUROPOL, even in the face of the continuing health emergency, the tendency of criminal organizations to infiltrate the economic and social fabric in a widespread way, both at national and European level, has become even more evident. In this context, we have assured the competent Authorities of our contribution to the defence of the economy and of a market free from any form of conditioning and illicit activity.

This productive cooperation with the competent territorial bodies is fully realized in the National Framework Tender Protocol which, since the date it was signed with the Ministry of the Interior on 27 February 2017, has been confirmed as a valuable tool of **public-private partnership** to prevent and combat any criminal infiltration attempts during the award of tenders, in investments and in the exercise of production activities.

The Protocol, in addition to having made it possible to set up a permanent round table in the Cabinet of the Minister, has consolidated the system of anti-mafia checks on high-risk companies, both suppliers and those operating in contracting and subcontracting, which have now been extended to the entire national perimeter.

More than 3,300 reports have been transmitted over the years to the relevant local Prefectures and they constitute a privileged tool for verifying that our suppliers meet the highest requirements in terms of integrity and impermeability to criminal aggression.

It is also envisaged for the supply chain itself to become an active part of the process, fulfilling their obligations to combat against and report any instances that could entail conspiracy to commit a crime - including mafia-type conspiracy - and other criminal offences such as corruption, money laundering, extortion and fraud.

In the presence of high-risk cases, we have the right to take all precautionary measures to protect our business, reconciling the necessary needs of production continuity and, at the same time, safeguarding the consequences for employment in local territories, offering ourselves as attentive and involved partners to their institutional and social bodies.



Human rights

We are committed to ensuring and promoting respect for human rights, a priority for the Group, in all business areas and among all stakeholders, whether Group employees or suppliers. We conduct our activities in accordance with fundamental human rights standards.

As proof of this commitment, our policies and practices are aligned with:

- International Bill of Human Rights, including the United Nations (UN) Universal Declaration on Human Rights.
- Fundamental Conventions of the International Labour Organization (ILO).
- Guidelines of the Organization for Economic Co-Operation and Development (OECD) for Multinational Enterprises.
- Ten principles of the United Nations Global Compact.

The Group has adopted the **Policy On Human Rights** – Commitment for the respect of human rights and diversity and the **Suppliers' Code of Ethics**, two relevant documents to guide the company's activities, following an approach to business that is not limited to compliance with the regulations in force in the countries where we operate, but proactively oriented towards the protection of human rights.

The documents approved by the Board of Directors confirm our commitment to protecting human rights as stated in the Code of Conduct, the Charter of Sustainability Commitments and the Sustainability Plan..

Policy on human rights

In order to define principles and rules that guide the strategies, activities and initiatives of the entire Group towards respect for human rights and the promotion of diversity and inclusion, Fincantieri has drawn up the Policy on Human Rights – Commitment for the respect of human rights and diversity.

The **principles** on which the public commitment to human rights adopted within the lines of the Policy is based upon and the consequent commitment to share a collective awareness of their importance within the Company can be represented as follows:



The document contains a focus on **Diversity** and **Inclusion**, strategic factors for the Company's competitive advantage and people development.

The Policy on Human Rights – Commitment for the respect of human rights and diversity is available on the website www.fincantieri.com/globalassets/sostenibilita2/responsabilita-risorse-umane/diverita-e-pari-opportunita/fincantieri_policy_on_human_rights2.pdf

Even in countries like Vietnam, where human rights might be more at risk, the Company constantly monitors these issues. The Vietnamese shipyard has been certified in compliance with the SA 8000 standard. The model guarantees a virtuous process aimed at ensuring their continuous respect and provides specific training to all new recruits. In 2021, over 4,700 hours of human rights training were provided in the Vietnamese shipyard, involving all new hires.

Suppliers' Code of Ethics

In order to respect the Group's commitment to promoting a responsible and sustainable supply chain, while respecting human rights, we have adopted the Suppliers' Code of Ethics. The document defines the **values** and **principles** of conduct that suppliers must refer to and adopt in order to pursue a development that integrates competitiveness, environmental sustainability and social responsibility, capable of establishing a long-term partnership based on integrity, honesty and mutual transparency.

The Suppliers' Code of Ethics is available on the website www.fincantieri.com/globalassets/sostenibilita2/responsabilita-economica/fincantieri_suppliers_code_of_ethics2.pdf

To guarantee respect for human rights in the supply chain, a specific objective has been included in the Sustainability Plan that provides for annual second-party audits to monitor and evaluate strategic suppliers in terms of respect for human rights, safeguarding workers' health and safety, and protecting the environment.

For more details on the Suppliers' Code of Ethics and audits, please refer to the chapter "Sustainable supply chain".

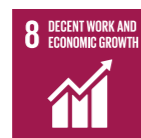


Management of reorganizations and restructurings

In cases of business reorganization (mergers, acquisitions, etc.), we try to safeguard our people by, if necessary, assigning new tasks with targeted training or retraining, based on each person's ability and experience.

In fact, any restructuring and/or reorganization processes provide for **specific information procedures** with the involvement of trade unions aimed at identifying the most appropriate tools to manage them and the best articulation in connection with the different contexts in which they are located.

GUIDELINES FOR COMPANY REORGANIZATION AND RESTRUCTURING



In 2021, we drew up a Guideline for the management of possible company reorganization and restructuring within the framework of a consolidated participatory model based on two different contractual sources: the National Collective Bargaining Agreement and the Corporate Supplementary Agreement. This arrangement is consistent with the criteria laid down in the agreement between Confindustria and the national trade union confederations of CGIL, CISL and UIL (the so-called 'Factory Pact') of 2018.

The presence of a structured information and comparison system is the first reference point for managing the complex dynamics of restructuring or reorganization.

Since restructuring or reorganization processes can be triggered by a various contexts and circumstances, the reasons behind them are the prerequisite for identifying the consequent measures needed to manage their implementation.

The **tools** that may be activated depending on the context, aimed at avoiding recourse to collective redundancy, may, from time to time, refer to the use of one or more measures among which the following will be subject to evaluation and comparison:

- the reduction of working hours;
- training and professional retraining to facilitate re-employment within the Company or, alternatively, in the various activities carried out by other entities of the Group;
- individual and collective transfers within the Group;
- the Extraordinary Wage Guarantee Fund (CIGS), which can be activated for company crises, restructuring/reorganization processes or solidarity contracts. Recourse to these social shock absorbers also entails compliance with a procedure for informing and consulting with trade unions, as provided for by current legislation;
- the use of other ad hoc regulatory instruments to facilitate the early exit of staff close to reaching retirement age;
- training and professional retraining, usually in conjunction with training bodies, to facilitate re-entry into the labour market;
- exit incentives for employees affected by the reorganization and restructuring processes should the company's economic situation allow it;
- outplacement services, orientation and enhancement of employees' professional skills with the aim of facilitating their re-entry into the labour market.

In Italy, the latest business reorganization, carried out in the 2012-2015 four-year period, became necessary in order to deal with the heavy negative impacts that the 2008 economic and financial crisis had on the shipbuilding industry. The crisis was handled by resorting to the Extraordinary Wage Guarantee Fund for business reorganization and with mobility procedures set out on the criterion of no objection to dismissal. In order to handle local shock absorbers, subsequent agreements between the Company and the National Trade Unions were signed at the Italian Ministry of Labour. The maximum peak of people suspended in Extraordinary Wage Guarantee Fund (CIGS) was 3,670 units (figure reached in the first reorganization stage), while a total of 944 employees were placed in mobility.

As far as the VARD group is concerned, the Promar yard downsizing caused by the extremely serious crisis of the Brazilian shipbuilding industry took place in total observance of the legal procedures and in constant dialogue with the union representative bodies.

The Company took steps to contain the hardship resulting from the reduced workforce by undertaking to place the personnel wherever job opportunities should arise.

As part of an effort to create a cluster around the shipyard, at least 80 workers who had been dismissed in 2019, all coming from neighbouring municipalities, were hired back with fixed-term contracts, also contributing to offering job opportunities to the local community.

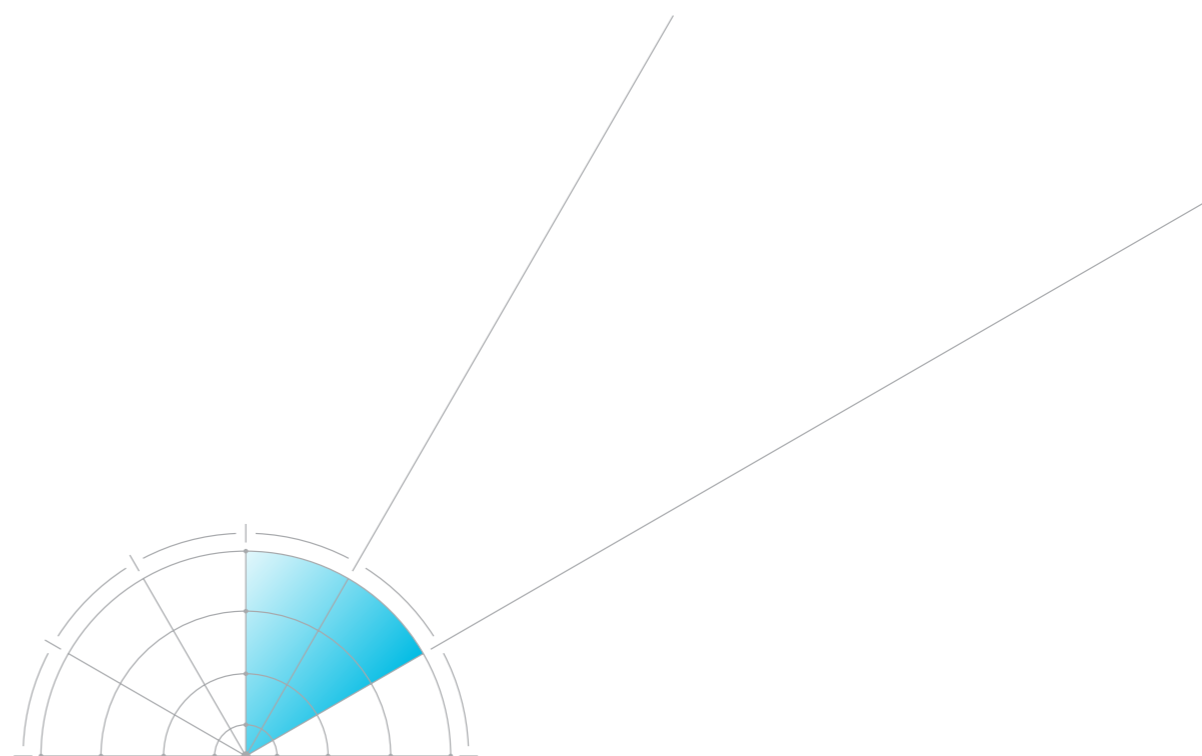
Furthermore, several dozen former employees were hired by the Tulcea shipyard (Romania).

The closing process of the two Norwegian VARD yards in Aukra and Brevick, which started in the fall of 2019 with the involvement of the workers' trade union representatives, was conducted according to the provisions of Norwegian legislation for facilities of this size. Information and discussion meetings were held with the trade unions at Group and local level, and all workers were personally informed of the offer of alternative jobs in the other three yards of the group's Norwegian part. Unlike the Brevick workers, several Aukra employees accepted the opportunity, also because of the favourable geographic position that would not have created logistic difficulties for their families. All employees accepted termination of their employment and benefitted from payment of the advance notice indemnity proportionate to their work seniority, without the obligation of service to facilitate the search for new placement.

Both shipyards invited the Norwegian Labour and Welfare Administration (NAV) to personally inform the employees of their possibilities and rights.



The Guideline managing corporate reorganizations and restructurings
www.fincantieri.com/en/sustainability/human-resource-management/corporate-reorganisation-and-restructuring/



Cyber security

The Company's focus on cyber security has gradually intensified in response to the ever-increasing complexity and frequency of cyber attacks carried out against companies with national and international strategic importance and to changes in the regulatory framework.

The sophistication of cyber threats, made possible by the increasingly aggressive operations of organized international groups, requires the constant adjustment of the company's defences and processes for protecting **IT assets**, as an additional element to protect the Company's industrial know-how and market competitiveness. The European and national regulatory framework also makes it necessary to continuously adapt corporate governance, incorporating new security standards applicable in the technological, organizational and procedural areas.

A mature approach to cyber security is also essential to support the strategic development of the naval product, which is characterized by high technological complexity. As such, it is exposed to cyber threats requiring the engineering of appropriate security solutions, compatible with the extremely varied nature of the on-board systems.

For these reasons, in 2021, further impetus was given to the development of Group cyber security through:

- actions for a greater centralization of data protection systems;
- a control model applied throughout the Group;
- a pervasive technology upgrade program.



CENTRAL IT SYSTEM AND INDUSTRIAL PLATFORMS



As envisaged in the Sustainability Plan, the following projects were completed in 2021 with the aim of developing a central information technology system and industrial platforms to bolster protection of industrial networks.

1. Expansion of the perimeter of the technological protection infrastructure for Fincantieri S.p.A. and its Italian subsidiaries falling within the ICT services of the Parent Company in order to counter modern cyber security threats by implementing:
 - a security email gateway service, required to protect and control incoming and outgoing emails;
 - anti-malware technology, both at the client and server level, to protect against viruses and threats with endpoint detection and response. With this system, vulnerabilities on devices are monitored and constant analysis is performed, which allows even the most recent threats to be intercepted;
 - an extension of the Security Information and Event Management (SIEM) infrastructure with new components on standard virtual hardware;
 - a privileged access management (PAM) strategy to protect against threats such as theft of credentials or illegitimate use of privileges;
 - a Domain Name System (DNS) platform that determines whether a request is secure, malicious or risky.
2. Automation and centralization of cyber incident detection and management processes through the introduction of Security Orchestration, Automation and Response (SOAR) technologies that allow the organization to collect data and reports related to security threats and incidents from a variety of sources. Thanks to this, some of the incident analysis and triage has been automated, defining and guiding response activities and, thus, limiting human intervention.
3. Development of tools, processes and methodologies to support compliance with Regulation (EU) No. 2016/679 (GDPR) and international data protection and security standards (ISO 27001/9001). In order to assess the need to perform a Data Protection Impact Assessment (DPIA) and extract any extra security requirements for each solution, the preliminary risk analysis process, which is used to identify high risk processing, was reviewed. The security requirements for each type of solution were also reviewed and updated. The company's cyber risk management approach was also improved with the introduction of cyber risk management platforms and the definition of a reference framework based on the main international standards to be adopted at Group level. The approach has also been extended to product level, through the definition and implementation of security requirements to be adopted from the early stages of development or during refitting to mitigate cyber risk. The **ISO 27001** certification was also confirmed in 2021 for Fincantieri S.p.A., confirming compliance with the level of reliability required by international standards, which represent deeper integration with the information technology required by the personal data protection obligations. In addition to the certification held by the Parent Company, Fincantieri's subsidiaries NexTech, Cetena and Isselnord have also obtained ISO 27001 certification. Further projects are underway to obtain the above certification in subsidiaries such as VARD and E-phors.

4. Adoption of a program to protect industrial networks supporting ship production through a security assessment and the development of a new architecture for managing Operational Technology (OT) systems and implementation of more robust security measures to ensure data usability, integrity and confidentiality.

Always with the aim to standardize and ensure high standards of cyber security at Group level, and in line with the evolution of cyber threats and with the structuring of the reference regulatory context, the governance and organization of cyber security was updated with the creation, in November 2021, of a new **Group Cyber Security function** that reports directly to the General Manager, responsible for:

- defining and implementing cyber security policies applicable to the Group;
- ensuring the continuous monitoring of the logical perimeter of Fincantieri and the timely reaction to any attempt to compromise it;
- defining the strategic drivers for the development of cyber security solutions, also ensuring adequate processes for verifying and controlling the electronic and IT supply chain;
- defining and promoting the Group's methodology for cyber risk assessment and mitigation, in line with industry best practices and current policies.

The responsibility of the new function has been attributed to the Group Vice President Cyber security (GVP Cyber security), who therefore holds the role of **Chief Information Security Officer (CISO)** for the Fincantieri Group and is responsible for:

- defining a cyber security strategy;
- establishing and maintaining an up-to-date corporate cyber security organization;
- implementing protection programs;
- designing and enforcing procedures to mitigate cyber risks;
- managing compliance with cyber security regulatory requirements.

The **Security Committee** was also set up in order to pursue the continuous improvement of processes and to evaluate investments in support of the Company's Information Security.

The Committee, which keeps Top Management punctually informed, is chaired by the General Manager and is composed of the heads of the following departments: Security, Information Technology, Group Cyber Security and the Risk Officer. Depending on the issues to be addressed, additional individuals such as the Chief Financial Officer (CFO) or other department heads may be asked to participate.

In terms of the Group cyber plan, the following initiatives were implemented in 2021:

- implementation of the Secure Ship Development Lifecycle model, for managing cyber security aspects related to product development processes, in the subsidiary VARD;
- definition of protection models and frameworks for complex naval platforms in civil and naval environments;
- sharing document templates, policies and requirements in the cyber security field with VARD.

In addition to these project elements, traditional monitoring activities are carried out on a continuous basis to ensure the security level of the services and of Fincantieri's networks, in particular:

- periodic IT security assessments aimed at identifying and remedying any gaps;
- awareness campaigns for employees, aimed at improving awareness of cyber risks and shedding light on the most widespread social engineering attack techniques and the organizational and behavioural methods for neutralizing them.

Initiatives to manage the COVID-19 pandemic

Due to the COVID-19 pandemic, we have had to face an additional cyber risk scenario linked to the massive adoption of smart working. This introduced new risks tied to the use of "untrusted", and notoriously more exposed, domestic networks. For this reason, a review of the protection technologies more in line with the new working from home requirements became necessary. These demand operational flexibility and a strong focus on distributed collaboration.

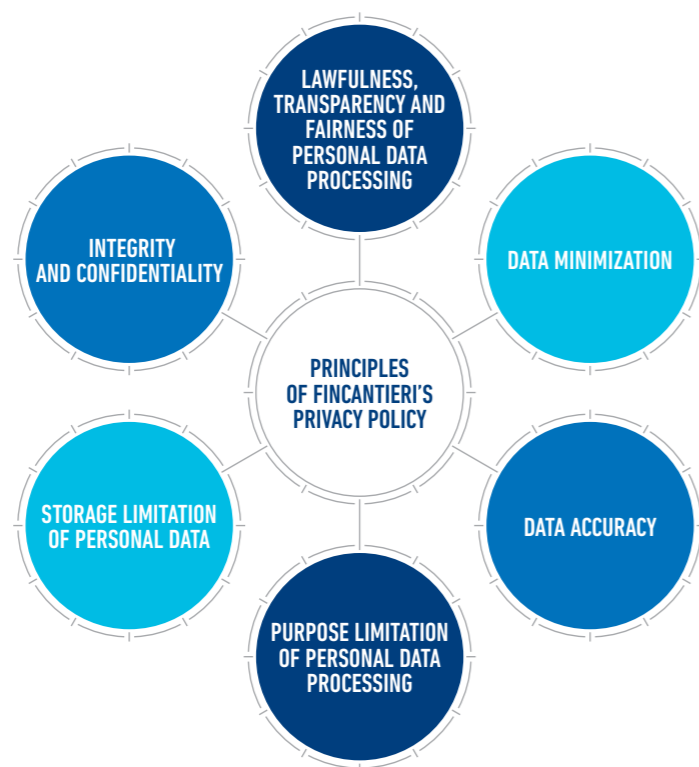
Fincantieri - in its capacity as a strategic company for the national economic system as well as an international big player - continues to collaborate with the **State Police and other important national institutions** by sharing information on significant cyber events recorded on its IT infrastructure and has launched other partnerships with **international government Authorities** to counter the threat and increase the security and resilience levels of the critical infrastructures of the countries in which it operates.

The Company also presents itself more and more as a subject having strong cyber security know-how of **naval shipbuilding products** and in the maritime field in general. On this last front, it has started a close collaboration with the University of Genoa for the development of a naval "cyber range" aimed at faithfully replicating the electronic environment on board for the training of defence capabilities of civil and naval fleets.

Information and personal data security

In light of the full transposition of the principles of the protection of personal data, during 2018, we launched a process of adaptation to the new regulation on personal data protection, namely Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation – GDPR), which ended on 25 May 2018 with the Company's adoption of a personal data protection system.

The founding principles on which the personal data protection system adopted by Fincantieri S.p.A. is based are expressly contained in the Policy on General Principles of the Data Protection System (**Privacy Policy**) which regulates, among other things, the main processes needed to ensure the protections envisaged by the relevant legislation. With this Policy, we undertake to establish and maintain over time a control model aimed at protecting the personal data collected and processed as part of the processes inherent to the activities of Fincantieri S.p.A., promoting the development of a pervasive privacy culture at Group level. With this in mind, in addition to the dissemination of privacy statements to the data subjects and instructions to personnel authorized to process personal data, a verification and control of the main data processing operations was carried out as well as training for employees of the Parent Company that was also extended to the Italian subsidiaries.



The personal data protection system was laid out in detail in a specific Data Protection System Manual and by operational procedures that identify certain processes that are especially critical such as management of data breaches and management of requests from data subjects asserting their rights.

During the 2021 financial year, confirming the Company's focus on personal data protection, Fincantieri S.p.A. appointed its own Data Protection Officer (DPO) who reports directly to the Board of Directors, and who is responsible for the following tasks, among others:

- informing/supporting Fincantieri S.p.A. and its employees on data protection regulatory obligations;
- overseeing compliance with regulatory requirements and the Company's privacy policies;

- providing opinions on Data Protection Impact Assessments (DPIAs), ensuring and documenting their conduct at company level;
- cooperating with the supervisory authority (in Italy, Garante Per la Protezione dei Dati Personali);
- serving as a point of contact for the supervisory authority on matters related to data processing.

The DPO has supported Fincantieri S.p.A. in the planned review and updating of the Company's Data Protection System and has provided advice and training in the field of data protection to company functions, responding to more than one hundred requests for advice.

Moreover, in full compliance with the regulations and internal procedures, Fincantieri S.p.A. has promptly responded to the requests from data subjects exercising their rights.

Initiatives to manage the COVID-19 pandemic

In order to deal with the continuing health emergency linked to COVID-19, during the 2021 financial year, Fincantieri S.p.A. implemented a mechanism to check Green Passes, in addition to the one detecting body temperature, when entering the shipyards and Company premises, in full respect of current data protection legislation. An adequate privacy policy was provided to the data subjects, the data processing register was updated and data processor appointment agreements were signed with all those suppliers that handle personal data in this precise area.

As regards foreign subsidiaries, Fincantieri Marine Group LLC, complying with the provisions of the Health Insurance Portability and Accountability Act (HIPAA), has prepared a detailed document on the protection of employees' health data, providing a training course to those who have access to such information. Information containing personal data is filed and accessible only to authorized personnel.



ECONOMY AND MARKET

We contribute to the economy of the countries in which we are present with an integrated dynamic network, built over time to create and exchange value



In recent years, new technologies and shifts in people’s behaviour have produced structural changes in many industrial sectors, resulting in the emergence of new markets, growth and employment opportunities, but also the need to adapt the business model in order to seize all the opportunities.

In this context, our business model - diversified by end markets, geographical areas and customer portfolio - is able to face new challenges by seizing all opportunities without ignoring their social and environmental implications. Our goal always remains that of combining business with reducing environmental impact, meeting the needs of local communities and improving the safety of our people and our suppliers.

We are committed to developing and promoting innovative solutions that contribute to the achievement of the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda, through a structured organization, the activation of virtuous ecosystems, and by leveraging on access to new technologies.

Economic value for stakeholders

The creation of economic value is essential to ensure that the Group is safeguarded over time and, therefore, its sustainability. The distribution of economic value, determined in accordance with the “Direct economic value generated and distributed” (201-1) of the GRI Sustainability Reporting Standards (2016), represents the economic impact of our business for the benefit of the main stakeholder categories.

In 2021, we distributed a total economic value of €6.6 billion to suppliers, collaborators, lenders, Public Administration and the community. A significant value whose impact remains limited mainly to the territory, particularly with regard to personnel and suppliers.



DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

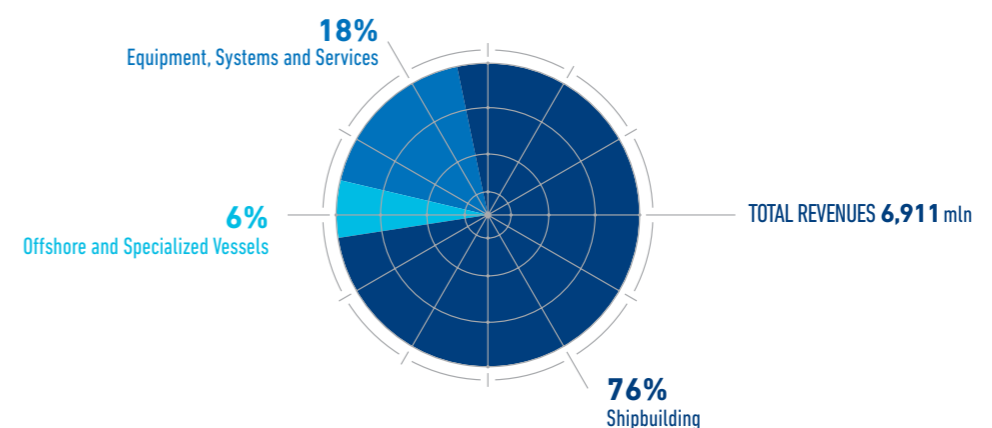
euro/million

DESCRIPTION	2020	2021	VAR 2021/2020
ECONOMIC VALUE GENERATED DIRECTLY	5,932	6,966	17%
a) Revenue	5,879	6,911	18%
b) Finance income	61	64	6%
c) Capital gains/losses on business profits	(8)	(9)	17%
DISTRIBUTED ECONOMIC VALUE	5,909	6,627	12%
a) Operating costs	4,705	5,286	12%
b) Cost of personnel	986	1,085	10%
c) Dividends	0	0	-
d) Interest paid and financial costs	212	183	-14%
e) Duties and taxes	1	70	7831%
f) Donations to associations	5	3	-40%
ECONOMIC VALUE RETAINED	23	339	1366%
<small>Calculated as the difference between the economic value generated and the economic value distributed</small>			

The data refer to the entire Fincantieri Group.

Our worldwide presence has increased to 27 countries, mainly in Italy, Norway and the North America.

REVENUES BY SEGMENT 2021



The data refer to the entire Fincantieri Group.

The excellent performance recorded in 2021 on the economic, operational and commercial level and the timely measures taken to deal with the effects of the pandemic confirm once again the effective and far-sighted strategy of diversification and innovation adopted by the Group, capable of achieving particularly positive results in production and economic efficiency. These results exceed the expectations set out in the guidance provided for 2021 and highlight the Group’s ability to largely recover the volumes lost in 2020, achieving record levels of margins and production during the year.

We have maintained our leadership in the design and construction of cruise ships, and we have confirmed once again our position as a reference operator in the naval ship sector, acquiring new customers, forging important partnerships with a view to consolidating European defence and guaranteeing visibility of the order backlog with deliveries scheduled up until 2029.

In addition, over the last few years there has been a demand for specialized vessels due to the increased complexity associated with the construction and operation of offshore wind farms characterized by ever larger turbines. In particular, demand for Service Operations Vessels (SOV) has grown, enabling us to confirm our position as market leader in this segment and to strengthen our position in the Offshore and Specialized Vessels segment.

In this context, at Group level we delivered 19 vessels in 12 different shipyards, once again proving our ability to react to the challenges proactively. Thanks to continuous collaboration with our customers, we can rely on a total backlog of €35.5 billion for 115 vessels, equal to about 5.3 times the 2021 revenues.



European Taxonomy

In 2020, the European Commission defined a specific EU-wide integrated classification system aimed at identifying environmentally sustainable economic activities (the EU Taxonomy) and creating a common language that investors and companies can use when investing in economic activities that have a substantial positive impact on the climate and the environment. The Taxonomy defines the types of activities that are consistent with the transition to a green economy and this tool aims to facilitate the directing of capital flows towards activities that can contribute to this goal by 2050.

The Taxonomy identifies **six objectives** regarding the environmental and climate:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy, including waste reduction and recycling;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

To be environmentally sustainable, an activity must meet the following criteria:

- make a substantial contribution to the achievement of at least one of the six environmental objectives;
- does no significant harm (DNSH) to any of the six environmental objectives;
- meet minimum social and governance safeguards (e.g. those laid down in the OECD guidelines and UN documents);
- comply with certain technical screening criteria adopted by the European Commission.

The implementation process is still ongoing. In 2021, we saw the approval of the Delegated Acts that define the technical criteria for the first two of the six environmental objectives covered by the Taxonomy: climate change mitigation and climate change adaptation.

As of January 2022, companies required to publish a consolidated non-financial statement must disclose the portion of their revenues, capital expenditures (Capex) and operating expenditures (Opex) that potentially contribute to the achievement of environmental objectives, the so-called "**Taxonomy-Eligible**" activities, regardless of whether these activities meet any or all of the technical screening criteria set out in the Taxonomy. Only from January 2023 will it be necessary to report the share of these indicators relating to activities that actually contribute to the achievement of environmental objectives, the so-called "**Taxonomy-Aligned**" activities. It should be noted that the legislation is complex, has been recently implemented and is constantly updated, so it needs interpretation and its upcoming evolution may result in more interpretative clarifications for its application. As a demonstration of our commitment to aligning with the European Taxonomy and to respond to its requests, in 2021 we created a working group consisting of the functions most involved in the process (sustainability, administration, finance and management control, and representatives of Italian and foreign subsidiaries) which carried out the following activities during the year:

- analysed EU Regulation 2020/852 and Annexes 1 and 2 on climate change mitigation and adaptation;
- analysed all the Group's activities, with the contribution of all the Italian and foreign subsidiaries, in order to identify the "eligible" ones, also with the help of NACE codes;
- made assumptions for the application of the regulations with respect to Fincantieri, also with respect to the indications provided in the form of clarifications published by the European Commission in December 2021 and February 2022;
- analysed and confirmed that the activity "3.3. Manufacture of low-carbon technologies for transport" is the most relevant to our business for the purposes of the Taxonomy;

- created a data collection model containing both the activity and the criterion, so that each individual Group company can enter the revenues, Capex and Opex related to that "eligible" activity;
- calculated the revenues, Capex and Opex at Group level of the "eligible" assets and prepared the table as required by the Regulation.

As required by the Regulation and its Delegated Acts, for the first time, we report for 2021 the share of revenues, Capex and Opex that are "eligible" for the Taxonomy.

At the time of preparation of this Report, the main activities not covered by the Taxonomy refer to the following types of business: the activities of the Infrastructure sector (design, construction and renovation of civil works both at sea and on land), the Electronics, Systems and Software sector, in particular for information technology and cyber security activities, and finally, certain activities related to the Complete Accommodation sector (glazing and refrigerated counters).

ANALYSIS OF TAXONOMY KPI

(euro/million)			
	REVENUES	CAPEX	OPEX
Total Taxonomy-Eligible	3,726.5	232.2	158.3
TOTAL	6,911	357.8	229.7
% Taxonomy-Eligible	54%	65%	69%

The data refer to the entire Fincantieri Group.
The table includes activities classified as Taxonomy-Eligible for both mitigation and adaptation objectives.

As Fincantieri is at the beginning of its decarbonization path, its activities are not yet fully mapped by the Taxonomy. However, next year we expect to report a significantly lower proportion of revenues, Capex and Opex that are Taxonomy-Aligned than Taxonomy-Eligible and to increase the impact of Taxonomy-Aligned activities as the Company progresses along its decarbonization path.

The cluster of shipbuilding companies and suppliers is inevitably called upon to invest in new technologies and to make progress in the development of zero-impact products and production processes. However, a green revolution in maritime transport requires a holistic approach that must embrace the efforts of the shipping industry, the provision of support tools for green research and investment, the definition of energy policies to ensure the availability of clean energy in adequate quantities and at reasonable prices, the adaptation of port infrastructure, the diffusion of a new awareness on the part of shipowners and users of maritime transport and, last but not least, the spread of new business models.

For the activity "3.3 Manufacture of low-carbon technologies for transport", which is our core activity, and in order to come closer to the requirements of the technical criteria, although it is not necessary for 2021 to define a ship 'with low carbon emissions', we have given ourselves the following criterion for defining a cruise ship 'low carbon': a ship whose percentage reduction in the Energy Efficiency Design Index (EEDI) value is greater than or equal to 30% compared to 2008. Using this prudential criterion, the revenues associated with activity 3.3 fall from 54% to 26%.

Sustainable finance

In 2021, the Group launched a series of initiatives aimed at linking its portfolio of financial instruments with the strategies outlined in the Sustainability Plan, managing to finalize "green" finance products totalling around 500 million euros during the year.

In December 2021, we signed with Intesa Sanpaolo and Cassa Depositi e Prestiti the **first sustainability-linked construction loan** for a maximum amount of €300 million, intended to cover the financial needs related to the construction of a cruise ship to be delivered in 2023.

As expected for this kind of financial instruments, in accordance with the latest international best practices, Loan Market Association - underwriter of the Green Loan Principles (2018) and the Sustainability-Linked Loan Principles (2019), the financing is defined as sustainability-linked because the cost is subject to a variation linked to the achievement of three specific performance indicators (KPIs) indicated in our Sustainability Plan 2018-2022:

- environmental target: obtaining ISO 50001 certification for the efficient management of energy consumption at certain Fincantieri production plants;
- social target: carrying out audits of priority suppliers on health and safety issues;
- governance target: extensive training on sustainability issues and responsible sourcing principles to Fincantieri staff who are in contact with the supply chain.

Whether or not these targets are met by the deadline will result in a benefit or penalty in the cost of financing according to a symmetrical grid.

In confirmation of the relevance and the market's focus on issues of sustainability and green finance, after the signing of the loan, the news received significant media coverage, with an estimated 19 million users reached on a global scale and an excellent level of positive feedback.

In 2021, we also signed the **first sustainability-linked revolving credit line** with Banco Santander, for an amount of 40 million euros. Among the KPIs to which the cost of this credit line has been linked, targets have been selected that are linked to the Energy Efficiency Design Index (EEDI) of the ships built by Fincantieri and to be delivered in 2022 and 2023, which foresee a significant over-performance in terms of energy efficiency compared to the International Maritime Organization (IMO) regulations.

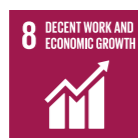
In addition, in December 2021, we **converted a medium/long-term loan** for 100 million euros, signed with BNL and maturing in 2023, into a sustainability-linked loan, the cost of which depends on the achievement of three KPIs in our 2018-2022 Sustainability Plan, including a target for the reduction of volatile organic compound (VOC) emissions in relation to hours worked.

As far as foreign subsidiaries are concerned, VARD has issued **green guarantees** with Deutsche Bank and Société Generale for approximately 60 million euros to support projects deemed "green" by the banks, namely:

- the Van Oord project for the construction of a highly innovative cable-laying ship, developed according to the latest technologies that reduce environmental impact (by cutting CO₂, NO_x and SO_x emissions), increase energy efficiency through the provision of a large battery pack and a shore power connection;
- the North Star Renewables project to build three Service Operation Vessels equipped with hybrid batteries and prepared for zero-emission operations in the future, which will serve the world's largest wind farm (Dogger Bank).

Tax approach

TAX STRATEGY



Since 2021 we have adopted a Tax Strategy that, inspired by the principles set out in the Code of Conduct, defines the Group's objectives with regard to the tax variable and sets the guidelines for their actual implementation. The Tax Strategy is approved by the Board of Directors of Fincantieri S.p.A. and is subject to review on an annual basis.

 The Tax Strategy is available on the website www.fincantieri.com/en/sustainability/economic/approach-tax-matters/

The **goals** that we have set for ourselves in the tax area can be summarised as follows:

- ensure the prompt fulfilment of all tax obligations;
- safeguard the Group's proper taxation worldwide;
- monitor and mitigate tax risk.

The strategic decisions concerning business and operations are taken also bearing in mind their tax impacts and having our Tax Strategy as a reference, which is based on the following principles:

- **Values:** the Group manages the tax variable with honesty and integrity, aware of the importance of tax revenue as a source of contribution to the economic and social development of the countries where it operates;
- **Principle of legality:** the Group complies with the laws and the tax regulations in force in the countries where it operates, and it adopts interpretations consistent with responsible tax risk management;
- **Tone at the top:** the Board of Directors guarantees knowledge of the tax strategy within the Group and encourages the spread, at all levels, of a culture aimed at complying with the tax regulations and at raising awareness of all personnel regarding tax risk;
- **Transparency:** the Group establishes relationships of loyal collaboration and transparency with the tax authorities of the countries where it operates and does not conduct itself in a way that might obstruct their audit and control activities;
- **Shareholder value:** the Group considers taxes as a cost of the company's business which, as such, has to be managed in compliance with the principle of legality and with the objective of creating value for the shareholders over the medium to long term.

The tax treatment of the ordinary industrial and financial transactions and the extraordinary transactions examined is defined through appropriate analysis, where necessary with the assistance of the consultant, taking into account the orientation to contain tax risk while respecting the legitimate interests of the Group and its stakeholders.

All applicable company systems and procedures operate in this context, in particular the Organization, Management and Control Model, the Code of Conduct, the Anti-Corruption Policy and the Whistleblowing System. With reference to Fincantieri S.p.A., at the organizational level the task of guaranteeing proper fulfilment of the tax obligations and of providing support to the different company functions regarding tax matters is entrusted to a special function that, through appropriate service agreements, lends assistance also to the Italian subsidiaries if they do not have adequate coverage.

Our economic contribution in the various countries where we are present is also expressed at tax level and is divided into various types of taxes, which can be grouped into the following categories:

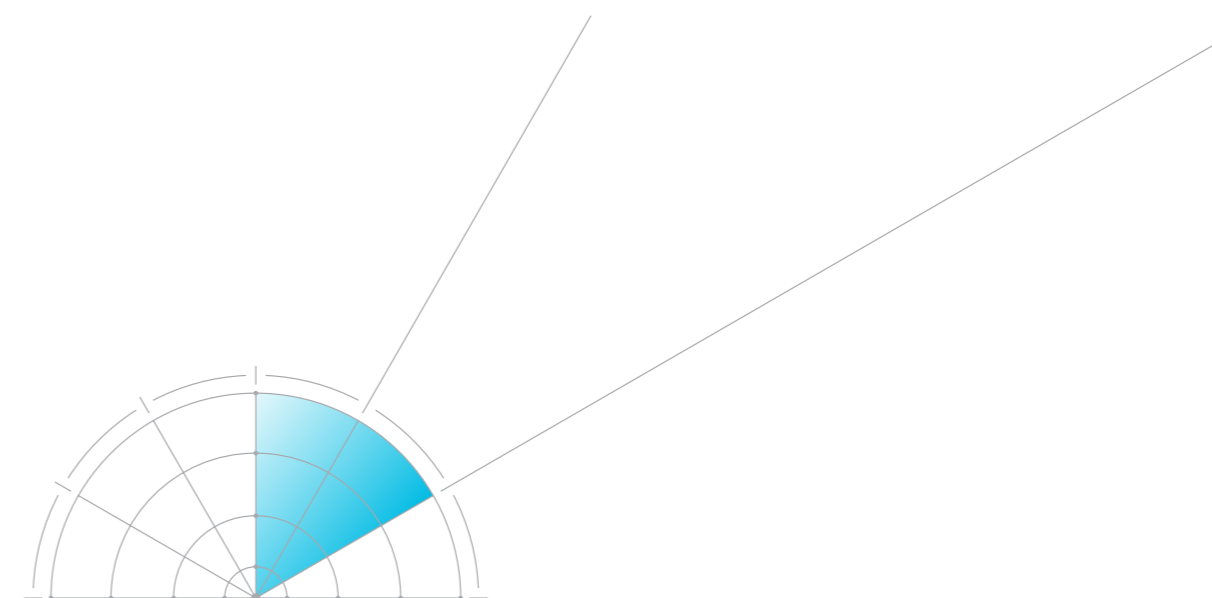
- income tax, such as corporation tax;
- property taxes, levied on ownership, sale or lease of property;
- taxes on labour, which include taxes collected and paid to the tax authorities on behalf of employees;
- indirect taxes levied on the production and consumption of goods and services, such as VAT, customs duties, etc.

The taxes and tax rates calculated with the direct economic value generated and distributed method are shown below.

TAXES BY GEOGRAPHICAL AREA

(euro/million)	2020	2021
Italy	(21.0)	67.5
Norway	12.4	0.3
Romania	12.0	3.1
Rest of Europe	0.2	0.5
North America	(3.9)	0.2
South America	0.1	(4.4)
Asia and Oceania	1.1	2.4
TOTAL	0.9	69.7

The data refer to the entire Fincantieri Group.
The changes in taxes depend on the financial performance of the activities carried out, taking into account that the local tax regulations to determine the taxable amounts, starting from the economic results, might lead to differences.
As regards Italy, the change is mainly due to the significant increase in the Parent Company's taxable income, while for Norway and Romania the decrease is due to the absence in 2021 of write-downs made in 2020 on deferred tax assets and the settlement in 2020 of assessments made by the local tax authorities (Romania).



Expansion of the business segments

We are present in **different geographical areas** in Italy and in the world, some of them in precarious or developing socio-economic contexts, characterized by a limited presence of large companies, a large number of small enterprises, where employment rates and the labour market are not very dynamic and not always evolved. This involves a considerable investment in terms of both organizational and economic resources in order to address and make up for the shortcomings of infrastructure networks and the lack of a widespread business culture. Through our business we are able to guarantee economic stability to entire families and territories and contribute significantly to **employment growth** and the positive evolution of the socio-economic context of the areas in which we operate. We offer people the opportunity to establish a stable and long-term relationship with us and to share with them the same idea of growth, improvement and personal fulfilment.

In order to support our production, we have created a **production network** that requires our shipyards work in synergy and collaboration with each other so that one single project brings value to different regions or nations and not only to the production plant where the ship is delivered. For example, with regard to the vessels produced by the VARD group, it is worth noting that these are built with the operational contribution of the Norwegian shipyards, two shipyards in Romania and the shipyards in Vietnam and Brazil. With this integration it is possible, on the one hand, to ensure the proper combination of functionality, capacity, cost control and proximity to the market in order to satisfy the desires of a wide and diversified international portfolio of customers and, on the other hand, to generate internationally distributed value by promoting the transfer of technology and knowledge aimed at fostering independent local development even in non-European countries with different levels of economic development. Moreover, this preventive geographical diversification model also allows us to address possible risks related to climate change.

Thanks to the adoption of a strategic approach to the market, over the years we have evaluated and finalized several M&A transactions and acquired entire companies in financial difficulties, but with solid industrial backgrounds, also giving priority to direct hiring or hiring through our chain of subsidiaries belonging to the Group. These actions have enabled us to safeguard know-how, strengthen our skills and support the economic system of the territories in which we operate.

We are currently engaged in exploiting our integration capacity and our engineering and project management skills in shipbuilding in new areas with high value and market potential.

The policy of broadening skills was primarily aimed at the **infrastructure segments** and at the **digital** and **green transversal technology** segments with a view to both strengthening the core business and accessing new markets.

With a view to diversification in the infrastructure segment, Fincantieri Infrastructure aims to take advantage of opportunities to modernize the country's infrastructures both on land and at sea, a sector for which the incorporation of Fincantieri Infrastructure Opere Marittime and the acquisition of Decomar, specialized in eco-dredging, are instrumental. The conclusion of the acquisition of the core business of INSO and its subsidiary SOF (both former Condotte group companies) in 2021 guarantees the enlargement of the accessible market to the hospital construction segment and the offer of facility management services.

Digitalization, research and innovation are other key aspects that are part of the Group's long-term strategy of extending its expertise, offering increasingly sophisticated, innovative and environmentally friendly solutions to complex problems. As part of its strategy to **strengthen its high-tech activities**, in 2019 Fincantieri identified the innovative fields deemed to have the greatest impact on the production system and products. A new division was created, the Electronics, Systems & Software Division (DESS) and a number of experts from Fincantieri and its subsidiaries (Seastema, Issel Nord, Cetena, E-Phors) in the field of IT, automation and cyber security were brought into this division.

In order to strengthen the development of new DESS technologies and broaden the scope to include defence electronics applications, growth was achieved for external lines through acquisitions:

- in April 2019 of Insis S.p.A. (renamed Fincantieri NexTech), a company active in the information technology and cyber security segments;
- in July 2020 of a majority stake in Support Logistic Services - SLS and in September 2021 of Ingegneria Dei Sistemi - IDS. These companies are specialized in the construction, installation and maintenance of satellite communication systems, radar and radio communication systems, and the development of integrated solutions (radar, unmanned systems, satellite communications, electromagnetic studies, etc.) in the civil and naval sectors.

In 2021, Fincantieri, through Fincantieri NexTech, and Almagora, a group active in digital innovation, signed a collaboration agreement to support and accelerate the **digitalization process** of the transport and logistics segment. The partnership aims to develop solutions to increase the safety of travel and travellers, including applications for transport and maintenance processes.

A letter of intent has been signed with Comau, part of the Stellantis group, for the development of prototype **robotic solutions** in shipyards for hull welding in the naval sector, with a view to subsequently extending marketing to the infrastructure segment. This is an important innovation for the shipbuilding industry that helps protect workers' safety and improves the ergonomic conditions in which they work.

We thus continue to demonstrate our ability to anticipate mega-trends and take uncharted routes, taking on the role of first-player in technological innovation and sustainability.

In view of the development of green technologies to be addressed using a holistic approach, Fincantieri is committed to **involving top-level partners** in order to achieve the energy transition in harmony with the objectives imposed by the European Union.

 For more information on agreements to contribute to a low-emission economy, see the chapter "Technology for the climate – Agreements and Initiatives to be Eco-Sustainable".



Economic satellite businesses

We believe in an economy that is a system of relations, an integrated dynamic network, built over time to create and exchange value. Thanks to a competitive production model that is strongly linked to the Italian production network, Fincantieri generates additional impact on the national economy.



According to a Censis study, the Fifth Report on the Economy of the Sea 2015, every euro invested in shipyards produces a value 4.5 times greater, mostly benefitting the area where it is located, through the involvement of a wide and diverse network of companies, many of which are highly specialized small or medium-sized enterprises.

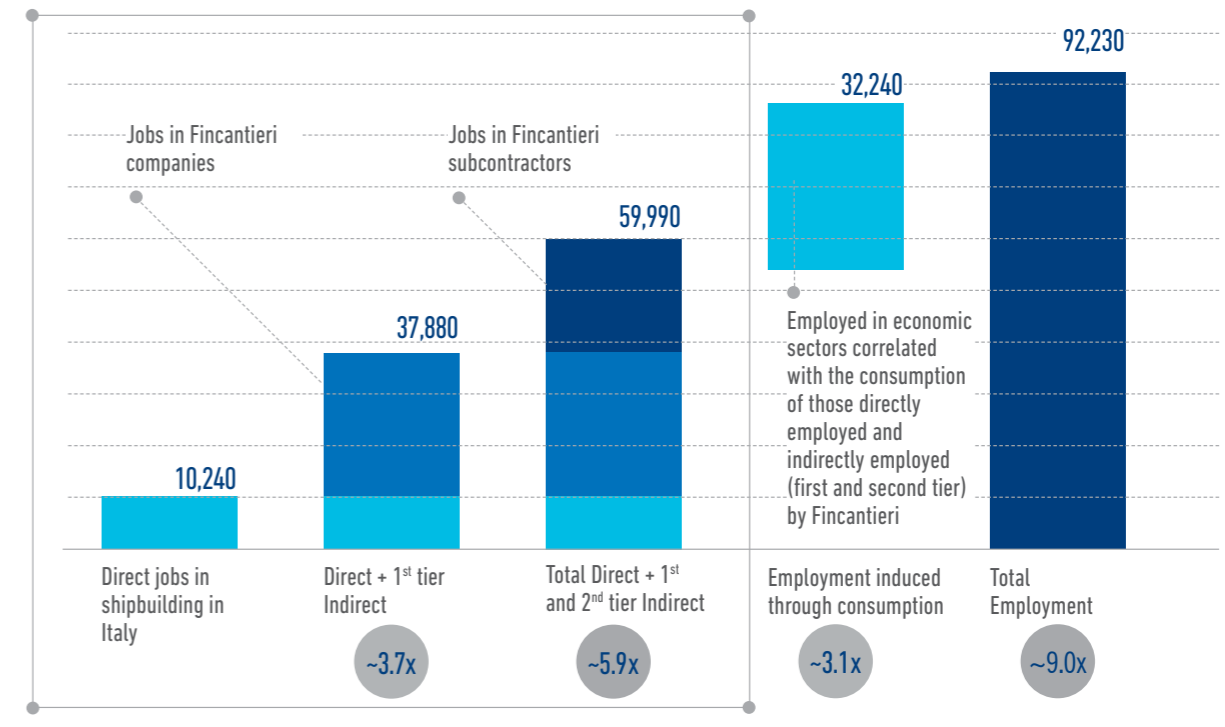
Each cruise ship built by Fincantieri in Italy develops on average € 2.7 to € 4.5 billion of business volume for the Italian System:

- directly generated by Fincantieri: about € 600 to 1000 million;
- additional through stimulation of satellite businesses: about € 2.1 to 3.5 billion.

The impact on employment can be calculated by initially considering direct employment, that is direct jobs at Fincantieri in Italy involved in shipbuilding, to which first-tier indirect employment is added, i.e. jobs at Fincantieri contractors, as well as second-tier employment, represented by jobs at sub-contractors. In turn, it is necessary to add to this final employment figure the satellite business jobs due to consumption by the families of all employees.



ECONOMIC SATELLITE BUSINESSES - ITALY 2021



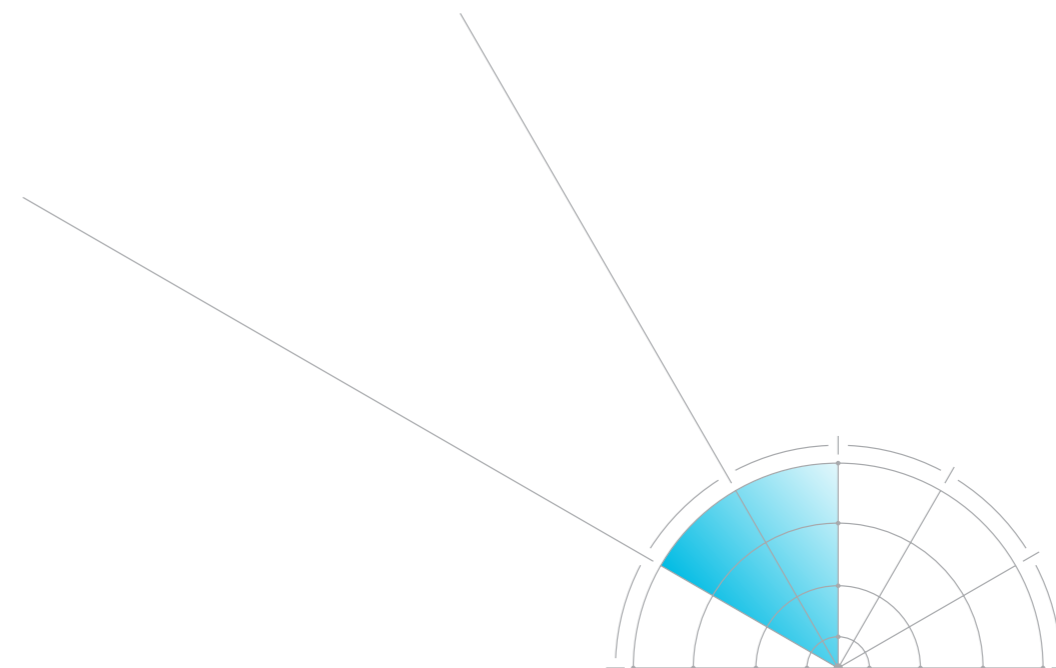
Source: Fincantieri estimates for the 2021 financial year based on Censis data.

MULTIPLIER

From the graph it can be seen that:

- the more than 10,200 direct resources at Fincantieri involved in shipbuilding activate in Italy more than 59,900 employment units in industry (considering contracts and subcontracts) in the manufacturing segment;
- adding to this the induced effect of family consumption, employment exceeds 92,000 units.

Considering both the effects upstream and downstream of its production organization, Fincantieri therefore has a significant employment multiplier effect of ~9.0x, confirming the broad impact the Company has on the country's economic system.



INNOVATION AND SUSTAINABILITY

We want to contribute to a low-carbon economy by developing the latest technologies, products and services because innovation is growth and we never cease to innovate



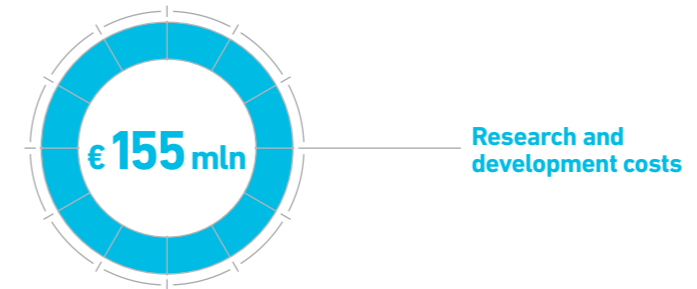
Our main objective is to maintain and strengthen our world leadership in all the high value-added segments in which the Fincantieri Group operates, aiming to acquire, to maintain and to strengthen the role of global leader. We are attentive to potential commercial, regulatory and environmental developments, continually seeking innovative and high value-added solutions that anticipate our customers' needs. Our competitive advantage lies in our capability to design and deliver highly technological and customized solutions, this is especially evident in the integration of complex systems.

In the current environment, where the challenges associated with the green and digital transition combined with the impacts of COVID-19 impose a radical transformation of business models, we have confirmed our position as one of the most competitive global players, thanks to our flexibility and ability to adapt to significant changes in market needs. The latter require us to adopt a continuous process of change in order to develop new technologies to implement our product portfolio and recover productivity.

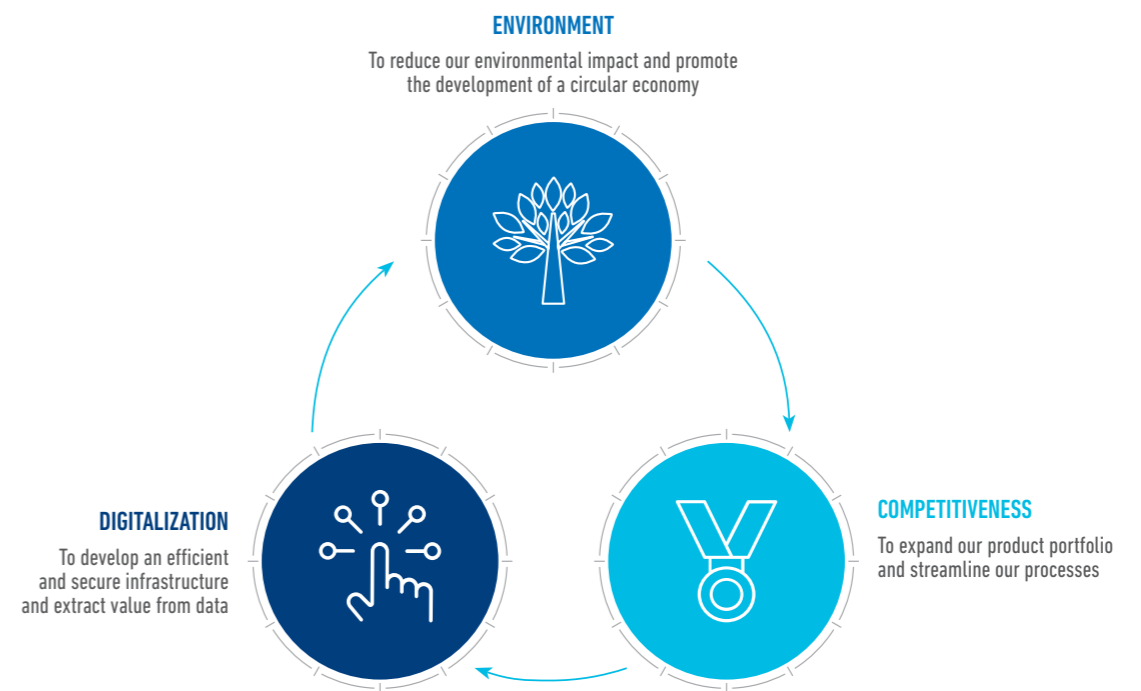
The ability to understand and anticipate changes in the markets in which we operate and the constant updating of our products and processes are therefore the key features of our Company.



Innovation strategy



We have identified three technological direction to guide and streamline our innovation efforts:



Environment

For many years, the concept of environmental protection has established itself as one of the guidelines for innovation processes and has acquired a fundamental importance for the sustainability of human activity on the planet. Fincantieri is committed to further increasing the level of sustainability of its contracts and reducing their carbon footprint, throughout the product life cycle. These objectives are the cornerstones of our vision and stimulate innovation, including reducing air and water emissions, improving onboard waste management, and reducing noise and vibrations. This approach requires all new technologies to be directed towards the decarbonization process and the transition to green fuels.

Digitalization



The digital transition is the foundation of the latest industrial revolution, currently underway, which is preparing the ground for a radical change in our business. The pervasive use of smart devices, the Internet of Things (IoT) and artificial intelligence, is already having impacts in most industries, including the design, manufacturing and construction processes in segments related to the maritime sector and other sectors in which Fincantieri operates.

The world of digitalization poses significant challenges in the development of pervasive and efficient network infrastructures, in the management of ever-increasing amounts of data, and in the extraction of value from the analysis of the data itself.

These concepts also have important repercussions on the whole value chain, from the design of new systems, to their monitoring and maintenance in the after-sales phase, as well as strong implications on cyber security aspects. Great importance is given to the modelling of possible cyber attack risks and the countermeasures to be taken both at a logical and a physical level to prevent these eventualities. These logics and models are applied to the Group's products and infrastructures, both in the naval and in the civil segments.

Competitiveness



Maintaining and enhancing our global competitiveness and leadership is one of our main objectives. The current technological transition sees the emergence of breakthrough solutions. Their applicability to the production processes is constantly evaluated in order to seize the best opportunities to increase Company performance. With this in mind, we are committed to perfecting all phases of design and production in the shipyard and to studying methodologies, technical solutions and innovative materials. This process of continuous improvement is accompanied by essential training and educational activities in order to develop and update skills.

A working group dedicated to identifying the evolution of customer needs has been set up to identify and anticipate the needs of the market in which we operate. This information is used to identify the necessary technologies, the technological gap to make them operational and, consequently, the development path to follow, which will be based on real research and industrialization projects.

Beginning in 2021, an **Innovation Plan** and **Innovation Call** have been drafted and will be updated regularly. The plan summarizes the results of the market analysis and the Group's strategic positioning and identifies the priority projects to be developed starting from the following year. The call is the tool the Group uses to communicate its strategy both inside and outside the Group. The Innovation Call aims to stimulate and promote project proposals in line with the Plan guidelines, involving internal and external stakeholders.

PROCESS OF DEFINING THE INNOVATION PLAN AND THE INNOVATION CALL

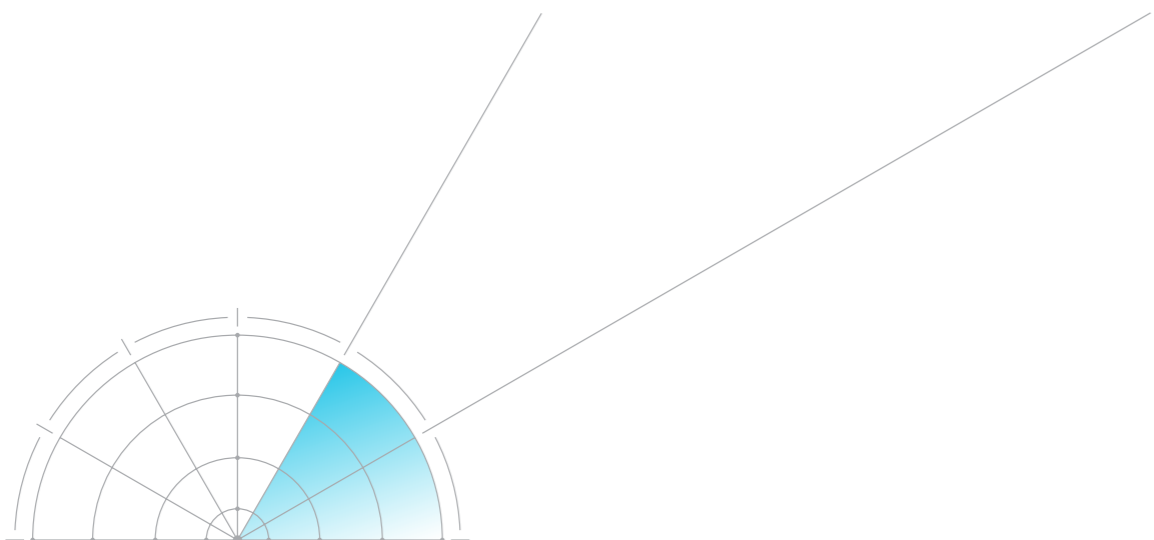
Definition of the Innovation Plan



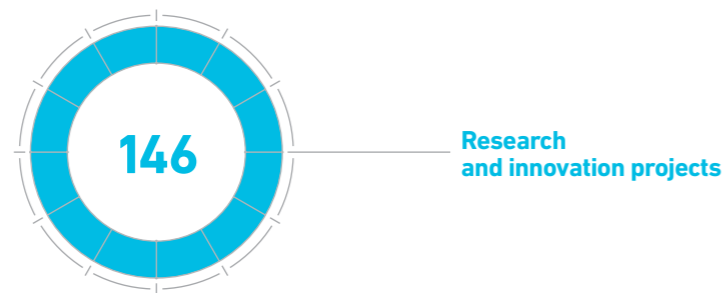
According to a logic of **Open Innovation**, the Innovation Call is open to all actors that make up the innovation ecosystem and it aims to define development roadmaps and joint project ideas that allow common goals to be achieved. The year 2021 coincided with the pilot phase of the initiative: the first Innovation Call contains a mapping of the projects being launched or underway during the year. The Call was disseminated at Group level and external stakeholders were involved during the implementation of the projects.

In the future, the Call will also be addressed to universities, suppliers, districts, etc. so that they can actively participate in the implementation of the Plan, through the submission of project proposals or collaboration in projects. The 2022 Innovation Plan was prepared in 2021, indicating topics of strategic interest to be developed and implemented starting in 2022. This Plan is the basis for establishing the scope of the 2022 Innovation Call.

Our innovation strategy is also fuelled by the **Technology Scouting** process, aimed at analysing emerging technologies in detail, including in sectors other than maritime, and assess their potential impact on our products, services and processes. Our activities in this direction aim to promote a culture of innovation within the Group, but also to support the development of collaborations and partnerships with external stakeholders and strategic players.



Main projects



In 2021, at Group level, we have conducted over 140 Research and Innovation (R&I) projects, funded either through own resources or through the use of European, national and regional R&I programmes. Some of the projects are carried out by means of close cooperation with universities and research institutes, by awarding of specific assignments or the funding of PhD fellowships, research grants, or tenured and temporary positions in partner universities. All the projects can be classified within three technological directions, which represent Fincantieri's vision for the future.

Environment



The main active projects related to these issues are:

FUCCELL (2018-2023)

As part of the FUCCELL project - and with the collaboration of the University of Trieste and its spin-off CEnergy - Fincantieri has opened a new laboratory in the Area Science Park of Trieste. The project aims to test the operation of a power generation plant for marine applications, consisting of a hydrogen production, compression, storage and distribution plant to power a fuel cell system combined with a system of super capacitors. The research activities, the total cost of which is estimated at about €2,400,000, will benefit from the support provided by the highly specialized resources of CEnergy and will enable the acquisition of specific know-how on fuel cell and hydrogen technology.

In the future, once the authorizations have been obtained from the classification and flag authorities, with whom Fincantieri is already dialoguing, the technologies developed within the project - appropriately scaled - will be able to be transferred on board ship, generating new business opportunities and revenues for the Fincantieri Group. The application of fuel cells on board has the advantage not only of reducing polluting emissions (GHG, NOx, SOx, particulates), but also of increasing the energy efficiency and the vibro-acoustic comfort of the ship.

- **TECBIA - Technologies with low environmental impact** (2018-2022): a project conducted in cooperation with the Italian National Research Council (CNR) and the Universities of Genoa, Naples and Palermo, with the contribution of the Ministry of Economic Development. The project sets out to realize a laboratory ship of approximately 25 metres long to study energy

generation technologies with low environmental impact to be installed on vessels. The ship, called Zeus - Zero Emission Ultimate Ship, will be powered exclusively by fuel cells.

- **GreenCruise** (2019-2022): development and testing of new tools, processes and methods for increasing product sustainability. The project aims to develop technologies, design

and production processes and prototyping for verification and testing of different solutions, capable of making future large cruise ships safer and more environmentally friendly.

- **EALING** - European flagship action for cold ironing in ports (2020-2022): the project aims to accelerate the deployment of On-shore Power Supply solutions (OPS) in EU maritime ports.
- **GREENSHIP** - Towards zero ship emissions (2019-2022): the project aims to develop an e-learning course to train a new figure on board ship: the Emissions Manager, in compliance with the new IMO requirements.

- **Zero Coaster** (2020-2023): the project, managed by the subsidiary VARD, aims to develop a new class of zero-emission bulk carrier for coastal navigation.
- **TEOREMA** - Technological solutions for multi-objective offshore energy platforms (2019-2022): the project will enable us to design and test innovative offshore energy technologies through the development of two technologically advanced platform concepts for the production of wind, solar and wave power as well as Microbial Fuel Cell (MFC) technologies.

Digitalization



The main projects related to these issues which are already active or in advanced state of preparation are:

SECURENAV1 (2020-2023)

The SECURENAV1 project, in collaboration with the University of Genoa, focuses on the analysis and development of guidelines for integrating defence-in-depth and security-by-design strategies within production processes.

The project aims to implement a security-by-design approach aimed at promoting an increase in the level of cyber security maturity throughout the supply chain involved in the creation of the ship product. Thanks to the development of this approach, measures adopted early on in the stages of product design and construction, when ICT components are not yet integrated on board, will allow for a reduction of the costs associated with cyber security risk mitigation actions.

Close collaboration with the University, through the funding of a PhD program, will further stimulate the research and prototyping of innovative solutions to be integrated into the new approach. The consolidated relationship resulted in the launch of a second project, SECURENAV2 (2020-2023), also related to cyber security in the naval field and the development of cyber models and solutions to simulate and prevent shipboard attacks.

- **ECHO** - European network of Cybersecurity centres and competence Hub for innovation and Operations (2019-2023): project, funded under the Horizon 2020 Programme, which aims to develop a new coordinated and integrated approach to proactively incentivise the EU's cyber defence through efficient cross-sectoral partnerships.
- **FLARE** - FLooding Accident REsponse (2019-2022): cooperative project, funded under the Horizon 2020 program, for the development of a risk-based methodology in order to assess and

control the risk of flooding in real time on board passenger ships.

- **CYMON** (2020-2021): the project, funded by the START 4.0 Competence Centre, aims to create a hybrid platform, able to run both on a normal desktop PC and on a head mounted display. The latter will enable interaction with the digital twin of an infrastructure. The display will show the image of the physical object you are looking at, accompanied by a series of digitally superimposed information, following the augmented reality paradigm.

- **KPN IPIRIS** - Improving Performance in Real Sea (2020-2023): a project developed by the subsidiary Vard Design to increase the digitalization of design and construction processes in order to achieve the greenhouse gas emissions targets laid down by the IMO.
- **TETI** - Innovative technologies for control, monitoring and safety at sea (2021-2023): the

project entails the study and development of innovative technologies to be used in monitoring the environment and safety at sea. Project activities are aimed at optimizing sensors to be used for remote control and real-time interconnections. In addition, the project includes activities aimed at the design and experimental implementation of smart float systems.

Development Programme (EDIDP), aims to provide the European Commission and Member States with elements that indicate which are the emerging technologies for the next generation naval vessels in relation to future operational scenarios. These technologies will be the focus of European Defence Fund (EDF) investments during the 2021-2027 framework programme.

- **STESS** - Systems and Technologies to Improve After Sales Services (2018-2021): the project, financed by the Ministry for Economic Development, aims to develop prototype technologies, guidelines and processes that, in the future, will enable the supply and delivery of a comprehensive after-sales service in a bundle with Fincantieri products.

Competitiveness

The main active projects related to these issues are:

ALS04 – Automated Laser Scanner Operations (2020-2023)

ALS04 is a collaborative project, funded by the Autonomous Region of Friuli Venezia Giulia, involving other industrial partners (MarineLab and Studio Zerouno) and the Universities of Trieste and Udine. The project focuses on the research and development of optoelectronic control systems based on laser scanner technology in order to create a working prototype for the three-dimensional measurement of ship blocks and sections. The use of such technology is expected to result in less reliance on manual operations (for each ship, approximately 10,000 A4 sheets are filled in by hand), reducing the overall time to survey and process data and optimizing the performance of the design and production system. The above-mentioned advantages will also result in less repair work which, it is estimated, would generate an annual saving of around 1.25% on the cost of the hull (a figure that corresponds to around €400,000 for a shipyard like Monfalcone).

Important positive effects on business are expected as a result of the activities and collaborations developed within the project; an increase in the perceived quality and satisfaction of our customers, as well as the creation of know-how and specific skills that will allow us to maintain and strengthen our competitive advantage.

- **Hull Production 4.0** (2020-2023): the project, financed by the Ministry of Economic Development, aims to optimize hull production processes by integrating production and quality control processes in order to apply standards and methods that are as uniform as possible across the Group's various production plants. The project will ensure the development of advanced laser and vision systems to support processes and the construction of demonstrators at the Castellammare di Stabia and Palermo yards.
- **IFuture** (2020-2023): program agreement for the establishment of a research and innovation centre within Isotta Fraschini Motori for the development of a new family of engines for industrial applications, a remote monitoring system and a new engine for marine applications

that is based on hybrid technologies and integrates digital tools that optimize its performance.

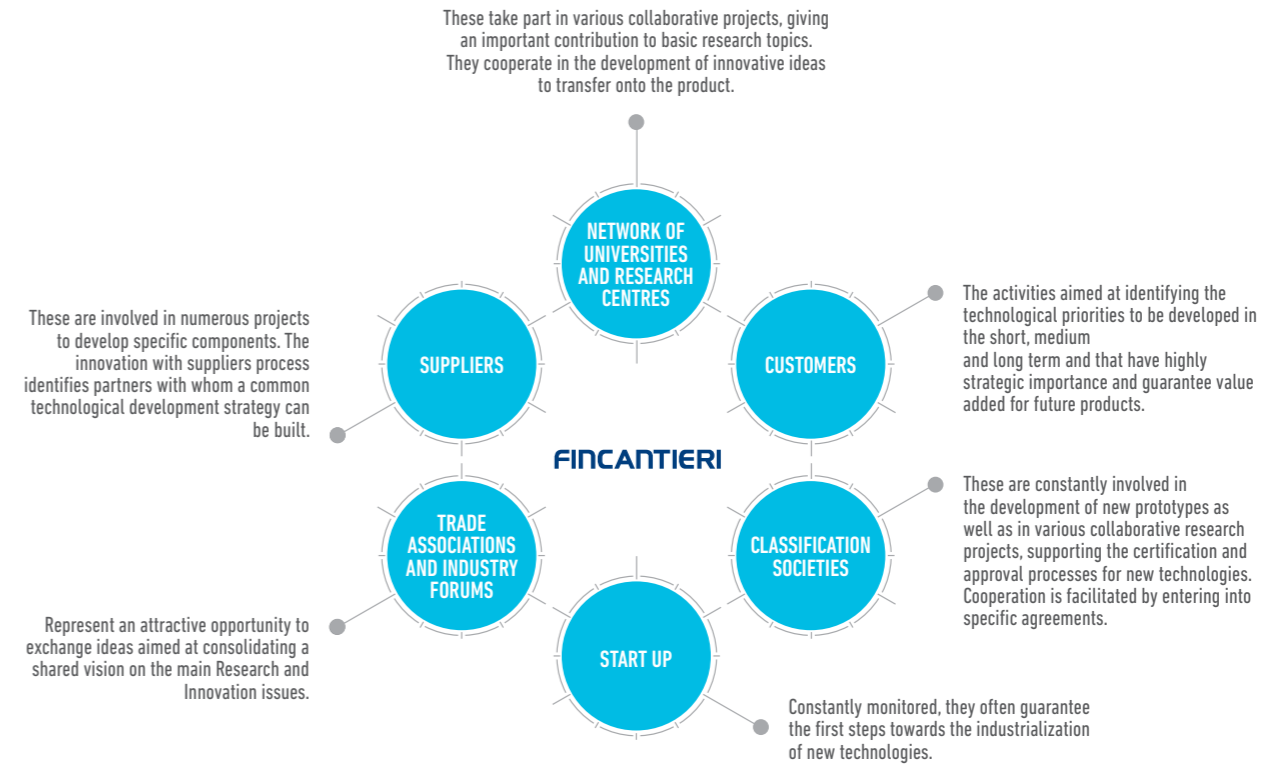
- **SEABAT** - Solutions for large batteries for waterborne transport (2021-2024): a project, funded under the Horizon 2020 Framework Programme (in which Fincantieri SI and Vard Electro participate), aimed at developing the concept design of a fully electric ship by combining a modular high-energy battery system, new converters and innovative manufacturing technologies derived from the automotive sector.
- **SEA DEFENCE** - Survivability, Electrification, Automation, Detectability, Enabling Foresight of European Naval Capabilities in Extreme Conditions (2020-2023): the project, funded under the European Defence Industrial

Cooperations

To maximize innovative capabilities, we adopt an open working method open to collaborations with other industry and academic actors that can contribute systematically to an enrichment of our expertise. We continuously research and propose collaborations with partners operating upstream in the value chain, or with other stakeholders working to innovate tools, products and services in the segments in which Fincantieri operates.

In this regard, we favour long-term relationships through the creation of wide-ranging cooperative development programs. Aware of the significant boost that these can provide, we constantly aim to expand our partnership networks at local and international level.

In embracing the Open Innovation model, we take into account a wide range of stakeholders, shown below:



We strongly believe in the possibility of creating value in a collaborative way and, for this reason, we have developed a dense network of relationships and participations in various regulatory and institutional round tables, both in Italy and in the main countries where the Group operates.

A common strategy: from global to local level

In the context of the Group's collaborations, those activated to implement our vision and to jointly define the documents and actions that contribute to establish and pursue the sectoral strategic priorities, at local, national and supranational level, are particularly important. To this end, we maintain numerous relationships with other industry partners, universities and research institutes, and various associations and forums.

We aim to regularly strengthen **partnerships with the entire supply chain** to create added value and positive spillover throughout the chain, through co-design activities and sharing of best practices. We held a webinar with our suppliers in December 2021, dedicated to innovation and sustainability, to jointly discuss the strategy for the future.

On an associative level, during the year, we actively participated in the work of the main European sectoral organizations. One of the most important strategic partners of the European Commission is represented by the **European Waterborne Technology Platform TP**, of which Fincantieri is an active member. The platform aims to maintain continuous dialogue between all stakeholders in the maritime, naval, port, logistics and Blue Growth fields (the latter being an expression that brings together various economic activities including, for example, fisheries, aquaculture, maritime tourism, maritime biotechnology, production of renewable energy from oceans, deep sea mining), through the consolidation of a shared vision aimed at identifying European priorities for Research and Innovation. In 2021, Waterborne TP adopted its new Strategic Research and Innovation Agenda (SRIA), focused on issues related to Blue Growth, digitalization, infrastructure, and port logistics.

Waterborne TP, along with the European Commission, is the driving force behind the co-programmed European partnership, **Zero-emission Waterborne Transport**, which officially launched in June 2021. The partnership's ambitious goal is to provide and demonstrate zero-emission solutions for all ship types and services before 2030, enabling zero-emission waterborne transport before 2050.

Fincantieri has contributed to the work of the industry associations **SEA Europe** and **Hydrogen Europe**. The former is the first European association representing shipyards and manufacturers of maritime equipment; the latter is the European association representing the industry and research for the development of hydrogen technologies and fuel cells. In particular, Hydrogen Europe supported the creation of the institutionalized European partnership, **Clean Hydrogen for Europe**, launched in late 2021. The Association continues to provide support to the **European Clean Hydrogen Alliance**, of which Fincantieri Group is also a participant. A set of innovative and viable investment projects along the hydrogen value chain, formed at the initiative of the Alliance and unveiled in November 2021, includes two project proposals from Fincantieri.

Internationally, we cooperate with:

- **EuroYards**, an association of leading European shipbuilders, where we actively contribute to the activities of the technical committee and the working group on product and process digitalization.
- The **Cooperative Research Ships consortium**, focused on the study of hydrodynamic, structural and general issues related to large ships, both from an operational and design point of view.
- **European Council For Maritime Applied R&D (ECMAR)**, industry association that aims to develop a common strategy for European research in the maritime sector.
- **AeroSpace and Defence Industries Association of Europe (ASD)**, an association for the competitive development of European aerospace, space, defence and security industries.
- **Smart Marine SFI**, centre for innovation in collaboration with The Foundation for Industrial and Technical Research (SINTEF), whose main focus is to increase the potential of the Norwegian maritime sector within the sustainable waterborne transport segment.
- **SFI Move**: centre for innovation in collaboration with Norwegian University of Science and Technology (NTNU), whose activities are focused on increasing the value of maritime operations by developing IT knowledge, methods and tools.

- **National Shipbuilding Research Program (NSRP)**, a program funded by the U.S. Government to carry out research and innovation initiatives with the dual objective of reducing total cost and improving the capabilities of commercial vessels, providing a cooperative framework for managing, focusing, developing and sharing research and development, leveraging best practices in shipbuilding and repair.

As part of our Italian activities, we have contributed to the work of the **National Technology Clusters (NTC)** and of the **regional technology districts** to which we adhere. At both national and regional level, collaborations enable the creation of synergies across different supply chains, identification of future cross-sectoral research trajectories and efficient targeting of available resources.

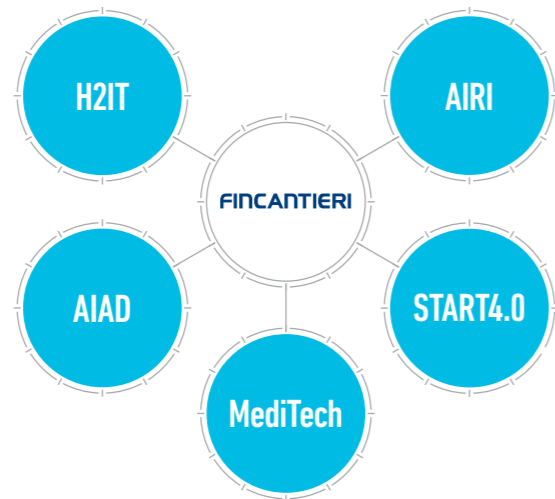
The Clusters and districts involved in cooperation relationships with the Group are:

- **Trasporti Italia 2020 Cluster**, which brings together the major national, industrial and scientific actors operating in road, rail, waterway and inter-modal mobility, in telematics applied to transport and integrated transport services.
- **Blue Italian Growth Cluster (BIG)**, a structure open to the gradual participation of all interested national actors in order to generate technological development opportunities on Blue Growth issues for Italy's marine and maritime industrial system.
- **Maritime Technology Friuli Venezia Giulia Cluster (MareTC FVG)**, which helps the territory to excel by facilitating dialogue, including at international level, between companies, the research system, the world of education and training, citizenry and public administration, with reference to the maritime technology sectors.
- **Distretto Ligure delle Tecnologie Marine (DLTM)**, which promotes integration between the research system and companies on issues of shipbuilding and yachting, defence and security, and the monitoring, remediation and safety of the marine environment.
- **Distretto Tecnologico Ligure sui Sistemi Intelligenti Integrati (SIIT)**, which develops an integrated system between large industry, small and medium enterprises, the University of Genoa, and public, research and financial institutions, with particular focus on the development of industrial research and technology transfer activities.
- **Distretto Tecnologico per l'Ingegneria dei Materiali polimerici e compositi e Strutture (IMAST)**, which facilitates the birth and growth of a stable cooperative system between Italy's research institutions and the major industrial companies for the development and dissemination of advanced technologies.
- **Distretto Tecnologico sui Trasporti Navali, Commerciali e da Diporto (NAVTEC)**, which transforms the economy of the sea through networking, cooperation and internationalization initiatives, and through the participation in and promotion of activities for a more efficient, safer and less costly and polluting shipping system.



In 2021, both NTCs completed their Startup Plans and continued to provide support to national and regional institutions in defining their strategic priorities. The regional districts have contributed to the finalization of intelligent specialization strategies (the so-called S3) for the period 2021-2027 and to the presentation of project proposals under the POR-FESR calls.

Finally, at the Italian level, we belong to several associations and sectoral initiatives: the Italian Hydrogen and Fuel Cells Association (**H2IT**), the Italian Association for Industrial Research (**AIRI**), the Federation of Italian Companies for Aerospace, Defence and Security (**AIAD**) and the two Competence Centres **START4.0** and **MediTech**, for the promotion of new Industry 4.0 solutions in the infrastructure and engineering sectors, respectively.

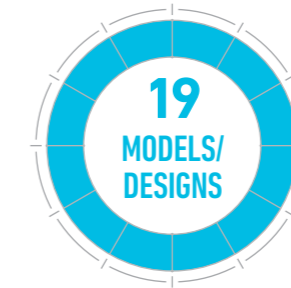
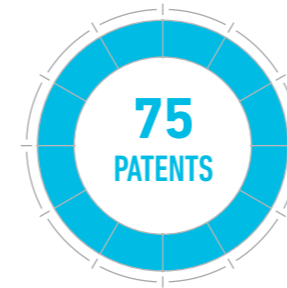


The Group's cooperation activities are often supported by the **CETENA** research centre, which, thanks to its experience in research and consultancy in the maritime field since 1962, represents the cornerstone of the Group's pre-competitive research and engineering. CETENA's main competences range from fluid dynamics to structural design, including the application of innovative materials, from energy efficiency and the control of emissions to safety issues at sea and on board, and from the development of software and simulation systems to sea trials and lab activities.



Managing and sharing knowledge

Fincantieri Group's patent portfolio currently contains:



Downstream of the processes for generating new innovative solutions, the management of the aspects that guarantee acquisition of value, the usability in the Company and the exploitation in the market are considered essential, while protecting our ownership of the results.

This vision takes the form of two essential processes:

- **promotion of the innovation culture**, which is a fundamental step to transfer knowledge into services and applied technologies, aimed at a wider audience of users. In particular, this phase takes place after each project is closed or has reached maturity, and it is targeted at ensuring that the results are correctly transmitted to the relevant departments of all divisions. In the case of issues of particular strategic interest to the Group, dedicated training sessions open to all employees are organized in the form of webinars in order to further facilitate the dissemination of results;
- **management of intellectual property** favours an inclusive approach towards external actors from industry and academia, ensuring that collaborations can continue while respecting the prerogatives of all actors involved.

SUSTAINABLE SUPPLY CHAIN

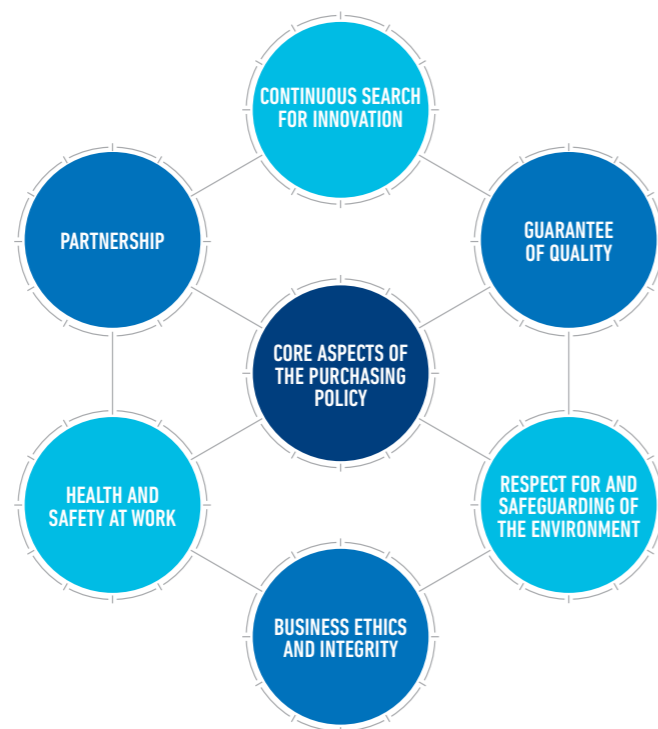
Responsible supply chain management is of strategic importance to us to ensure the high quality of our products and services and help safeguard or enhance their reputation



The development of a responsible and sustainable supply chain is part of a broader corporate vision that actively enhances and protects social and environmental responsibility, fully integrating them into the strategic guidelines.

Our suppliers are an integral part of this strategy and they are asked to share the **Purchasing Policy**, the primary goal of which is to affirm the Group's commitment to strengthening the development of solid and long-lasting relationships with its partners in order to pursue a common goal of sustainable development together.

The core aspects of our Purchasing Policy are:



The Purchasing Policy is available on the website www.fincantieri.com/en/sustainability/economic/supply-chain/

The awareness of the supply chain's strategic nature and the need to coordinate a vast and diversified network of suppliers make the search for long-term partner relationships characterized by transparency, collaboration and mutual respect, essential.

In this respect, it is extremely important that suppliers respect the **Code of Conduct** that the Company has implemented, which contains the principles and rules that must be observed.

In order to strengthen the bond with our suppliers, we drafted the **Suppliers' Code of Ethics**, approved by the Board of Directors. This document is intended to convey the **values, principles** and **responsibilities** defined by the Code of Conduct, the Charter of Sustainability Commitments and the Sustainability Plan. It has been defined based on national and international best practices and principles. The document was developed by the Procurement Department with the involvement of other corporate functions (Sustainability, Human Resources, Internal Auditing, Legal Affairs), it was shared with Italian and foreign subsidiaries and subsequently published on our website and company intranet.

The Code is based on three fundamental pillars:



The Suppliers' Code of Ethics is available on the website www.fincantieri.com/globalassets/sostenibilita2/responsabilita-economica/fincantieri_suppliers_code_of_ethics2.pdf



ACTION PLAN FOR THE SUPPLIERS' CODE OF ETHICS



The goal of disseminating the **Suppliers' Code of Ethics** through a specific action plan led, during the course of 2021, to the following being carried out:

- a pilot test on a sample of 5 suppliers audited using the sustainability checklists, and
- monitoring and verifying the adoption of and compliance with the document on 100% of suppliers of Fincantieri S.p.A., considered strategic and subject to audit during the year. In order to verify that suppliers are correctly implementing the document, the sustainability audit checklists used by auditors during on-site audits were reviewed.

Suppliers are also required to share it with their employees, subsidiaries, collaborators and subcontractors, monitor their compliance and promptly reporting any alleged or actual violations of the law, the Suppliers' Code of Ethics, the Organizational, Management and Control Model pursuant to Legislative Decree 231/2001, or any contractual agreement with the Company.

The Code of Ethics is part of the contractual conditions contained in orders and contracts, thus its breach may lead to the request for remedial action by suppliers to remedy the disputed non-fulfilments and, depending on the case and the severity found, further precautionary measures may be taken to protect the interests of the company and all parties involved.

The importance of the relationship with suppliers is further reinforced by the specifications of our product, characterized by a high level of customization, as it is designed and engineered to meet the specific needs of the individual customer.

This entails an active management of the make-or-buy procurement strategies during every single phase of development and implementation of the naval job, in constant synergy with the suppliers and in continuous search for high value added solutions.



SUSTAINABLE SUPPLY CHAIN PROJECT

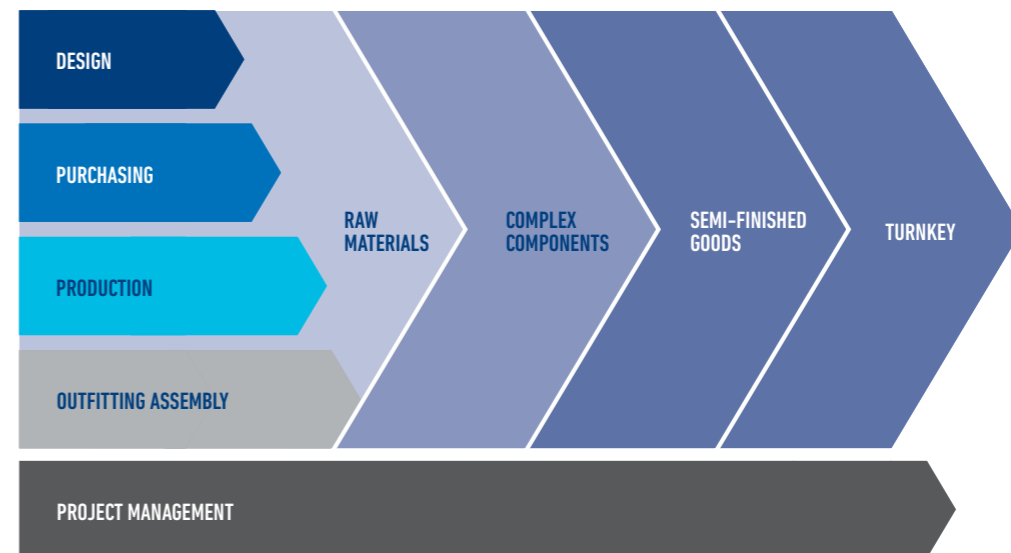


As envisaged in the Sustainability Plan, we have launched a **Sustainable Supply Chain** project with the aim of integrating sustainability criteria into the supply chain and ensuring an adequate risk control. During 2021, activities of analysis of the Environment, Social and Governance (ESG) criteria were carried out within the context of the quality and supplier management system, furthering the analysis through a market benchmark and examining supply chain risks. These steps made it possible to define adequate key performance indicators (KPIs) to monitor suppliers from a sustainability perspective. Then, information and ESG certifications were collected from the supplier base. This assessment phase has led to the extension of the project, over the next few years, through the definition of an action plan that envisages the implementation of an ESG assessment system of the supplier base as part of a digitalization of procurement processes.

Supplier base

Relatively to the shipbuilding, approximately 80% of the value of the finished product is made with the contribution of our suppliers: Fincantieri works as a system integrator, taking responsibility for the project as a whole.

FINCANTIERI SUPPLY CHAIN



Initiatives to manage the COVID-19 pandemic

The continuation of the emergency situation due to the COVID-19 pandemic has not harmed relationships with suppliers or our business continuity. All supply chain risk mitigation controls and measures established by the Crisis Management Team proved effective in dealing with an extraordinary event such as the pandemic. Each production unit, according to its characteristics, implemented the necessary actions for the proper and safe continuation of shipyard activities, ensuring constant communication with the entire supply chain.

Given the current historical moment and the importance of the supply network for the shipbuilding sector, we are committed to supporting our supply chain from a financial perspective as well.

With the aim of facilitating access to credit for our suppliers, we have entered into a series of **reverse factoring** agreements with some of the leading Italian financial operators, providing the supply chain with the possibility of monetizing receivables due from the Parent Company and/or its main subsidiaries before their natural due date, at predefined economic conditions.

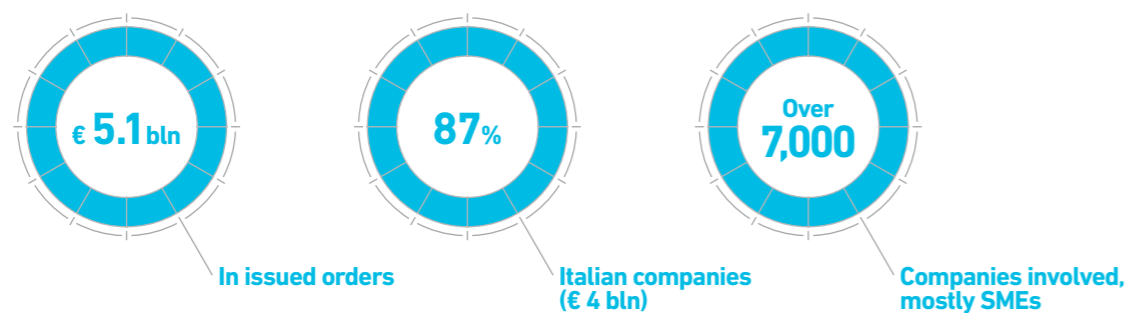
Reverse factoring agreements, which have been enhanced in recent years to better support suppliers' needs, support the supply chain by optimizing supplier payment flows, increasing their liquidity and facilitating access to credit on favourable terms.

Supply chain numbers

As regards the Italian activities, Fincantieri acts as leader and group hub for a large number of Small and Medium Enterprises (SMEs), an important factor in the flexibility and wealth creating capacity of local production systems, allowing them to access projects of great breadth and value, facing a global market they would otherwise be excluded from due to their small size.

This network of Italian SMEs are highly specialized in various macro-sectors (such as suppliers of furniture, air conditioning systems, electrical/electronic systems, etc.).

In particular, through our shipyards, we contribute to the maintenance and development of the industrial system of the regions in which we operate.



The data on the value of orders issued are given below.

VALUE OF ORDERS ISSUED BY PRODUCT CATEGORY

(euro/000)	2020	2021
Turnkey	1,384,859	2,207,757
Supply	1,208,793	1,481,273
Contracts	431,498	522,635
Services	568,219	700,113
Investments	131,169	94,349
Engineering	33,885	129,194
TOTAL	3,758,423*	5,135,321**

VALUE OF ORDERS ISSUED BY GEOGRAPHICAL AREA

(euro/000)	2020	2021
Italy	2,982,972	4,015,603
Rest of Europe	682,624	994,237
North America	74,131	81,590
Asia	7,870	27,122
Oceania	1	3,439
South America	10,734	13,040
Africa	91	291
TOTAL	3,758,423*	5,135,321**

*Intercompany Value 2020: 462,861 thousands of euros.
 **Intercompany Value 2021: 784,802 thousands of euros.
 The data refer to Fincantieri S.p.A. and to the Italian subsidiaries.

The growth in the value of orders issued in 2021 is due to the resumption of production activities that had slowed down during 2020 due to the COVID-19 pandemic and the entry of new companies in the Group.

e-Procurement

Fincantieri Suppliers is Fincantieri's e-procurement system dedicated to supplier management (www.fincantieri-suppliers.com) providing support throughout all the stages of procurement activities. In line with the objective of strengthening communication with our suppliers, the portal is developed to manage the following processes:

- marketing, offering the possibility to each supplier to participate in the selection process for the Italian territory by registering on the portal;
- requests for offers, made available to selected suppliers in digital format, to which they can respond by sending their economic and technical offers on the same platform;
- purchase contracts, digitally signed and made available electronically to suppliers, who in turn can accept them directly on the system without printing and sending paper documents to Fincantieri.

Using the e-procurement system saves a lot of time, transport costs (and related emissions of CO₂), and use of paper throughout the procurement process.

Management of contracting companies

The Company's production model, structured to operate as an integrated system that makes use of skills, technologies and production capacities, both inside and outside the Company, requires the broad participation of the resources involved and sharing of common values, conduct and goals.

On this premise, and in a logic of continuous improvement, action to significantly reduce the use of the supply chain for some specific activities (insulation, painting) has continued and will affect other labour intensive activities in the future.

With identical goals, further unbundling/insourcing initiatives inherent to plant and installation activities have been implemented, which affected:

- the design and realization of naval interiors such as public rooms, catering, cabins and wet units;
- high-tech activities, such as those in the IT and electronics area, as well as in automation, integrated physical security and logistics;
- the design, production and supply of innovative integrated systems in the field of system engineering and electrical, electronic and electromechanical industrial components.

We have also intensified initiatives aimed at consolidating the **relationship with suppliers** considered strategic, in particular for supply activities and turnkey contracts, through the definition of long-term partnerships that can encourage the continued presence of those workers on the territory, thus also responding to the expectations expressed by institutional stakeholders.

The stabilization of companies and the reduction of worker turnover can in fact allow local authorities to improve the planning of infrastructure and social services, as well as result in a more effective management of integration policies.

In 2021, the Company made further investments to improve the logistics infrastructure of support services for the employees of external companies, particularly as regards changing rooms, canteens and car parks. The entire supply process, starting from the accreditation in the Register of Suppliers and the allocation of orders, is subject to controls and constraints aimed at checking that they meet their legal obligations, in particular with regard to the rights of employees. Further controls are envisaged when entering the individual sites and throughout the entire time they remain at the operating units.

These guidelines were shared at the trade union level and implemented in the most recent company agreements, the latest being the one signed at national level on 26 May 2021.

As regards the monitoring of the supplier base in terms of company turnover in the Italian shipyards, from January to December 2021, 2,401 companies were involved in the various production processes.

In the same period, which was marked by a severe economic crisis caused by the COVID-19 pandemic, the number of workers employed by contracting firms who worked at company sites (even for short periods) was approximately 45,000. The average daily attendance of workers from satellite businesses was just over 27,000. Contracting company workers were predominantly of Italian nationality (48.3%). Among those of different origins, 16.5% are EU workers, while 35.2% are non-EU employees.

ORIGIN OF WORKERS



The data refer to Fincantieri S.p.A.

The most prevalent nationalities (excluding Italians) were Bengalis (21.6%) and Romanians (12.6%). In the field of employment relationships, permanent contracts accounted for 34.9% of the total, while fixed-term contracts accounted for 44.3%. Agency staff contracts accounted for 12.5%.

NUMBER OF CONTRACTING COMPANY WORKERS - 2021

PERMANENT	FIXED TERM	AGENCY STAFF	OTHER TYPES	TOTAL
19,928	15,712	5,619	3,750	45,009
34.9%	44.3%	12.5%	8.3%	100%

The data refer to Fincantieri S.p.A.



Qualification and monitoring

Supplier qualification process

Development and efficiency of our supply chain start immediately at the supplier selection phase, which follows a documented procedure in order to guarantee impartiality and equal opportunities for all the parties involved.

Management and the continuous improvement of a pool of trusted and innovative suppliers is essential in order to achieve the goals we have set for ourselves at Group level in economic and sustainability terms. Fincantieri's purchasing office provides suppliers with **constant technical support** for all activities connected to the selection and qualification process, including those concerning sustainability. Fincantieri recognises that the supplier base is a significant asset for the entire company, and as such it should be valued and protected. This is why we have developed a **stringent qualification** and performance **monitoring process** for strategic suppliers, based on the evaluation of economic, technical, reputational, social and environmental aspects by the relevant corporate bodies, to ensure compliance with and observance of Fincantieri standards.

In this sense, the **collection of environmental** and **social information** is active during the pre-qualification stage, e.g. possession of certifications for occupational health and safety management systems and for environmental and energy management systems, as well as information on discharges and emissions, renewable sources, types of waste produced and injuries.

Prominence is given to issues related to **safety**, the **environment** and **protection of labour rights**, with specific focus on **ethical** and **reputational aspects** of the suppliers during both the qualification and the monitoring phases. Evaluation of certain fundamental aspects, such as technical/professional suitability, the regularity of contributions and remuneration of employees, and the existence of a structure dedicated to safety at work, takes place during both the pre-qualification document collection phase and the quality inspection phase at the supplier's premises, as well as during entry in our shipyards. In addition, for all suppliers operating in Fincantieri production units, it is verified that the **contractual minimum** is consistent with the relevant National Collective Bargaining Agreement (CCNL), while for foreign companies it is verified that equal treatment compared to that established by the Italian CCNL is observed.

Integrity in the supply chain

For us business integrity and the ethical and reputational aspects tied to it are a constant guideline. We are aware that corporate reputation is a strategic asset that should be valued and protected, also so as not to compromise the trust placed in us by our stakeholders. By using a risk-based strategy, we ensure that our supply chain leans towards more extensive compliance with regard to anti-money laundering, combating the financing of terrorism, international sanctions, as well as the highest standards of prevention and combating of corruption. In this regard, our Suppliers' Code of Ethics makes express reference to Fincantieri's Anticorruption Policy, which can be consulted on the Company's website.

We are alert and vigilant to any possible interference of a criminal nature, which could even potentially attack the integrity of our supply chain during the awarding of contracts, in investments and in the operation of production activities. We have established a stronger cooperation with the Ministry of the Interior and with the local competent Prefectures, stipulating **Legality and Transparency Protocols**, which since 2017 have merged into a National Protocol that aims to promote a culture of legality that is pervasive and also extended to the Company's supply chain. To make oversight active and effective, maintenance of the expected requirements is verified and renewed also if there are changes in the relationship with the supplier.

QUALIFICATION OF SUPPLIERS IN THE REGISTER



Supplier monitoring process

A stringent performance monitoring process is carried out so that suppliers can maintain their "qualified status" and to promptly manage any critical issues.

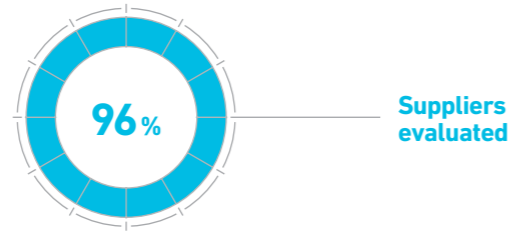
A supplier remains qualified as long as the reasons for its inclusion in the Register of Suppliers continue to exist and until the monitoring of its performance is considered critical to the point of expulsion.

We monitor the supply chain using a **life cycle** management approach to reduce the environmental and social impact of a product or service over its entire lifetime to a minimum. In particular, sensitivity towards and respect for the environment are spread along the whole production chain, and this has led to increasing exchanges of information and documents with suppliers.

SUPPLIER MONITORING



As part of the supplier monitoring system, we use a continuous performance evaluation system (**balanced score-card**), in which all the relevant corporate departments take part, in order to guarantee that the required standards are met over time. Through specific purchase methods adapted for the different product categories, we are committed to obtaining the best conditions and performance throughout the entire life cycle of the product.



Of the 889 qualified strategic suppliers at the end of 2021, 96% were subject to an evaluation, with the following results:

- 80% satisfactory;
- 19% with some gaps that can be resolved by themselves;
- 1% with serious issues, for which the adoption of an improvement plan or replacement is programmed.

Moreover, the main problems are examined through cross-involvement within **Supplier Oversight**, the body that gathers the different functions and departments. Supplier Oversight closely monitors critical suppliers and is called upon to make decisions after examining these critical issues, which may lead to the identification of improvement plans for the individual supplier and, where necessary, to the definition of timescales and methods for phasing out the supplier.

Data on qualification and monitoring activities in 2020 and 2021 are given below.

QUALIFICATION AND MONITORING ACTIVITIES

	2020	2021
Total number of suppliers registered on the portal	4,077	4,451
Total number of qualified suppliers (strategic in the register)	817	889
Total number of qualified suppliers in the year	420	534
No. of new suppliers qualified in the year	108	144
% orders run through the portal	92%	93%
No. of audit visits carried out during the year	21	52

The data refer to Fincantieri S.p.A.

We periodically schedule monitoring activities at our suppliers through various kinds of audit visits. In 2021, there were 52 qualification and monitoring visits to suppliers, 14 of which were conducted by an external classification body.

SUSTAINABILITY AUDITS AT SUPPLIERS



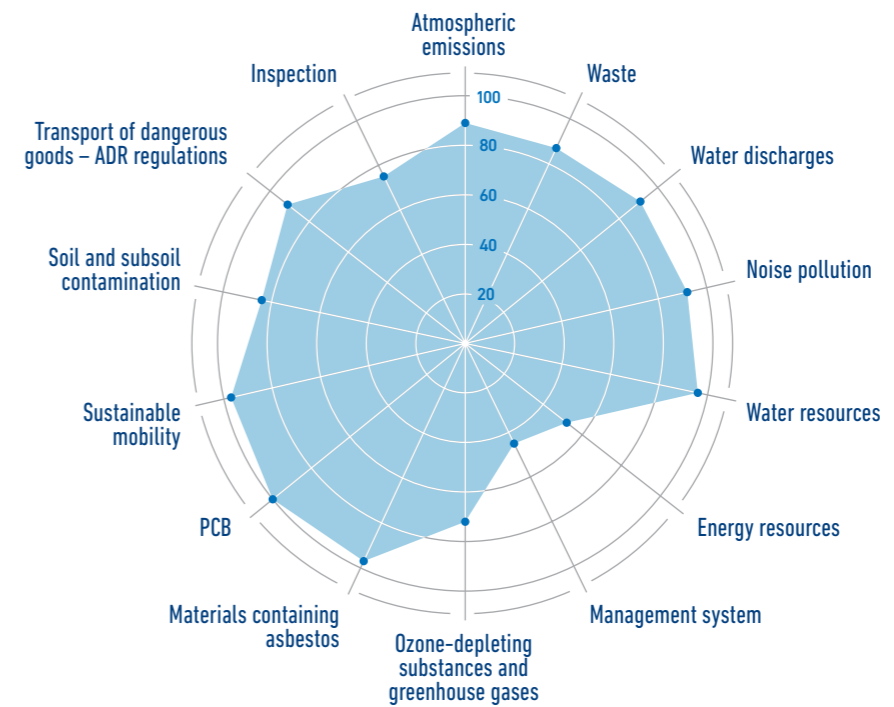
We are committed to conducting **annual sustainability audits** to assess and monitor the most critical suppliers in terms of human rights, health and safety and the environment. As envisaged in the Sustainability Plan, the number of audits to be carried out on an annual basis has been redetermined in consideration of the limitations introduced by the competent Authorities to contain the COVID-19 pandemic, especially regarding travel between the different regions of Italy. In 2021, although we were constrained by the emergency situation, the significant target of 32 audits was positively achieved, which is very close to the original pre-pandemic target plan of 40 audits per year. As regards coverage of the 120 suppliers of priority interest to Fincantieri S.p.A. defined in the Plan, 73 have been involved to date.

Two checklists were implemented to make the evidence found during the audits more uniform: one related to the environment and one related to health, safety and human rights, which were divided into thematic areas that consider the specific aspects analysed.

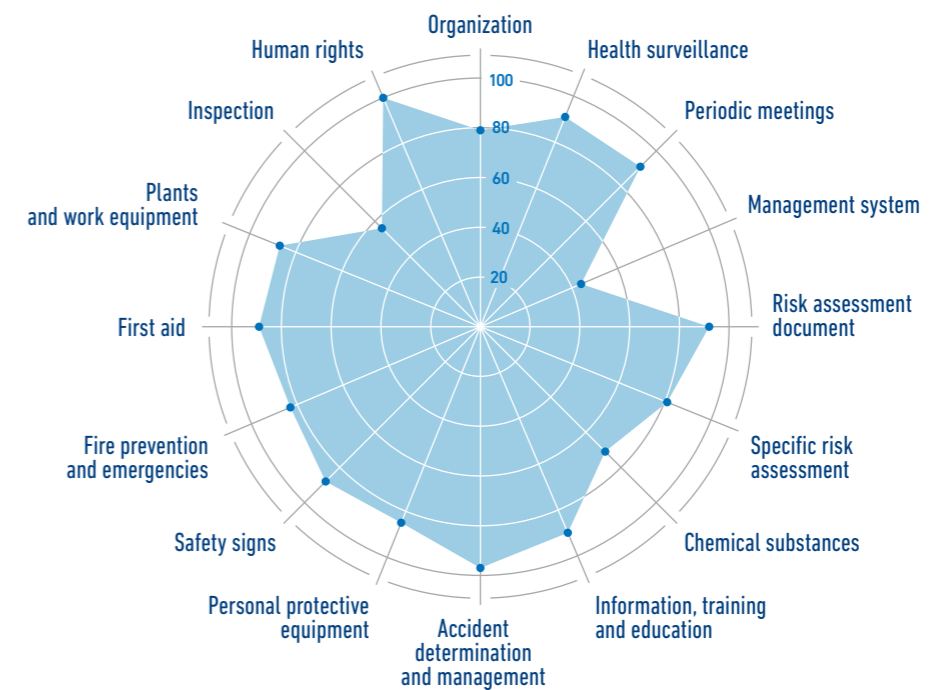
The expectations considered in the checklists and verified during the inspections are summarized in the diagrams below, where a 100% result indicates full compliance with Fincantieri standards.

The results presented refer to audits carried out in 2021.

AUDIT RESULTS – ENVIRONMENT



AUDIT RESULTS – HEALTH, SAFETY AND HUMAN RIGHTS



During the year, no audits fell short of expectations and, in order to ensure compliance with our standards, we are committed to continuing this work during 2022, with a target of at least 40 audits, subject to the emergency situation caused by the COVID-19 pandemic. The checklists used for the 2021 audits have been updated to broaden the topics analysed, including the management of chemical products (with reference to European Regulation 1907/2006, known as REACH, and other sector regulations), the verification of environmental, energy, health and safety management systems and the organizational, management and control model pursuant to Legislative Decree 231/2001, as well as compliance with the Suppliers' Code of Ethics.

Supply chain of foreign companies

Fincantieri Marine Group: supply chain

Through our subsidiary Fincantieri Marine Group (FMG), we are one of the leading manufacturers of medium-sized ships in the United States and we operate for civilian customers and government agencies. The U.S. Government is the main customer of Fincantieri Marinette Marine (FMM) and requires high quality, high performance goods and services provided by suppliers with proven experience.

In order to fulfil the objectives of Congress, the Company, when selecting its suppliers, supports small and medium enterprises, in particular those run by women, economically and socially disadvantaged individuals, veterans, and companies that are part of the Historically Underutilized Business Zone Program (HUB zones). Founded in 1997, the HUBZone Program aims to promote economic development and employment growth in disadvantaged areas, helping small businesses located in said areas through privileged access to opportunities in the public procurement sector.

In 2021, 978 suppliers received a purchase order from FMG, almost all of which **(99%) are situated in the United States**.

With the exception of indirect purchases, almost all purchases are managed directly with the manufacturer, unless it is necessary to go through an agent or there is a cost advantage in resorting to a wholesaler or distributor.

All suppliers working in the government program are required to sign a specific Non-Disclosure Agreement (NDA) and are selected according to a **specific procedure** for selection and evaluation which defines the process and the methods to guarantee the selection of suppliers based on quality, technical capability, delivery times and continuous improvement criteria. The goal is to select a supplier able to sustain the program, seeking the best compromise in terms of price and quality, in order to support the business and satisfy the customer.

In accordance with the procedure adopted, specific **audits** are carried out on suppliers, which are also subjected to reassessments; when a supplier does not maintain the capabilities and qualities that led to its enrolment in the register and becomes critical to the FMM business, it is expelled from the list of usable suppliers. In particular, 14 audits were carried out on suppliers in 2021, none of which concerned social or environmental criteria.

The purchase process is defined through various procedures that describe all the steps that must be followed to issue a purchase order according to the needs of FMM.

Suppliers are selected according to **various criteria**, starting from their experience in the marine sector and their observance of U.S. law in **social and environmental areas**. Other additional factors that are considered include: estimated cost, purchase frequency, size, position, shipowner's recommendations, recorded non-conformities, etc.

To verify that they meet certain insurance requirements, an **orientation course** is provided to suppliers performing services in shipyards before the works begin. To this end they also carry out shipyard safety training courses and, in order to ensure an appropriate communication flow, they familiarize with the correct contact representatives within the company.

The procedure followed for requests for offers/quotations begins with the development of a list of suppliers that are able to guarantee the supply and meet all the working, environmental and government requirements as per terms and conditions defined by FMG.

For complex systems or larger services, the supplier subscribes and accepts the supply purpose and certain technical specifications.

The data on the value of orders issued are given below.

VALUE OF ORDERS ISSUED BY PRODUCT CATEGORY

(euro/000)

	2020	2021
Turnkey	32,150	363,768
Supply	173,619	377,683
Contracts	46,863	68,581
Services	15,310	64,169
Investments	23,071	31,634
Engineering	86,005	107,273
TOTAL	377,017	1,013,109

The data refer to Fincantieri Marine Group.

VALUE OF ORDERS ISSUED BY GEOGRAPHICAL AREA

(euro/000)

	2020	2021
Italy	0	0
Rest of Europe	4,106	28,674
North America	372,911	983,900
Asia	0	532
Oceania	0	3
South America	0	0
Africa	0	0
TOTAL	377,017	1,013,109

The growth in the value of orders issued in 2021 is due to the resumption of production activities that had slowed down during 2020 due to the pandemic and the acquisition of new orders for the U.S. Navy.

VARD group: supply chain

Approximately **51%** of the VARD group's value of orders issued concern **Norwegian suppliers** and 42% are located in other European countries. The remaining 7% is distributed among America, Asia and Oceania.

The **selection criteria** used are based on the list of suppliers approved by the shipowner for the items to be purchased (maker list), but also on the supply history and previous purchasing experiences.

Turnkey contracts are the type of purchase orders most commonly used, followed by materials and equipment. Together they represent 81% of the total orders issued by the group.

Procurement of the major and strategic products is managed at the headquarters in Ålesund, while purchases of all other products (minor and non-critical) are handled by the procurement teams at the individual shipyards. Goods and services are purchased from suppliers who can guarantee specific quality levels. Suppliers must be selected from those that have been registered as approved suppliers (maker list) through a direct evaluation by VARD or an evaluation by other companies within the VARD group. During the supplier selection process, **preferential requirements** include possession of certification concerning health, safety, anticorruption and the environment.

Suppliers who work for VARD benefit from **safety courses**, available in five different languages. The acquisition of goods and services is based on technical and commercial information. Requests for bids are sent to the possible suppliers and, after the technical and commercial approval, the supplier is selected. A contract/agreement is then signed and the related purchase order is issued.

Purchase orders are issued on two complementary systems, through which the entire procurement process is managed: production specifications, order approval processes, delivery times and payment conditions.

Audit activities are carried out periodically through the yard health, safety, environment and quality (HSEQ) managers accompanied by the central purchasing function and are focused on compliance with the contractual requirements agreed for the jobs. In 2021, 12 audits based on environmental and social criteria were carried out at suppliers' premises, 8 of which were carried out by Vard Vung Tau, which holds the SA 8000 certification. No audits received a negative evaluation.

The data on the value of orders issued are given below.

VALUE OF ORDERS ISSUED BY PRODUCT CATEGORY

(euro/000)

	2020	2021
Turnkey	410,410	551,828
Supply	285,174	431,002
Contracts	75,726	60,480
Services	97,839	120,030
Investments	14,296	18,075
Engineering	35,901	36,878
TOTAL	919,346*	1,218,293**

* VARD group Intercompany Value 2020: estimated in approx. 384,275 thousands of euros.
** VARD group Intercompany Value 2021: estimated in approx. 646,672 thousands of euros.
The data refer to the VARD group.

The growth in the value of orders for VARD is also due to the resumption of production activities after the pandemic-related slowdown and to new orders.



VALUE OF ORDERS ISSUED BY GEOGRAPHICAL AREA

(euro/000)

	2020	2021
Norway	494,554	614,427
Rest of Europe	392,995	514,874
North America	728	2,144
Asia	28,174	83,485
Oceania	41	142
South America	2,853	3,220
Africa	0	0
TOTAL	919,346*	1,218,293**

Engagement with suppliers

The Group's focus on its relationships with suppliers is constantly evolving. Therefore, constant commitment and communication are essential in order to help the Company promote positive and mutually beneficial relationships. We believe that a close cooperation with the supply chain is essential in order to achieve high levels of quality in the finished product and in the entire production process. With a view to establishing a stable and long-lasting relationship, based on transparency and collaboration, we are actively committed to **promoting dialogue** with our suppliers through periodic meetings to share information, including on sustainability. Our supplier engagement continued in 2021, resulting in a remote **workshop** on sustainability issues that involved the participation of **64 strategic suppliers** of Fincantieri S.p.A..

The discussion revolved around 3 topics:

- **sustainability**, presented as an opportunity to address climate change through our Sustainability Plan. On this point, the focus has been on the need to report direct greenhouse gas (GHG) emissions from sources owned by or under the control of the Company (Scope 1), indirect emissions from electricity consumption (Scope 2) and indirect emissions that occur in the value chain (Scope 3);
- Fincantieri's **Sustainable Supply Chain** project, which aims to integrate ESG factors into the supplier evaluation system through the implementation of a digital platform dedicated to supplier qualification and to an initial phase of evaluating their carbon footprint for the various Scopes;
- **innovation**, which represents the key to Fincantieri's sustainable growth, which is guaranteed through the development of a strategic plan that gathers and selects R&I initiatives and a special call, a tool that the Group uses to effectively monitor its strategy and cornerstone of the other processes in Research and Innovation.

The workshop ended with a Q&A session, during which suppliers asked questions on the three topics. Particular interest was shown in innovation issues, how to collect and calculate Scope 3 GHG emissions, and, finally, energy recovery initiatives.

Furthermore, in order to integrate sustainability criteria into the supply chain and ensure adequate risk control, we have included a specific target in the Sustainability Plan regarding the provision of training on sustainability and responsible procurement principles to all Italian buyers by 2022.



SOCIAL SUSTAINABILITY

Customers and products

People

Communities and local territory

CUSTOMERS AND PRODUCTS

We are innovators and as such we manage the complexity of our products by using the best technologies with the aim of contributing to sustainable growth while respecting people, the sea and the environment



Each new ship is the flagship of the progress of our capabilities, enhanced by a system of selected suppliers that, with the care of the best craftsmanship tradition and the class of a unique design, allow us to better interpret the style and needs of each segment. Technological development is essential because it implies market competitiveness and economic growth. Thanks to a pool of resources dedicated to naval research and design, we aim to create increasingly safe and environmentally sustainable ships. In our strategies, we have embraced the objectives of the International Maritime Organization (IMO), summarized in the slogan **"Safe, secure and efficient shipping on clean oceans."**



Main customers

Our customers

We look towards the future, ready to take on new challenges in order to build the cruise ships, naval vessels, offshore units, ferries and luxury yachts of tomorrow. It is important to mention that one of the keys to our success is the strong diversification of activities in terms of final market, geographical area and customer portfolio.

Cruise customers

The customers who purchase cruise ships produced by the Merchant Shipping Division of Fincantieri S.p.A. and VARD are the leading cruise operators in the world. The customer portfolio has expanded considerably over the last few years, thanks to the ability to design and build a wide range of cruise ships, with strong customization for each customer, geographical area and market segment served.

Naval customers

The customers who purchase the products of the Naval Shipping Division of Fincantieri S.p.A. and Fincantieri Marine Group are government entities, both Italian and foreign, including the Ministry of Defence, Navies, Coastguards and other government entities responsible for conducting oceanographic research, etc.

Ferry customers

Ferries designed and built by Fincantieri and VARD are intended for private and public clients, both Italian and foreign, operating mainly in the Mediterranean, the North and the Baltic Sea; they meet the most demanding requirements in this sector in terms of innovation, technology, low environmental impact, energy saving and diversification.

Mega yacht customers

The mega yachts designed by Fincantieri are intended for private individuals and meet the most sophisticated performance and equipment requirements.

Equipment, systems and components customers

The Group offers its naval equipment, systems and components both to the internal captive market and to other shipbuilders and industrial operators (such as, for example, engineering companies active in the installation of power plants and companies responsible for carrying out complex projects, for instance in the Oil & Gas sector). The main customers of these equipment, systems and components include the customers of each of the other civilian, naval and offshore business sectors. In addition, the main customers include shipbuilders and industrial operators.

Offshore and specialized vessels customers

The main customers of the Group's offshore division are shipowners and charter companies that provide logistical support and services for the construction and operation of offshore facilities for companies active in the Oil & Gas industry. These also include large contractors specialized in offering turnkey services for the commissioning of large projects and offshore infrastructure, as well as the main drilling contractors specialized in the management of semi-submersible drilling vessels and platforms. In the offshore segment, in line with the growing focus on the environment and the exploitation of renewable energies, VARD has expanded its product portfolio by developing special vessels used in the construction and maintenance of offshore wind farms. Moreover, it has diversified its production by developing liquefied natural gas (LNG) or hybrid (battery) ferries, mainly for Northern European shipowners, as well as vessels for the fishing and aquaculture sectors.

CUSTOMERS BY MAIN BUSINESS AREA

19 SHIPS DELIVERED IN 2021 91 EXPECTED DELIVERIES UNTIL 2029

Source: Company internal information at 31.12.2021.
 1 Hapag-Lloyd Cruises was acquired by TUI Cruises in 2020.
 2 In 2019, the customer Topaz Energy and Marine, after being acquired by DP World, merged with P&O Maritime to form P&O Maritime Logistics.
 3 Company resulting from the merger between Solstad and Farstad.
 4 Ferry operator.
 5 JV between Mitsui O.S.K. Lines Ltd. (MOL) and Ta Tong Marine Co., Ltd. (TTM).



Sustainable and safe ships

The world market for **cruise ships** is rigorous, selective and characterized by the presence of high-profile shipbuilders. In this scenario, we are leaders in design and production, a success that comes from afar. As early as the beginning of the 20th century, authentic jewels of design and fittings, with extraordinarily innovative engineering solutions, were taking to the sea from the shipyards of Genoa and Trieste.

<p>KAISER FRANZ JOSEPH 1912 Monfalcone The largest ship ever launched in the Mediterranean</p>	<p>DUILIO 1923 Genova Sestri The first Italian ocean super-liner</p>	<p>SATURNIA 1927 Monfalcone The first ship with balcony cabins</p>	<p>AUGUSTUS 1927 Genova Sestri The first ship with Lido bridge and outdoor pool</p>	<p>VESPUCCI 1931 Castellammare di Stabia The largest training ship of all time</p>	<p>VICTORIA 1931 Trieste The first air-conditioned ship</p>
<p>CONTE DI SAVOIA 1932 Trieste The first ship equipped with stabilizers</p>	<p>REX 1932 Genova Sestri The first ship with spa and tanning beds. The fastest ocean liner in the world (30 knots)</p>	<p>MICHELANGELO 1965 Genova Sestri The last ocean liner built in Sestri</p>	<p>RAFFAELLO 1965 Trieste The last ocean liner built in Italy (Michelangelo and Raffaello are twin ships)</p>	<p>EUGENIO C. 1966 Monfalcone The first Costa cruise ship</p>	<p>OCEANIC 1966 Monfalcone The first cruise ship equipped with magrodome</p>

<p>CROWN PRINCESS 1990 Monfalcone The first cruise ship built by Fincantieri with the cooperation of the architect Renzo Piano</p>	<p>CARNIVAL DESTINY 1996 Monfalcone The first ship to exceed 100,000 GRT</p>	<p>ZUIDERDAM 2002 Marghera The reference ship for the premium segment</p>	<p>COSTA FORTUNA 2003 Genova Sestri The first large passenger ship to fly the Italian flag</p>	<p>QUEEN VICTORIA 2007 Marghera The natural evolution of the Ocean Liner concept in the Cunard-style tradition</p>	<p>SILVER SPIRIT 2009 Ancona The first ultra-luxury ship reinvented by Fincantieri</p>	<p>LE BOREAL 2010 Ancona The first exploration cruise ship</p>
<p>SERENE 2011 Muggiano Winner of the World SuperYacht Award 2012 (134m in length)</p>	<p>MARINA 2011 Genova Sestri The first sophisticated and elegant ship in the upper premium segment</p>	<p>ROYAL PRINCESS 2013 Monfalcone The first ship to incorporate all the latest regulations for large cruise ships and first built after the economic crisis of 2008</p>	<p>VIKING STAR 2015 Marghera The first in a long series of upper premium ships with a sophisticated Nordic minimalist style</p>	<p>MSC SEASIDE 2017 Monfalcone The largest ship built in Italy with a revolutionary concept</p>	<p>SCARLET LADY 2020 Genova Sestri The first ship for the millennial generation</p>	<p>MSC SEASHORE 2021 Monfalcone The first ship with Safe Air, the innovative generation air sanitization system, installed</p>

A cruise ship is an ideal and self-sufficient floating city in constant communication with land. It is designed, built and managed to respect the ecosystems of the areas in which it must operate and to safeguard the health and life of those temporarily living there for work or fun, thousands of people from different countries and cultures, who live together and adhere to its rules of governance.

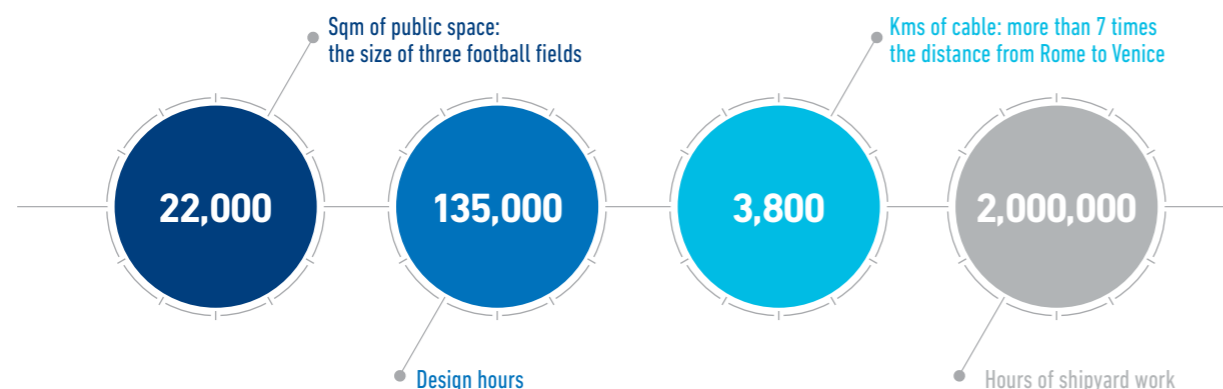
We oversee all stages of production, including design, supplier selection, construction, commissioning, testing and delivery.

We offer specialist services, through our subsidiary Cetena, to increase the **safety of operations**, using studies of maneuverability, survivability and port assessment and with the help of the manoeuvre simulator.

The ships designed and built by the Group are not standard vessels; each one is a tailor-made product that reflects the specific needs of the customer. In addition, we carry out activities to develop applied technological and innovative solutions (in particular in the areas of safety, noise reduction, stability and ship operating speed) and the results they yield can be used in the ship design. In this sense, each ship can be considered a new product, as it is the result of the combination of specific design activities in response to customer needs and of research and innovation activities.

The Group offers a diversified product portfolio, which includes ships of very different sizes, from 10,000 to 175,000 gross tonnage and with a length between 110 and 345 metres, characterized by the diversity and richness of the fittings in the hotel part and the entertainment services offered, in this way meeting the needs of all types of customers.

THE NUMBERS OF COMPLEXITY - What do you need, on average, to build a cruise ship?



We are directly involved in the **development of international regulations** for safety, and we work in close collaboration with the flag agency, classification bodies, the sector's industrial associations, shipping companies and the main international research bodies. Monitoring of regulatory developments is a fundamental element, at a strategic and technological level, in the early identification of possible trends in the market and of the emergence of new needs, by proposing solutions that are innovative and competitive at product level and comply with the technical, economic and environmental feasibility standards at process level.

We are an accredited representative with the IMO, the specialized Agency at global level for issuing directives on maritime safety and environmental protection. The main conventions between the IMO's member states are aimed at:

- improving maritime security (mostly from a safety point of view) – SOLAS;
- limiting the pollution of the seas – MARPOL;
- standardizing maritime labour rules – ILO.

In particular, the SOLAS (Safety Of Life At Sea) Convention aims to specify common international standards in order to safeguard human life at sea, establishing safety standards for technical aspects and for the preparedness of personnel in case of emergency. Thanks to the specialized evacuation and fire propagation studies and **Safe Return to Port** analysis, carried out by Cetena, all the ships produced have a high level of safety in compliance with the regulations that are constantly evolving.

PRODUCT EVOLUTION: SAFETY AND RELIABILITY



Commercial ships, including cruise ships, must have a valid **class certificate**, issued after verification that they comply with the regulations of a classification body. The primary aim of the classification body is to ensure that ships are designed, constructed and maintained in such a way as to minimize the risks to life, the environment and property. Achievement of the class demonstrates that all the controls in the various phases of the ship's life have been successful.

All equipment and appliances installed on board follow the **manufacturer's** or **internationally recognized standards** and must comply with applicable regulations at national or international level.

Other regulations are determined locally, such as docking in U.S. ports that follow U.S. Coast Guard (USCG) rules or, if they relate to hygiene, food processing, environments, accident prevention and air conditioning systems, those of the U.S. Public Health Service (USPHS).

In addition to being a product designed to be safe, ships are designed and built for the **comfort** of everyone on board, whether passengers or crew members. There are also dedicated relaxation areas, which may include swimming pools, bars, gyms or discos for crew members.

The ships are designed to make spaces more and more accessible to **people with disabilities**, by providing easy access with ramps, optical and acoustic warning systems and devices that facilitate mobility and therefore allowing all travellers to enjoy the full range of services available on board.

With regard to **materials**, the Company has adopted an internal procedure on the "Asbestos Free Declaration" to ensure that the products produced are free of asbestos, polychlorinated biphenyls (PCBs) and ozone depleting substances (ODS). The procedure also defines the components, structures and equipment that require a Declaration by suppliers. In addition, with regard to the management of **chemical products**, suppliers must declare and ensure that their products and services are developed using only materials and substances that are not prohibited by applicable laws and regulations and that are not classified as mutagenic or carcinogenic.

In the last phase of the ship's construction, dedicated sessions are held to enable the crew to familiarize themselves with the on-board systems, particularly those relating to safety, before the ship enters service. In general, **education** and **training** of onboard personnel is provided directly by the suppliers of the different systems.

As part of **emergency scenario** management, Cetena has developed an innovative tool called Ship Operator Smart Assistant (ASSIST SRtP) which has been certified, patented and approved by several flag administrations. It is able to provide important aid to on-board operators during emergency and training situations, with the aim of increasing the reliability of operations and reducing human error. Cetena also creates simulation centres to train crews using systems capable of simulating any apparatus or vessel for individual, team and fleet training.

Initiatives to manage the COVID-19 pandemic

PRODUCT SAFETY



As a result of the spread of the COVID-19 virus, it was necessary to rethink ship safety, including from a health perspective. In order to increase the level of safety of passengers and crew, and ensure compliance with the health plan adopted by the cruise lines and the regulations, a list of design actions has been defined, which can be activated both for new projects and in the case of refitting of existing ships. These actions implemented by shipowners, combined with additional measures of an operational nature, aim to reduce the health risk on board ship. The list contains actions to be evaluated in detail involving, for example, ventilation, spacing, sanitation of spaces or body temperature monitoring systems. The various measures aim to address the health safety of passengers and crew at all stages of life on board, from boarding to the management of potentially infected persons, and identification of dedicated spaces, equipment and specific procedures to safely manage a possible health emergency.

In particular, our engineers and designers have developed, in cooperation with the virology laboratory of the International Centre for Genetic Engineering and Biotechnology (ICGEB) in Trieste, an innovative new-generation air sanitation system, Safe Air, with the aim of preventing the circulation of atmospheric pollutants - such as viruses, bacteria and mould - on board ship. MSC is the first company in the world to have it installed on board its Seashore, delivered in 2021 in Monfalcone, ensuring safe air for both guests and crew.

In **naval shipbuilding**, we are one of the few operators able to design and build a wide and complete product portfolio that includes surface combat vessels, auxiliary and specialized vessels, as well as submarines. Our ships are equipped with state-of-the-art command and control systems. We organize the training of crews for all on-board systems and operational activities. Advanced training, organized with state-of-the-art digital training tools, enables us to train operators to safely manage the ship and all operations carried out on board. We are also able to support our customers in improving their ship design and construction capabilities at their own shipyards, through the planning and organization of Transfer of Technology (ToT) plans. The plans consist of customized training courses based on the customer's needs, with the aim of helping the customer to improve the specific technical and managerial skills needed to manage such a complex project like a ship.

As part of the general concept of the naval vessel's survivability, studies are being carried out to further reduce its vulnerability to **cyber attacks**. In this sense, in collaboration with the University of Genoa, some studies have been started with the use of naval simulators made by Cetena.

In addition, an observatory has been set up to **screen laws and regulations** relating to environmental aspects, chemical risk and occupational health and safety, with the aim of making the already established contractual requirements complementary to the current regulatory situation.

For each ship, the residual risk assessment document, as provided for by Legislative Decree 81/2008, is delivered to the ship's captain.

Systems to improve air quality have been introduced for the wellbeing of the crew. To increase **wellbeing on board**, where possible and compatible with the ship's operational profiles, the following improvements have been introduced:

- increased air changes per hour for the heating, ventilation and air conditioning (HVAC) system;
- increased fresh air supply for each air change per hour for the HVAC system;
- extension of HVAC in some operational areas (e.g. in the hangar);
- increased liveability of the areas intended for the crew by ensuring more square metres per person, thanks to the introduction of modular cabins with attached integrated toilet/shower unit as well as partitions to cut noise pollution;
- use of water-based paints for interior areas.

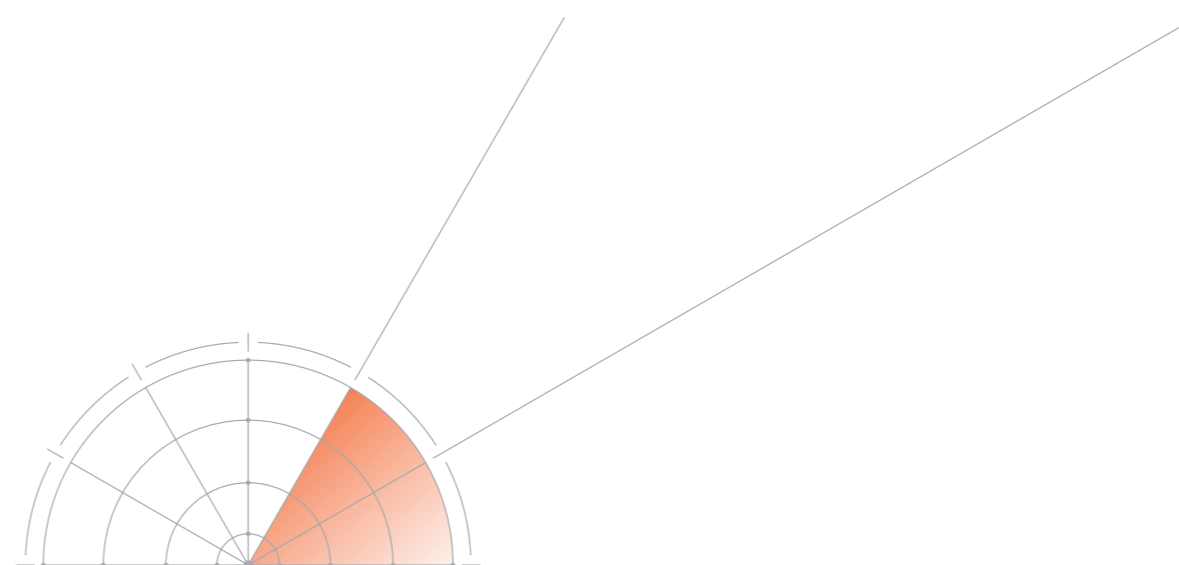
The renewal process for the Italian Navy fleet has a distinctly dual approach, typical of the Armed Forces. The Navy is often engaged in **non-military tasks** such as aiding populations affected by natural disasters, monitoring and protecting archaeological heritage, and transporting humanitarian materials and basic necessities, which is influencing the current use of the fleet and the way in which the renewal process is taking place. The new vessels are designed right from the preliminary phase of the project to be flexible, modular and reliable, with low environmental impact, easily reconfigurable and upgradable.

In the event of an operation to support populations affected by a natural disaster, the new ships will be able to provide drinking water, electricity and health support through its own hospital facilities. In addition to the particular attention giving to reducing emissions of fumes, the treatment of wastewater and the use of bio-fuels, the vessels will be able to intervene to contain a contaminated tract of sea, with the possibility of collecting and stowing the polluting substances.

Consolidating the experience gained on the projects for the Italian Navy, a logistics ship for the Qatari Navy (LPD Qatar) is being developed, for which the concepts of flexibility, modularity and low environmental impact have been enhanced. The new vessel can also be used for humanitarian purposes in crisis areas both in times of peace and in times of war.

Lastly, the International Convention for the Prevention of Pollution from Ships (**MARPOL**) aims to prevent and minimize pollution from ships, whether accidental pollution or pollution resulting from routine operations. We are committed to various projects with the aim of containing environmental impact throughout the ship's entire life cycle.

Additional initiatives are described in the "Innovation and Sustainability – Major Projects" and "Climate Technology – Eco-sustainable Ships and Infrastructure" chapters.



Product quality

We are aware that the complexity of our business requires high standards in terms of quality, cost and time of products and services offered. This is why we have adopted a Quality Policy able to convey the commitment of the Group's resources on specific key points. The goal is to achieve and maintain an excellent level of quality in strategic choices, business processes and every activity.

Every company or division adopts a Quality Management System, certified according to the ISO 9001 standard, which ensures compliance with the best standards. **100% of Italian production plants are certified ISO 9001 and 90% at Group level.**

For some specific production processes, such as the welding of the hull or of special structures for infrastructures and civil works, three Italian shipyards (Castellammare di Stabia, Palermo and Sestri Ponente) have ISO 3834-22 and EN 1090-1 certifications.

Quality assurance at each stage of the process, from the acquisition of the contract to the design and procurement, down to the production or provision of the services, is entrusted to each process owner.

The **Quality Policy** defines our mission to achieve and maintain an excellent level of quality in all activities, incorporating the following seven points of the corporate Quality Policy into our strategic choices and business processes at the various levels.



MAINTENANCE OF ISO 9001 CERTIFICATIONS



As envisaged in the Sustainability Plan, we maintained all our quality certifications in 2021. To maintain the ISO 9001 certification, the Group's divisions and companies were subjected to **audits** by the Certification Body. All the audits conducted by the Certification Body RINA Services S.p.A. in 2021 on the Quality Management Systems of Fincantieri's Italian organizations, certified according to the ISO 9001 standard, resulted in satisfactory outcomes. In 2021, within the Merchant Shipping Division, for the renewal of the certification, which expired in 2021, it was decided to adopt the multi-site certification model, which brings together into a single certificate the Division Office and all the shipyards connected to it: Monfalcone, Marghera, Sestri Ponente, Ancona, Castellammare di Stabia, Palermo, Arsenale Triestino San Marco, Genoa Dock.

Moreover, in line with its responsibilities, the central Quality body has carried out **15 internal audits**, aimed at verifying the correct application of the corporate documentation on processes that have a significant impact on quality, as required by the ISO 9001 standard.

In particular, four macro organizational areas have been examined:

- the Quality bodies of the Divisions;
- the Corporate functions related to primary processes (management of the supplier register, engineering systems and anticorruption system);
- the Quality bodies of the production plants (Marghera, Castellammare di Stabia, Ancona, Integrated Shipyard Riva Trigoso - Muggiano);
- the Quality bodies of the Italian subsidiaries (Isotta Fraschini Motori, Marine Interiors, Seastema, Fincantieri SI and Fincantieri Infrastructure).

The formalized findings were all class C, i.e. minor and/or similar to a recommendation, except for just two class B findings, i.e. more significant and requiring corrective action, concerning Marine Interiors and Fincantieri Infrastructure.

During 2021, the Quality function of the Merchant Shipping Division conducted:

- 64 system audits, of which 56 on shipyard operating units;
- 20 supplier audits;
- 8 audits on the welding process.

In the naval area, during 2021, the following were conducted:

- 45 system audits;
- 24 supplier audits.

Lastly, shipyard Quality bodies conducted 61 product audits.

As regards the U.S. subsidiaries, Fincantieri Marine Systems North America Inc. and the Fincantieri Marine Group's shipyards Marinette and Green Bay have achieved the ISO 9001 certification. The subsidiary VARD carries out its operations in compliance with the Group's Health, Safety, Environment and Quality (HSEQ) Manual and the Policy, the principles and strategies of which are based on the ISO standards. VARD's efforts are aimed at ensuring that safety is achieved at all times and in all areas. Its main production plants have ISO 9001 certification.

 For more information on the certified shipyards and companies, see the website www.fincantieri.com/en/sustainability/certifications/

In addition to the system certifications mentioned, the subsidiary Marine Interiors is in charge of the design, refitting and delivery of turnkey cabins and has achieved the MED B **product certification** and MED D **process certification** issued by RINA certification body. MED certifications attest compliance with EU Directive 2014/93/EU - Fire Protection Requirements of Marine Equipment Directive (MED).

Lastly, during 2021, the subsidiary Fincantieri SI achieved SOA certification (cat. OG10 cl. VI and cat. OG11 cl. VIII) attesting qualification to carry out public works.

Quality Monitoring

In Italy, the Quality Management System is also carried out in the job order, be it naval or another product, through the job Quality Plan (QP).

The QP is a set of documents and Control Plans and it governs all aspects related to quality assurance, control and monitoring valid for the job to which they apply. It guides the operating structures in the correct application of the rules for the design, construction and testing of the product.

When designing and building complex products and systems, such as cruise ships, submarines or industrial diesel engines, there is always the possibility that the process may be subject to deviations from standards, design changes, unexpected events and supply or execution errors. These "non-quality" events are normally detected and tracked by internal structures, by the customer's inspection staff and by the classification bodies, or more rarely after delivery, with interventions in the guarantee and after sales period. The remedial actions follow the industrial practice that involves increasing costs/times to adjust, repair, redo and replace in order to minimize the impact for the customer. The quantitative and qualitative analysis of these events, appropriately recorded and classified, gives rise to mechanisms for reviewing the projects. In the case of shipbuilding, the analyses trigger the processes of continuous improvement, in order to ensure that the same errors are not repeated in subsequent jobs. A closing report/booklet is produced, with the main lessons learned, in order to share with all the operating sites the identified countermeasures to the causes of the error and make the consequent prevention and improvement actions possible.

We regularly monitor quality indicators, at a divisional level (for homogeneous business areas) and at production level:

- shipbuilding sectors (cruise ships, naval vessels, mega yachts), are classified by job and by construction, which allows detailed comparisons to be made with regard to homogeneous "objects" and "phases";
- in the plant and components sector (e.g. diesel engines, turbines, naval systems and systems, cabins for passenger ships), the classification is by production process, facilitated by repetitions in small and medium-sized series.

As part of the divisional Quality Transformation (DMC) and Cost of Quality (DMM) projects, new management reports have been created that will allow better monitoring of non-quality incidents, better guidance for prevention and continuous improvement, and cost reduction.

The VARD subsidiary also uses the Quality Plan for its projects. The quality indicators and the achievement of the related annual objectives constitute a fundamental part of the incentive programs of the entire Fincantieri organization.

Regarding the management of military orders, during 2021 an audit was carried out by the Italian Government Quality Assurance (AQG), which involved the Multi-Purpose Patrol Vessel (PPA) job, with two non-conformities, one of which has been closed and another is being resolved, as it has not yet expired.

Customer satisfaction

The main sector in which we operate is intrinsically characterized by a limited number of competitors and customers. Therefore, the measure of customer satisfaction and retention cannot be based on significant data and statistical samples. It requires instead a long-term analysis of the relationship between market trends, assignment of orders and jobs to the various players, the time taken to transform negotiations into orders, the maintenance of historic customers, and the acquisition and retention of new customers. We regularly survey the market and the competition, from which certain "loyalty" factors can be deduced.

CUSTOMER SATISFACTION INDEX



As part of the Sustainability Plan, there is a specific objective regarding customer satisfaction that includes the development of the **Customer Satisfaction Index (CSI)** system. The CSI intra-group monitoring, evaluation and benchmarking were carried out in 2021.

As the CSI procedure requires customer satisfaction to be measured after at least four months of ship operation, due to COVID-19, in 2021, not only was the CSI measured on the three ships delivered during the year, but also on the two ships delivered in 2020.

The average CSI result for Italy was 81/100, corresponding to a high level of satisfaction.

At the end of 2021, the first CSI comparison campaign was carried out among some companies in the Group.

The results of the benchmark have been shared with the quality managers of the companies involved, specifying that this is only the first stage of a process in which the single value of the index is not important, but rather the improvement or maintenance trend in the event of results above the objective.

The results of the first campaign showed an average Group CSI of 85/100 and these results were used to define the index classification system, with an initial Group target level in the medium term of 80/100.

At Fincantieri Marine Group, customer satisfaction is monitored three times a year through SPPC (Ship's Production Progress Conference) meetings with Lockheed Martin and the U.S. Navy. The meetings assess the overall compliance of the programs, covering technical areas, testing, planning, quality, post-delivery and ILS (Integrated Logistics Support). The company receives feedback on customer satisfaction and expectations. At the same time, corrective actions are defined and checked in subsequent follow-ups.

In VARD, customer satisfaction is monitored continuously, both during the production stage and during the guarantee and after-sales period. Each product is subject to voluntary feedback by customers. Unsurprisingly, VARD's slogan is "Built on Trust". In particular, a customer satisfaction survey form is used in the Vietnamese Vard Vung Tau shipyard that each shipowner receives at the time of delivery and at the end of the guarantee phase. All feedback is used to define the strengths/weaknesses of the Quality Management System and to define possible corrective actions. At Vard Engineering, customer satisfaction is measured using an online questionnaire at the end of each project.

Engagement with customers

The shipbuilding sector is constantly developing, which is why in order to create products that are increasingly safe, sustainable, efficient and have a lower environmental impact, it is important to create long-term relationships with all the stakeholders involved in the process. Therefore, we are in constant dialogue and cooperation with:

- **shipowning companies**, which intercept the new needs of end customers (cruise passengers) and promote the development of the market in terms of products and services. We constantly listen to the needs of the shipowner, building each ship according to the appropriate specifications. We encourage open discussion from the early design stages, in order to anticipate specific needs and promote the application of innovative technologies aimed at making increasingly sustainable products. Furthermore, by its very nature, the entire shipbuilding process requires a continuous relationship between the project manager, the customer and their staff;
- **bodies** issuing the regulations, whether national or private, monitor ship operations and update the regulations to prevent damage and accidents;
- **suppliers** that develop and make available new products and systems for new constructions based on market requirements.

Our challenge is to integrate and unify the demands of the players above in the most effective way, thus combining the design, safety and sustainability of our ships in the optimal way.

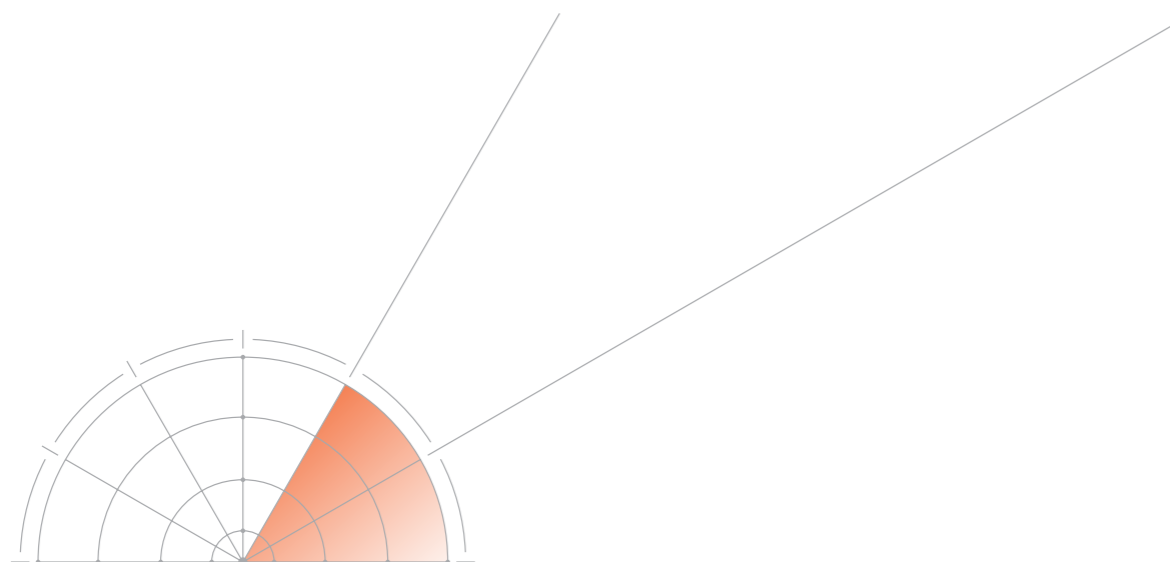
In order to maintain constant contacts, we are also committed to collaborating with the various stakeholders (shipowning companies, agencies, suppliers) through working parties, one-to-one meetings, video and tele-conferencing.

An important opportunity for dialogue with customers, whether actual or potential, is participating in exhibitions. This is an essential activity that enables direct contact with customers, consolidates the brand and Group image

in the reference markets and is a great opportunity for communicating the launch of new products. The situation generated by the COVID-19 pandemic has led to the cancellation and/or postponement of some exhibitions, particularly in the first half of the year. In total, we were able to be present at **22 exhibitions** in 2021.

2021 EXHIBITIONS

	WHERE	WHEN
JANUARY		
SNA	virtual	11 - 15 January
FEBRUARY		
IDEX-NAVDEX	Abu Dhabi	21 - 25 February
MAY		
VENICE BOAT SHOW	Venice	29 May - 6 June
JUNE		
MADEX	Busan	9 - 11 June
AFCEA WEST 2021	virtual	29 - 30 June
JULY		
DEFEA	Athens	13 - 15 July
MACC	Baltimore	21 - 22 July
AUGUST		
SEA AIR SPACE	National City	2 - 4 August
SNA WEST	San Diego	25 - 26 August
SEPTEMBER		
DSEI	London	14 - 17 September
RWM	Birmingham	22 - 23 September
MYS	Monaco	22 - 25 September
SEAFUTURE	La Spezia	28 September - 1 October
OCTOBER		
PUGLIA BOAT SHOW	Brindisi	13 - 17 October
AUSA	Washington	11 - 13 October
POLLUTEC	Lyon	12 - 15 October
SNAME	Providence	25 - 29 October
NOVEMBER		
ADIPEC	Abu Dhabi	15 - 18 November
EDEX	Cairo	29 November - 2 December
ENLIT	Milan	30 November - 2 December
DECEMBER		
CRUISE SHIP INTERIORS EXPO	London	1 - 2 December
IWBS	New Orleans	1 - 3 December



PEOPLE

It is only through the protection and continuous development of our most important asset, our people, that we can continue to achieve successful performance in an ever-changing and evolving environment

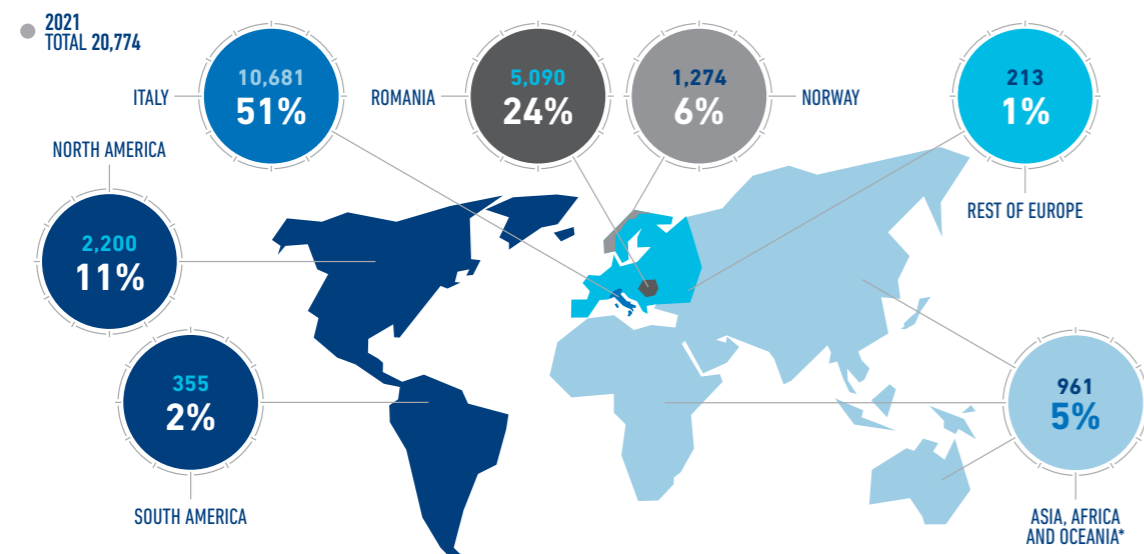


The year 2021 confirmed that only a community of people who recognize and are aware of themselves, who work with commitment towards a shared goal and who know how to achieve quality performance with a constantly forward-looking perspective, can overcome the obstacles and difficulties of an international scenario made particularly complex by the effects of the COVID-19 pandemic. The men and women of Fincantieri were able to meet this challenge as well, testifying with their commitment and awareness that they are the key to the success of a Group that is always looking towards the challenges and innovations of the future.

The Group's People Strategy, defined over the years through the One Vision project, an ambitious HR transformation program at a global level, is developed precisely in this direction. It aims to achieve successful performance and design a sustainable future through continuous investment in improving the employee experience and constant enhancement of diversity, demonstrating even further that inclusiveness is an essential value for complex organizations.

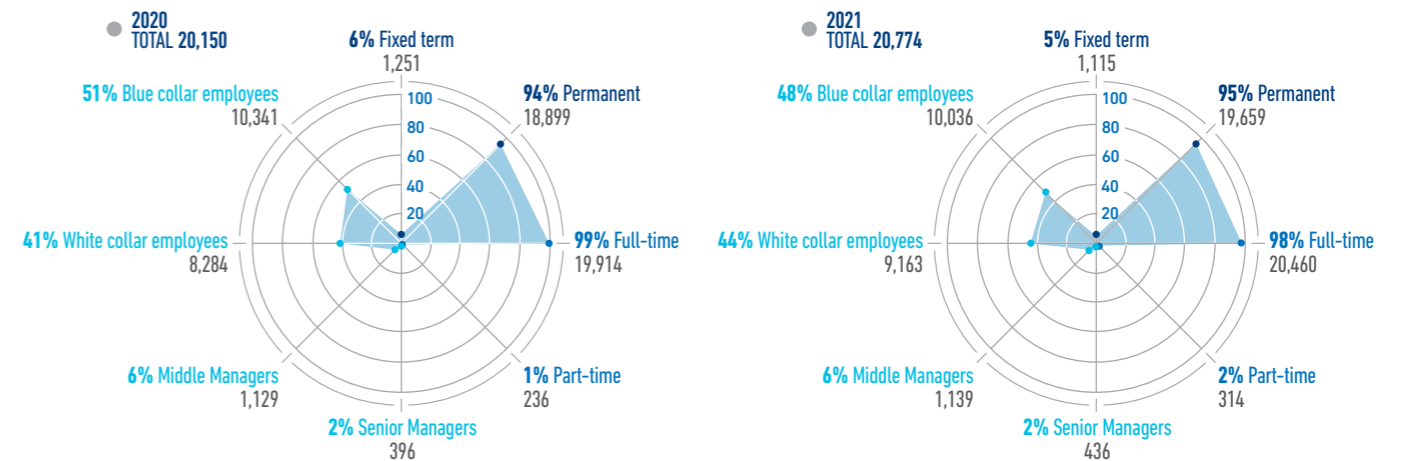
Our commitment to the effective implementation of the Group's People Strategy was recognized in 2021 by the Top Employers Institute, a company that has certified the quality of people management and development processes as well as the work environment, including Fincantieri in the pool of companies certified as **Top Employer Italy 2022**.

WORKFORCE BY GEOGRAPHICAL AREA



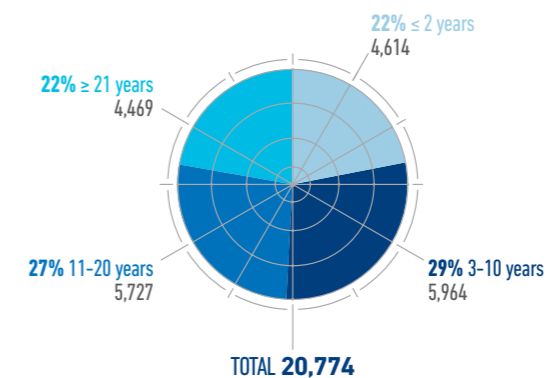
The data refer to the entire Fincantieri Group.
*The majority (94%) of employees in the Africa, Asia and Oceania area are in Vietnam.

EMPLOYEES BY TYPE OF CONTRACT



The data refer to the entire Fincantieri Group.

SENIORITY OF SERVICE – 2021



The data refer to the entire Fincantieri Group.



Development and safeguarding of human resources

As part of the One Vision project, in 2021 we defined our Employee Value Proposition, **Fincantieri, People Ahead**, which represents the link between employer branding strategies and the specific actions of managing, training and developing our people, i.e. that set of priorities shared between the Company and its employees, able to generate the best prospects for the Group and at the same time for individuals, within an organization able to listen to and satisfy individual needs and expectations, while enhancing skills and experience.



Talent Acquisition & Employer Branding

In a national and international job market characterized by a growing mismatch between supply and demand (professional mismatch), especially for STEM subjects (Science, Technology, Engineering and Mathematics) and the consequent “war for talent”, we are committed to working to continue to be a most attractive employer, as recognized by the **2021 Universum award**, granted for the student category as well as the young professional category, and by the **Top Employer Italy** certification.

SELECTION PROCESS



Our selection process is structured and transparent. It is built on the principles of equality and inclusiveness in order to ensure equal opportunities for all individuals regardless of age, ethnicity, nationality, religion, gender, disability, sexual orientation, political affiliation, marital and socioeconomic status. It guarantees a thorough

evaluation of candidates in terms of technical and cross-functional skills, aptitudes, experience and professional aspirations, without impairment of judgement or unconscious bias, and it uses internationally certified personality and motivational questionnaires.

The year 2021 was characterized by the design and implementation of initiatives for the continuous improvement of processes, increasingly tailored to the needs of candidates and of strategic and innovative actions in the area of **employer branding**, as well as the launch of targeted **recruiting** initiatives, especially aimed at recent graduates and young professionals.

In particular, social network presence has been further strengthened and new collaborations with start-ups aimed at young talent have been launched. A collaboration was initiated with Tutored, an online platform for university students and founded by young entrepreneurs, through which the Company has offered dedicated webinars and interviews with company testimonials.

The investment in employer branding initiatives has led, during 2021, to receiving, for **Italy** alone, more than 19,000 applications through the “Work with us” section on the company website, leading to **778 hires, 60% of whom are under the age of 35**.

In order to attract and retain the best talents, we have developed an innovative format dedicated to them. It includes an online and in-person selection process with gamification and the insertion of young talents in the Group through a national and international **job rotation path** over a 24-month period. The project aims to accelerate the growth of participants by encouraging the development of managerial as well as technical skills. In 2021, the path involved the Administration, Finance and Control area.

Positioning ourselves among the most attractive companies, especially with regard to professionals in our industry, means ensuring a positive **candidate experience** throughout the selection process. Therefore, over the year we activated two surveys aimed at assessing the degree of candidate satisfaction during the various phases of the recruitment process.

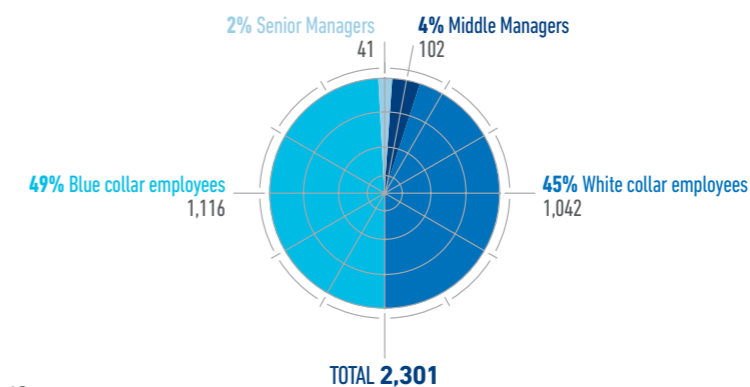
This attention to monitoring the quality of the experience that Fincantieri people have throughout their career extends to the process of leaving the Company. A structured **exit interview** questionnaire was developed in 2021, which is administered to an employee who has decided to leave the Company and it is the starting point for the exit interview. The questionnaire aims to investigate the overall degree of satisfaction with the Fincantieri Group and the experience accrued, as well as the reasons that prompted the employee to resign.

RECRUITMENT BY AGE GROUP AND GENDER

	≤ 30		31-49		≥ 50		TOTAL	
	2020	2021	2020	2021	2020	2021	2020	2021
Total	892	872	1,201	1,125	387	304	2,480	2,301
of whom are women	161	161	180	175	51	43	392	379

The data refer to the entire Fincantieri Group.

PERCENTAGE OF NEW HIRES BY LEVEL - 2021



The data refer to the entire Fincantieri Group.

Partnerships with technical institutes, ITS foundations and universities

We consolidated cooperations with secondary schools, universities and business schools in 2021 in order to create a stronger synergy between the world of work and the academic and training world. We have also launched important social responsibility projects aimed at encouraging young people's orientation to the world of work starting from middle school, through company professionals who suggest professional models and profiles that students can identify with, as well as field trips to experience the reality of business.

The internships (on-the-job training) we offer to young talents leaving training, represent a privileged point of entry into the world of work and are an opportunity for training and acquisition of both technical and cross-functional skills. During 2021, 430 internships, both curricular and post-curricular, were activated in Italy, leading to the hiring of over 200 young people.

The most important initiatives started up in the perspective of supporting employment and developing basic skills regard:



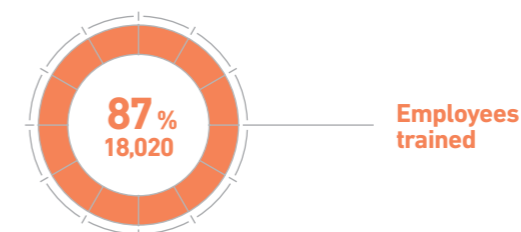
Talent Management

Strengthening skills, enhancing experiences, creating the best possible conditions to express the potential and increase the motivation of employees, these are the key drivers of our talent management process. Over the years, privileging growth from within, we have built a **network of talents** and **professionals** ready to face new scenarios and work challenges with a strong orientation towards business development and sustainability. As part of the One Vision project - which aims to encourage and accelerate the global adoption of a single Group culture - we developed a new **Skills Model** in 2021 that is common to all companies, in order to guide people's behaviour in line with the Company's strategy, culture and values, aligned with the current competitive environment, but projected onto evolving scenarios. The Skills Model, called the **Excellence Map**, represents the basic reference for the main HR processes, such as recruiting, development, training and evaluation, and ensures transparency in the definition of career paths consistent with people's skills and expectations.

Training

Training is guaranteed to all Group employees without distinction of contract, level, grading or organizational position.

In 2021, Fincantieri invested **5.1 million euros** in **training, coaching** and **mentoring** programs with the aim, on the one hand, of enhancing and disseminating the Group's distinctive know-how and, on the other, developing and enhancing new cross-functional skills with a view to continuous training. Despite the continuing pandemic, the commitment to training initiatives has remained at high levels thanks to the use of new ways of engaging participants, namely **blended methods**, which will be continued in the coming years in order to blend the flexibility and potential of digital training with the effectiveness and interactivity of in-person training.

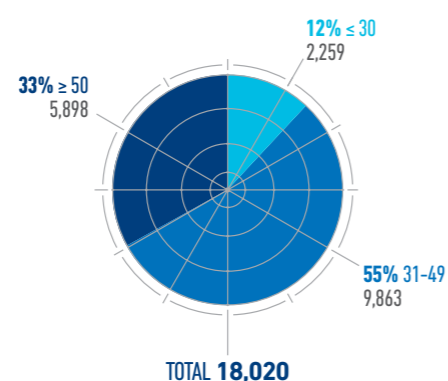


TRAINING PROVIDED

	2020	2021
Total hours of training provided	Over 390,000	Over 420,000
Average hours of training per capita	19.5	20.7
Average hours of training per capita – men	19.2	20.1
Average hours of training per capita – women	21.8	24.0
Average hours of training per capita – senior managers	9.4	13.7
Average hours of training per capita – middle managers	17.5	17.5
Average hours of training per capita – white collar employees	19.0	20.1
Average hours of training per capita – blue collar employees	20.6	21.9

The data refer to the entire Fincantieri Group.
The per capita hours are calculated as the ratio between hours provided to the whole workforce and the number of employees in service at the end of the year.

TRAINING PROVIDED BY AGE - 2021



The data refer to the entire Fincantieri Group.

To ensure the skills needed to achieve the company's objectives are maintained and that professional profiles are constantly updated, in recent years we have increasingly stepped up our use of **customized training programs** based on roles and experience, in addition to compulsory courses aimed at the entire company population, which are constantly updated on the basis of current legislation and corporate procedures.

The strategic role of the **Corporate University**, Fincantieri's in-house management training school, has been confirmed. It consists of technical-managerial training courses aimed at increasing employees' skills at various stages of their professional development. In 2021, more than 19,000 hours of training were provided and 440 employees were involved. Particular importance was given to **sustainability topics**, which have been integrated in the Corporate University courses since 2019, and, in the three-year period 2019-2021, over 650 employees received training on these topics.

During 2021, training activities were primarily focused on 4 areas.

TECHNICAL KNOW-HOW

Training initiatives aimed at increasing, transferring and monitoring the technical skills that represent a key element for Fincantieri. The knowledge transfer process, on the one hand, consolidates the knowledge and experience gained in certain areas by senior resources and, on the other, ensures the rapid integration of young talent. In 2021, the technical courses focused on: design regulations and software, welding techniques, digital and technological skills, project management, knowledge of foreign languages, training courses in preparation for obtaining certifications and licences, especially in the areas of production, ICT, and project management. The tool used extensively to raise technical and managerial skills is on-the-job training, which is particularly effective for learning in the production process.

LEADERSHIP

For several years now, we have been continuously investing in the development of an effective and inclusive leadership model for employees already in management positions and for those who have the potential to become the leaders of the future. The importance the Group attaches to this issue is further

highlighted in the new Skills Model and in the managerial training path called Fincantieri Next, developed in 2021 in collaboration with SDA Bocconi. This training program provides a comprehensive overview of the most current scenarios and orientations of business management, with the aim of stimulating new approaches and perspectives in areas such as: strategy, innovation, sustainability, digital transformation and intercultural leadership. The coaching and mentoring that the Company offers to its managers and young talents are effective tools that contribute to the diffusion of the Group's leadership model.



ONBOARDING

In 2021, we consolidated a structured onboarding program for new hires to support them in understanding the Group's business, culture and values and in building their professional network. The program is an important focus action that we provide to everyone who begins a professional career in the Group and it is given in blended form through various tools: company gadgets, digital welcome kit, with information, documents, videos and insights of various content, e-learning on topics of interest across the different business areas, and a welcome breakfast with the top management. The onboarding program is also extended to young people on internships, who participate in an induction day, when they are offered the opportunity to get to know the Group better, facilitating the creation of a community among Fincantieri's young resources.

COMPULSORY/INSTITUTIONAL TRAINING

We constantly invest in the development of training courses on issues considered strategic such as health, safety at work and the environment (more than 128,000 hours of training have been provided globally through the Fincantieri Safety Academy), legislative compliance and compliance with corporate procedures (more than 7,000 hours provided in Italy alone), which is not limited to merely fulfilling legal obligations. With this in mind, in 2021, we have been committed to developing and updating the skills of our employees with regard to Legislative Decree 231/2001, anticorruption (over 3,300 hours, 90% of which to blue collar employees), IT security, risk management, but also with regard to legislation on environmental sustainability (around 1,500 hours) and on the classification and protection of information (over 2,000 hours).



During the year, we organized experiential **team building** training initiatives, a skill that is of great strategic value for the Group's success, especially in a complex and constantly evolving context. The goal of these initiatives is to promote a climate of collaboration, foster communication and teamwork, create a shared team identity, value individual characteristics, and develop an inclusive work environment.

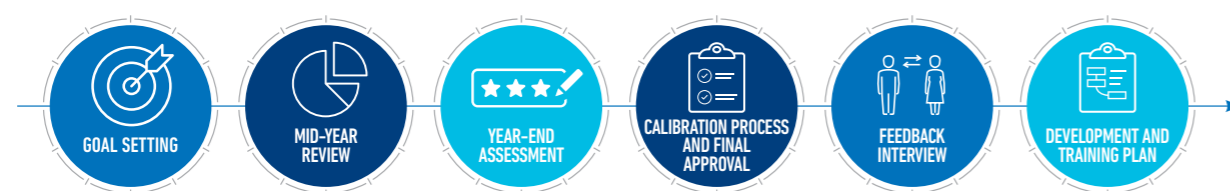
Evaluation processes

A key element behind the development and growth of our people is the **feedback culture**. This is a tool for dialogue and understanding that is present in all our evaluation processes and, through constructive and ongoing exchange, it enables employees to reflect on their strengths, areas for improvement and motivational levers in which to invest.

Our evaluation processes, which are based on the **Group Skills Model**, are structured to ensure transparency in the relationship between the assessor and the assessee and the objectivity of the assessment itself:

- **Performance appraisal:** a new Performance Management Model, that is common at global level, was developed in 2021 and includes the assignment of individual goals to the entire white collar and management population. This is a strategically important process because it connects employees - their roles, skills and results - to business strategies and goals. The foundational and preparatory elements of the new process are self-assessment and the self-assignment of role objectives, as they increase people's engagement and empowerment.

PERFORMANCE APPRAISAL



The new Performance Management model evaluates two complementary drivers: individual goals (WHAT) and behaviours (HOW), which are linked to the skills in the Excellence Map.

Meritocratic policies are linked to the Performance Management process that are aimed at recognizing and enhancing the results achieved, as well as the professional growth paths of employees.

PERCENTAGE OF EMPLOYEES EVALUATED

	2020	2021
SENIOR MANAGERS	62%	69%
of whom are women	67%	67%
MIDDLE MANAGERS	64%	76%
of whom are women	60%	74%
WHITE COLLAR EMPLOYEES	68%	80%
of whom are women	58%	75%
BLUE COLLAR EMPLOYEES	49%	82%
of whom are women	26%	87%
TOTAL	58%	80%
of whom are women	50%	78%

The data refer to the entire Fincantieri Group.

The increase is due to the resumption of the VARD group's assessment activities, which had been reduced in 2020 due to the pandemic.

- **360° assessment:** a development tool intended for all managers with at least five staff members. It aims to assess the typical skills of team managers, such as feedback, delegation, management and development of team members and recognition of others. The tool enables the assessment carried out by the person concerned to be compared with those of their manager, colleagues and collaborators, highlighting the most significant gaps, areas of strength and areas for improvement, as a starting point for subsequent self-development actions. During 2021, nearly 600 resource managers in Italy were involved.
- **Potential appraisal:** an assessment activity that focuses on the person in a forward-looking way, regardless of the role held, with the aim of supporting, on the one hand, the Company in defining job rotation paths, succession plans and organizational changes by mapping the wealth of skills and experience, and, on the other, the employees by highlighting strengths, areas for improvement and motivations for growth. In 2021, nearly 150 employees were involved in potential appraisal.

People development

The training activities and the evaluation and development processes carried out during 2021 and the evidence that emerged from them were the basis on which to carry out **people review** activities, a fundamental management tool for enhancing human capital and defining **professional growth paths** and **succession**

plans for key positions. These are updated on an annual basis in order to ensure the Group's continuity and competitiveness and to identify any new talent to be included as "successors".

People development activities also enable "high potential" people to be identified, namely resources with greater potential and usefulness in the Company, on which to invest using defined growth paths, job rotation, national and international mobility actions, training actions, coaching and mentoring paths, so that in the future they can play key roles in driving the business.

Young resources with high potential are included in the **Talent Project** designed for them. Since 2020, 3 editions of the project have been launched involving 114 young people. A professional development path is defined within the company for each participant. This path includes a short and medium-term growth plan with job rotation and mobility actions (also abroad), specific training that focuses on both technical and leadership skills and participation in a mentoring program lasting two years.

In order to further encourage mobility, especially international mobility (during 2021, 239 resources were involved in mobility actions, in Italy and abroad), structured **job rotation** programs were developed to which all employees, both experienced and junior, have access. These projects, launched through the **internal job posting** platform, aim to enhance internal resources, promoting the development of new experiences and knowledge and the growth of technical and cross-functional skills. During 2021, there were 17 international job rotation opportunities at the Group's offices in the United States, Indonesia, China and Qatar, in addition to the program promoted by the U.S. subsidiary, Fincantieri Marine Group, with the aim of offering a pool of employees the opportunity to gain professional experience at one of the Group's Italian offices.

Diversity and equal opportunity

We reject any form of discrimination based on ethnicity, colour, gender, age, disability, sexual orientation, religion, political opinion, nationality and social origin. We undertake to develop and maintain an inclusive work environment, free from all forms of violence or harassment, as is stated in our **Policy on Human Rights – Commitment for the respect of human rights and diversity**.

In order to be considered strategic for corporate competitiveness, for the development of our people and for the affirmation of a Group culture and identity, in line with the existing regulatory framework for equal opportunities, we are committed to:

- creating an inclusive work environment that ensures respect, integrity, personal development and equal opportunities;
- increasing employee awareness of diversity and equal opportunities;
- encouraging the commitment of all Group employees to act with respect and integrity in every relationship;
- requiring suppliers to behave in a manner consistent with respect for human dignity.



The Policy on Human Rights - Commitment for the respect of human rights and diversity is available on the website www.fincantieri.com/globalassets/sostenibilita2/responsabilita-risorse-umane/diverita-e-pari-opportunita/fincantieri_policy_on_human_rights2.pdf

Over the last few years we have started a process to develop a **Corporate Diversity & Inclusion (D&I) model** with the aim of enhancing every element of diversity as a source of enrichment and growth for the organization, starting from people, with their experiences, characteristics, backgrounds and skills, who represent our strength and our value as individuals and as part of the Group.

The path of cultural change behind the development of this model must necessarily start from the people and increasingly connect the D&I model to the processes of continuous improvement of the organization. For this purpose, starting in 2020, we have involved the network of internal facilitators in a specific training and information process which is oriented towards the informal dissemination of positive behaviour models and the activation of a widespread listening system on the subject.

Make a Difference! project

The Make a difference! project was launched in 2021. The first step of which was the launch of a survey, which involved Group employees based in Italy, Norway, Romania and Vietnam, amounting to 86% of the workforce. The purpose of the survey is to measure the level of people's awareness of diversity and equal opportunities and identifying priorities in these areas, in order to build a plan of actions and initiatives to be implemented.



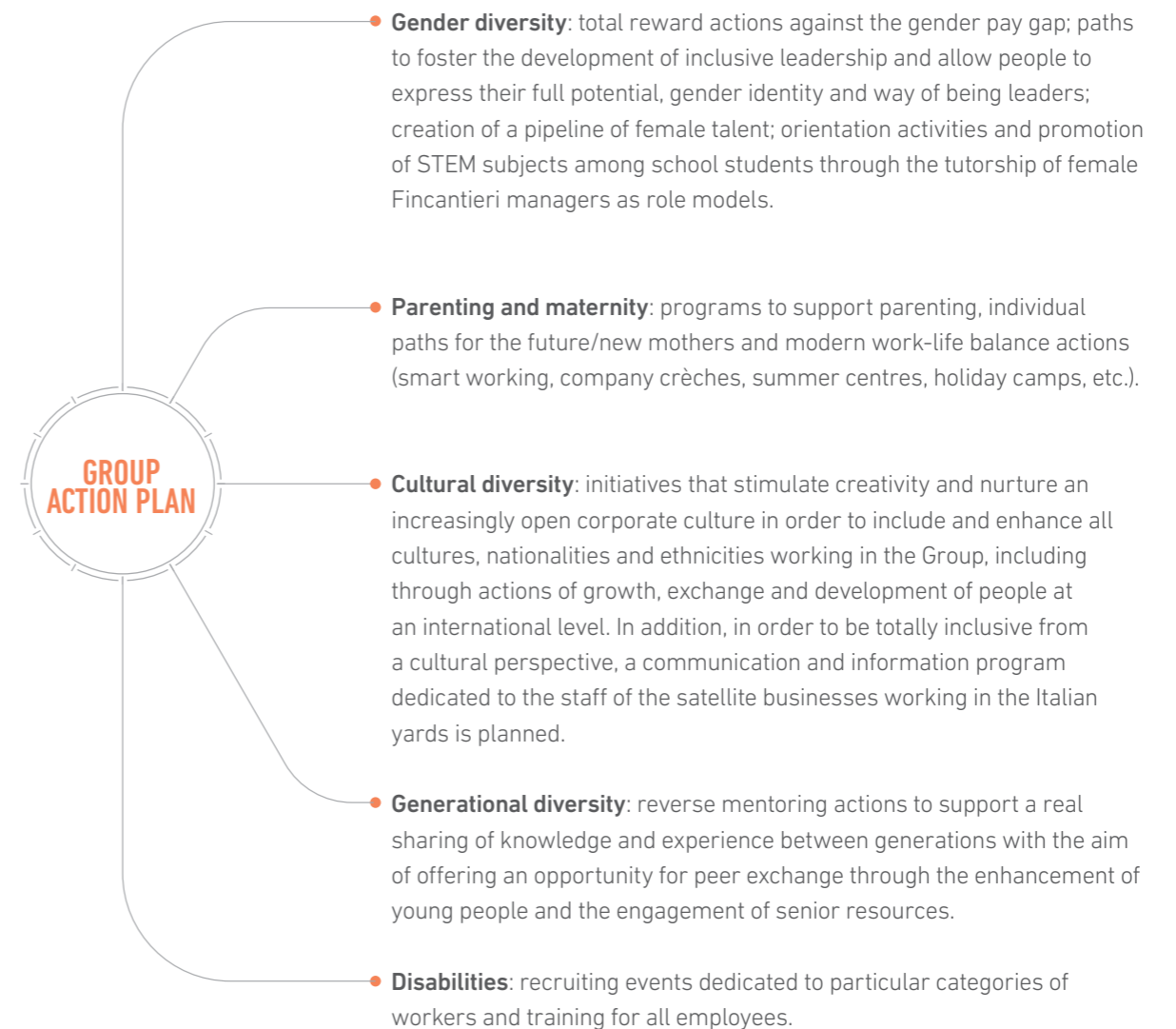
The results of the survey were shared at the end of the year, on the International Day of Persons with Disabilities, through a video that is also the Group's D&I manifesto and aims to motivate and engage people in making the work environment truly inclusive. The key findings from the survey are given below:



D&I ACTION PLAN

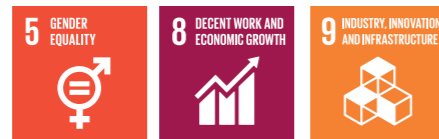


The evidence that emerged from the survey allowed us to define a **Group Action Plan** aimed at fostering the development of a single corporate culture on D&I, which includes specific actions and initiatives dedicated to those issues identified as "needing improvement". The plan includes actions common to all Group companies as well as local actions that leverage on the characteristics of the countries in which we operate. The Action Plan will be implemented starting in early 2022 and continuing over the next three years and, in addition to providing cross-functional D&I training activities, is broken down into 5 categories:



Since 2020, Fincantieri has participated, as partner, in the work of **Valore D**, the first association of companies in Italy for the balance of gender and an inclusive culture, which is proof of the Company's commitment to a fairer and more inclusive professional world.

GENDER PAY SURVEY



A survey was conducted in 2021 with the goal of verifying **equal pay between genders**. The study took the corporate population of Fincantieri S.p.A. as a sample and divided it into several clusters, such as: age, category and qualification levels, professional family, geographical location and presence of children. The results showed, despite the large numerical disparity between the two genders, substantial pay parity, from a statistical standpoint, between men and women. This is more evident among younger age groups, in which, moreover, the presence of women is greater. In light of the results of the analysis, Fincantieri has decided to put in place mitigation actions aimed at positively impacting gender balance and equal pay, particularly with regard to parenting, female leadership, and employer branding in order to attract young female STEM graduates. In addition, a specific analysis was carried out on white collar employees to assess any pay gaps between genders in the same performance evaluation; in this case, too, the analysis did not reveal any statistically significant phenomena.

EMPLOYEES BY AGE RANGE

	≤ 30		30-50		≥ 50		TOTAL	
	2020	2021	2020	2021	2020	2021	2020	2021
SENIOR MANAGERS	0	0	177	190	219	246	396	436
MIDDLE MANAGERS	13	12	673	654	443	473	1,129	1,139
WHITE COLLAR EMPLOYEES	1,470	1,520	4,701	5,178	2,113	2,465	8,284	9,163
BLUE COLLAR EMPLOYEES	1,302	1,087	5,866	5,507	3,173	3,442	10,341	10,036
TOTAL	2,785	2,619	11,417	11,529	5,948	6,626	20,150	20,774
% Incidence	14%	13%	56%	55%	30%	32%	100%	100%

The data refer to the entire Fincantieri Group.

PERCENTAGE OF EMPLOYEES BY GENDER



The data refer to the entire Fincantieri Group.

PERCENTAGE OF WOMEN ON THE BOARD



PERCENTAGE OF WOMEN BY CATEGORY OF THE CATEGORY TOTAL



The data refer to the entire Fincantieri Group.

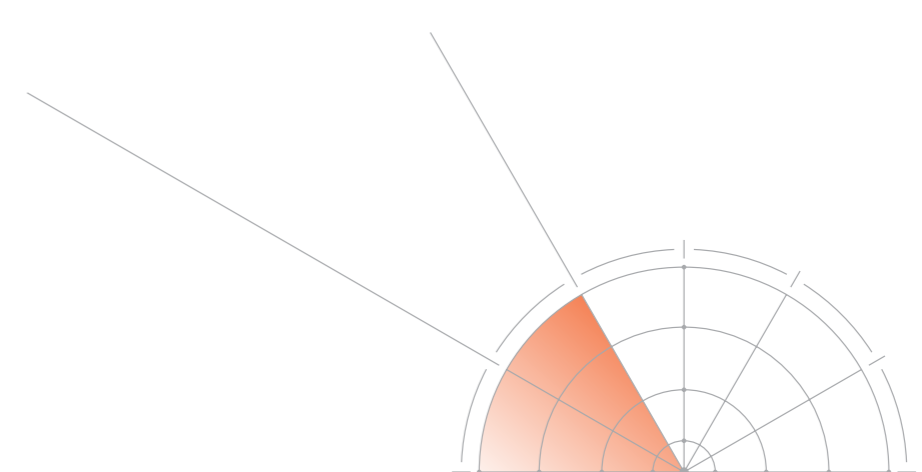
PERCENTAGE OF WOMEN WHO RECEIVED TRAINING OUT OF TOTAL WOMEN



The data refer to the entire Fincantieri Group.

We are constantly working to promote the insertion of people with **different physical** and **psychological abilities**, in line with the characteristics of shipbuilding and the risk profiles associated with the industry. 511 people with disabilities work in the Fincantieri Group.

The U.S. companies, Fincantieri Marine Group and Fincantieri Marine Systems North America Inc., as in the past few years, have implemented the actions set out in the affirmative action plan, which guarantees respect for diversity within the entire talent management process and includes specific training activities aimed at creating greater awareness of and sensitivity to diversity issues.

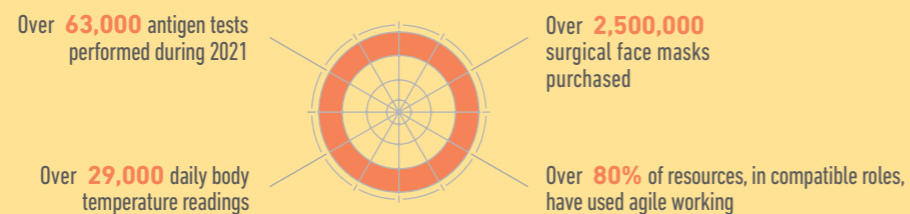


Health and safety in the workplace

The COVID-19 pandemic, which greatly affected the last two years, has prompted us to maintain specific measures to protect the health of workers, to allow the continuation of business activities in the presence of this social risk which has been added to those typical of the production cycle.

The updating of the protocols and measures adopted by Fincantieri S.p.A. has been the subject of constant sharing with the employers of the various sites and of all Italian and foreign subsidiaries, in order to enable a uniform application of good practices to contain the pandemic phenomenon in line with the orders issued by the competent authorities.

Initiatives to manage the COVID-19 pandemic



The data refer to Fincantieri S.p.A.

Both Italian and foreign companies have maintained the initiatives and containment measures adopted in 2020, in line with the models developed by the Crisis Management Team set up to manage the pandemic at Group level (temperature measurement, constant use of surgical masks, sanitization of work environments, organization of activities over several shifts).

During 2021, Fincantieri S.p.A. and its Italian subsidiaries have pursued further initiatives with a view to preventing and containing COVID-19 infections, actively collaborating with the competent Local Health Authorities, to make vaccination available to its own personnel and to the personnel of the satellite businesses. Management of the vaccination process, facilitated by the possibility of enjoying paid leave, took place in different ways: in hubs set up within the various operating units, as occurred, among others, at the Monfalcone and Riva Trigoso sites, or at easily accessible external facilities.

Similar initiatives have been implemented at VARD's shipyards in Romania.

In addition, all the measures already activated previously were maintained and implemented, such as the possibility of using smart working, where compatible, and the preferential use of IT for meetings, as well as the execution of antigen tests on samples of the working population for the early detection of people who test positive, including those who are asymptomatic. The flu vaccine was also made available to all personnel concerned.

Following the entry into force of the regulatory requirement that mandates possession of a valid "green pass" in order to have access to workplaces, Fincantieri S.p.A. and its Italian subsidiaries have organized themselves to carry out activities to verify the validity of COVID-19 Green Passes for all those who need to access the various sites (mass control).

Towards Zero Accidents

The continuity in the development of the Towards Zero Accidents project is guaranteed by a tried and tested organization capable of supporting both direct employees and the workers of contractor companies through their involvement in the various initiatives.

For the constant monitoring of production processes and for an effective dissemination of good practices, **coordination meetings** on safety and the environment are organized which, at least every two weeks, are carried out directly in the production areas and involve the participation of all the supervisors involved in production and the workers' safety representatives.

Meetings of the **Quality and Safety Committees** are also held periodically in each production plant. The purpose of these meetings, which are attended by shipyard management and first reports, is to monitor production processes in relation to quality and safety at work issues and to discuss any issues that have arisen during joint inspections of production areas and during meetings of the Safety and Environment Commission.

Similarly, in the United States, the Fincantieri Marine Group organizes monthly meetings involving Health & Safety and Environment managers and union representatives to analyse and share the results of accident monitoring, performance indicators and the main updates to the safety management system.

With the aim of preventing any kind of accident affecting both people and the environment, the subsidiary VARD is continuing with its Vision Zero project and envisages additional tools and initiatives:

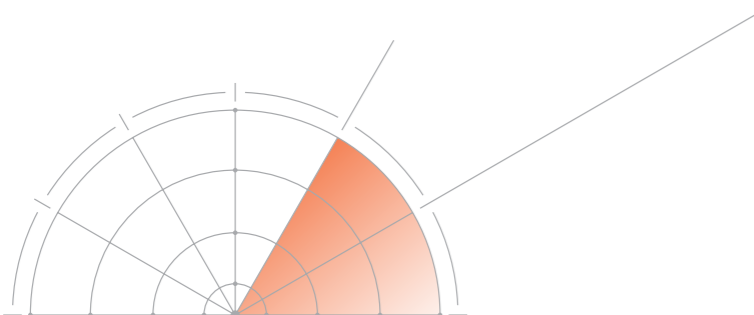
- using the Safety Observation tool to report any anomalies found;
- reporting health and safety indicators at the monthly management meetings;
- organizing an internal accident prevention week;
- electing an internal commission for the prevention of accidents;
- the internal distribution, based on the Group's guidelines, of a booklet with the ten golden rules for health and safety at work.

At both Group level and at the level of the individual site, the **trend in injury data** and rates for employees and the workers of contractors is constantly monitored and systematically reported to the various levels of responsibility as well as Top Management. The individual events that have led to accidents, as well as near misses, are the subject of detailed analysis and the dynamics that emerge suggest any necessary corrections. The majority of injuries consist of falls or impacts against fixed parts, with the main involvement of the injured person's lower limbs and hands.

Coordination meetings involving site prevention and protection managers are also held quarterly. Chaired by the Company's Health, Safety & Environment (HSE) manager, these meetings involve analysing the data collected, sharing best practices and examining issues of common interest in order to identify improvement proposals on which to focus the Group's activities.

The process of **assessing** the specific **risks** present in each workplace is the subject of specific company guidelines and consequent operational procedures; the same risks are the subject of safety training provided to all employees.

The Company's best performance and health and safety improvement objectives are benchmarks used to constantly monitor and stimulate the performance result and determine the related economic impact on the people in managerial and supervision roles as part of **variable remuneration mechanisms**.



MAIN HEALTH AND SAFETY INDICATORS

	2020	2021
Rate of absenteeism	4.5	4.3
Rate of occupational disease	0.1	0.1
Rate of work-related injuries	7.7	7.4
Rate of high-consequence work-related injuries	0.1	0.4
Rate of fatalities as a result of work-related injury	0.0	0.0
Number of injuries	297	315
- of which work-related	254	265
- of which high-consequence work-related	4	16
- of which fatalities as a result of work-related	1	0
- of which while travelling	43	50
Number of injuries – women	9	12
Number of training hours in health and safety	117,058	128,344
Number of employees trained in health and safety	14,590	11,019
Number of medical examinations	10,697	12,682
Number of diagnostic tests	19,205	16,750
Health and safety costs (euro)	14,110,425	12,487,448

The data refer to all the employees of the Fincantieri Group.
The number of medical examinations refers to Fincantieri S.p.A., Italian subsidiaries and the VARD group.
The health and safety costs refer to the costs incurred for health supervision and the provisioning of Personal Protective Equipment, including the personal equipment used to deal with the COVID-19 epidemiological phenomenon.
The rate of absenteeism was calculated as: (number of days absent due to injury or illness/workable days) x 100.
The rate of occupational disease was calculated as: (number of cases of occupational disease/hours worked) x 200,000.
The rate of recordable work-related injuries was calculated as: (number of recordable work-related injuries/hours worked) x 1,000,000.
The rate of high-consequence work-related injuries was calculated as: (number of high-consequence work-related injuries/hours worked) x 1,000,000.
The rate of fatalities as a result of work-related injury was calculated as: (number of fatalities as a result of work-related injury/hours worked) x 1,000,000.
High-consequence injuries are defined as events that caused more than 180 days of absence.

Together in Safety

The multimedia support Together in Safety is available in all Italian shipyards. It is a valid tool to inform all the resources involved in the production process and promote correct behaviour, including from an environmental perspective.

This is a **training video**, with a duration of around three hours, aimed at employees of subcontractors (a user catchment of around 30,000 people), and it is available in the 10 languages most commonly used in Fincantieri shipyards. The tool provided specific information on each of the production units in Italy and on the occupational hazards that characterize shipbuilding activities and it must be watched in the classroom when people enter the Group's production plants for the first time.

Memorandum of understanding with INAIL

In 2019, a Memorandum of Understanding was signed between the National Institute for Insurance against Accidents at Work (INAIL) and Fincantieri which aims to develop a safety at work culture and implement activities and projects with the goal of systematically reducing accidents and occupational diseases.

The MoU, which follows on from long-term cooperation, determines the scope and implementation methodologies of activities aimed at protecting workers' health and safety.

During 2021, **three events** (webinars) were organized, with remote participation of over 300 people per event, where very current issues were covered such as:

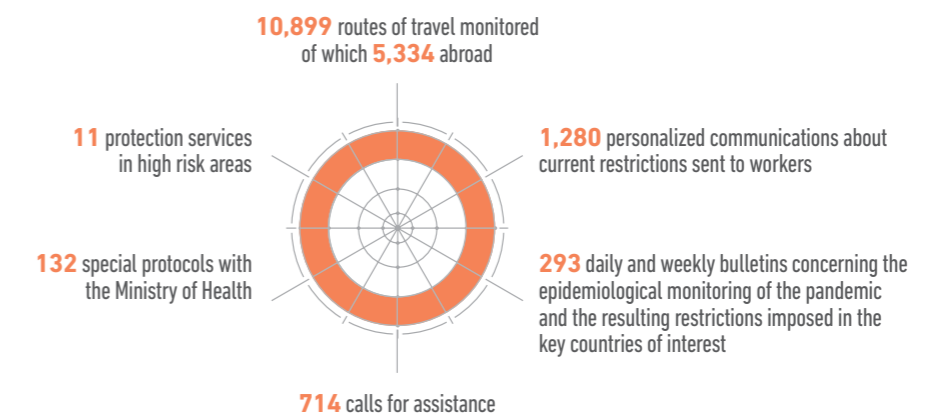
- the analysis of cross-functional risk factors and new ways of organizing work in a particular period such as the present, characterized by a widespread use of agile work (smart working);
- the importance of the human factor for a real cultural change in occupational health and safety;
- the importance of near misses as an opportunity to learn and monitor performance on these issues.

Supplier evaluation**SCORE-CARDS FOR SUPPLIER EVALUATION**

Contractors are already subject to evaluation from a financial, quality, contractual and production perspective in order to access the Supplier Register and are subject to periodic behavioural checks using a predefined format, and also through **score-cards** focused on suppliers' performance in health, safety and environmental issues. The assessments by the various shipyards, with the direct involvement of the various production areas, have led to the calculation of the overall performances of the companies and are subject to permanent monitoring within Supplier Oversight. As envisaged in the Sustainability Plan, in 2021 the entire base of main contractors and suppliers with derogation contracts with a significant presence within Fincantieri S.p.A. shipyards was evaluated for a total number of 1,012 assessments.

Security

Owing to the more frequent presence of Group employees who travel or are on secondment abroad, with the Travel Security program we have developed an ongoing mapping of risks in foreign countries which has guaranteed the security of travelling employees and the sustainability of the locations associated with business operations.

INITIATIVES TO HANDLE TRAVEL SAFETY DURING THE COVID-19 PANDEMIC - 2021

In 2021, the number of business trips to foreign countries increased again compared to the first year of the pandemic, which had dramatically reduced their frequency. The complexity and volatility of the global pandemic scenario made it necessary to carry out an extraordinary supervision of every route considered at risk, which Fincantieri ensured through a double verification process that involved the validation of over **5,000 foreign routes**. An advanced training program was launched for travellers heading to high-risk areas, thanks to which around 100 people were trained in 2021, with the aim of reinforcing the Group's safety culture. Through the activation of a **Crisis Management** system (abroad), **15 contingency plans** have been drawn up and updated for the most important foreign sites and locations where the Company is present. The plans are managed by special crisis committees (CMTs) which include, in addition to employers, travellers and the heads of the Security and of the relevant Health and Safety department, the heads of all functions involved in the travel and personnel management process. In accordance with corporate procedures, each CMT met at least twice a year, to update team members on the evolution of risks present in local scenarios and for training activities based on contingency plans. A Crisis Management **software platform** is also active. It allows committees to meet virtually to manage possible crisis situations even when on the move or when the Company is closed (at night or on holidays). In 2021, 22 new crisis team members were trained in the use of the platform through one-to-one training. The travel risk management system is being gradually extended to the Group's subsidiaries as the need for it is identified.

ISPS CODE IMPLEMENTATION



As envisaged by the Sustainability Plan, 2021 saw the implementation of the **International Ship and Port Facility Security (ISPS) Code**, Chapter XI-2 of the SOLAS Regulation developed by the International Marine Organization (IMO): a comprehensive set of rules to enhance ship and port facility security in order to mitigate the risk of acts of terrorism and other unlawful acts. On the basis of the types of ships interacting with the areas pertaining to Fincantieri, the relevant authority has determined its obligation for the Arsenale Triestino San Marco, Muggiano and Palermo shipyards, while considering the Monfalcone and Marghera shipyards as occasional. The necessary professional figures had already been identified at these shipyards, and the planned activities and facilities had been implemented. Following on from our commitment to maintain an effective system of corporate governance and risk management, the same mitigation methodologies have been extended to the Ancona, Castellammare di Stabia, Sestri Ponente, Riva Trigoso shipyards and for the Trieste, Rome and Genoa offices, while informing all staff accessing the sites about the main organizational measures, rules of conduct and how to report abnormal events. Training of Fincantieri employees continued in 2021 with the provision of an interactive and customized e-learning course aimed at familiarizing them with security issues.

ISO 45001 and SA 8000 certifications

ISO 45001 certification is an international standard that defines the requirements for certifying the occupational health and safety management System.

100% of the Group's Italian production plants are ISO 45001 certified, while during the year the companies Fincantieri Infrastructure S.p.A. and Fincantieri SI S.p.A. also achieved ISO 45001 certification, with the aim of minimizing risks and constantly improving health and safety levels.

The VARD group obtained OHSAS 45001 certification for the Romanian Braila and Tulcea shipyards, as well as for the Vietnamese Vung Tau shipyard, ending the process launched in recent years of migrating to the new standard.

U.S. subsidiary Marinette Marine Corporation has also obtained ISO 45001 certification, at the end of the same process of migrating from the old to the new standard.

In addition, the Vietnamese company Vung Tau and some Italian companies such as Fincantieri Infrastructure, FINSO and Fincantieri NexTech have **SA 8000** (Social Accountability) certification, an international standard aimed at certifying certain aspects of company management pertaining to corporate social responsibility. These are:

- respect for human rights;
- compliance with labour law;
- protection against child labour;
- guarantees of occupational health and safety.

It was decided to certify these companies either because of their particular geographic location (Vietnam) or because of the type of business that makes it necessary to pay more attention to corporate responsibility issues.



For more information on the certified shipyards and companies, see the website www.fincantieri.com/en/sustainability/certifications/



Wellbeing of the people

We have a **welfare model** that has a positive impact on people's wellbeing and responds to the evolutionary processes of the job market and the company, making it possible to improve working relationships and the organizational climate. This model has increased the level of attractiveness of the organization and its work environment, raising the level of employee engagement and their sense of belonging, confirming our interest and commitment to improving the living conditions and wellbeing of our employees and their families.

The welfare tools are aimed at employees in general of Fincantieri S.p.A., including part-time and fixed term employees and are also recognized for the employees of Italian subsidiaries and/or associates falling within the scope of the supplementary labour agreement.

The Social Bonus has particular significance in the welfare system. It is paid annually and exclusively in **welfare services** and any unused bonus amounts are automatically allocated to the individual employee's supplementary pension fund. At the same time, to provide an incentive to allocating a part of the variable bonus to the use of welfare services, employees who decide to use it in this direction are awarded an increase of 10% of the value. In 2021, 25% of the overall performance bonus allocated was converted into welfare services. To help an employee benefit from company welfare, a website has been made available through which employees can access a wide range of goods and services, such as:

- training activities;
- assistance for family members;
- sports, wellness, travel, etc.;
- the supplementary pension and health program, which supplement the measures already defined in the National Collective Bargaining Agreement (CCNL) and the company's supplementary labour agreement;
- repayments on mortgages, nurseries, public transportation or train season tickets, etc.

We have also recently activated a new **corporate conventions portal** reserved for Group employees. This new platform provides a wide range of discounts on products and services of different categories related to national and international brands.

With regard to **supplementary health care**, the Company is a member of the Health Fund for Steelworkers, called MètaSalute, with a supplementary health care plan for employees and dependent family members, also covered free of charge. Participation in the Contractual Fund, reinforced by additional coverage specifically established by Fincantieri with the operator, guarantees the provision of health services that are diversified and with high limits, insured both directly, through the facilities contracted with the operator and in the form of reimbursement.

Fincantieri also guarantees the opportunity for **pensioners** to continue to make use of the supplementary health care benefits with a contribution paid for by them.

Flexible working arrangements have been maintained in order to reconcile the protection of workers' health and safety with the need for continuity of production activities during the pandemic. In particular, extensive use has been made of **smart working** at sites and yards where it is compatible with work activities. It should also be remembered that the Company has already signed an agreement in 2020 with the National Trade Unions to make agile working structural after the emergency period. The agreement is designed to achieve significant increases employees' personal wellbeing, not only fostering a better balance between work and personal needs, but also developing their professional skills by enhancing their degree of autonomy and orientation towards objectives and results, strengthening the trust relationship with their managers.

As part of Fincantieri's welfare system, of particular importance is the well-established network of **company clubs** that organize initiatives that meet the needs of personnel, such as "after-school" activities, recreational, sports and cultural activities, holiday camps, and support for the purchase of schoolbooks for employees' children. Due to the health emergency, in the last two years, the clubs have not organized the traditional holiday



camp in seaside or mountain resorts for employees' children but, in order to support families, the company summer camps were expanded.

In 2021, around 8,200 registered members, including current and former Fincantieri employees, benefited from the activities of the 9 company clubs at national level.

We have launched a study for the creation of a **company crèche** at the various Italian company sites, which can support parents in managing their children during working hours. The project was created through a survey that collected information that was useful in defining the steps of the project.

On the whole, employees have shown a strong interest in the initiative, beyond expectations, and also provided useful suggestions on how to define the service.

The first company crèche will be set up at the headquarters of the Merchant Shipping Division in Trieste and, once fully operational, will be able to accommodate 38 children, including 3 places reserved for external users. Implementation of the project will continue, in the short term, with the creation of the crèche for employees of the Monfalcone shipyard, which will be housed in the former Workers' Hotel, a structure that testifies to Fincantieri's centuries-old tradition of social welfare work and its historical link with the local territory.

The project will then continue with the gradual implementation of facilities at the other sites concerned.

Fincantieri Marine Group provides benefits to all employees working for at least 30 hours a week. Benefits include enrolment in the Group Health Medical Plan, which includes health, dental and ophthalmic cover, the cost of which is borne partly by the company and partly by the employee. Additional benefits are available that are not included in the above plans, such as the on-site clinic, vacation and holiday pay, the policy on short/long term disability, life insurance for accidental death&dismemberment, the retirement plan and the employee assistance program.

In Norway and Vietnam, VARD provides all permanent employees with medical care, in-house catering services and life insurance, while in Romania these benefits are guaranteed for Vard Tulcea.

Industrial relations

Industrial relations in Fincantieri are characterized by a participatory model defined by the 2016 supplementary labour agreement, which covers multiple Bodies that envisage the involvement of trade unions and the direct presence of workers.

The **Advisory Committee** is a strategically important body and it is composed of 6 company representatives and 6 trade union representatives, and meets annually for information and consultation between the Parties on issues such as market scenarios and competitive positioning, economic performance, alliances and strategic partnerships, business strategies, technological innovations, safety at work, training and retraining, relations with educational institutions and/or universities, and employment trends.

The Committee also meets when there are changes in the company and ownership structure, considerable organizational changes, significant changes in labour policy, restructuring and/or reorganization projects and restructuring and development programs.

The supplementary agreement governs the operation of the **Joint National Committee on Safety at Work** and the **Joint National Training Committee**. The Joint National Committee on Safety at Work analyses aspects related to the health and safety of employees as well as environmental factors of importance for the company as a whole. This Committee also monitors the development of operational projects implemented at individual sites that are closely linked to safety and environmental issues. The Joint National Training Committee is responsible for analysing training needs, evaluating and approving plans involving resources from different operating units and monitoring the progress and effectiveness of the training provided. As part of the Committee's activities, specific agreements were signed aimed at using the resources available in Fondimpresa.

Each company site has a **Bilateral Joint Technical Body** and a **Committee on Safety and Environment** which, by systematically involving all resources, aim to increase the motivation and participation of employees in the change and innovation processes, combining the necessary increases in efficiency and productivity with the improvement of working conditions and the environment.

In relation to the growing process of internationalization and with a view to encouraging the full involvement of Group workers, we are committed, together with the trade unions, to setting up a special working group for



the establishment of the **European Works Council (EWC)**, which will be devoted to informing and consulting the workers of EU-wide companies.

Our focus on **work-life balance** is already included in the National Collective Bargaining Agreement for steelworkers, where a worker dealing with serious family situations can take a period of leave of absence of up to two years.

In March 2021, we signed an agreement with the National Trade Union Organizations (OSNs) to introduce **Solidarity Holidays**. Workers may voluntarily give up, free of charge, their accrued rest and vacation time to colleagues who need to provide constant care for young children, seriously ill children and victims of gender-based violence. This opportunity, which is useful when dealing with delicate situations and needs of a personal and family nature, also intends to promote a system of mutual support, creating a sense of collective responsibility in the construction of a positive and supportive company climate.

On 26 May 2021, Fincantieri signed an important trade union agreement with the OSNs and the Trade Union Coordination Executive on the issue of **contracting**.

The agreement, starting with sharing what is already regulated by the supplementary contract in force, confirms the validity of the initiatives developed by the Company in recent years and defines significant lines of action such as: the strengthening of actions against irregularities, the simplification and reduction of subcontracting activities in "labour intensive" areas, also through the launch of automation projects, the involvement of satellite businesses in sustainability issues. The agreement also highlights the need to strengthen the technical and professional skills of the shipbuilding industry through the extension of initiatives with local authorities for the preparation of recruiting and training/retraining programs, as well as strengthening the possibility for workers in satellite businesses to exercise their trade union rights.

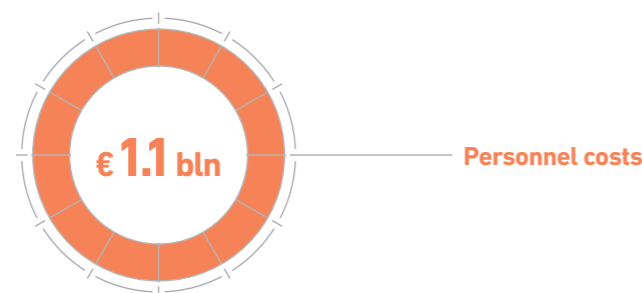
On 7 December 2021, an agreement was signed again with the OSNs and with the Executive of the Trade Union Coordination, regarding the **extension of the supplementary contract** nearing its expiry, which will be valid until 30 June 2022, confirming the application and the effects of the regulatory and economic aspects for this additional period.

Employees are guaranteed **freedom of association** throughout the Group. In 2021, 49% of employees are registered with trade unions.

In all the countries where the Group operates there are contracts or agreements that regulate the employment relationship.

The VARD group has implemented a model of industrial relations that is strongly oriented towards dialogue with trade unions in order to identify and provide impetus for the conversions needed to ensure a stable and profitable future for the Company.

Remuneration



The remuneration of employees (blue collar and white collar) is defined in relation to the relevant labour market and with the provisions of the collective bargaining agreements and company level contracts and consists of a fixed component and a variable component.

The **fixed component** remunerates the role and, specifically, the responsibilities assigned to each employee, taking account of, among other things, the level of experience, the quality of the contribution that each employee brings to the attainment of the business results, as well as the level of excellence with respect to the duties assigned. The aforementioned component is sufficient to remunerate the services performed, including in the event of no payment or only partial payment of the variable components, where envisaged. It is also such as to ensure adequate competitiveness at the remuneration levels recognized by the market for the specific position. The **variable component** is linked to predetermined and measurable Group and individual performance objectives and remunerates, according to the different structures, the results achieved in the short and long term. This component focuses people's attention and commitment on the achievement of strategic objectives and can be provided, where applicable, not only in monetary form, but also in the form of welfare.

SUSTAINABILITY OBJECTIVES IN THE VARIABLE REMUNERATION SYSTEM



As set out in the Sustainability Plan, **sustainability objectives** with a weight ranging from 10% to 30% in connection with the management areas have been included in the short-term variable remuneration system (MBO) for Italian employees. Also in 2021, over 25% of Italian employees who are MBO Plan recipients received at least one sustainability target.

Moreover, during the year a comparative analysis of the variable remuneration system in place in the foreign subsidiaries was developed in order to assign future sustainability objectives at Group level. The percentage of employees with MBOs in the VARD subsidiary is limited, while in the American companies this percentage increases to over 20% in Fincantieri Marine System North America and exceeds 40% in Fincantieri Marine Group.

In terms of remuneration, gender equality is an indispensable element in company management. The wages and salaries are consistently determined based on identical assumptions and on uniform assessment criteria. The data on the ratio between the remuneration (global basis) of women compared to that of men are provided below.

RATIO BETWEEN WOMEN'S BASIC SALARY AND MEN'S AVERAGE SALARY

	2020				2021			
	SENIOR MANAGERS	MIDDLE MANAGERS	WHITE COLLAR EMPLOYEES	BLUE COLLAR EMPLOYEES	SENIOR MANAGERS	MIDDLE MANAGERS	WHITE COLLAR EMPLOYEES	BLUE COLLAR EMPLOYEES
Fincantieri	0.9	1.0	0.9	0.9	0.9	1.0	0.9	1.0
VARD Group	0.8	1.3	0.6	0.9	0.7	0.8	0.7	0.9
Fincantieri Marine Group	1.3	1.0	0.8	0.8	1.2	1.0	0.8	0.8

RATIO BETWEEN WOMEN'S GLOBAL REMUNERATION AND AVERAGE REMUNERATION OF MEN

	2020				2021			
	SENIOR MANAGERS	MIDDLE MANAGERS	WHITE COLLAR EMPLOYEES	BLUE COLLAR EMPLOYEES	SENIOR MANAGERS	MIDDLE MANAGERS	WHITE COLLAR EMPLOYEES	BLUE COLLAR EMPLOYEES
Fincantieri	1.0	0.9	0.9	0.9	0.9	1.0	0.9	0.9
VARD Group	0.8	1.2	0.7	0.8	0.6	0.8	0.6	0.8
Fincantieri Marine Group	1.4	1.0	0.8	0.8	1.4	1.0	0.8	0.8

The data refer to the Fincantieri Group as a whole except for the new companies that entered the consolidation during 2021 (Finso, IDS, SOF, Ergon Projects, Inso Albania, Constructora Inso Chile, Team Turbo Machines).

Since discriminations in determining remuneration are not implemented, the fluctuations seen regarding wages and salaries of gender between the different years are due only to the different breakdown of the resources that, from year to year, contribute to forming the final balance of the data (leaves/entries), in addition to factors such as seniority, organizational role and nature of the duties that distinguish each one of them. The absence of statistically significant gender pay gaps was also confirmed by the gender pay survey carried out in 2021 and discussed in the Diversity and Equal Opportunities section.



Engagement with people

In 2021, we continued the **change management process** launched some time ago in the Company and aimed at focusing on our people by creating relationships based on trust and transparency, with the aim of listening to the needs

and requirements of everyone, improving the quality of working life, gathering and developing suggestions and ideas. Over the past 6 years, numerous initiatives have been implemented to listen to and dialogue with employees; the most important are the following:



FINCANTIERION PROJECT: SUSTAINABILITY INITIATIVES



As part of the **FincantieriION** project, in order to ensure the active involvement of personnel and in line with the objective of bringing sustainability initiatives formulated by employees to fruition, in accordance with the objectives of the Sustainability Plan, during 2020 a Company Technical Committee evaluated over 370 ideas collected, focused on technological development and energy efficiency, compatible with protecting the environment and creating long-term value. From these, four "green" ideas have been selected, for which feasibility studies on their implementation have been initiated during 2021:

- a study on the use of ammonia, as a possible alternative for "green" ship propulsion;
- the installation of photovoltaic panels on the shipyard areas;
- the use of motion-sensor lights in company premises such as bathrooms and locker rooms;
- generalized relamping interventions.

COMMUNITIES AND LOCAL TERRITORY

In dealing with the pandemic we have shown that we are one big shipyard that thinks with one heart and sails in the same direction, becoming a reference point due to our strong sense of individual and social responsibility



We direct our activities in line with our values, mission and vision by carefully assessing the context, needs and requirements of the territories in which we are present.

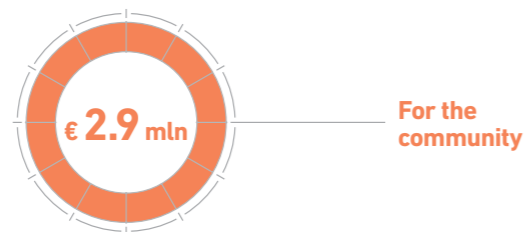
We support and involve all local communities through initiatives, donations, gifts and investments aimed at responding to the needs most felt by communities by becoming an active part of the social and economic development of the territory.

We have implemented a **Fincantieri Group Policy on initiatives for the Communities and Local Territories** in which:

- the Group is **committed** to dialoguing with and supporting local communities as stated in its Code of Conduct and Charter of Sustainability Commitments;
- are contained the **lines of action** on which the community support strategy is based;
- the path of **active participation** that the Group has undertaken towards the communities and territories on which it is present is fully expressed.

The document is approved by the Board of Directors of Fincantieri S.p.A..

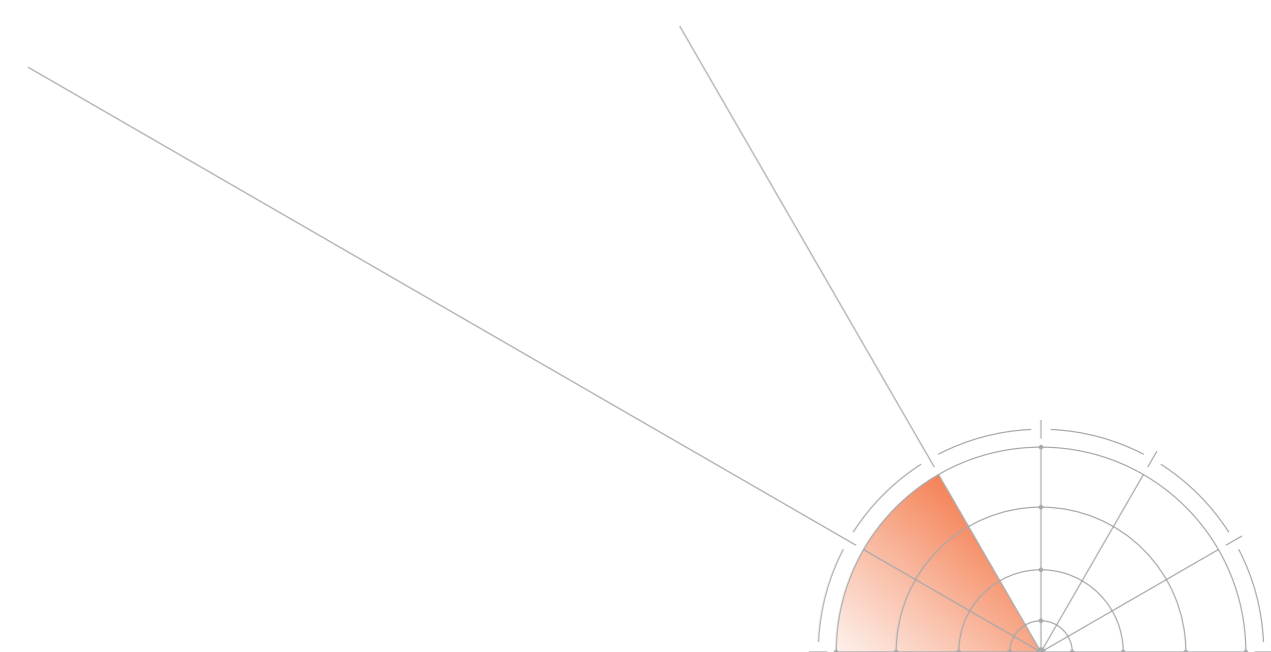
Fincantieri Group's Policy on initiatives for the Community and Territory is available on the website www.fincantieri.com/globalassets/sostenibilita2/responsibilita-sociale/le-nostre-iniziativa/fincantieri_fincantieri_group_initiatives_for_the_community_and_territory2.pdf



In 2021, at Group level we allocated approximately euro 2.9 million to initiatives in favour of the community.

Lines of action

Our lines of action are primarily aimed at:





Fostering employment and integration, including through the promotion of educational and training programs

Our goal is to:

- facilitate the matching of labour supply and demand;
- activate a virtuous circle and an ever closer bond with local communities;
- create opportunities for growth and enhance the skills of people and businesses.

We are committed to tackling the problem of misalignment between labour demand and supply by acting upstream, namely on skills, to train people in the most critical and sought-after skills in the shipbuilding sector. With this in mind, we have activated joint recruiting and training actions with the regional and municipal administrations, aimed at unemployed people or non-workers, including those who have emerged from businesses in crisis in the area, in order to integrate them into our system, particularly in satellite businesses. As part of our well-established collaborations with second-level technical institutes, aimed at both orientation and education, we are fully implementing the Memorandum of Understanding signed in April 2020 with the ISIS Pertini Institute of Monfalcone, the Regional School Office for Friuli Venezia Giulia and the Municipality of Monfalcone, aimed at developing an experimental program for classes III, IV and V of the Maintenance and Technical Assistance course. The experimental program aims to orient students' skills towards the naval sector through technical-practical training, integrated into the school curriculum, which enables the students to experience the skills of shipbuilding trades (welding, carpentry, piping and system installation) so that, once they graduate, they can easily find employment because they possess, in addition to their diploma, skills that can be used on the labour market. The program also aims to contribute in the updating and training of teachers of the subjects covered in the course.

Fincantieri has further strengthened its commitment to supporting the educational system of the local territories where it is present, acting as a "partner" for families and teachers to train young people, i.e., to invest in the human capital of the country of tomorrow, with specific focus on girls in order to offer equal opportunities for growth and promote access to professions in male-dominated sectors. The Company is investing in orientation and training projects, with interventions by company experts as Masters of Trades, role models and mentors, aimed at students in middle schools and the last years of high schools in those regions with the highest dropout rates. The goal is to develop students' technical and transversal skills, stimulating their passions and talents, and at the same time counter the phenomenon of dropping out of school.

PESCHIERE UNIVERSITY STUDENT ACCOMMODATION FOUNDATION

Donation aimed at covering the fees of particularly deserving students with limited economic resources.

REFURBISHMENT OF SCHOOL BUILDING IN THE MUNICIPALITY OF MONFALCONE

In December, Fincantieri delivered to the Municipality of Monfalcone a building destined to be used as a nursery school, after having renovated and adapted it to the needs. The first 53 children were able to benefit from this initiative immediately. Fincantieri will also cover the operating costs for the first years of activity.

CELEBRATION OF THE CENTENARY OF THE SAN GIORGIO NAUTICAL INSTITUTE IN GENOA

Sponsorship of the celebration of the 100th anniversary of the San Giorgio Nautical Institute, in Genoa, as further evidence of the well-established collaboration between the Company and second-level technical institutes.

EDUCATIONAL AND TRAINING PROGRAMS

- Pre-employment courses to train the unemployed/non-workers on critical professional skills.
- Two-year (ITS) and one-year (IFTS) post-diploma specialization courses.
- Experimental program at the industrial technical institute ISIS Pertini Monfalcone.
- Orientation and training activities in middle schools and high schools. Targeted actions for staff made redundant due to companies in economic crisis.



Strengthening the Group's identity and sense of belonging with employees and with communities

Our primary intention has always been to be open and transparent towards our employees and territories, trying to promote awareness of the Company and its values as much as possible.

EVENTS

The pandemic has radically changed our habits and lifestyles, and has forced us to suspend all activities that could jeopardize our people's health (family days, children on board and open shipyard days).

The organization of all the initiatives that enabled our stakeholders to enter the Company has been postponed.

During the course of the year, a number of events of various kinds, including ship deliveries, were organized for a limited number of guests in order to ensure strict compliance with the regulations in place to contain the pandemic. Live streaming was organized for the above ceremonies in order to maintain a direct line of communication, providing everyone with the opportunity to follow the important moments of company life.

COMPANY CLUBS

In 2021, approximately 16,000 registered members benefited from the activities of the 9 company clubs at national level, of which over 8,200 were current and former Fincantieri employees.

The premises of the company clubs, the staff in charge of the administrative management and the economic resources necessary for their maintenance are predominantly provided by Fincantieri.

COUNTY FIRE DEPT.

Charitable donation to the local branches of the Fire Department, funds were also used to purchase equipment and gear.

PROMOTING SPORT

- Tennis Club Triestino - sponsorship of the second edition of the Trieste City international tennis tournament, ATP Challenger circuit.
- Golf Club Trieste - sponsorship of the Fincantieri Cup golf event.
- Unione Fincantieri Monfalcone - sponsorship and in particular support of the youth football team Unione Fincantieri Calcio Monfalcone, which bears the Company's name. This sporting activity is rooted in history and began at the end of World War II.
- Pallacanestro Trieste 2004 Srl - support for the team playing in Serie A, for the National Championship 2021/2022.
- Sponsorship of the Navy's Nastro Rosa Tour - the tour of Italy in a sail boat. This is an ambitious project in which experience, values and traditions of Italian seafaring merge with the sport of modern sailing to celebrate the beauty of the seas of Italy.
- Support in the U.S. for various sports initiatives aimed at promoting a healthy lifestyle.
- Support to local high school football and baseball teams in the area.



Promoting cultural activities to protect and enhance artistic, historic and cultural heritage

Culture can drive growth in the territory. We want to contribute to the attractiveness of local territories and increase their development opportunities by recovering and enhancing artistic and historical peculiarities and supporting cultural initiatives.

CAMPIELLO FOUNDATION

Sponsor of the 59th edition of the Campiello Literary Prize.

MUCA - MONFALCONE SHIPBUILDING MUSEUM

Collaboration with MuCa - Monfalcone Shipbuilding Museum - through the Fincantieri Foundation.

LINK - JOURNALISM FESTIVAL

A unique event on the cultural scene that is now in its eighth edition. Four days of talks, meetings and interviews with leading figures from the worlds of IT, culture and economics on topics such as science, sustainable development and economic recovery. Link 2021 reconfirms our participation in "No women, No panel", the campaign promoted by the European Commission that requires the presence of at least one female figure for every meeting or conference in scheduled events and aims to raise awareness among both stakeholders and the public about gender balance in panels and public events.

BARCOLANA

Participation and local identity are pivotal elements of the Barcolana, the world's largest international sailing regatta held in Trieste for over 50 years. Fincantieri renews its support for sport and the local territory by sponsoring the 53rd edition.

"SEA LIVES" BOOKS

Sponsorship of a series of books, distributed in the territories through local newspapers. The books are a representation of the myth of the sea in literary masterpieces.

MUNICIPALITY OF MONFALCONE - GEOGRAPHIES FESTIVAL

An event with a high literary profile, with the presence of writers and journalists of national fame. It is an event that involves the entire territory both culturally and economically.

RAIMONDO SIROTTI CULTURAL ASSOCIATION

Support for the exhibition dedicated to the artist Raimondo Sirotti. The exhibition took place in Genoa, at the prestigious venue of Palazzo Ducale.

MARINETTE COUNTY FAIR - LOGGING & HERITAGE FESTIVAL

Support for various cultural events and local festivals.

PACIFIC BATTLESHIP CENTER

Support for the event organized to promote the future museum dedicated to naval surface vessels.



Supporting scientific research and technological innovation

We support scientific research and technological innovation for a sustainable future. With this objective we promote and support multiple activities aimed at spreading a culture of technological innovation and research and the realization of scientific projects with the contribution of scholars and experts.

SPONSORSHIP AND PARTICIPATION IN EVENTS/CONFERENCES

- Trieste Next - 10th edition of the Festival of Scientific Research with a focus on science for sustainable wellbeing.
- MED 2021 - Rome Mediterranean Dialogues. 7th edition. Meeting on the theme of the extended Mediterranean, joint international security, cooperation and development opportunities.
- Science Festival in Genoa.
- XII Edition of the Diplomacy Festival, Rome.
- Sponsorship of the G20 in Genoa "High-Level Conference on Local Infrastructure Investment" meetings and working tables on the issue of technological infrastructures and their scope for future development, in terms of local, national and global investments.

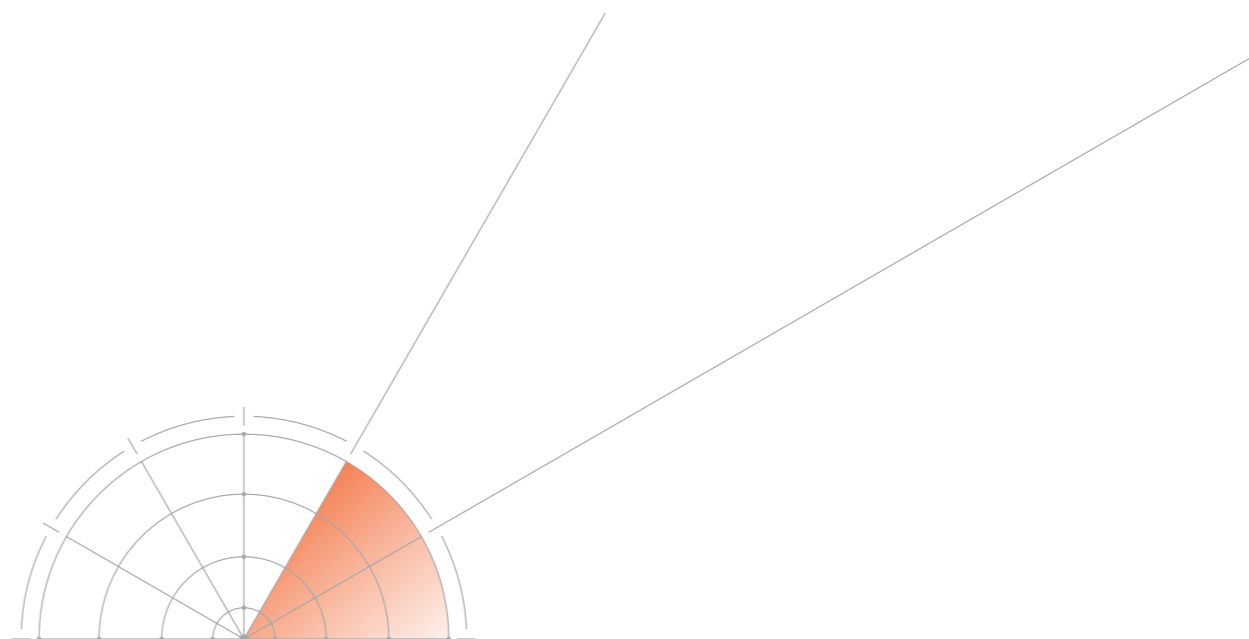
TECHNOLOGICAL RESEARCH

Participation in the research project The cloud industry and the role of Italy within the European Gaia-X project on technical aspects and business models of cloud services.

COOPERATION PROTOCOLS

Projects for teaching and research activities, internships and doctorates with:

- Universities.
- Business Schools.
- Colleges.





Fondazione **FINCANTIERI**

FINCANTIERI FOUNDATION

The Fincantieri Foundation (www.fondazionefincantieri.it) supports the corporate culture in a continuous, organic and authoritative way, and is a link with the social fabric and it establishes a socially responsible, equitable and virtuous relationship with local territories.

Through its activities, the Foundation has allowed many materials related to the industrial heritage of shipbuilding production to be recovered, including tens of thousands of technical drawings and images and numerous ship models. During 2021, recovery-related initiatives included:

- Launch of the digitization of the Company's wealth of historical videotapes in collaboration with the Consorzio Culturale del Monfalconese.
- Mapping of the photographic material of the Sestri Ponente shipyard in collaboration with the Ansaldo Foundation.
- Recovery and restoration of 12 historical ship models owned by Fincantieri and their loan to the Port Authorities of Monfalcone and Trieste for exhibition purposes.
- Recovery and restoration of 26 historical ship models owned by Fincantieri and their loan to the Municipality of Monfalcone for museum and institutional purposes.

Through sponsorship or participation in exhibitions and cultural events, the Foundation contributes to the dissemination and enhancement of Fincantieri's historical heritage, ideally placing itself between the world of culture and the world of business.

- Charitable donation to the Guglielmo Marconi Foundation for the organization of the Marconian celebration events for the 90th anniversary of the lighting of the lights on the Christ of the Redeemer in Rio de Janeiro.
- Sponsorship and the provision of images for the temporary exhibition on railroad workshops held at the Shipbuilding Museum.
- Sponsorship with the provision of historical images of Crown&Regal Princess of the Peripheral Memories project, which resulted in the production of a film dedicated to the shipbuilding activity of Monfalcone, premiered at the Slovenian Film Festival in Portorož.

Providing historical images and thus making an important contribution to the preservation of corporate culture and promoting studies, research, exhibitions, publications in the cultural field. Specifically, the contribution was expressed in the support and provision of:

- Historical photos of the Amerigo Vespucci school ship for the book edited by Metropolis on the occasion of the 90th anniversary of its launch.
- Historical images for the RAI programme *Officina Italia*.
- Photos for the book on friezes of the ships of the Royal Navy written by Giovanni Rusconi, published by Luglio Editore.
- Images of Micoperi 7000, Crown&Regal Princess for a future Lloyd Register publication on the history of recent Italian ship constructions.
- Images of container ships made in Sestri Ponente and Muggiano for the book by the Dutchman Jan Klapwijk on the evolution of container transport.
- Photo of the container ship *Lloydiana*, built in Muggiano, for Sergio Bologna's publication on the innovation of container transport by Lloyd Triestino.

One of the Foundation's various missions is to support activities with social aims through the promotion of solidarity-based interventions in favour of development and social cohesion.

With this in mind, a charitable donation was made for the purchase of a new ambulance for the Italian Red Cross - Monfalcone Committee.

Assistance to students, associations and public entities with regard to historical research on the shipbuilding world and on Fincantieri's activities.

Activities during the year were carried out mainly online/ remotely in compliance with the restrictions dictated by the health emergency and then resumed, where possible, in person.





Supporting the vulnerable

Support to people in difficulty and the promotion of volunteer initiatives for disadvantaged communities is an issue that we feel strongly about and we translate this feeling into practical help through numerous initiatives.

AGREEMENT WITH THE FOOD BANK (ITALY)

Joint working agreements for charitable purposes with the Banco Alimentare (Food Bank) of the Liguria and Marche Regions and with the companies that provide catering services at the canteens in the Group's 4 production shipyards: Muggiano, Riva Trigoso, Sestri Ponente and Ancona. With these initiatives our shipyards donate uneaten food from the company canteens so that the Food Bank can redistribute it to charities that support and help the poor and, more generally, people in difficulty.

By way of example, at the Riva Trigoso shipyard, we served over 10,200 individual portions, while through the Muggiano canteen, about 4,500 full meals were dispensed.

In Sestri Ponente about 800 meals were delivered, equivalent to a total of 232 kg.

COURT APPOINTED SPECIAL ADVOCATES (CASA) PROGRAM (UNITED STATES)

Associations in the United States that assist children under court guardianship.

Many employees at the Marinette Marine plant have volunteered for the program by undergoing approximately 30 hours of training.

THE FULLER CENTER FOR HOUSING (UNITED STATES)

An association that helps families in need through maintenance and repairs to ensure they have a livable and decent home.

MARINETTE AND OCONTO COUNTIES LITERACY COUNCIL (UNITED STATES)

Non-profit association through which volunteers teach adults to read and write and enable them to find a job and improve their living conditions.

BAY CLIFF HEALTH CAMP (UNITED STATES)

Support for the Bay Cliff summer camp for children with disabilities.

NORTHEAST WISCONSIN TECHNICAL COLLEGE (UNITED STATES)

Support for the initiative to involve Technical College students in repairing vehicles owned by war veterans and their families.

MARINETTE COUNTY ELDERLY SERVICES (UNITED STATES)

Non-profit organization that assists the elderly in Marinette County. Ad hoc programs are organized to help them maintain a healthy, wellness-oriented lifestyle.

FGP FOUNDATION (UNITED STATES)

Foundation through which volunteers support children in foster care in schools.



Protecting health and promoting research

Our contribution primarily consists of initiatives to support the medical-scientific sector or to support the sick. We are convinced that it is only through scientific research that we can improve people's quality of life and prospects, because health protection is an ethical and social value of primary importance.

UNIVERSITY OF TRIESTE

University Clinical Department of Medical, Surgical and Health Sciences

Charitable donation in support of scientific research in Cardiology and Customized Medicine. Focus of the research project is to evaluate the therapeutic effect of biological molecules in a anthracycline cardiotoxicity model.

FONDAZIONE ANT ITALIA NON-PROFIT ORGANIZATION

Children in ANT project

Donation as part of the Company's Christmas gifts, in favour and in support of the Children in ANT project. The project is dedicated to providing free comprehensive in-home care to children with cancer and their families. Helping to support a "hospital without walls" for these little patients, to make them feel less alone in facing one of the toughest trials.

Management of the COVID-19 pandemic

We were able to deal with a period full of fears and uncertainties caused by the pandemic thanks to the team spirit and cooperation of all our employees. Each individual's sense of responsibility, visible on a daily basis, has always been the most tangible evidence of the deep attachment to the Company felt by those who intend to safeguard their own future with an eye not on the past, but on the challenges ahead. Because our hallmark has always been the focus on our values and the courage to change.

In dealing with the pandemic we have shown that we are one big shipyard that thinks with one heart and sails in the same direction, becoming a reference point thanks to a model based on a strong sense of individual and social responsibility.

Focus, care, safety, constant information. These are the rules we have adopted, so as to protect all our people as much as possible.

The fight against the pandemic is also expressed in concrete actions for the communities and local territories where we are present. In December 2021, in fact, we signed an agreement with the Giuliano Isontina University Hospital for the setting up of a new vaccine hub inside the Monfalcone shipyard which is open to the entire population.

Vaccinations began in January 2022, with the hub open 7 days a week and available to deliver both primary vaccine cycles and boosters to the entire population eligible for vaccination (children 5 years of age and older, adolescents and adults).



Raising awareness on climate change issues and environmental impacts

Respect for the environment, for local territories and for each individual with whom we share areas and activities, is an essential prerequisite to ensure the continuity and growth of our Group over time, to the benefit of future generations.

FINCANTIERI FOR THE GREEN FUTURE

Fincantieri's internal communication campaign "Fincantieri for the Green Future" continues on its path to reinforce the commitment that each of us, as employees and as citizens, can make even through small, but practical day-to-day gestures.

Awareness-raising is being carried out at the Italian sites for all new hires, who have received:

- a leaflet recommending a series of good practices to employ in order to protect the environment and its resources, both at work and in private life;
- a personalized aluminium water bottle with the goal of reducing some of the plastic waste resulting from the use of water bottles and glasses.

In this context, internal communication becomes a fundamental lever for promoting a real culture of sustainability among employees, also through the implementation of practical and tangible initiatives.

FINCANTIERION – 2ND EDITION

The second edition of FincantieriON ended in 2021 with the awarding of prizes to the three best projects.

The ideas competition was open to all employees of the Group's various Italian sites and was aimed at collecting innovative ideas for the introduction of materials, systems engineering and organizational solutions capable of bringing about a significant improvement in the product/process with a view to sustainability.

In total, we have collected more than 370 ideas, demonstrating the active involvement of our people and the widespread awareness that the exploitation of resources, innovation and the direction of investments must be increasingly compatible with protecting the environment and creating long-term value.



Engagement with communities and institutions

Our structure and international presence throughout the world brings with it dialogue with very different realities, and it requires that we have in-depth knowledge of the territory and the needs of stakeholders with the aim of effectively responding to demands and define priorities.

The relationship and dialogue with the communities and institutions is managed internally at Parent Company level through the Public Affairs - Central and Local Administration Relations function.

This function represents:

- our direct line with Institutions and Public Administrations and we use it to channel all the requests from and to local areas;
- the Fincantieri Group and all our associates before Parliament, the Government and national institutions whose actions could have a direct or indirect impact on society, through symmetrical relations with its counterparties.

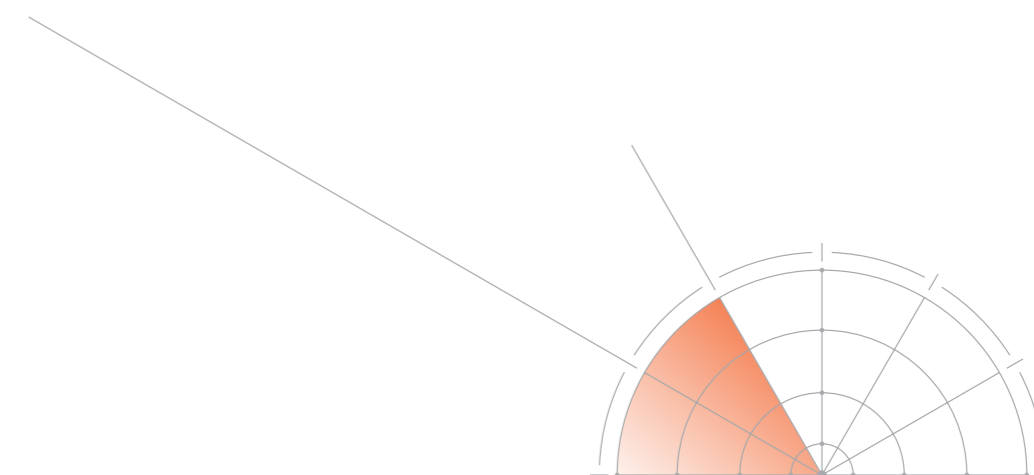
Our approach is aimed at transparency by representing the interests of the Group, as a whole, in full institutional respect for the roles of our counterparties.

In this sense, during 2021 the COVID-19 emergency continued to represent a major management challenge, which our Group faced in full synergy and collaboration with the relevant institutional stakeholders.

In particular, the relevant activities have followed two fundamental lines:

- **management of emergencies:** together with the strategic actions put in place to ensure that our sites are always fully operational, during 2021 the Group also dealt with issues linked to its international dimension, so that, through constant dialogue with the relevant Italian Ministries and the Italian Embassies abroad, it was possible to always guarantee the Group's safety and operations even in emergency situations linked to the pandemic.
- **National Recovery and Resilience Plan (NRRP):** Fincantieri has proactively contributed to the definition of industrial proposals to be included in wide-ranging projects to be developed within the Plan's relevant macro areas, with the aim of fully relaunching the country and its production and employment fabric. This activity has been carried out with a constant and synergy-based relationship with the Italian Government and the relevant Institutional Bodies, both at national and European level. Fincantieri has therefore played its role, as the major national industrial group, in enabling our country to present itself in Europe with a coherent and effective Plan.

We have built a process based on mutual trust, presenting the Group's perspective before public decision-makers, supporting our arguments, also through the preparation of position papers always supported by a legal/regulatory, scientific and economic foundation.



ENVIRONMENTAL SUSTAINABILITY AND CLIMATE CHANGE

Fincantieri for the climate

Sustainable management of natural resources

Technology for the climate



FINCANTIERI FOR THE CLIMATE

We want to play an active role towards a more sustainable economy and society. We are committed to monitoring and reducing our direct impacts and contributing to limiting global warming with greener ships, a responsible supply chain and collaboration with institutions and business partners



One of the greatest challenges facing humanity today is climate change, where an ecological transformation of technology, economy and society is essential.

The European Commission has made it a priority for Europe to become the first climate neutral continent by 2050, with an intermediate target of reducing greenhouse gas emissions by at least 55% compared to 1990 levels by 2030.

In support of this ambitious plan, the European Union has drawn up a series of "Fit for 55" proposals, which transform the regulatory environment, with significant repercussions for businesses.

Our Group's commitment in this area takes the form of a series of **mitigation** and **adaptation actions**.

As a key player, we want to contribute to the fight against climate change through a strong commitment on three main areas:

- reducing the impacts directly generated by our activities;
- reducing indirect impacts, i.e. actions related to the development of eco-sustainable products and services and to the value chain;
- working in partnership with institutions and other market players.

OUR COMMITMENTS TOWARDS AN ECO-SUSTAINABLE ECONOMY



- Implementation of energy efficiency measures and reduction in emissions of carbon dioxide (CO₂) and other pollutants
- Conservation of natural resources, biodiversity and reduction of environmental impacts
- Raising employees' awareness on the environmental impact and promoting good behaviour

OBJECTIVE

- 50% reduction of Scope 2 GHG emissions by 2022, compared to 2017
- 20% reduction of volatile organic compound (VOC) emissions of Fincantieri S.p.A. by 2022, compared to 2017
- 5% reduction of hazardous waste on total waste by 2022 compared to 2017 in Italy
- ISO 50001 – Energy Management System certification for the Italian shipyards in the next few years
- Conducting a climate change scenario analysis



- Development of environmentally sustainable products and services with the aim of contributing to a circular and low-carbon economy
- Promoting and sustaining a responsible supply chain that shares our values and is based on lasting relationships founded on integrity, transparency and respect

OBJECTIVE

- Development of technological solutions that enable energy savings to be increased for ships with the same features (green ships)
- Eco-design to promote the development of environmentally sustainable ships
- Development of the Sustainable Supply Chain project



Supporting research to improve analysis and management of the risks associated with climate change

OBJECTIVE

- Research projects to develop new solutions for energy savings or reduction of emissions in collaboration with research institutes /universities on issues associated with climate risks
- Promotion of studies and initiatives on the circular economy



The challenge of climate change and risk management

During 2021, a first path of **alignment** to the Task Force on Climate-related Financial Disclosures (TCFD) was developed, involving the entire Company organization across the board. The TCFD has developed **recommendations** on climate-related financial disclosure structured around **four topic areas**: Governance, Strategy, Risk Management, Metrics and Targets.

The Task Force came into being as a result of the 2015 Paris Agreement, in which the United Nations Member States committed to keeping the global average temperature increase below 2°C compared to pre-industrial levels and possibly limiting the increase to 1.5°C by the end of the 21st century. It was set up by the Financial Stability Board (FSB) at the request of the G20 (Group of 20) Finance Ministers and Central Bank Governors, and in 2017 it published reporting recommendations that are now an international reference for corporate climate change disclosure.

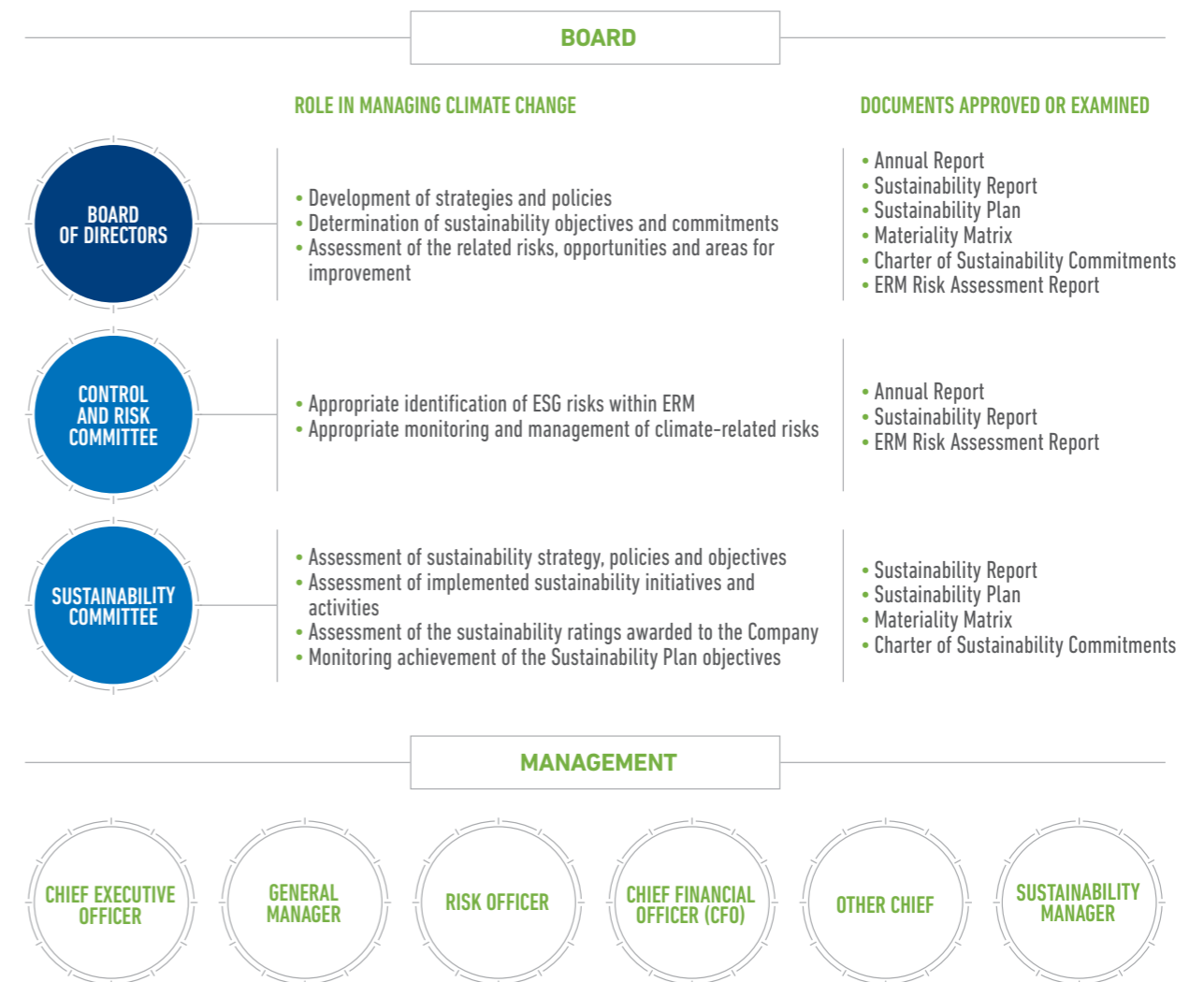
The TCFD recommendations, structured around **4 topic areas**, represent a framework in order to provide consistent information that will help financial market participants understand climate-related risks, with the aim of addressing concerns regarding financial stability from potential asset mispricing and misallocation of capital.



Governance

The table below illustrates our organizational and corporate governance model, which sets out specific tasks and responsibilities for the Company's main bodies, ensuring that risks and opportunities relating to climate change are appropriately taken into account in all strategic decision-making processes.

In its supervision of risks and opportunities, the Board of Directors is supported mainly by the **Control and Risk Committee** and the **Sustainability Committee**, which are actively involved in the various activities implemented by the Group in the field of climate change, as detailed below.



Particular tasks and responsibilities are also entrusted to specific **managerial functions**, while keeping all Company structures involved in the implementation of the various activities undertaken on climate change issues and directing efforts towards achieving the targets for reducing climate impact set in the Sustainability Plan.

In the process of identifying, assessing and monitoring risks related to climate change, we have involved a number of functions, enabling us to cover our exposure across the board and to comprehensively report on our approach to each specific risk, providing an opportunity to discuss opportunities for improvement and to spread awareness of the importance of the issue for our Group.

In order to strengthen the involvement of the whole Company, a rewarding process has been defined, through the inclusion by the Board of Directors of objectives linked to Environmental, Social and Governance (ESG) performance, as indicated in the document Report on the Policy Regarding Remuneration and Fees Paid. The objectives concern the achievement of certain performances on specific sustainability ratings, such as: maintaining a certain threshold in the CDP (formerly the Carbon Disclosure Project) assessment and obtaining a second rating from another agency. Also, as set out in the Sustainability Plan, the Italian employees who receive a short-term variable remuneration system (MBO), have been assigned specific **sustainability objectives** with a weight ranging from 10% up to a maximum of 30%.

 For more information on the Sustainability Plan, see www.fincantieri.com/en/sustainability/governance/sustainability-plan/

Strategy

CONDUCTING A CLIMATE CHANGE SCENARIO ANALYSIS



As envisaged in the Sustainability Plan, in 2021 we conducted a climate change scenario analysis in compliance with the principles defined by the TCFD. Scenario analysis helps companies make **strategic decisions** and manage risks under complex and uncertain conditions, while identifying the possible risks to which the Company is exposed and the potential impacts on the business under different hypothetical and plausible scenarios. In this way, a resilient approach and strategy can be developed for different situations. Aware of our strategic positioning, the assessments made contribute to strengthening our resilience by identifying possible actions to address climate-related risks. Based on assumptions and external factors that are partly independent of our actions, it is important to stress that, despite the care taken to select robust and recognised scenarios ensuring a certain granularity of the assessments, scenario analysis is subject to limitations, as it allows only a portion of uncertain and variable conditions to be explored.

The decision to publicly report on strategic and risk management considerations stems from a desire to strengthen transparency with our stakeholders, highlighting how we intend to position ourselves strategically and operationally in light of the potential risks and opportunities to which we are exposed and how we manage climate impacts. Disclosure allows stakeholders to analyse the robustness of the scenario analysis conducted and to assess the resilience of our strategy to related climate-related risks and opportunities.

The physical and transitional consequences and implications of climate change are not easily traced through traditional business planning methods or systems. It is complex to map the multi-disciplinary interconnections between cause and effect and the multiplicity of impacts that climate change may have on business over different time frames. The scenario analysis carried out enabled us to strengthen our strategy by also assessing possible strategic options for selected scenarios. At the same time, it has allowed us to assess the possible risks and impacts to which we are exposed, which become the basis for continuously monitoring how we manage and correlate technological and environmental opportunities to be integrated into the Group's strategy.

In line with the recommendations of the TCFD and in light of the considerations that emerged from the 26th United Nations Conference of the Parties on Climate Change (COP26) in Glasgow, we have identified two reference climate scenarios.

The International Energy Agency (IEA - Net Zero by 2050 A Roadmap for the Global Energy Sector), has identified a number of scenarios based on different temperature rises and their physical and transitional consequences on the planet. In our analysis, we selected two of these that represent the "best case" and "worst case" in temperature trends until 2100, as detailed below.

Scenario 1 (best case): +1.5°C – IEA Net Zero Scenario

If the COP26 participants were to define national plans to deal with the consequences of climate change in order to contain (or eliminate) the damage, and if all countries were to adopt regulatory frameworks to limit CO₂ emissions, then the temperature increase could be maintained at **1.5°C** above pre-industrial levels, in line with the Paris Agreement.

Scenario 2 (worst case): +2.4°C – Temperature increase of 2.4°C

A less regulated scenario, with a **lack of concrete plans for 2030** by the countries participating in the agreement, would imply an actual increase in global warming of **2.4°C** compared to pre-industrial levels, with consequent significant effects on climate and repercussions on business.

In light of these climate scenarios, key functions were involved to understand the effect on the following three macro-categories:

1. **Physical impacts** – acute and chronic
2. **Market trends** - commodities (steel and energy), technologies and products
3. **Regulation** - carbon pricing, emission trading and emission reduction requirements

We assessed how the impacts on the three selected categories varied for the different scenarios and what the implications were for our business, both in terms of risk exposure and potential opportunities.

The scenario analysis for climate-related risks was based on the following timescales:

- short term: within 3 years;
- medium term: within 5 years;
- long term: within 10 years and, for some particular projects, even beyond (e.g. IMO 2050).

Despite the understanding that physical and transition risks may occur simultaneously, it was assumed that the +1.5°C scenario could have a greater impact on transition issues, i.e. market and regulatory issues, as a direct result of more stringent regulatory mechanisms in a context where countries and companies operate rapidly, while physical impacts would be reduced.

While a less regulated environment in which provisions to contain the effects of climate change in the medium to long term are not concretely implemented, thus causing a temperature increase of 2.4°C, would lead to more physical consequences, remaining less restrictive on transition risks.

A summary is given below of the points that emerged from the analysis activities carried out focusing on the macro impact areas, highlighting the resilience of our strategy to changes in the reference scenario.

1. Physical Impacts

These impacts refer to consequences resulting from climate change that are strictly physical and can be divided into **acute** (hurricanes, floods, heat waves, tornadoes, etc.) and **chronic** (sea level rise, ocean acidification, etc.). In the +1.5°C scenario, sea level is estimated to rise by 48 cm by 2100, compared to 56 cm in the +2.4°C scenario. Precipitation intensity is also estimated to increase by 2% in the +1.5°C scenario and by 4% in the +2.4°C scenario, underlining the direct correlation between rising temperatures and increasing weather phenomena.

Specialists predict an increase in ocean acidity, a phenomenon caused by the absorption of carbon dioxide, of +17% by 2050 in the +1.5°C scenario, compared with +29% in the +2.4°C scenario (Source: CarbonBrief.org).

The physical effects, particularly in the +2.4°C scenario, would affect two of our areas in particular: **shipyards** and **ship design**. Our shipyards, which are located close to the coast, could suffer damage to infrastructure due to rising sea levels and intensity of weather events. In addition, physical impacts such as the acidity of the oceans would require specific attention in ship design in order to ensure their durability and safety even in adverse weather and climate conditions.

2. Market trends

Climate-related impacts on the market include fluctuations in commodity prices and the evolution of new technologies and the development of new products, resulting from both changes in the regulatory environment and an increasing focus on environmental issues by stakeholders.

Fluctuation of commodity prices

We take preparatory measures and assessments to limit the impact resulting from possible market trends. Specifically, analyses are carried out on the price trends of major commodities (e.g. energy and steel). With regard to **energy**, specific projections have been developed that act as a real control system for price fluctuation.

Especially in the +1.5°C scenario, in which the demand for electricity from renewable sources certified with Guarantees of Origin (GO) is expected to increase, we anticipate considerable increases in the supply price of GOs. According to internal cost profile evaluations, in 2021 in Italy the price went from 0.25€/GO to 1.90€/GO. Consequently, we are evaluating whether to sign Power Purchase Agreements (PPAs) for part of our consumption, which would mitigate two phenomena: the volatility of the raw material and the possible increase in GOs. The main limitation of this tool is the lack of large-scale projects in Italy, resulting in a low percentage coverage of electricity needs.

To decrease our dependence on the growing GO market, we are implementing projects for internal energy generation through photovoltaic systems that will cover part of the consumption of some shipyards in Italy (Monfalcone, Marghera, Sestri, Riva Trigoso and Isotta Fraschini Motori). Self-generation, in addition to risk mitigation, would reduce the cost of system charges, which may increase as incentives for renewables increase. At the same time, we are developing energy efficiency projects, e.g. by replacing obsolete thermal power stations with more efficient ones or by replacing Variable Refrigerant Volume/Flow (VRV) systems. Other efficiency investments include the revamping of pneumatic power plants, replacement of extractors and relamping. We have also taken into account an increase in electricity requirements due to the electrification of utilities currently powered by fuels (shore connection, VRV).

Steel is the pre-eminent raw material for Fincantieri. For this reason, we constantly monitor trade dynamics, emerging macro-trends and protectionist policies at international level.

Over time, we have identified and selected a small number of **partner suppliers**, due to the small supply market as well as the quality and certification requirements of the shipping market, resulting in a restricted supply pool. However, we are constantly analysing the world market for possible new suppliers. This situation and the related difficulties have recently led us to direct this scouting activity to countries that had not previously been considered.

In order to reduce CO₂ emissions, we research and favour **raw materials** that can be classified as “green”.

In a +1.5°C scenario focused on supporting the transition through more emission limits, regulations to limit the environmental impact of business activities will also influence the price of raw materials. For example, we are analysing the Carbon Border Adjustment Mechanism (CBAM) tax, which will be introduced from 2026, in order to monitor its potential impacts and risks on business.

In addition to being subject to transition risk, the price of raw materials in the +2.4°C scenario could be affected by adverse weather conditions along the **supply chain** (hurricanes, violent storms, floods, etc.), impairing its normal trend, product availability and timely deliveries, with consequent inflationary changes.

Evolution of new technologies and development of new products

According to analyses by the IEA (IEA: Net Zero by 2050 A Roadmap for the Global Energy Sector), the shipping sector was responsible for around 830 Mt of CO₂ emissions worldwide in 2020 (880 Mt CO₂ in 2019), or around 2.5% of total energy segment emissions. The lack of low-carbon options available on the market, together with the specific features of the product itself, characterized as it by a long useful life (typically 25-35 years), make the shipping industry's path to decarbonization arduous.

The IEA has identified ammonia and hydrogen as the main low-carbon fuels for shipping over the next three decades. This is particularly the case in a more restrictive scenario in terms of reducing emissions (+1.5°C), which is also supported by the structural changes planned for ship refuelling in the main ports.

SHARE IN TOTAL ENERGY CONSUMPTION OF INTERNATIONAL SHIPPING

	2020	2030	2050
Ammonia	0%	8%	46%
Hydrogen	0%	2%	17%
Bioenergy	0%	7%	21%

Source: IEA Net Zero by 2050

Within the potential market impacts, variations in **demand from customers**, who require Fincantieri to offer products that integrate the most innovative technologies, reducing the impact in terms of CO₂, have also been taken into account. In a scenario where efforts are focused on keeping the temperature increase to +1.5°C, it is important, given the long life of the ship, to offer the shipowner a product that does not become, in the short term, “obsolete” in terms of eco-sustainability.

In this sense, as will be further discussed in the chapter “Technology for the Climate”, a number of initiatives have been activated to support the evolutionary process of the shipping world, under sustainability and circular economy principles. For example, in order to further reduce the environmental impact of the product and meet the increasingly stringent requirements of regulators and shipowners, we have built Liquefied Natural Gas (LNG) powered ships, an experimental vessel Zeus powered by hydrogen through fuel cells, and a Memorandum of Understanding has been signed with MSC and Snam to evaluate the design and construction of the world's first hydrogen-powered cruise ship. By 2023, VARD will also deliver eight remote controlled vessels whose engines can be adapted to run on ammonia.

We are also committed to deploying our integration capacity and our engineering and project management skills from shipbuilding in new areas of high value and market potential.

The policy of broadening skills was primarily aimed at the infrastructure segment and at digital and green transversal technologies, with a view to both strengthening the core business and accessing new markets.

Development innovation will allow Fincantieri to align with the conditions arising from a +1.5°C scenario, while responding to customer demands.

3. Regulation

COP26 and new regulations

At global level, COP26 introduced some important decisions in the climate sphere. In particular, the outcome of the conference was the **Glasgow Climate Pact**, which is divided into 8 topics (science and urgency; adaptation; adaptation finance; mitigation; finance, technology transfer and capacity building for mitigation and adaptation; loss and damage; implementation; collaboration) that set out the decisions agreed by the 196 participating states. The main changes concern:

- targets of reducing global CO₂ emissions by 45% by 2030 and setting net-zero by the middle of the century, as well as major reductions in other greenhouse gases;
- reducing coal and abandoning fossil subsidies, which appear for the first time in COP texts;
- NDCs (Nationally Determined Contributions), mitigation actions at national level, to be submitted every 5 years. It was envisaged that they should be made more ambitious before November 2022 (COP27), instead of 2025, and should be presented with 10-year targets;
- definition of a new regulated carbon market (by a UN body).

At European level, the carbon-related regulation is linked to specific regulatory developments that support the path taken by the European Green Deal, which sets a target of -55% GHG emissions by 2030 and climate neutrality by 2050. In support of this ambitious plan, the European Union has drawn up a series of "Fit for 55" proposals, which alter the regulatory environment, with significant repercussions for businesses.

The most relevant for the segment in which Fincantieri operates are:

- EU ETS: system for calculating carbon prices and trading emission quotas (Emission Trading Scheme) in which the shipbuilding industry has also been included, with an indirect impact on Fincantieri;
- CBAM: phasing-in of the Carbon Border Adjustment Mechanism, mentioned above, which will introduce a tax on imports from non-EU countries for carbon-intensive products from 2026;
- EU Taxonomy: taxonomy of assets, i.e. a classification system that clarifies which investments are environmentally sustainable.

The measures described above, especially in a +1.5°C scenario, could influence market dynamics, trigger inflationary mechanisms, especially on complex manufacturing products such as ships - resulting from the integration and assembly of thousands of components, including imported ones - or impact on the ability to attract financing.

In this respect, we constantly monitor regulatory developments, actively participating in **institutional meetings** to voice our assessments and knowledge, and seeking to understand the impacts on our segment by actively engaging in dialogue with national government and/or European institutions.

Companies in the shipbuilding industry are called upon to invest in **new technologies** and accelerate the development of solutions that ensure the reduction of emissions from products and the production process in order to meet increasingly stringent environmental regulations.

The International Maritime Organization (IMO), which oversees safety and environmental regulations in the shipping sector, has also set targets: a 40% reduction in average CO₂ intensity per tonne/mile by 2030 and a reduction in total annual GHG emissions by at least 50% compared to 2008 levels (and 70% reduction in CO₂ emissions per tonne/mile) by 2050.

A key factor to take into account in future projections is the related increase in the **price of carbon**. The price is estimated to be higher than at present, to the detriment of companies that are subject to restrictive limits and do not take measures to reduce their emissions by having to use the CO₂ allowances on the market. Shipowners,

in the absence of a decarbonization strategy, will face a significant increase in the cost of purchasing CO₂ allowances. As a result, they will ask Fincantieri, in order to lower the cost, to act directly in the design phase of the ship, offering a final product with a lower impact and reduced CO₂ emissions into the atmosphere.



Risk Management

Physical and transition climate risks

For the purpose of identifying, assessing and monitoring the main corporate risks (Risk Universe), we have adopted Enterprise Risk Management (ERM) processes and systems, into which specific sustainability risks have been integrated. Starting from these, **six risks have been selected** which are linked to climate-related issues, exploring with the various responsible functions the Group's total exposure to these risks and the actions specifically implemented to mitigate them.

The six climate risks to which we are exposed fall within the three macro impact areas analysed previously when conducting the scenario analysis: In addition to the associated TCFD risk category, other TCFD risk categories were taken into account, which, though secondary, made the assessment comprehensive on a greater number of fronts as outlined below.

MACRO IMPACT AREAS OF THE SCENARIO ANALYSIS	FINCANTIERI CLIMATE RISKS	TCFD MACRO RISK CATEGORIES
PHYSICAL IMPACTS	1. Business Interruption	Physical risks – Acute
	2. Climate change	Physical risks – Chronic Physical risks – Acute
MARKET TRENDS	3. Environmental impact of products and services	Transition risks – Technological Transition risks – Reputational Transition risks – Market Transition risks – Policies and Laws
	4. Raw material and commodity prices	Transition risk – Market Physical risks – Acute
REGULATION	5. Evolution of laws and regulations	Transition risks – Policies and Laws Transition risks – Reputational Transition risks – Market
	6. Investor and public relations	Transition risk – Reputational

Physical risks are associated with increased economic costs and financial losses due to the increased severity and frequency of extreme weather events related to climate change. They include **acute** risks and risks related to long-term climate change, i.e. **chronic** risks.

Transition risks are associated with the transition to a low-carbon economy and are closely related to changes in the social, economic and political environment, as well as changes in the CO₂ pricing framework and regulatory restrictions.

Transition risks also include reputational risks: not undertaking a gradual decarbonization process could, in fact, have a negative impact on the Company's reputation and, consequently, on its financial results.

Climate change **mitigation** and **adaptation** efforts undertaken by us may also represent an opportunity, for example looking at the development of new technologies and the roll-out of new products and services with reduced environmental impact. Finally, analysing the impacts, climate change could prevent us from carrying out our activities, limiting the operation of the entire value chain and leading to a significant increase in costs. Below is a complete and detailed description of the climate-related risks to which we are exposed, the related management methods implemented and the associated opportunities.

1

BUSINESS INTERRUPTION

TCFD risk category:
Physical - Acute

Timescale:
Medium term

Description of risk

Among the expected consequences of climate change are more frequent extreme weather events. These phenomena, which are no longer isolated, could compromise business operations, causing business interruptions and damage to strategic assets (including supply chain activities), affecting ship delivery dates and leading to possible penalties for the Group.

Management methods

In order to mitigate the exposure to this risk, the Group performs an annual test of the **Disaster Recovery** infrastructure, which includes detailed instructions on how to respond to unplanned incidents (natural disasters and extreme weather events, cyber attacks and/or other disruptions, etc.). The plan includes strategies to minimize the effects of an impending event in order to ensure business continuity by leveraging the potential of the cloud.

In addition, measures have been adopted to identify and analyse potential and alternative new suppliers through periodic direct (internet, trade fairs, etc.) and indirect (e-procurement, promoters) scouting activities focused on critical areas. Critical areas are identified through periodic interviews and mapping relevant ship items and/or specific needs related to the production context and the available supplier base.

Opportunities

Research into and analysis of new suppliers allows the **identification of commercial partners** who are able to respond promptly and resiliently to Fincantieri's requests, even in adverse situations, guaranteeing operational continuity. In addition, it is possible to consolidate partnerships with new suppliers and thus strengthen the value chain, working together to **reduce the environmental impact** of the Group.

2

CLIMATE CHANGE

TCFD risk category:
Physical - Chronic
Physical - Acute

Timescale:
Medium/long term

Description of risk

Company activities may be negatively impacted or interrupted if the Company is affected by acute or chronic events, or indirectly through its supply chain, delaying the production cycle and changing the distribution of production between the Group's sites, also requiring new ways of managing the production process or the structure of the shipyard itself.

Management methods

In order to manage the risk in question, Fincantieri has implemented a series of mechanisms, including the internal definition of specific rules for the **management of emergencies** in the event of adverse weather conditions, which outline measures and behaviours to be adopted when extreme weather events occur.

A **wind monitoring** system has been set up in addition to the forecasting system described in the internal rules, providing for the installation in a strategic position within the shipyard (determined through a preliminary study by the subsidiary Cetena) of a sensor inserted in an anemometric station. This system will provide specific weather data for the shipyard area, timely, easily accessible by a greater number of users and through different interfaces (desktop, tablet, smartphone, etc.) as well as Time Histories for the last two years.

Some of Fincantieri's own **equipment** has been fitted with specific systems to mitigate exposure to the physical risk arising from more frequent extreme weather phenomena. For example, all cranes located in the outside areas of the shipyard are equipped with a storm brake system. In addition, the Mooring Plan for the outfitting quays of ships under construction is prepared by a specialist third party entity, who issues a study including the impact of prevailing winds and storms.

The risk in question is mitigated by the constant commitment to maintaining and operating management systems in all production plants and all business units certified according to the **ISO 14001** (Environmental Management System) international standard. In particular, a risk and opportunity analysis extended to include climate risks has been defined in accordance with the standard.

The **water discharges** from the sites, which are checked every six months, are equipped with clapet (non-return) valves which do not allow high water from the sea to enter, and are only activated at the outlet during discharge.

With regard to the specific risk of **lightning**, the sites have updated their risk assessment, highlighting a tolerable value and stressing that all structures are protected. In addition, all earthing and lightning protection systems are subject to regular checks and inspections to assess their safety.

With a view to the future, the Group prepares and implements specific **maintenance activities** to limit the damage caused by extraordinary climatic events (storms, floods, earthquakes, fires, heat waves, etc.) and preserve the functionality and efficiency of the various items of equipment.

In order to limit the impact resulting from atmospheric events linked to climate change, the Group has taken out specific **insurance policies** to protect all of its yards against economic damage from catastrophic events.

In 2021, at the Monfalcone, Marghera, Riva Trigoso, Ancona, Muggiano and Sestri shipyards, an analysis commissioned by the insurers was carried out according to the international standard JH 143 (standardized procedure for the international insurance market), which provides for the review and assessment of the procedures and controls of the shipyard quality and safety systems. This principle is reflected in various aspects of the analysis, including those relating to fire risk management and prevention and safety in general.

The result of the survey is summarised in a rating assigned on a scale from A (best result) to E (worst result). All the shipyards have a rating higher than B.

Opportunities

Strengthening the capacity to respond to extreme events can result in improved **capacity to meet** customer requirements and demands, **minimizing the effects** of extreme events on the Group's production processes.

3

ENVIRONMENTAL IMPACT OF PRODUCTS AND SERVICES

TCFD risk category:
Transition - Technological
Transition - Reputational
Transition - Market
Transition - Policies and Laws

Timescale:
Medium/long term

Description of risk

Risk that the Company fails to develop products or services which can minimize environmental impact throughout their entire life cycle, by failing to consider regulatory indications and good practices for the reduction of impacts, including the implementation of products with a circular approach.

Management methods

In order to mitigate the risk in question, the Group actively takes part in national, European and international round tables with the aim of monitoring and directing the evolution of regulations and standards applicable to the maritime sector, which will subsequently be applied in the development of new products.

The Group considers **scouting** for innovative technological solutions with reduced environmental impact (hydrogen technologies, carbon capture, renewable energy sources, etc.) to be of absolute importance in managing the transition risk connected with the impact of the products offered on the market. This takes place through market surveys and the startup observatory, so as to monitor the emergence of ideas that may be useful for the development of new products.

Fincantieri also constantly monitors the evolution of green technologies on the market (ships powered by alternative fuels such as hydrogen and ammonia) and continually promotes **technologically innovative** products or services with a reduced environmental impact (projects for the production of energy on board ships using fuel cells, the prototyping of more environmentally friendly and safer solutions for cruise ships, the design of solutions for the production of energy from offshore renewable sources, etc.).

To avoid a negative impact on the climate and its reputation, Fincantieri ensures that during product development and construction, all decisions associated with the design process are in line with the Group's Environmental Policy and the principles of ecological design.

Research projects in the broader environmental field, such as CO₂ capture, are also monitored with a view to the future. Periodic meetings are set up with suppliers developing green technologies to obtain evidence of their performance in terms of measurable benefit to the Group's carbon footprint.

Finally, a **Group Innovation Call** for proposals has been activated and executed, with open initiatives and the active involvement of external players (supply chain, research centres and universities) in order to create a structured flow of developing research and innovation initiatives (R&I), ensuring that projects are consistent with the Company's strategic guidelines, and, in particular, with the targets related to environmental protection.

Opportunities

Participation in round tables at a national, European and international level allows Fincantieri to **monitor** and **influence** the evolution of regulations and standards.

Scouting for innovative solutions, monitoring the evolution of green technologies on the market and the Group's Innovation Call for Proposals offer the opportunity to **develop products** with innovative technologies with reduced environmental impact, anticipating customer and regulatory requirements, while confirming Fincantieri's leadership position in an expanding market.



4

RAW MATERIAL AND COMMODITY PRICES

TCFD risk category:
Transition - Market
Physical - Acute

Timescale:
Short/medium term

Description of risk

From the development of new products aligned with emerging regulatory requirements to the demands of customers increasingly sensitive to climate change issues, many factors are increasingly linked to the increase in the price of raw materials and commodities. This may be influenced by new regulations, e.g. on carbon intensive products (CBAM), or by catastrophic events affecting the supply chain.

Management methods

The Group continuously monitors current and future commodity price trends. Coordination between project controllers and purchasing departments allows risk exposure to be managed by increasing production efficiency and implementing financial hedging policies where applicable. An **analysis/monitoring report** is also prepared with the estimated final impacts, depending on the market situation, specific business needs, geographical factors or changing regulatory and geopolitical contexts (e.g. related to environmental or macroeconomic issues).

Opportunities

The implementation of increasingly precise monitoring systems for prices of raw materials and commodities makes it possible to make **better-informed decisions** and to integrate these assessments into the **development of new products**, while also focusing on making production processes **more efficient**. This system makes the Group less susceptible to price trends in raw materials, with possible positive impacts on the cost structure (especially for energy).

5

EVOLUTION OF LAWS AND REGULATIONS

TCFD risk category:
Transition - Policies and Laws
Transition - Reputational
Transition - Market

Timescale:
Short/medium term

Description of risk

Fincantieri's business and the different sectors in which it operates are highly complex, so changing its strategy, product/service portfolio or adapting to regulations requires a long implementation time. In particular, the increasing specific and complex nature of new regulations aimed also at preventing climate change requires the Company to implement targeted actions for the various business areas in which it operates.

Management methods

Participating in regular meetings with Ministries to present its point of view as a shipbuilder on the various IMO regulations specific to the sector in which it operates allows the Group to identify possible evolving scenarios and mitigate the risk arising from the evolution of laws and regulations. In fact, Fincantieri bases its product development assessments on the decarbonization strategy and the directives defined by the regulatory bodies.

6

INVESTOR AND PUBLIC RELATIONS

TCFD risk category:
Transition - Reputational

Timescale:
Medium term

Description of risk

The adoption of an appropriate Company communications and public relations strategy on climate change supports the Group's fulfilment of the expectations of ESG rating agencies, investors and stakeholders in general.

Management methods

The Group pays particular attention to preserving relations with its investors and the set of relationship and communication activities aimed at building and consolidating long-term relationships with the different stakeholders. In order to mitigate the reputational risk, Fincantieri oversees the activities involved in drawing up the **Sustainability Report** and integrating the additional information required by rating companies in order to ensure transparency and completeness.

The Group also adheres to the **CDP initiative** and fills in the relevant questionnaire in cooperation with the departments most involved in environmental issues. Once the score has been obtained, it proceeds with implementation of the gap analysis to identify possible improvement actions, also with the aim of continuously refining its own performance and improving perceptions of the Group among investors.

At the same time, the **Sustainability Plan** is periodically revised, with the direct contribution of the departments, in order to externalize and formalize Fincantieri's strategic vision of sustainability and to outline the commitments undertaken by the Group. The continuous updating of the Plan allows for an alignment with the evolution of the international economic, regulatory and social context in which it operates.

The Group has implemented specific projects for the TCFD report, in line with the Task Force's recommendations, and plans to set targets for reducing greenhouse gas emissions in line with the SBTi initiative, aligning itself with the level of decarbonization required to keep the global temperature increase below 1.5°C.

In order to inform investors about the activities implemented by the Group in terms of sustainability and consolidate long-term relations, Fincantieri is taking part in the Italian Sustainability Week.

At the same time, a system is in place to monitor and update the regulatory framework on a biannual basis, e.g. for developments related to EU ETS and CBAM. The Group makes use of this information for the design of ship equipment and systems via the environmental regulation observatory for specific projects. In addition, analyses of the national **regulatory framework** of the Country of interest are undertaken by the commercial function during the tender/contract management phase to ensure alignment with the specific provisions.

In order to provide evidence of environmental compliance, the Principles of Environmentally Sustainable Design procedure is issued at the pre-contractual design stage to ensure and measure the environmental sustainability of the specific vessel, and the Environmental Profile document is subsequently issued during post-contractual design, summarizing the results obtained from the previous document.

Opportunities

Opportunity to be an **active player** and participant in regulatory development in the naval industry, bringing attention to issues relevant to the Group.

The monitoring and contextual update of the regulatory framework to which Fincantieri is subject allows us to **anticipate** regulatory changes also in the development of its products and services.

Lastly, the Group is constantly pursuing and refining its **stakeholder engagement** process, with the aim of continuously comparing and listening to the needs of those who could be affected by and/or influence the Group's decisions.

Opportunities

By consolidating relations with its stakeholders and the broader investment community, transparent reporting and adherence to specific initiatives, such as sustainability ratings, Fincantieri has the opportunity to **strengthen its image** and become a **point of reference** for its various stakeholders on sustainability and climate change issues.

Aware of the importance of a quantitative definition of risks and opportunities, Fincantieri has launched a process for their determination, which will be completed in the next few months.

Metrics and Targets

The definition of objectives and their measurement are two fundamental aspects to provide, both internally and externally, an interpretation tool to understand the Group's performance in the area of climate change, allowing for an assessment and comparison of the performance and progress on our path to decarbonization.

The targets set demonstrate the maturity of our strategy in adapting to the climate scenario of limiting the temperature increase to 1.5° above pre-industrial levels.

The Group's targets, represented in the Sustainability Plan, are in line with the Environmental Policy, and enable us to monitor our emissions and impacts directly, implementing mitigation strategies, including through investments in energy efficiency and the purchase of energy from renewable sources.

All our Company initiatives are aimed at reducing emissions and, in confirmation of the constant commitment to the fight against climate change, the Sustainability Plan includes the objective to **reduce indirect (Scope 2) emissions by 50%** by 2022, compared to 2017.

TOTAL GHG EMISSIONS

	2020	2021	VAR 2021/2020
Scope 1			
Direct emissions from sources owned by or under the control of the Group	82,931*	116,638	41%
Scope 2 – market based			
Indirect emissions from electricity consumption	19,995	24,357	22%
Scope 3			
Other indirect emissions that are generated by the Company's value chain	803,069**	1,108,589	38%
TOTAL GHG EMISSIONS	905,995	1,249,584	38%

The data refer to the entire Fincantieri Group.

*The 2020 Scope 1 data have been revised following the revision of the acetylene emission factor.

**The 2020 Scope 3 data have been revised following the expansion of the reporting of the VARD group's ferrous category and the integration of the new GHG Protocol categories reported (Investments and Fuel and Energy Activities) and the updating of the emission coefficients for technical gases (carbon dioxide, argon, nitrogen and oxygen) as well as for paints and waste.

The increase in GHG emissions recorded in 2021, compared to 2020, is mainly due to the resumption of production activities following the slowdown in 2020 due to the COVID-19 pandemic, new order intake and the inclusion of new companies acquired during the year. 93% of Scope 1 emissions refer to fuels, 6% to the company fleet and 1% to refrigerant gases (HFC-134°, R407c, R410a, R22, R404a, HFC-32).

Method for calculating Scope 2 greenhouse gas (GHG) emissions

Scope 2 emissions are calculated according to WRI's GHG Protocol reporting standard, applying both methods: **location-based** and **market-based**.

The first method, location-based, involves accounting for emissions from electricity consumption by applying national average emission factors for the different Countries where we buy electricity. Scope 2 emissions calculated using the location-based method are 108,524 tCO₂eq for 2021.

The market-based method, on the other hand, requires determining GHG emissions from electricity purchases by considering emission factors expressed in CO₂ relative to the residual mix (AIB-2021 European Residual Mix), where available. Otherwise, the same emission factors used for the location-based method are also used for the market-based method. For purchases of electricity from renewable sources, a zero emission factor (0) is attributed. Scope 2 emissions calculated using the market-based method are 24,357 tCO₂eq for 2021.

The Group's total Scope 1 and Scope 2 GHG emissions, calculated using the market-based method, over hours worked by all employees during the year amounted to 0.0039t of CO₂eq with an increase of 27% compared to 2020.

INTENSITY OF SCOPE 1 AND SCOPE 2 GHG EMISSIONS OVER HOURS WORKED

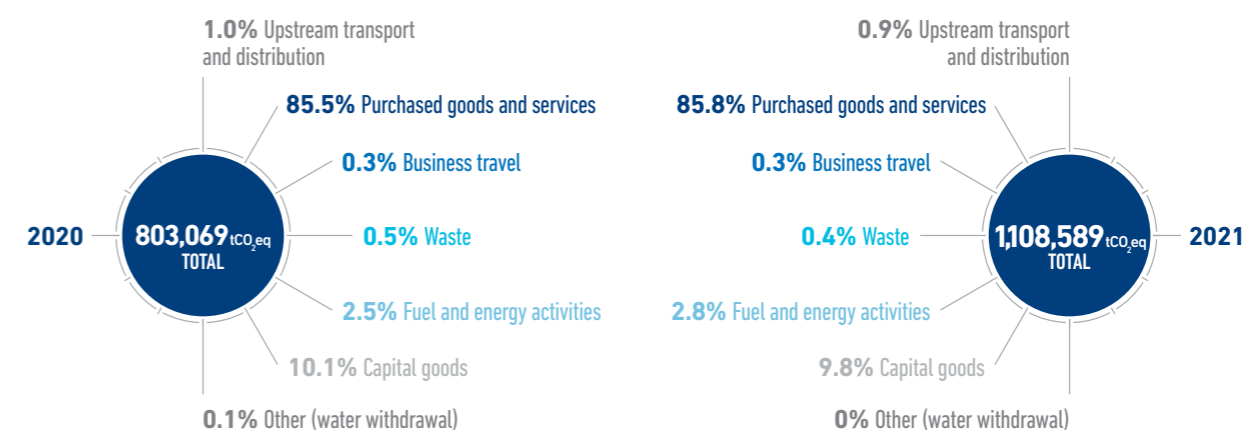
	2020	2021	VAR 2021/2020
Scope 1 over hours worked	0.0025	0.0033	30%
Scope 2 over hours worked	0.0006	0.0007	13%
TOTAL SCOPE 1-2/HOURS WORKED	0.0031	0.0039	27%

The data refer to the entire Fincantieri Group.

Scope 2 emissions refer to the market-based calculation method.

Reporting of other Scope 3 emissions refers to upstream transport and distribution, purchased goods and services, business travel, waste generated in operations and other (water withdrawal). Compared to last year, the categories capital goods and fuel- and energy-related activities not included in Scope 1 or Scope 2 have been reported under Scope 3 indirect emissions.

SCOPE 3 GHG EMISSIONS



The data refer to the entire Fincantieri Group, except for upstream transport and distribution which concerns Fincantieri S.p.A. and Fincantieri Marine Group.

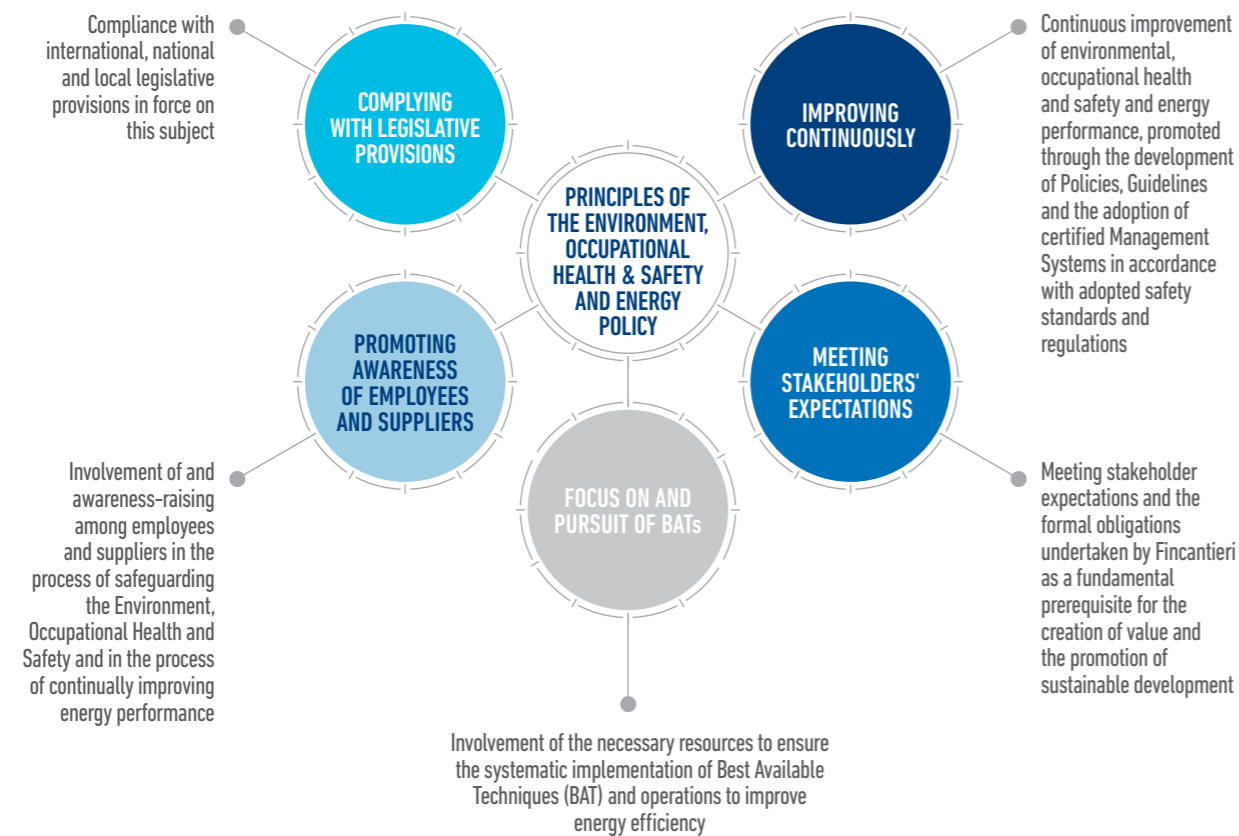
The 2020 data have been revised for comparison purposes following the expansion of the reporting of the VARD group's ferrous category, the integration of the new GHG Protocol categories reported (Investments and Fuel and Energy Activities) and the updating of the emission coefficients for technical gases (carbon dioxide, argon, nitrogen and oxygen) as well as for paints and waste.

SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES

We are committed to protecting the environment, reducing risks and impacts, through efficient investments to develop initiatives that limit our environmental impact and promote energy efficiency, responsible use of resources and proper waste disposal



The model of excellence adopted to ensure better protection of the environment, finds the tool for implementing and monitoring improvement actions in the certification of environmental management systems. The principles adopted by Fincantieri for the management of environmental, occupational health and safety and energy aspects are contained in the Environment, Occupational Health & Safety and Energy Policy.



Our commitments as regards environmental protection are to:

- assess the risks and environmental impact of activities and manage the environmental aspects using the principles of precaution and prevention;
- promote the use of the best available technologies, the use of products with a lower environmental impact and the use of energy from renewable resources;
- implement improvement plans aimed at containing and reducing emissions to air, water and soil, the continuous efficiency of the Company's energy performance, the minimization and proper management of waste;
- safeguard the natural value and biodiversity of the territories affected by the presence of our sites by implementing appropriate environmental measures and protections;
- pursue a sustainable and efficient management of water resources in areas where the Group uses them most intensively;
- design products according to the principles of sustainability and circular economy through a responsible use of natural resources and a targeted recourse to the use of new raw materials in production processes.

The Environment, Occupational Health & Safety and Energy Policy is available on the website www.fincantieri.com/globalassets/sostenibilita2/environment-occupational-health-safety-and-energy-policy.pdf

We are constantly working on our management systems in all production plants and in all ISO 14001 certified business units, in particular **100% of the Italian production plants** have that certification and **68% at Group level**. In addition, in 2021 the subsidiaries Fincantieri Infrastructure, Fincantieri SI and Marine Interiors Cabins also achieved this certification.

The individual certified organizational units adopt specific site policies consistent with the guidelines defined at company level. These policies are made available to all employees and are shared with suppliers through recurring coordination activities.

All certified sites are subject to **environmental audits** by dedicated internal structures according to an annual schedule. The reports of environmental incidents are also collected and managed in the systems.

For more information on the certified shipyards, see the website www.fincantieri.com/en/sustainability/certifications/

With the aim of improving the level of knowledge and gradually increasing the awareness of our employees on individual environmental issues, specific training/information activities are planned both at company level and, depending on identified needs, at shipyard level.

During 2021, in Italy, we followed up on the **Fincantieri for the Green Future** project, focusing on promoting virtuous and eco-sustainable behaviour. Specifically, feasibility studies have been initiated on the implementation of four ideas, centred on technological development and energy efficiency compatible with environmental protection and the creation of long-term value, which were the winners of the second edition of FincantieriON. A second e-learning course focused on national and European environmental legislation and the main environmental aspects was also implemented as part of the project. This course is being delivered to all managers within the Parent Company.

Environmental aspects

The Company is bound by laws and regulations to protect the environment and people's health which impose limits on atmospheric emissions, discharges into water and soil and set rules for waste management and the reclamation of any polluted sites. Regulatory compliance and related requirements are also closely monitored during regular internal audits.

The continuity and commitment to reducing the **direct impact** of our activities is achieved by reducing consumption and waste produced, prioritizing the use of eco-sustainable resources and energy from renewable sources.

In 2021, the **management of environmental aspects**, with particular reference to energy consumption, water consumption, raw materials, waste and business travel, was affected by the **resumption of production activities**, following the slowdown in 2020 due to the COVID-19 pandemic, aligning with 2019 consumption. These conditions have also been reflected in an increase in overall greenhouse gas emissions.

Energy

In energy management and with regard to improving energy performance, we are committed to:

- planning and developing activities to promote energy efficiency, through the application of the best management and technological solutions;
- increasing the level of knowledge and responsibility of internal and external staff, in order to raise awareness and obtain the maximum contribution from all those involved in the production process in the pursuit of the established objectives;
- establishing a commitment to continuously improving the energy performance of each production unit;
- defining objectives and targets aimed at continuous improvement of energy performance, ensuring adequate information and consequent resources for their achievement in the presence of constant monitoring of performance;
- preferring the purchase of energy-efficient products and services, taking into account energy performance in the design activities and in the award criteria of supply contracts to third parties;
- preferring the use of energy from renewable sources;
- enhancing synergies between the management systems implemented;
- collaborating with our stakeholders for a widespread transition to low-carbon energy.

Due to the intense workloads caused by the COVID-19 pandemic, which involved the staff at our sites, the goal of obtaining Energy Management System certification according to the ISO 50001 standard for all Italian shipyards was not achieved. Implementation has already started at the Monfalcone, Sestri Ponente, Marghera, Palermo and Ancona yards and will be completed for all Italian production plants in the coming years.

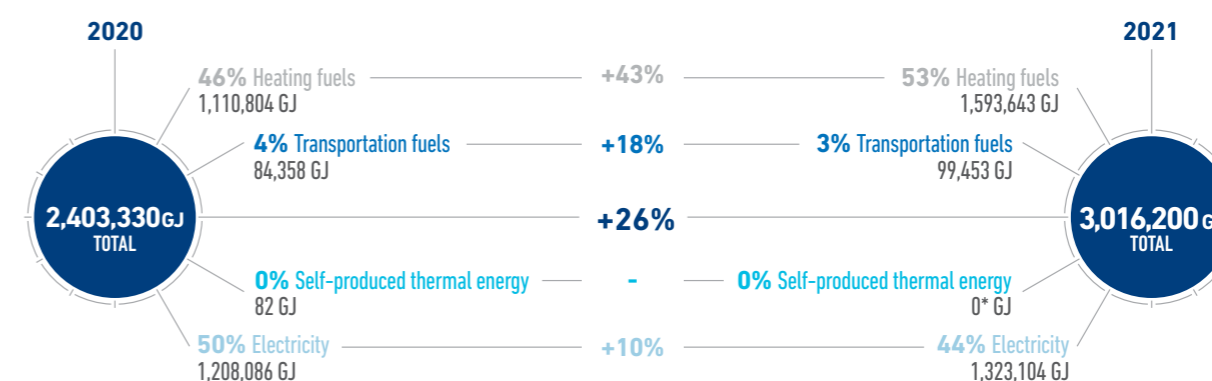
Various activities to reduce energy consumption continued during the year:

- **energy diagnosis:** the Parent Company produces an energy diagnosis each year, in compliance with the regulatory requirements of Legislative Decree 102/2014, aimed at identifying inefficiencies and implementing an annual program to modernize the plants, including through the implementation of new technologies capable of guaranteeing ever better performance in terms of energy efficiency;
- **measurement and monitoring systems:** to make the quality of data acquired more reliable, based on which the consequent improvement actions are identified, the installation of more advanced meters has continued, giving priority to those for the most significant energy consumption;

- **lighting with LED technology:** this involved the Ancona, Monfalcone and Castellammare di Stabia shipyards, as well as the subsidiaries Marine Interiors (Pordenone site) in Italy, and the Romanian Vard Braila shipyard;
- **remote control and automatic switch-off systems for mobile welding extractors:** essential measures to reduce consumption at night and when there is no production activity. This concerned the Marghera, Monfalcone and Sestri Ponente yards.

The compressor plant at the Marghera yard came into service, while the revamping of one of the compressor plants at the Sestri Ponente yard was completed. Both works involved the installation of more energy-efficient machines.

ENERGY CONSUMPTION

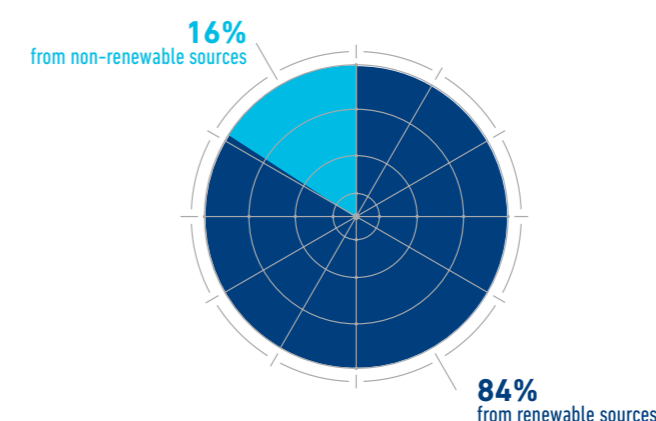


The data refer to the entire Fincantieri Group.
*The zeroing is due to the non-functioning of the Monfalcone plant, which underwent extraordinary maintenance work.

We are committed to purchasing electricity from renewable sources (hydro, wind, photovoltaic) certified with Guarantee of Origin (GO) for Italy and Romania.

Taking also into account the contribution of the subsidiary VARD in relation to its Norwegian sites, the share of **electricity from renewable sources** used by the entire Group remains constant compared to 2020 at **84%**. At Group level, the share of total energy from renewable sources is 37%.

ELECTRICITY



The data refer to the entire Fincantieri Group.

Water

In the current context of climate change, the increase in demand for water resources is highlighting how, in a growing number of countries, large quantities of water may no longer be available at low cost. Safeguarding water, including through virtuous management of water discharges, is one of the main commitments in our Policy and is also one of the aims of the communication/awareness project, aimed at promoting virtuous and eco-sustainable day-to-day behaviour.

Since, following the assessment carried out in 2020 using the Aqueduct Water Risk Atlas software, the Ancona, Castellammare di Stabia and Palermo shipyards were found to be in **water stress areas**, specific plans were defined in 2021 to monitor withdrawals and the main uses of water, including the installation of new flow meters, with the aim of identifying and minimizing wastage.

At the level of individual shipyards, as part of the environmental management systems, the measures implemented to ensure the optimization of water quantity and quality are continuously monitored. Monitoring that also concerns water consumption during the production cycle and envisages the planning and implementing of specific maintenance interventions aimed at saving water resources.

68% of the water used in the Company is taken from the municipal/state water supplies, 30% from the ground water and 2% from the sea. Water withdrawals are mainly aimed at meeting the needs of the production process and sanitation requirements. In Italy, 100% of the water from municipal/state pipelines and subsoil is freshwater, however there is currently no similar information available for other countries.

WATER WITHDRAWAL

	UNIT OF MEASURE	2020		2021		VAR 2020/2021
		ALL THE AREAS	OF WHICH WATER STRESS AREAS	ALL THE AREAS	OF WHICH WATER STRESS AREAS	
TOTAL WATER WITHDRAWAL	ML	2,747	317	3,042	319	11%
of which from ground water	ML	831	32	909	64	9%
of which from third-party water resources (state/municipal water supplies)	ML	1,882	284*	2,083	255*	11%
of which from the sea	ML	34	0	49	0	43%

The data refer to the entire Fincantieri Group.

*The water withdrawal sources for the water stress areas are: for Ancona, the Gorgovivo source; for Castellammare di Stabia, Gragnano field of wells (Lattari Mountains System); for Palermo, the artificial storage capacities Poma, Scanzano, Piana degli Albanesi and Rosamarina.

Water discharges and heavy metals

Compliance with the table limits for wastewater from industrial activities, the control and proper management of plants and the rational use of process water require constant monitoring and a strong commitment to technical and procedural management. With this in mind, operational control and monitoring measures are envisaged as part of the site environmental management systems to ensure compliance with the specific limits imposed by the individual Environmental Authorizations and the regulations in general.

In compliance with these authorization profiles, the different production plants regularly conduct sampling and laboratory analysis to monitor the quality of the discharges and guarantee that the limits laid down by the law concerning specific analytes (in particular, heavy metals and COD - Chemical Oxygen Demand).

All of our water discharges, whether industrial, rainwater or runoff, are conveyed in the public sewer system or surface water in accordance with the shipyard's Environmental Authorizations.

Raw materials

Procurement of raw materials continues to hold a strategic role for the Company. Over the years, we consolidated the process of material selection and procurement, based on which the environmental impact of materials in their entire life cycle is assessed at the design stage.

As best described in the section on eco-design, even while preparing specific contractual techniques, and consequently those needed for the procurement process, we work to identify materials for the interiors that, though possessing the same technical, qualitative and compliance characteristics, are also environmentally compatible.







The main raw materials present in the production cycle are:

- iron for the hull;
- copper for the electric wiring and automation;
- steel, iron, plastics and other iron and non-iron alloys for the piping installed on board;
- welding materials;
- paint products.

In line with the contents of the Policy regarding the use of **chemical products**, the supply choices, where there are equivalent technical characteristics and/or compatible performances, continue to be oriented towards products with a lower environmental impact.

With regard to **paint products**, which are quantitatively most present in shipbuilding production, the involvement of suppliers has enabled new low-solvent or water-based products to be introduced into the design specifications.

TYPE OF MATERIAL

	UNIT OF MEASURE	2020	2021	VAR 2020/2021
 Carbon dioxide	t	23,116	25,609	11%
 Argon	m ³	1,073,900	1,247,311	16%
 Nitrogen	m ³	509,118	808,118	59%
 Ferrous	t	207,154*	219,907	6%
 Oxygen	m ³	6,527,548	7,654,736	17%
 Paints	l	2,469,973	2,929,079	19%

The data refer to the entire Fincantieri Group.

*The ferrous 2020 data for the VARD group has been revised for comparative purposes following the improvement of the data collection process.

As regards the optimization of **material logistics**, in Italy the project to centralize delivery planning (Control Tower), launched in 2014, has the goal of managing the shipyards' delivery requests in order to reduce transport costs, improve reliability and timeliness of deliveries and reduce environmental impact. In particular, this project has enabled polluting emissions to be reduced by:

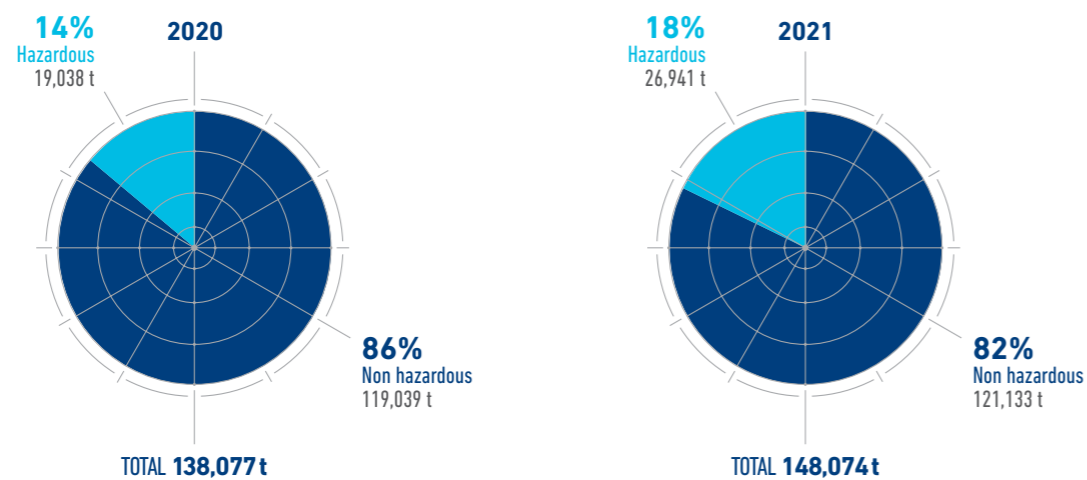
- planning deliveries using the outgoing and return formula;
- increasing vehicle saturation (combing multiple delivery requests into a single carrier).

In 2021, with regard to the total of the individual shipping requests, the project led to the reduction of 1,269 journeys (corresponding to 312,113 km) and a saving of 208 t of CO₂, equal to the average CO₂ absorbed in one year by around 35 hectares of forest (internal estimates).

Waste

The criteria identified for managing processing residues and waste disposal are included in the company guidelines, which are incorporated and detailed in the procedures of each production unit for managing the site's specificities.

WASTE BY TYPE



The data refer to the entire Fincantieri Group.

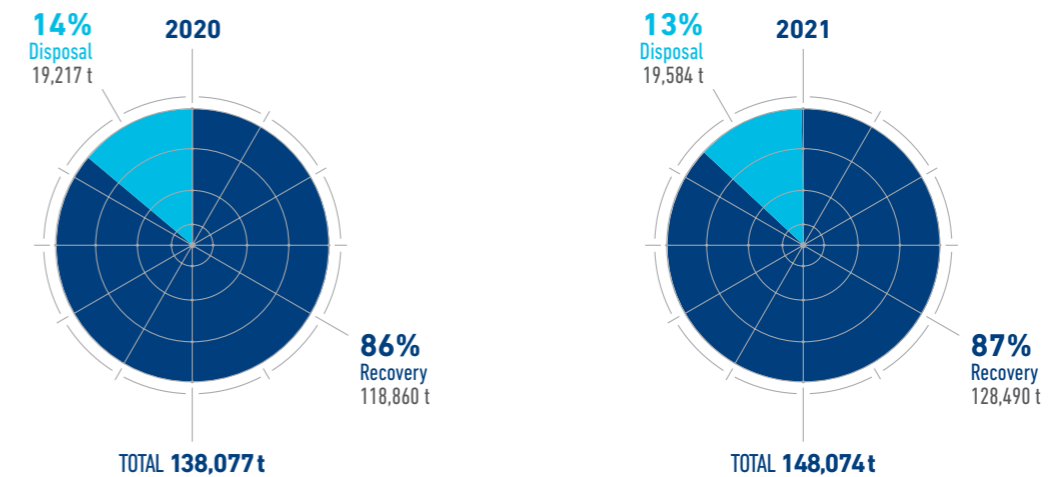
The types of waste produced are characterized by the different stages of ship construction. During the prefabrication of blocks, pre-assembly of sections and assembly of the ship in the dock, the types of waste mainly derive from welding/carpentry and construction activities and can be grouped into:

- metals;
- materials from painting activities;
- residues from construction/demolition activities;
- waste from insulation activities.

In the final stage of ship outfitting, residues are mainly produced from packaging materials: wood, paper, cardboard and plastic.

The start-up phase of ship systems can generate residues of lubricants and products used for flushing.

WASTE BY DISPOSAL METHOD



The data refer to the entire Fincantieri Group.

In 2021, in Italy the portion of waste sent for recovery, which stands at 88% of total waste produced, was consolidated. This important result has been achieved by implementing targeted policies, using an extensive recycling collection of processing residues.

The layout of the production cycle, characterized by specific sequences of the processing phases, makes it possible to optimize the choice and introduction of the materials used upstream and, therefore, to organize the waste sorting and collection methods correctly.

In each production unit, an area is designated for the identification of materials and the grouping of processing residues by the same types. Another area is dedicated to the storage of waste by type while awaiting transfer outside.

In accordance with this organizational model, waste produced by our activities is delivered to authorized sites according to its classification and, in line with the policies adopted by the Group, recovery destinations are favoured and maximized.

In Italy, waste transport, recovery and disposal activities are carried out by third parties, authorized and registered in the National Register of Environmental Operators. Evidence of this registration and of the environmental authorizations they hold is required at the time of formalization of the assignment and is repeated each time the contractual conditions change.

In pursuing the commitments set out in our Policy with regard to the supply choices of chemical and paint products, as well as eco-design choices, we promote the use of **materials with a lower environmental impact** that favour sustainable waste management both during the shipbuilding phase and during operation and end-of-life. Most of the materials used for the construction of the hull are ferrous and are therefore by their nature reusable. Steel is a 100% **recyclable material** and it can be recycled countless times without losing any of its original properties. This product is therefore never consumed, but by sending the residues to special processing plants it can be continuously transformed through recycling processes that make it a permanent material, a concept underpinning the circular economy.

The VARD group identifies the optimization of recovery activities as a priority: in 2021, waste sent for recovery amounted to around 90% of the total waste produced. In Romania, there are programs to reduce waste production through careful waste monitoring.

In the United States, Fincantieri Marine Group has specific policies and procedures for waste management and the continuous improvement of processes; thanks to consolidation of the actions undertaken, data on production and recovery are higher than 50%.

Corporate mobility

Through corporate and local initiatives, we promote a model of sustainable mobility management that concretely affects the reduction of greenhouse gas (GHG) emissions, leading to a change in established habits with a greener perspective.

Fincantieri S.p.A. and the Group's Italian subsidiaries use a digital **company car-pooling** service to provide and encourage an alternative sustainable solution for employees' home/work journeys by sharing the use of private cars. The system, also by means of a software application for smartphones or tablets, makes it easy for employees to get in touch with each other, certify the results in terms of energy and environmental savings and access a reward system that encourages participation in the initiative and helps to change established habits. In parallel, an option has been implemented in the same digital system to certify home/work journeys by bicycle and on foot, and here too access a reward system. Restrictions to contain the spread of Coronavirus have led to a temporary suspension of the car pooling digital service.

Initiatives to handle the COVID-19 pandemic

With a view to preventing and containing COVID-19 infections, activities involving travel were stopped and/or reduced:

- favouring tele- or videoconference meetings;
- extending remote working activities;
- drastically limiting business trips and travel, except for those that are strictly necessary and cannot be postponed.

Despite the situation created by the pandemic emergency, the company policy promotes the use of **public transport** for work journeys whenever this is possible and does not create excessive difficulties for travel, thus avoiding recourse to car use.

In 2021, the company invested in increasingly high-performance technologies that improve the use of **video-** and **teleconferencing**, with obvious positive repercussions on the management of environmental impacts on local territories thanks to the reduction in traffic and the consequent reduction in CO₂ emissions.

Particular attention has also been paid to public transport and sustainable mobility issues. Employees can apply for full or partial reimbursement of their season ticket for urban public transport or train travel, for themselves and/or for their tax-dependent family members through the **Welfare Portal**.

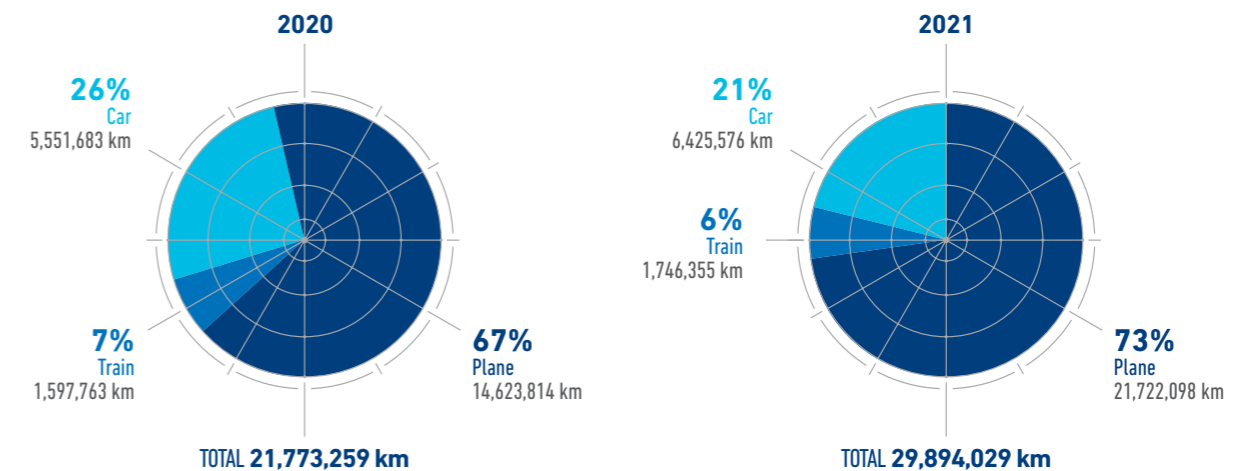
In terms of sustainable mobility, the installation of **electric charging points** has been completed at all Italian production plants.

With regard to the fleet of company cars for personal and business use, as with the fleet of service vehicles, the gradual replacement of current vehicles with hybrid vehicles is underway.

In the United States, Fincantieri Marinette Marine has also adopted a **travel policy** and, within the shipyards, the use of company vehicles is restricted.

In 2021, as in the previous year, business travel was limited due to the pandemic, albeit with an increase compared to 2020.

CORPORATE MOBILITY



The data refer to the entire Fincantieri Group.

Other emissions of polluting gases

The conversion of most of the heating networks in the Italian shipyards has led to the elimination of heavy combustibles and the introduction of methane systems, resulting in negligible **sulphur oxide (SOx) emissions**.

OTHER EMISSIONS OF POLLUTING GASES

	MEASUREMENT UNIT	2020	2021	VAR 2020/2021
SOx	t	0.04	0.04	-9%
NOx	t	23.8	28.3	19%
VOC	t	495	546	10%

The data refer to the entire Fincantieri Group, except for VOCs which concern Italy and the Fincantieri Marine Group in the United States.

The VARD group continues to research new approaches to contain and minimize the impact of emissions resulting from industrial activities. The group's commitment is also demonstrated by its participation, since 2008, in the **Confederation of Norwegian Enterprises' NOx-Fund**, whose primary objective is to reduce **emissions of nitrogen oxides (NOx)**.

Fincantieri's production plants are individually subject to environmental permits that prescribe specific limits at local level on the maximum consumption and total emissions of **volatile organic compounds (VOCs)** into the atmosphere. Compliance with these limits is pursued, even when production volumes are increasing, by planning a gradual replacement of the products used with alternatives with a lower solvent content and by adopting appropriate system measures to reduce emissions. The areas dedicated to sandblasting and painting activities are provided with abatement equipment, most of them with a post-combustion system that eliminates VOCs released during processing.

Efficient investments



In 2021, Fincantieri S.p.A. consolidated its commitment to implementing measures aimed at continuous improvement of the Company's impacts on all environmental compartments. The main measures regarded:

- the alignment of Monfalcone's standards with the provisions of the Integrated Environmental Authorization;
- the optimization of energy consumption;
- the introduction of tools for monitoring water consumption and reducing waste;
- the improvement of its fume extraction systems;
- the reduction of noise pollution.

In 2021, most of the environmental measures were concentrated on the Monfalcone shipyard, in line with the improvement programme shared with the issue of the Integrated Environmental Authorization. The main investment initiatives in this area are related to:

- soundproofing of areas dedicated to activities that produce the most noise;
- purchase of new fume extraction equipment in order to further improve the safety for workers;
- improvement of the shipyard's process water collection facilities with the purchase of new collection and purification equipment.

With regard to reducing **energy consumption**, Fincantieri has launched a robust relamping plan which, in 2021, mainly involved the Monfalcone, Ancona and Marghera shipyards.

In order to improve **water management** at its sites, a series of meters have been installed at the Ancona, Castellammare di Stabia and Palermo shipyards to monitor water consumption. This measure will allow Fincantieri to more accurately analyse the water consumption of the sites considered most critical - since they are located in areas subject to water stress - thus enabling it to study and take any necessary corrective action to reduce waste. Other measures involved the installation of first rainwater collection systems at the Marghera yard and the construction of a collection system for process water from the construction dock in Ancona.

With regard to **waste management**, and in particular to encourage waste separation, the Palermo yard completed the structural upgrading of the areas dedicated to the collection of processing residues and the temporary storage of waste; new ecological islands have been set up in the Sestri Ponente yard.

Finally, at the Muggiano yard, an extraction system for welding fumes was built to ensure lower emissions and increase worker safety.

We are committed to extending environmental and worker safety initiatives to our subsidiaries, promoting energy efficiency measures and supporting companies during the implementation of projects. In this context, further initiatives carried out in 2021 by some of the Group companies are described below:

- launch of the relamping plan for the Vard Braila shipyard (Romania) and the production plant of the subsidiary Marine Interiors Cabins, with the replacement of lamps with LED lighting fixtures associated with remote management systems;

- installation of new fume and gas extraction systems at the foreign shipyards of Sturgeon Bay (USA), Vard Tulcea (Romania) and at the subsidiary Isotta Fraschini Motori, in order to bring these systems up to the standards required by Fincantieri.

GUIDELINE FOR SUSTAINABLE INVESTMENTS



In 2021, with the aim of integrating the analysis of the environmental and social impact of initiatives within the investment evaluation process, a Guideline was issued for Fincantieri S.p.A. to evaluate investments according to sustainability principles. In particular, the sustainability assessment will be carried out through the use of a specific score-card that measures more than 20 ESG parameters (e.g. energy efficiency, impact on workers' health and safety, reputation of the Company) that may or may not be influenced by the investment. An ESG score is calculated for each parameter and depends on:

- the relevance of the parameter itself with respect to company policies and the commitments made in the Group's Sustainability Plan;
- the magnitude of the impact that the investment is expected to have on the value of the parameter.

The sum of the ESG scores for the parameters included in the score-card will provide an overall ESG score for the initiative, which will be used in the evaluation to compare the different investment alternatives.



Biodiversity

We promote the efficient use of natural resources and the protection of biodiversity, identifying potential impacts and mitigation actions, since safeguarding the natural value of the areas surrounding our production plants is of primary importance for the Company.

To protect these places, specific and special precautions are put in place in accordance with local legislation and activities that could directly or indirectly concern protected areas are carefully monitored.

The production plants in Muggiano (surface area of 147,000 m²), Riva Trigoso (surface area 173,000 m²) and Sestri Ponente (surface area 237,500 m²) are inside an International Marine Protected Area - Marine Mammal Sanctuary, which was established with the intent to safeguard various kinds of marine life.

The production plant at Marghera (surface area 370,000 m²) is located within the UNESCO site - Venice and its Lagoon.

In the United States Fincantieri Marinette Marine is positioned next to the Menomonee, in Wisconsin (for a surface area of 21,315 m²), an area that needs to be protected due to the quality of its waters, marshy land and ecosystem of aquatic flora and fauna.

As regards the VARD group, the Tulcea shipyard, in Romania (for a surface area of about 750,000 m²), is adjacent to the Danube Delta, an area protected by UNESCO. The ISO 14001 certification, obtained in 2012, guarantees the presence of the protections required to safeguard the site.

Vard Promar, in Brazil, occupies a surface area of about 800,000 m² and part of it (250,000 m²) is adjacent to the mangrove forest, considered by WWF to be a biome, i.e. one of the fourteen areas into which the Earth is divided, characterized by dominant forms of vegetation and climate. Also, in this case, specific and special precautions are implemented in accordance with local legislation.



TECHNOLOGY FOR THE CLIMATE

We develop innovative technologies using the knowledge and skills acquired over the years in order to contribute to the creation of environmentally sustainable products, services and infrastructures



Our business has an indirect impact on the environment, in particular through our products, the supply chain and our partnerships.

Eco-sustainable ships and infrastructure

The world of navigation, whether cruise, merchant or naval, is going through a process of evolution under the principles of sustainability and the circular economy. For us, this scenario is already a consolidated reality and with our projects we are redesigning the future scenario of navigation, at a strategic and technological level. The ships under construction will increasingly resemble a large, hyper-connected, energy self-sufficient, lighter and green or hybrid propellant floating city, capable of recycling up to 90% of the waste produced. With the technologies already normally applied today, we can thermally recover up to 20% of the energy contained in the fuel. The efficiency measures recently introduced in non-propulsion systems on board have led to further reductions in consumption. For example, on a ship of about 130,000 GRT (Gross Registered Tonnage), up to 1,200 tonnes of fuel can be reduced per year, which corresponds to about 7% of the ship's annual fuel consumption.

Cruise ships

In order to respond to ever more stringent environmental regulations, the cruise industry is highly committed to adopting policies to minimize environmental impact; this is a joint effort implemented by cruise lines and shipbuilders.

The regulatory framework, through regulations at a global and local level, requires a rapid reduction of emissions into the air and water. The reduction of environmental impact has become one of the most important drivers for design and innovation in the field of cruise ships. In particular, the International Maritime Organization (IMO) oversees regulations on safety and the environment in the maritime sector and it has set targets to reduce average CO₂ intensity per tonne/mile by 40% by 2030 and to reduce total annual greenhouse gas (GHG) emissions by at least 50% compared to 2008 levels (and CO₂ emissions per tonne/mile by 70%) by 2050. Europe's target is even more challenging, aiming to cut emissions by 55% by 2030 compared to 1990 and to achieve climate neutrality by 2050.

Our ships represent a technological benchmark at the European and global level. They feature the most advanced technologies, with technical solutions that provide **energy savings, emission reduction, high performance and high quality**.

In particular, we follow all the international best practices to minimize a ship's environmental impact throughout its entire life cycle.

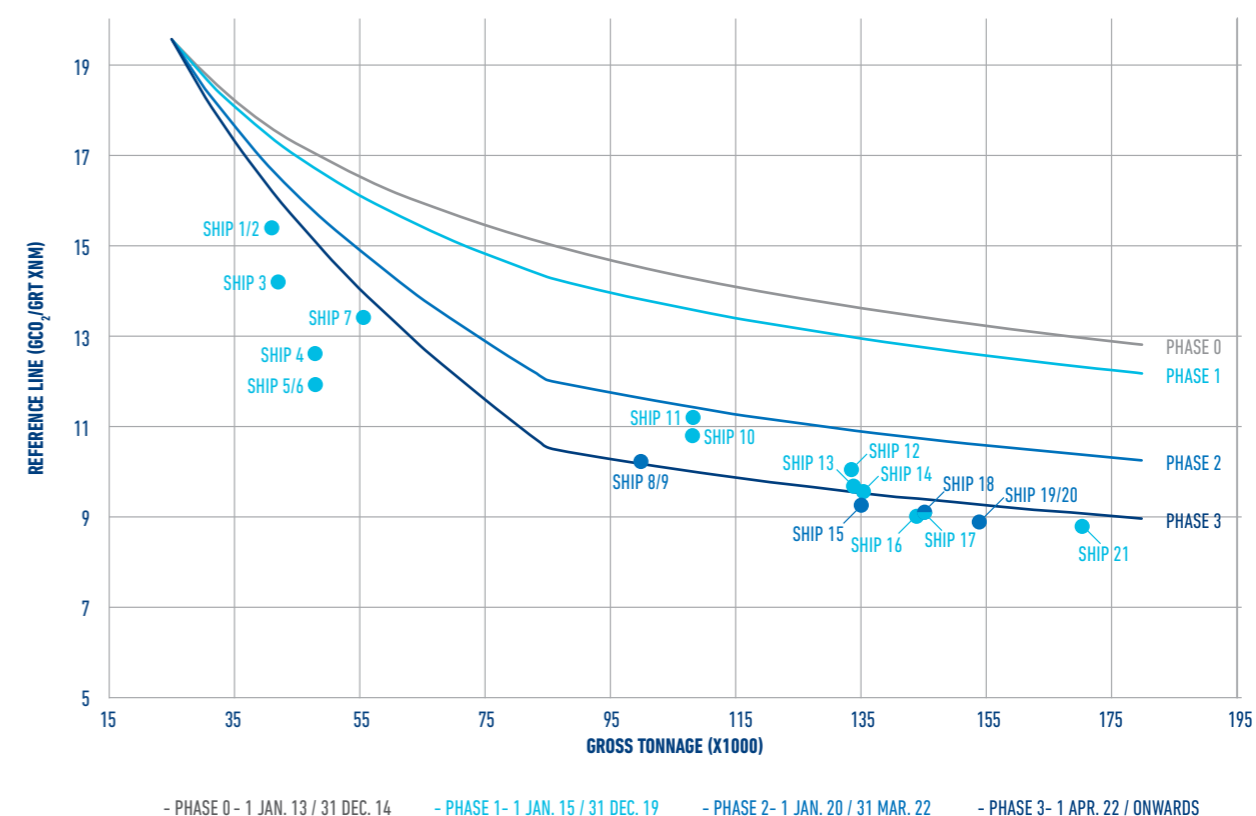
Energy saving and reduction of emissions

The International Convention for the Prevention of Pollution from Ships (MARPOL) aims to prevent and minimize accidental pollution and pollution resulting from routine operations. MARPOL Annex VI sets out the rules for calculating and verifying compliance with the limits set for the energy efficiency design of ships, both for new ships (Energy Efficiency Design Index - EEDI) and for existing ships (Energy Efficiency Existing ships Index - EEXI). Lower index values correspond to greater energy efficiency. Regulations impose a decrease in values over time. Our ships anticipate the EEDI values.

For ships already in operation, our subsidiary Cetena is developing a software tool to support decision-making and monitor energy performance, in order to identify best practices for optimizing operational energy efficiency, to provide specific energy assessment and efficiency advice, and to support crew familiarization and training activities.

The EEDI scores obtained by Fincantieri's cruise ships delivered in the last five years with respect to the provisions of the regulations on the index values, represented as time phase curves, are given below.

EEDI FOR CRUISE SHIPS DELIVERED BY FINCANTIERI IN THE PERIOD 2016-2021



In particular, we have validated and applied on our ships a series of initiatives, included in the Company's "Eco-sustainable Design" procedure, that are also aimed at energy saving and reducing air pollution.

SOME ENERGY SAVING SOLUTIONS

SOME EXAMPLES OF ENERGY SAVING SOLUTIONS	REDUCED CONSUMPTION PER SHIP BY CA 130,000 GRT (t FUEL/YEAR)
Fan coil installation in cabins	290 t/year
Fan coil installation in public areas	160 t/year
Variable speed adjustment systems for electric motors	220 t/year
Heat recovery system optimization	270 t/year
Recalibration of drinking water generation system	48 t/year
Increase of electric motor energy class	75 t/year
LED and high efficiency lighting and automatic lighting control	130 t/year

The reduction in consumption has been calculated based on average savings values for the various energy saving initiatives.



MARPOL also requires a progressive reduction in emissions of harmful gases, in particular sulphur oxides (SOx) and nitrogen oxides (NOx). The constraints are growing over time, and they are particularly strict in Emission Control Areas (ECA), which broadly identify the most vulnerable ecosystems, where the most stringent values for reducing harmful emissions are applied, and which coincide with the main operating areas of the cruise industry. European legislation (Directive 2012/33/EU) sets further emission limits, particularly in port areas, due to their proximity to intensely inhabited areas.

To meet the challenge of reducing emissions, Fincantieri is experimenting with various green technologies, which are described below.

Liquefied natural gas

The currently most common configuration for emissions reduction is based on **latest generation diesel engines** combined with the installation of fume purification systems in the exhaust systems.

Another method which is gradually being established is the substitution of traditional fuels with **Liquefied Natural Gas** (LNG) in view of the indisputable benefits in terms of emission impact.

SOLUTIONS TO REDUCE HARMFUL AIR EMISSIONS		EMISSION IMPACT BY TYPE OF POWER SUPPLY		
PURIFICATION OF EXHAUST FUMES	LNG/DUAL FUEL PROPULSION	EMISSIONS (DIESEL CYCLE)	HEAVY FUEL OIL	LNG
 NOx Reduction: Catalytic converter in which the nitrogen oxides are made to react with urea in a high temperature process, obtaining pure nitrogen (N ₂) and water vapour	Reduction NOx e SOx: solutions for future new builds	CO ₂ (g/KWh)	560	430
		SOx (g/KWh)	0.9	0.006
NOx (g/KWh)		10.47	2.5	
 SOx Reduction: Scrubbers fume scrubbers				

Emission values refer to the limits imposed by the MARPOL regulation.

However, there are critical issues related to the new technologies. In general, the new technological solutions and systems introduced for the protection of the environment occupy volumes previously intended for the payload. In the case of LNG, accommodating the tanks on board (in addition to the liquid fuel tanks) and installing the related operating and safety systems entails a significant reduction of the useful space. Moreover, the development of a logistics system capable of ensuring the availability of LNG (including intermediate storage and bunkering systems) in all major cruise destinations is still at an embryonic stage, consequently limiting the area of operation on new ships.

Fuel cell research

The future lies in the application of **fuel cells**, electrochemical conversion devices that generate electricity and heat by combining a fuel (typically hydrogen, methanol or methane) and a comburent (oxygen), in the absence of combustion. In this way, no polluting substances are actually produced. After the initial development phase, linked to space exploration and the naval field (submarines), terrestrial applications for the generation of electricity and propulsion (from cars to prototype trains fuelled by fuel cells) are spreading. The Company has set up a research laboratory, in collaboration with the University of Trieste, with the aim of testing power generation systems based on different types of fuel cells. Fuel cells are a mature technology, but the systems in circulation are not capable of generating the tens of megawatts of power needed to power large ships. Between 40 and 80 megawatts of power are installed on a cruise ship, one third of which is dedicated to the hotel part and two thirds to propulsion.

Lithium batteries

Another technology we are investing in is lithium batteries. In 2021, we formed the Power4Future joint venture with Faist to focus on this project. Power4Future will cover the entire production process: from cell design, lithium ions and assembly to marketing and after-sales services. As well as powering ships covering short distances, the batteries will also be able to contribute to zero emissions in port when there is no cold ironing. Fincantieri experimented with this a few years ago, installing a system of mega lithium batteries to power the Grimaldi group's twin ferries Cruise Roma and Cruise Barcelona, thus avoiding the need to run diesel generators during port stopovers.

USE OF BATTERY MODULES

To cover the entire load on board

Supplementation of the electric power supplied by the batteries with a traditional generation system (as in hybrid cars). The energy supplied by the batteries is used:

- exclusively in particular situations (for example in port), or
- supplemented by the on-board diesel engines at times of maximum power demand (e.g. maximum speed navigation).

The road to hydrogen

Hydrogen or, alternatively, ammonia are solutions that could enable the maritime transport segment to reduce its emissions to zero. But there is still a long way to go since these involve developing technologies.

The most suitable energy sources should be identified for each type of maritime transport, taking into account the relevant constraints (e.g. low energy density, limited availability, storage and transport difficulties, potential toxicity/hazardousness). The systems for these forms of energy generation (from endothermic engines to fuel cells) need to be designed, tested and implemented as do the associated equipment. And finally, it is essential to promote the development of the relevant safety regulations and to define the conditions to allow the new technologies to become economically self-sustainable by ensuring development of the infrastructure for production, distribution and storage.

Fincantieri has joined the public-private partnership launched by the European Commission and the Waterborne Technology Platform to decarbonize waterborne transport. The aim is to present zero-emission solutions for all types of ships and services in the maritime segment by 2030, making waterborne transport completely emission-free by 2050. The project is funded by the Horizon Europe research and innovation programme. One of the problems of hydrogen applied to maritime transport is that there is no legislation on how to design a hydrogen-powered ship, nor how it can be put to sea. There is still no regulatory framework for setting out the shipbuilding rules.

Zeus: the floating laboratory

In cooperation with the Italian National Research Council (CNR) and the Universities of Genoa, Naples and Palermo, and with the contribution of the Italian Ministry of Economic Development, we developed Zeus (Zero Emission Ultimate Ship), an experimental 25.6-metre-long vessel powered by hydrogen fuel cells and equipped with a lithium-ion battery for navigation at sea, the first of its kind in the world. The ship will be a real floating laboratory, whose purpose is to acquire information on how fuel cells, an electrochemical device that allows electricity to be obtained directly from hydrogen without a thermal combustion process, behave in the real environment. The ship will be equipped with a hybrid apparatus, with two diesel generators and two electric motors as a conventional propulsion system. In addition to this, there is a 130 kW fuel cell system, powered by approximately 50 kg of hydrogen contained in 54 metal hydride cylinders, using technologies already in use on submarines, and a lithium-ion battery system, which together will give approximately 8 hours' navigation autonomy with zero emissions at a speed of approximately 7.5 knots.

Fincantieri, MSC and Snam have signed a Memorandum of Understanding to jointly evaluate the design and construction of the world's first hydrogen-powered cruise ship, which would enable zero-emission operations in specific shipping areas, as well as the development of the related hydrogen storage infrastructure. The project will build on the experiments already carried out by the Group with the Zeus project.

Green orders

Fincantieri already built a special **LNG-powered** ferry for Canada in the past and, in 2019, it received orders for prototype dual-fuel cruise ships primarily powered by LNG:

- TUI Cruises (joint venture between TUI AG and Royal Caribbean Cruises) finalized the order of two new-generation cruise ships with a gross tonnage of approximately 161,000 and primarily powered by LNG. Energy efficiency is one of the features of the project, with a dual objective of containing consumption under operation and minimizing the environmental impact;
- Princess Cruises, the Carnival group brand, ordered two cruise ships with a gross tonnage of 175,000. The vessels will accommodate approximately 4,300 passengers and will be based on a new-generation project, becoming the first of the Princess Cruises fleet to be powered mainly by LNG.

VARD has delivered various small/medium-sized vessels equipped with **electric batteries** to cover all or part of the energy requirements and it is committed to testing other innovative solutions:

- in 2020, it delivered the first electric self-driving container ship, which will gradually reduce human intervention over two years from delivery until reaching complete autonomy in 2022. The 80-metre by 15-metre vessel operates in Norway, guaranteeing a transport capacity of 120 TEU, replacing 40,000 TIR journeys a year. The vessel will reduce nitrogen oxide (NOx) and carbon dioxide (CO₂) emissions and improve road safety in a highly populated urban area;
- in 2021, it delivered two ferries to the Norwegian operator Torghatten Nord and a dual-powered electric hybrid cruise ship with icebreaker features, equipped with high capacity batteries and LNG storage on board;
- between 2022 and 2023, it will deliver eight remote-controlled naval vessels with engines that can be adapted to **ammonia fuel**.

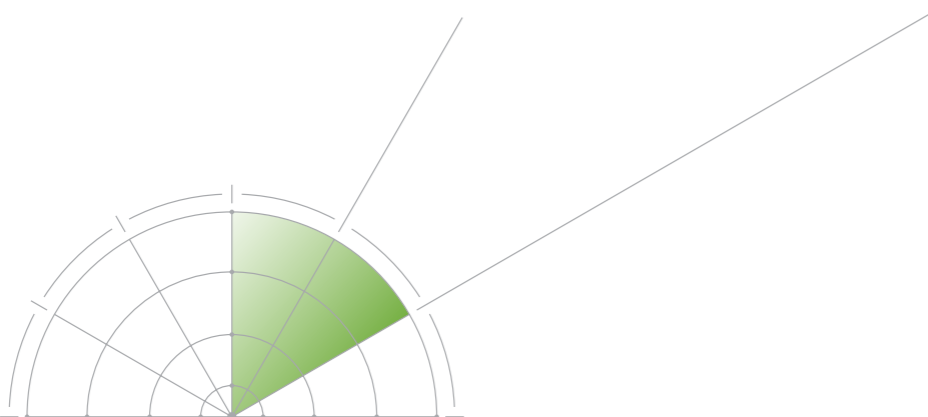
Zero emissions in port: cold ironing

One of our goals is to achieve zero emissions in ports by 2030. During dock time the propulsion engines are switched off, but auxiliary diesel engines are used to ensure the provision of services on board, which involve high fuel consumption and exhaust emissions.

The solution is **cold ironing**, the dock electrification system that allows electricity to be supplied to the ship directly from the shore, so that the ship's engines can be shut down while it is berthed. In addition to reducing polluting emissions, the supply of energy from the grid would help reduce noise pollution and improve comfort on board while in port.

The major limitation of cold ironing is investment costs. In fact, this technology requires both the electrification of the quay and the installation of appropriate on-board systems.

To implement this technology in ports, Fincantieri, through its subsidiary Fincantieri SI, has initiated a series of agreements, including a partnership with Enel X for the construction of new-generation port infrastructure and the electrification of logistics activities on shore.



Treatment and storage of solid and liquid waste

Waste treatment is regulated by MARPOL:

- Annex I Prevention of pollution by oil and oily water;
- Annex IV Prevention of pollution by sewage;
- Annex V Prevention of pollution by shipboard waste.

The increasingly stringent regulations in force in areas with a strong cruise vocation and vulnerable ecosystems, such as Alaska and the Baltic Sea, determine the characteristics of the latest generation cruise ships.

Only bacteriologically and chemically pure water, with an extremely low hydrocarbon content, can be discharged into the sea (under certain conditions) in these areas. Any other residue must be stored on board and unloaded in port for further treatment.

The processes for treating, sorting and disposing of the waste produced on board are shown in the diagram below.

WASTE TREATMENT

SOLID WASTE



- collection, dehumidification, kitchen waste treatment;
- sorting and recycling of hotel waste;
- compaction and/or incineration (where permitted) of solid waste;
- pelletizing, storage of waste for subsequent unloading in port.

LIQUID WASTE



- physical and biological treatment (in line with the best land standards) of all on-board wastewater (sewage, grey water, kitchen effluents and laundries);
- storage of purified water;
- thickening and drying of residual sludge for subsequent unloading in port.

Ballast water treatment

The ballast water treatment regulations, International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM 2004), require ships to sterilize ballast water before discharging it, to avoid contamination with species from different ecosystems.

BALLAST WATER TREATMENT



Latest generation of ballast water treatment systems, based on the pre-filtering of plankton and subsequent sterilization with ultraviolet rays.

Naval vessels

The naval vessel market is strongly influenced by the continual demand to increase efficiency standards in the international defence segment and is one of the most demanding challenges. We are a reference player for many Navies and we face challenges thanks to our consolidated experience in the design sector; our wealth of know-how has enabled us to deliver over 100 naval vessels since 1990.

A consolidated experience has enabled us to combine the development of platforms with high operational performance with the application of solutions aimed at containing environmental impacts.

Thanks to the adoption of an eco-sustainable design process and the increased sensitivity towards ecological issues shown by Navies, we have been able to operate in many fields, adopting solutions aimed at reducing environmental impact. We have collaborated with the Italian Navy for many years, focusing on this issue right from the preliminary project. The new vessels, some of which are already in service, feature design choices aimed at containing environmental impact in terms of emissions to air, fuel consumption, wastewater treatment, use of special treatments to preserve the hull and the possibility, for certain vessels to be delivered shortly, to contain an area of sea that is polluted, with the possibility of collecting and storing the pollutants on board. As regards power generation, building on more than ten years of experience of submarines, studies are underway for the use of fuel cells on naval vessels. These studies will also benefit from the results coming from the use of the Zeus ship.

As part of the efforts to prepare the proposed European Partnership, under Horizon Europe, Zero-emission Waterborne Transport, promoted by the European Waterborne Technology Platform (TP), the Naval Shipping Division is collaborating on the ambitious goal of providing and demonstrating zero-emission solutions for all types of ships and services before 2030, enabling zero-emission waterborne transport before 2050.

In particular, to implement the initiative, we have directed our Research and Innovation process to one of the three fundamental pillars, Environment, with a focus on vessel eco-sustainability and energy efficiency.

Two projects we are focusing on are:

- **PIAQUO - Practical Implementation of AQUO:** a cooperative project financed by the European LIFE programme, which aims to mitigate issues related to underwater noise and reduce its impact on the marine ecosystem by optimizing propellers and developing a self-assessment model in real time;
- **Sustainable Ship Design Program:** the project led to the introduction and validation of a holistic approach to energy efficiency and emission reduction in ship design, also through a careful control of Energy Efficiency Design Index.



Energy saving and reduction of emissions

This issue is dealt with by introducing energy savings criteria developed mainly in ship architecture, namely by selecting endothermic engines (both propulsion engines and power generation engines) with appropriate technological solutions and by selecting high energy efficiency materials or materials with high efficiency heat transfer.

AREAS OF INTERVENTION TO REDUCE EMISSIONS	EMISSIONS REDUCTION OF NAVAL FIGHTING VESSELS WITH A DISPLACEMENT FROM 6,000 TONS*	
	CO ₂ [t/year]	NOx [t/year]
Optimization of hull lines		
Introduction of LED lights		
Painting of superstructures with low sun absorption paints	~ 2,000	~ 40
Optimized insulation of internal areas		

*Use profile: 50,000 nautical miles/year.

AREAS OF INTERVENTION TO REDUCE EMISSIONS	EMISSIONS REDUCTION OF AUXILIARY VESSEL WITH A DISPLACEMENT FROM 27,000 TONS*	
	CO ₂ [t/year]	NOx [t/year]
Optimization of hull lines		
Introduction of LED lights		
Painting of superstructures with low sun absorption paints	~ 3,500	~ 115
Optimized insulation of internal areas		

*Use profile: 30,000 nautical miles/year.

On the other hand, the special characteristics of naval vessels and the consequent system solutions optimized to deliver mission performance do not, currently, enable the introduction of energy recovery systems.

Treatment and storage of liquid and solid waste

The technological solutions adopted for the treatment of solid waste are entrusted to the converters. Use of these machines enables waste to be dried and sterilized and the consequent reduction in volume and weight and subsequent automatic vacuum storage allow on-board retention to be increased. The modern converters adopted enable a volume reduction of 70% and weight reduction of 30%.

For liquid waste, we have adopted technological solutions that are in line with the international regulations already used for merchant vessels:

- IMO MEPC 227 (62) for grey water and sewage treatment;
- IMO MEPC 107 (49) for bilge water treatment.

Grey water and sewage are collected into appropriate physical and chemical treatment units which macerate the suspended solids and reduce the contents of the Total Suspended Solids (TSS), Biochemical Oxygen Demand

(BOD) and Chemical Oxygen Demand (COD) using aerobic processes. The process also envisages disinfection using UV systems.

The systems adopted are able to achieve BOD values of 25 mg/l and COD values of 125 mg/l. Bilge water is treated using units that separate the pollutants caused by accidental spills. The system is based on physical processes for viscosity reduction and then absorption using coalescent filters. Separation enables the level of pollutants in the treated water to be kept under control, guaranteeing a maximum concentration of 15 ppm.

Ship end-of-life

Although the disposal of materials at the end of the ship's operational life is not part of the ship's construction activities because it is managed directly by the shipowners, our cruise ships have voluntary certifications such as Green Passport, Clean Ship or Eco (the name of the certification is different depending on the classification society). All naval vessels are delivered with the Green Passport and some of them also have the Clean certification.

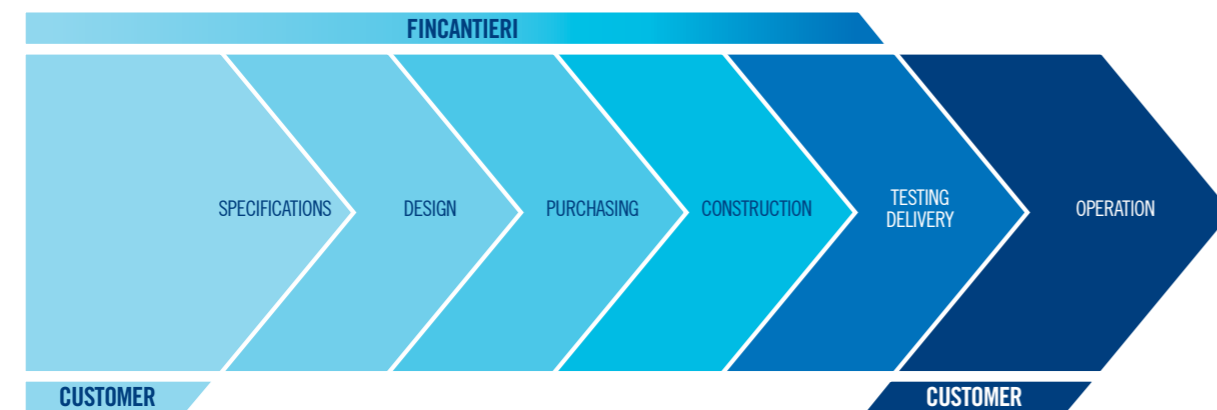
The Green Passport includes our commitment to provide, on delivery of the ship, the inventory of materials to be monitored during the ship's life cycle and it is used to ensure it is scrapped safely and in an environmentally friendly way, in accordance with the Hong Kong Convention for the safe and environmentally sound recycling of ships, adopted by IMO's MEPC 197 (62). The classification society will carry out periodic audits throughout the life of the ship to ensure compliance with environmental standards and maintenance of its environmental certification.



Eco-design

In line with the Environmental Policy and the objectives of the Sustainability Plan, we have defined an eco-design system to promote the development of environmentally sustainable ships. Objectives can be identified for each project to ensure that the assumptions, principles and control metrics (KPIs) identified for the realization of an eco-sustainable product are translated into choices regarding design and the acquisition of systems/ machinery that make up the ship product by following the eco-design procedure. In 2021, we have continued along this sustainable path by updating the initiatives already made available in line with the latest technological developments and eliminating those which, having become widespread and in common use for some time, are no longer innovative. As part of the same policy, and with reference to the different environmental aspects, we have defined criteria to enhance internally the technological solutions adopted for each ship built. This approach makes it possible to compare the different constructions and to monitor the product's environmental sustainability trends over time. In 2021, we defined 10 new environmentally friendly initiatives for the Merchant Shipping Division and 8 new initiatives for the Naval Shipping Division.

The foundation of the entire process of eco-sustainable design lies in the ability to contain and improve the environmental impact during the **entire life cycle** of the product: from technical design development to the choice of systems and materials, from procurement to construction, from its management in operation to disposal at its end of life.



Identifying solutions that reduce energy consumption, atmospheric emissions, waste production and improve the environmental impact of the production process and materials used, taking as reference similar products as well as "best in class", therefore benefits the entire context (population and surrounding area) in which the individual production site is located.

The design choices made in relation to managing the ship during its operation and its performance, in addition to seeking to contain consumption and minimize the impact on the environment, have the additional purpose of making work easier and making the hospitality provided on board more comfortable.

Finally, it should be stressed that sustainability assessments are also taken into account with regard to **decommissioning activities**, helping to guide choices on materials, components and systems with characteristics that limit the impact of the dismantling and disposal operations at the end of the product's life, which remain the sole responsibility of the shipowner.

Sustainable partners

We ask our suppliers to share our approach to sustainability in order to achieve one of our most important corporate objectives: having a responsible and sustainable supply chain.

We want to represent a model of excellence also in terms of environmental protection and this is why we have a binding environmental policy for all our employees and for all external companies operating in our production sites. We are committed to implementing and maintaining an Environmental Management System certified to the international ISO 14001 standard. We expect all our suppliers to align themselves with this approach, sharing principles and commitments on environmental protection, with the common goal of achieving a sustainable supply chain while minimizing environmental impact. For this reason we have adopted the Suppliers' Code of Ethics that includes among its pillars the **protection of** and **respect for the environment**. Suppliers are asked to share the principles contained in the document with their employees, subsidiaries, collaborators and subcontractors, with a view to encouraging virtuous behaviour throughout the supply chain.



For more information on the supply chain, please refer to the chapter "Sustainable supply chain".

Agreements and initiatives to be eco-sustainable

Respect for the environment, for local territories and for the people with whom we share areas and activities are essential elements in order to ensure the continuity and growth of our Group over time and to the benefit of future generations.

Therefore, we are directly involved in the development of international regulations and we conduct our business in close collaboration with the flag agency, classification societies, the sector's industrial associations, shipping companies and the main international research bodies.

Research plays a particularly important role in the fight against climate change. Therefore, the Sustainability Plan includes a specific objective that provides for the activation of **partnerships with universities/research institutes**, in order to conduct a study on the circular economy and develop new solutions for energy efficiency or reduction of greenhouse gas emissions. The GreenCruise project, funded by the Ministry for Economic Development, continued in 2021 to study and develop prototypes of power generation solutions using alternative fuels (e.g. LNG and fuel cells).

As part of our Research and Innovation projects, several **European collaborations** are ongoing to study strategies to reduce the environmental impact of our products, in particular, with reference to the initiatives underway associated with the SDG 14 objective - life below water - studies are being carried out to reduce underwater noise caused by our products, even though there are no strict regulations on this issue.



For more information on our collaborations, please refer to the chapter "Innovation and sustainability".

Throughout 2021, we have been active in promoting initiatives and agreements that help facilitate and accelerate the green transition, demonstrating our ability to anticipate mega-trends and take uncharted routes, thus taking on the role of first-player in technological innovation and sustainability.

Fincantieri, ArcelorMittal Italia (AMI) and Paul Wurth Italia (PWI) have signed a Memorandum of Understanding for the **reconversion of the full cycle of AMI's Taranto steel plant** with environmentally friendly technologies. The agreement includes the identification of innovative projects to reduce emissions, as well as activities for the study and development of new joint business models, such as the production of high-strength steels for the production of ships and large infrastructures, in addition to the supply of steel.

Fincantieri and Enel X have entered into a partnership to collaborate on the construction and management of new-generation **port infrastructure with a low environmental impact** and for the electrification of logistics activities on shore. The agreement, initially dedicated to national projects, covers the implementation of cold ironing (the technology for supplying power from shore to ships at berth during stopovers); the management and optimization of energy exchanges in new infrastructures; systems for storing and producing electricity, including through the use of renewable sources, and the application of fuel cells.

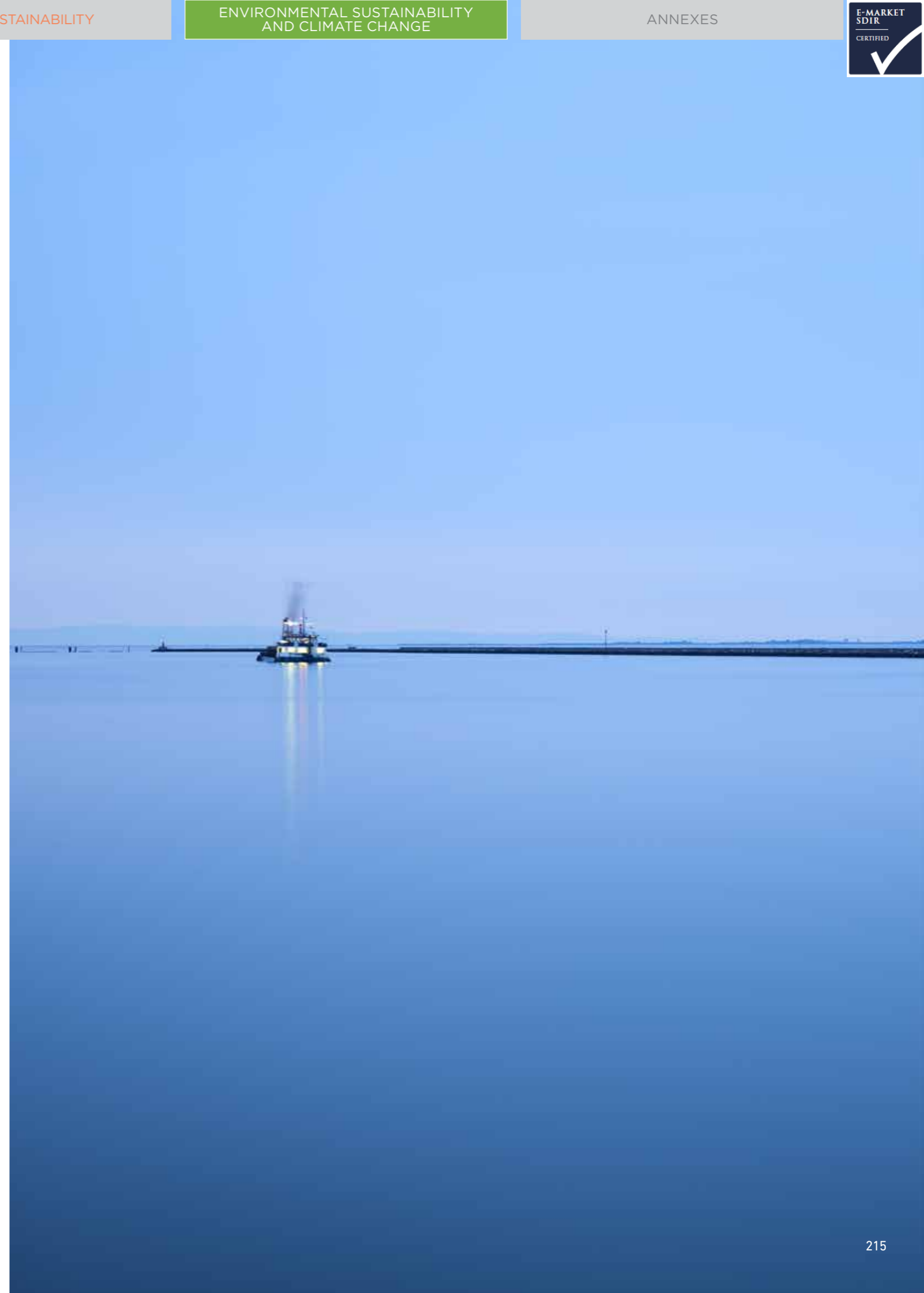
In 2021, cooperation continued between Eni and Fincantieri with the signing of a Memorandum of Understanding aimed at starting a collaboration to promote initiatives aimed at energy transition, through the identification of a system of integrated solutions in decarbonization projects in the areas of energy, transport and the **circular economy**. Back in 2019, Fincantieri, Eni, Cassa Depositi e Prestiti and Terna signed an agreement to develop energy systems with a reduced environmental impact, the activities of which are continuing with the testing of a system that uses **wave motion** to produce electricity.

We also recognise the enormous potential of **batteries** for energy transition and electrification, which is why the Power4Future joint venture was created between our subsidiary Fincantieri SI and Faist Electronics. This JV will build a battery production site and then focus on the design, assembly, marketing and after-sales services for battery modules and assemblies.

During the year, we also participated in the activities of the Observatory on Biolubricants for the Decarbonization of the Economy. The initiative, promoted by NextChem in collaboration with Fondazione Ecosistemi, involves several national players and aims to collect technical and market data and information, identify best practices and assess the environmental benefits of using **biolubricants** as substitutes for fossil fuel products in various application sectors.

As mentioned earlier, we are very committed to the **hydrogen** issue. Our ambition is to create a new industrial eco-system, consistent with the objectives of the European Green Deal, to apply green hydrogen to ship propulsion and work on energy saving, wind energy, port electrification and green steel. In this direction, in addition to the agreement with MSC and SNAM to build the world's first hydrogen-powered cruise ship, Fincantieri signed a Memorandum of Understanding with Enel Green Power Italia in 2021 with the aim of defining an integrated solution for the production, supply, management and use of **green hydrogen** for port areas and long-range maritime transport. As part of the collaboration, the two companies intend to exploit excellence and know-how in their respective fields to identify possible sustainable and innovative solutions.

The subsidiary Fincantieri DECO - Fincantieri Dragaggi Ecologici S.p.A., has developed the offer of services related to **maritime dredging** with the use of an innovative ecological dredging system for the sustainable reclamation of the seabed. The main benefits of the project are the reduction of the dredging footprint on the seabed, mitigation of dredging effects on other seabed users, maximization of the extraction of available resources and minimization of waste in individual dredging areas. The testing phase was completed in 2021 and, during the second half of the year, operational dredging activities began at the Port of Ravenna.



ANNEXES

Methodological note

Description of the material topics

Global Compact reconciliation table

GRI Content Index

Independent auditors' report on the
consolidated non-financial statement

Methodological note

The fifth Sustainability Report of the Fincantieri Group, approved by the Board of Directors on 23 March 2022, is a communication tool that describes, in a transparent and structured manner, the economic, social and environmental results achieved, and demonstrates the Group's commitment to sustainable development, with the aim of creating value not only for the Company, but also for its stakeholders.

The Report represents the **Consolidated Non-Financial Statement of the Fincantieri Group** prepared in accordance with Articles 3 and 4 of Legislative Decree No. 254/16, with reference to the 2021 financial year (from 1 January to 31 December 2021). This document reports, to the extent necessary to ensure an understanding of the activities of the company, its progress, its results and its impact, in relation to the areas considered important and required by Article 3 of the Decree.

As required by Article 5 of the Decree this document is a **distinct report** with the appropriate wording to identify it as the Consolidated Non-Financial Disclosure (NFD) required by the regulation.

The **contents** of the Report have been prepared in accordance with the Global Reporting Initiative's (GRI) Sustainability Reporting Standards of 2016, with the exception of the specific Standards:

- GRI 303 (Water and Effluents) and GRI 403 (Occupational Health and Safety) published in 2018.
- GRI 207 (Taxes) published in 2019.
- GRI 306 (Waste) published in 2020.

The Report has been prepared in accordance with GRI Standards according to the "in accordance - Core" option. For further detail on the information required by the Standards and the indicators reported, please refer to the GRI table shown in the annex to this document.

Sustainability reporting is preceded annually by the analysis and identification of **material topics** (materiality matrix page 27), i.e. those which reflect the significant impacts for the organization from an economic, social and environmental viewpoint, and which substantially influence stakeholders' assessments and decisions, and by the mapping and risk management methods. As required by the Decree, for each theme evidence is given on its materiality in relation to Group's activities, the risks connected with it, the Company's policies and commitments and the results obtained and monitored using ad hoc indicators capable of representing the results in terms of management.

With reference to the requirements of Article 3, paragraph 2 of Legislative Decree 254/16, some information not considered relevant for an understanding of the company, its progress, results and impact has been excluded. Fincantieri defined the 2018-2022 **Sustainability Plan** that breaks down the commitments undertaken by the Group into qualitative and quantitative targets that can be measured over time and contributes to the achievement of the **Sustainable Development Goals** (SDGs) of the United Nations 2030 Agenda. The 2021 Sustainability Report describes the initiatives implemented to achieve the Plan objectives with a 2021 final or intermediate deadline.

In 2019, the Fincantieri Group decided to join the **Global Compact**, the initiative to promote and disseminate sustainable development practices launched and sponsored by the United Nations, and has therefore committed itself to integrating the ten principles relating to human rights, labour rights, environmental protection and combating corruption into its policies, strategies and activities. The Sustainability Report represents the **Communication on Progress** (COP) related to the activity carried out in 2021. In particular, a table has been prepared (see appendix), which summarises the actions taken and the results achieved in relation to each of the above principles and references the pages of the Sustainability Report where these topics are discussed in greater detail.

For the first year, Fincantieri analysed the recommendations of the **TCFD – Task Force on Climate-related Financial Disclosures** in the reporting of information related to the management of climate change aspects. In particular, the "Fincantieri for the climate" chapter has been prepared, which contains governance, strategy, risk management and metrics and targets related to climate change.

As required by Article 8 of EU Regulation 2020/852 – **Taxonomy**, for the first year the Group has reported the share of revenues, capital expenditure (Capex) and operating expenditure (Opex) that qualify as "Taxonomy-Eligible", namely those activities that can contribute to a low-emission economy regardless of whether they meet the technical criteria that will be implemented starting from next year.

The **process** of collecting data and information and drafting the Report is coordinated and managed by the Sustainability unit, in cooperation with the multifunctional Working Group. The Report's contents have been defined according to the principles of accuracy, balance, clarity, comparability, reliability and timeliness.

The Sustainability Report has been prepared in accordance with a specific internal procedure that defines the roles, responsibilities and operating methods that Fincantieri S.p.A.'s and subsidiaries' staff must follow in order to guarantee the proper management of all the data required to prepare the document. The data were processed and validated also by the various function managers.

The document seeks to present the positive and negative aspects in an equal light and, where considered appropriate, a comment on the results has been provided. The economic values are expressed in euros (thousands and/or millions of euros). Sometimes the data are rounded to one decimal point or to a round number, and therefore their sum may not coincide exactly with the total value.

The **reporting boundary** of the data presented in the Report relates to the Companies fully consolidated (using the line-by-line method) in the consolidation area used for the consolidated financial statements. Any limitations to the reporting boundary specified above or clarifications concerning the calculation method are indicated in the relevant sections of the document.

The economic and financial aspects, the changes that took place since the previous year and the Corporate Governance of the Group are described in greater depth in the following documents: Annual Report 2021, Report on Corporate Governance and Ownership Structure 2022, Report on Remuneration Policy and on Fees Paid 2022, available on the Group's website (www.fincantieri.com) together with this NFS.

To enable data and information comparability over time and assess the Group's performance, comparison with the previous year is given. The new presentations of the comparative figures previously published are clearly indicated as such. Furthermore, in order to correctly show performance and guarantee the reliability of the data, the use of estimates was limited to the minimum possible and, if present, these are based on the best methods available and appropriately described.

For greater transparency of information relating to the indicator GRI 205-2 - 'Communication and training about anti-corruption policies and procedures', data on anti-corruption training has been made explicit, which is included in the broader training on business ethics and integrity. The 2020 data from Fincantieri Marine Group's business ethics training was also integrated to make the data comparable with 2021.

As regards the specific GRI 207 Standard (2019), information on the management methods 207-1 and 2 was provided, while the information for 207-3 and 207-4 is partial and Fincantieri undertakes to collect and provide it within the medium term.

With regard to the analysis and description of the main indirect economic impacts associated with outsourcing of the production chain (GRI 203-2), Fincantieri has used an econometric model developed by Censis (a Foundation recognized with Decree of the President of the Republic No. 712/1973). Based on this model, a better estimate was produced to represent the multiplier effects that Fincantieri, for the portion of the business relating to shipbuilding, is able to produce within the national economic system, based on the specific production and business model developed and pursued in recent years and the structure of the supply chain, with the relative levels of integration upstream of the production cycle for naval vessels.

It should be noted that, as regards indicator GRI 301-1, the 2020 ferrous materials data for the VARD group has been revised for comparative purposes following the improvement of the data collection process.

With regard to the "Direct (Scope 1) GHG emissions" indicator GRI 305-1, the 2020 emission coefficient for acetylene has been revised.

The "Other indirect (Scope 3) GHG emissions" indicator GRI 305-3 has been expanded, for both 2020 and 2021, based on the GHG Protocol categories. In particular, emissions from 'Capital goods' and "Fuel and energy related activities" were also calculated, in addition to the categories "Upstream transport and distribution", "Purchased

goods and services”, “Business travel”, “Waste generated in operations” and other (water withdrawal) already calculated by the Group. In addition, the 2020 Scope 3 data have been revised following the expansion of the reporting of the VARD group’s ferrous category and the updating of the emission coefficients for technical gases (carbon dioxide, argon, nitrogen and oxygen) as well as for paints and waste.

This Report is subject to an assessment of its compliance with the criteria indicated by the “ISAE 3000 Revised” standard by an independent auditor, who expresses, in a separate report, an opinion on whether the information provided complies with Article 3, paragraph 10 of Legislative Decree 254/2016 and GRI Standards. The audit is conducted according to the procedures specified in the “Independent Auditors’ Report”, included in this report.

The Sustainability Report is required to be published annually.

For any further information it is possible to contact the Sustainability unit at the email address sustainability@fincantieri.it

MATERIAL ASPECTS

MATERIAL ASPECTS MATERIAL TOPIC	GRI STANDARD TOPICS	BOUNDARY OF ASPECTS	
		INTERNAL	EXTERNAL
Governance and business integrity	Anti-corruption; Anti-competitive behaviour; Taxes; Socioeconomic compliance	Group	Supply chain; Customers; Community
Cyber security	Customer privacy	Group	Supply chain; Customers; Community
Sustainable supply chain	Procurement practices; Environmental and social assessment of suppliers	Group	Supply chain
Development and safeguarding of human resources	Market presence; Employment; Labour/ management relations; Freedom of association and collective bargaining; Training and instruction	Group	Community
Company welfare	Employment	Group	
Diversity and equal opportunity	Diversity and equal opportunity Non-discrimination	Group	
Health and safety in the workplace	Occupational health and safety	Group	
Local communities and relations with the local area	Indirect economic impacts; Local communities; Public policy; Taxes	Group	Community
Human rights	Supplier social assessment Non-discrimination	Group	Supply chain; Community
Product quality and safety	Customer health and safety; Socioeconomic compliance	Group	Customers
Innovation, research and development	-	Group	Customers; Supply chain
Customer satisfaction	Customer privacy	Group	Customers
Climate change	Emissions	Group	Community; Environment
Environmental management	Materials; Energy; Water and effluents; Biodiversity; Emissions; Waste; Environmental compliance	Group	Community; Environment
Environmental impact of products and services	-	Group	Environment; Customers



Description of material topics

Governance and business integrity

Business integrity is the capacity to develop the business fairly and transparently and is a key factor characterizing the identity of the Group, as well as an important element in its reputation and corporate image as well as one of the five values guiding the Group's conduct. Responsible governance ensures fair and transparent conditions in the conduct of business affairs and the related company activities and is an essential element in the development of economically sustainable business activities that generate value for all stakeholders. The Group also adopts preventive measures and policies aimed at combating active and passive corruption and encourages the dissemination of a culture of legality.

Cyber security

The focus on cyber security has gradually intensified in response to the ever-increasing complexity and frequency of cyber attacks carried out against companies with national and international strategic importance, making it necessary to constantly adapt the corporate defences and processes for safeguarding IT assets. Protecting the integrity and confidentiality of data and information has become a pillar of the corporate digital strategy. The Group guarantees the protection of computer systems and data by avoiding the risk of network breaches, corruption of sensitive data or processes, using prevention, detection and measures against potential cyber attacks.

Innovation, research and development

Technological excellence is a key element of the Group's entrepreneurial approach, product, service or process innovation allows it to maintain and strengthen its competitiveness and leading position in complex markets with high potential. The Group is also researching new technologies in the field of digitalization and artificial intelligence to evolve towards an Industry 4.0 capable of developing more efficient and sustainable solutions.

Development and safeguarding of human resources

People are the Group's most important asset and it is constantly committed to protecting, developing and enhancing them. An individual's growth occurs through constant collaboration and cooperation in an inclusive and international context that encourages the exchange of ideas, comparison of opinions and experiences and the development of multidisciplinary skills. Investment in staff training and development is of strategic importance to guarantee constant growth in skills and know-how, at all levels. The evaluation processes are structured so as to enhance the value of each individual resource by promoting professional growth in line with their expectations, ambitions and potential. Industrial relations are based on a participative model which values and enhances the role of trade unions and workers, also through the establishment of appropriate joint committees. The Group defines and applies a remuneration and incentive policy aimed at achieving the Company's strategic priorities, including sustainability, and at motivating and retaining its resources.

Sustainable supply chain

A significant portion of the overall value of each ship depends on materials, parts, components and turnkey systems supplied by third parties, therefore the extent to which suppliers contribute to the overall value of the project is crucial. The Group actively manages its make or buy procurement strategies also through rigorous qualification processes. The Group's aim is to promote the principles of sustainability, also within its own supply chain, by raising supplier awareness of human rights, environmental and social issues.

Product quality and safety

Product/service quality and safety are at the heart of every strategic and organizational decision. Excellent levels of quality are in the DNA of the Group, the complexity of its business requires high standards in terms of quality and compliance with technical regulations and standards, at each stage of the production process. Responsibility for ensuring quality is widespread and shared. The Group operates through a rigorous system of measures in all areas of the value chain aimed at eliminating risks associated with the product and/or service used by the client or end users.

Customer satisfaction

Customer satisfaction is the core of the Group's interest and it is pursued by constantly involving the customer at the execution stage, in the continuous monitoring of quality and through the offer of innovative products. The Group's objective is to create trust relationships by activating channels that listen to the needs and expectations of the customer.

Climate change

The Group manages the risks related to climate change, constantly researching new methods to improve its practices and minimize the impact of emissions resulting from its industrial activities. It supports research projects in collaboration with research institutes/universities on issues associated with climate risks and promotes partnerships in order to contribute to a low-carbon economy.

Environmental management

Environmental protection is at the centre of the activities of the Group, which, in carrying out its activities, is committed to making the principles of environmental sustainability its own, both in its strategic choices and in its business processes. Therefore, investments are aimed at improving energy efficiency and reducing emissions of greenhouse gases and other pollutants, correct management of water resources and disposal of waste and waste water. Safeguarding the natural value and biodiversity of the areas affected by shipyard activities is also important for Fincantieri. To protect these places, specific and special precautions are put in place in accordance with local legislation.

Environmental impact of products and services

In developing its business model, the Group is inspired by the good practices of the circular economy and operates using a life cycle approach. The aim is to minimize the environmental and social impact of a product or service over its life cycle, evolving from a model that identifies the impact on the environment and society solely in production activities, and extending the analysis to all the links in the value chain and therefore to any negative external impacts.

Diversity and equal opportunity

For Fincantieri, diversity is a strategic element for the company competitive advantage and the development of its people. The Group is constantly committed to respecting the dignity of each individual and to offering equal opportunities to all employees, rejecting any form of discrimination. Diversity is recognized, at all levels, as a value to be cultivated in the organization in order to encourage the exchange of experiences and to enable the company to seize the transformations and changes currently taking place, developing an increasingly open corporate culture.

Company welfare

This is a tool which permits efficient management of resources which is innovative compared to the traditional pay and incentive mechanisms. The ultimate aim is to meet the specific needs of employees, improving the balance between work and personal needs, and promoting the wellbeing of employees and their families.

Health and safety in the workplace

Safety at work is an essential condition for any work activity. Fincantieri is committed to promoting a generalized cultural change in the field of safety and it invests energy and resources in the protection of health and safety in the workplace, adopting advanced management practices and systems to safeguard its employees and any third parties involved in company activities. The central elements are staff training, raising individual awareness and widespread involvement.

Local communities and relations with the local area

Local development is directly linked both with business activities and with the ability to systematically involve local players, showing awareness of the impact on the community. In terms of business activities, networks of small and medium-sized enterprises (SME), highly specialized in various macro sectors, are engaged. In addition, initiatives supporting the development of local communities are stimulated and encouraged, with the aim of creating shared value.

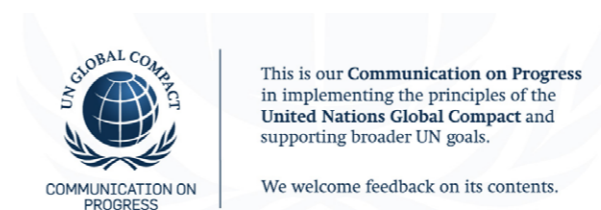
Human rights

The Group is strongly committed to ensuring that each employee can express his or her potential by enhancing skills and competencies and promoting a growth path, that there is recognition of merit and respect for equal opportunities, with the aim of safeguarding the human rights enshrined in the Universal Declaration of the UN. Furthermore, the Group has always paid the utmost attention to ensuring human rights are protected in the supply chain.

Global Compact reconciliation table

THE TEN PRINCIPLES	SUSTAINABILITY REPORT 2021	PAGE
Principles 1, 2 - Businesses are required to promote and respect universally recognized human rights within their sphere of influence and to ensure that they are not complicit in human rights abuses, even indirectly.	<p>Human rights The Company is committed to ensuring and promoting respect for human rights, a priority for the Group, in all business areas and among all stakeholders, whether Group employees or suppliers. The activities are conducted in accordance with fundamental human rights standards. As proof of this commitment, the Group's policies and practices are aligned with:</p> <ul style="list-style-type: none"> the International Bill of Human Rights, including the United Nations (UN) Universal Declaration on Human Rights; fundamental Conventions of the International Labor Organization (ILO); Guidelines of the Organization for Economic Co-Operation and Development (OECD) for Multinational Enterprises; the Ten principles of the United Nations Global Compact. <p>Fincantieri promotes sustainability and business ethics in the supply chain by conducting human rights, environmental, occupational health and safety audits on its suppliers. Fincantieri protects occupational health and safety through training, awareness and information initiatives.</p>	<p>56-57; 62-63; 96-97; 106-108; 137; 147</p>
	<p>Labour Fincantieri is committed to complying with the ILO's four core labour standards, as set forth in the Declaration on Fundamental Principles and Rights at Work:</p> <ul style="list-style-type: none"> freedom of association and the right to collective bargaining; elimination of all forms of forced or compulsory labour; effective abolition of child labour; elimination of all forms of discrimination in respect of employment and occupation. <p>Fincantieri rejects any form of discrimination based on ethnicity, colour, gender, age, disability, sexual orientation, religion, political opinion, nationality and social origin. It is committed to maintaining a work environment that is free from any and all forms of violence or harassment. Fincantieri regulates its relationships with political organizations and labour unions exclusively based on the current laws, regulations and agreements/contracts, guaranteeing the highest principles of transparency and correct conduct. Fincantieri is committed to initiatives to balance life and work. Fincantieri provides employees with training and professional development paths.</p>	<p>56-57; 62-63; 96-97; 106-108; 128-155</p>

THE TEN PRINCIPLES	SUSTAINABILITY REPORT 2021	PAGE
Principles 7, 8, 9 - Businesses are required to support a precautionary approach to environmental challenges; undertake initiatives that promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.	<p>Environment Fincantieri is committed to:</p> <ul style="list-style-type: none"> reducing its direct impact by reducing consumption and waste produced, and prioritizing the use of eco-sustainable resources, such as certified energy from renewable sources; protecting the environment and seeing the environmental management system as the tool for implementing and monitoring the actions taken to carry out the commitments made; following all the international best practices to minimize a ship's environmental impact throughout its entire life cycle. The Group is committed to developing new technologies to save energy, reduce emissions and increase the performance and quality of its ships; also making its suppliers aware of environmental aspects. 	<p>170-214</p>
	<p>Principle 10 - Businesses are committed to working against corruption in all its forms, including extortion and bribery.</p>	<p>Anticorruption Fincantieri disseminates ethical principles and corporate values and provides training on legality and anticorruption issues. Fincantieri carries out reputational audits on suppliers and third parties. No corruption cases were reported in 2021.</p>
Support for the Sustainable Development Objectives	Fincantieri is also committed to contributing to the achievement of the Sustainable Development Goals defined by the United Nations, in particular, the Company is active on goals 5, 7, 8, 9, 12, 13, 14 and 17.	<p>24; 42-43</p>



GRI Content Index

The contents of the Report have been prepared in accordance with the Global Reporting Initiative's (GRI) Sustainability Reporting Standards of 2016, with the exception of the specific Standards: GRI 303 (Water and Effluents) and GRI 403 (Occupational Health and Safety) published in 2018; GRI 207 (Taxes) published in 2019; and GRI 306 (Waste) published in 2020.

The Report has been prepared in accordance with GRI Standards according to the "in accordance - Core" option.

GENERAL INFORMATION		PAGE								
CODE	INDICATOR DESCRIPTION									
ORGANIZATION PROFILE										
102-1	Name of the organization	Fincantieri S.p.A.								
102-2	Activities, brands, products, and services	8-9; 16-17								
102-3	Location of headquarters	14								
102-4	Location of operations	8-9; 14								
102-5	Ownership and legal form	15								
102-6	Markets served	8-9								
102-7	Scale of the organization	8-9								
102-8	Information on employees and other workers	128-129								
EMPLOYEES BY GEOGRAPHICAL AREA										
	2020	2021								
	NUMBER OF EMPLOYEES	NUMBER OF EMPLOYEES								
ITALY	9,844 48.9%	10,681 51.4%								
NORWAY	1,279 6.3%	1,274 6.1%								
ROMANIA	5,619 27.9%	5,090 24.5%								
REST OF EUROPE	94 0.5%	213 1.0%								
NORTH AMERICA	2,378 11.8%	2,200 10.6%								
SOUTH AMERICA	185 0.9%	355 1.7%								
ASIA, AFRICA AND OCEANIA	751 3.7%	961 4.7%								
TOTAL	20,150 100%	20,774 100%								
EMPLOYEES BY TYPE OF CONTRACT										
	PERMANENT		FIXED TERM		TOTAL					
	FULL TIME		PART TIME		FULL TIME		PART TIME		TOTAL	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
ITALY	9,428	10,245	182	205	232	229	2	2	9,844	10,681
NORWAY	1,216	1,190	18	46	34	20	11	18	1,279	1,274
ROMANIA	4,880	4,660	12	13	725	414	2	3	5,619	5,090
REST OF EUROPE	66	161	4	6	24	44	0	2	94	213
NORTH AMERICA	2,374	2,189	4	6	0	5	0	0	2,378	2,200
SOUTH AMERICA	118	300	1	9	66	46	0	0	185	355
ASIA, AFRICA AND OCEANIA	596	625	0	4	155	332	0	0	751	961
TOTAL	18,678	19,370	221	289	1,236	1,090	15	25	20,150	20,774
%	92.7%	93.2%	1.1%	1.4%	6.1%	5.3%	0.1%	0.1%	100%	100%

CODE	INDICATOR DESCRIPTION	PAGE								
EMPLOYEES BY TYPE OF CONTRACT - WOMEN										
	PERMANENT		FIXED TERM		TOTAL					
	FULL TIME		PART TIME		FULL TIME		PART TIME		TOTAL	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
ITALY	874	1,048	149	178	48	43	0	0	1,071	1,269
NORWAY	188	180	11	22	2	5	3	1	204	208
ROMANIA	965	950	6	4	46	16	0	0	1,017	970
REST OF EUROPE	10	27	4	5	3	7	0	1	17	40
NORTH AMERICA	390	394	2	2	0	2	0	0	392	398
SOUTH AMERICA	11	29	0	0	0	1	0	0	11	30
ASIA, AFRICA AND OCEANIA	38	48	0	1	6	7	0	0	44	56
TOTAL	2,476	2,676	172	212	105	81	3	2	2,756	2,971
%	89.9%	90.1%	6.2%	7.1%	3.8%	2.7%	0.1%	0.1%	100%	100%
The data refer to the entire Fincantieri Group. Other collaborators (interns, apprentices, agency workers) are not included, which in 2021 numbered 1,647, of whom 148 women, as they are not part of the workforce.										
102-9	Supply chain	96-111								
102-10	Significant changes to the organization and its supply chain	14-18								
102-11	Precautionary principle	37-41; 52-55								
102-12	External initiatives	28-32; 91-94								
102-13	Membership of associations	32; 91-94								
STRATEGY										
102-14	Statement from a senior decision-maker	4-6								
ETHICS AND INTEGRITY										
102-16	Values, principles, standards, and norms of behavior	18-19; 56-57								
GOVERNANCE										
102-18	Governance structure	26-27; 46-49								
102-35	Remuneration policies	50-51								
STAKEHOLDER ENGAGEMENT										
102-40	List of stakeholder groups	30-31								
102-41	Collective bargaining agreements	150-151								
The percentage of employees covered by collective bargaining agreements is 97% in Italy, 98% in Norway, 99% in Romania, 40% for the Rest of Europe, 47% in North America, 8% in South America, and 96% in Asia, Africa and Oceania.										
102-42	Identifying and selecting stakeholders	28-32								
102-43	Approach to stakeholder engagement	28-32								
102-44	Key topics and concerns raised	32								
REPORTING PRACTICE										
102-45	Entities included in the consolidated financial statements	8-9; 218-221								
102-46	Defining report content and topic boundaries	218-221								
102-47	List of material topics	34; 222-223								
102-48	Restatements of information	218-221								
102-49	Changes in reporting	218-221								
102-50	Reporting period	218-221								
102-51	Date of most recent report	218-221								
102-52	Reporting cycle	218-221								

CODE	INDICATOR DESCRIPTION	PAGE
102-53	Contact point for questions regarding the report	218-221
102-54	Claims of reporting in accordance with GRI Standards	226
102-55	GRI content Index	226-239
102-56	External assurance	240-243
SPECIFIC STANDARDS		
CATEGORY: ECONOMIC		
ECONOMIC PERFORMANCE		
103-1 103-2 103-3	Management approach	72-74
201-1	Direct economic value generated and distributed	72-74
MARKET PRESENCE		
103-1 103-2 103-3	Management approach	128-131
202-2	Proportion of senior management hired from the local community As regards the recruitment policies for senior management, 79% of those recruited are from local (national) profiles and candidates is significant.	228
INDIRECT ECONOMIC IMPACTS		
103-1 103-2 103-3	Management approach	82-83
203-2	Significant indirect economic impacts For the analysis and description of the main indirect economic impacts, Fincantieri has used an econometric model developed by Censis (a Foundation recognized with Decree of the President of the Republic 712/1973). The impact measures were calculated using the analysis and calculation methodology based on Leontief input-output tables, although this model was substantially modified to adapt it to the specific Fincantieri production and company structure. The estimates can be considered sufficiently robust proxies for the multiplier effects that Fincantieri is able, for the part of the business related to shipbuilding, to produce within the national economic system, given its specific production model, the business model that the Company has built in recent years and the structure of the supply chain, with the relative levels of integration upstream of the production cycle for naval vessels.	82-83
PROCUREMENT PRACTICES		
103-1 103-2 103-3	Management approach	96-99
204-1	Proportion of spending on local suppliers	100; 108; 109
ANTICORRUPTION		
103-1 103-2 103-3	Management approach	57-60
205-2	Communication and training about anticorruption policies and procedures	58-60
205-3	Confirmed incidents of corruption and actions taken	60
ANTI-COMPETITIVE BEHAVIOR		
103-1 103-2 103-3	Management approach	57-60
206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices No fines or sanctions have been received for actions referred to the reporting period.	228
TAXES		
207-1	Approach to tax	78-79
207-2	Tax governance, control, and risk management Please refer to the Group's Tax Strategy document for more information.	78-79
207-3	Stakeholder engagement and management of concerns related to tax The information is partial and Fincantieri undertakes to collect and provide it within the mid-term.	78-79
207-4	Country-by-country reporting The information is partial and Fincantieri undertakes to collect and provide it within the mid-term.	78-79

CODE	INDICATOR DESCRIPTION	PAGE	
CATEGORY: ENVIRONMENTAL			
103-1 103-2 103-3	Management approach	170-171; 188-189	
Fincantieri is aware that its level of responsibility is judged by its ability to combine, in its work, professionalism and quality with strict respect for laws and consideration for the needs and expectations of the community in relation to the protection of public goods. Fincantieri wants to represent a model of excellence also in terms of maximum environmental protection. To manage the more significant environmental aspects and prevent its business having an environmental impact, Fincantieri is committed to implementing and maintaining an Environmental Management System and obtaining the relevant certification in accordance with international standard ISO 14001 at its sites. No grievances regarding environmental impacts were filed in 2021 (which may concern abandonment of waste, unkempt areas, pollution, infestations, smelly fumes, noise emissions and other non-hygienic conditions, etc.), but 2 grievances referring to Fincantieri S.p.A. concerning previous years were filed, which however do not regard serious non-conformities. In 2021, there were 3 minor environmental accidents (Italy, Norway and the USA) and one criminal case was opened for an accident in 2018.			
MATERIALS			
301-1	Materials used by weight or volume	193-194	
ENERGY			
302-1	Energy consumption within the organization	190-191	
TYPE	MEASUREMENT UNIT	2020	2021
Acetylene	GJ	31,874	37,349
Natural gas	GJ	409,278	523,560
Diesel	GJ	532,046	618,472
LPG	GJ	8,469	7,311
LNG	GJ	7,215	62,990
Fuel oil	GJ	121,922	343,961
TOTAL HEATING FUEL ENERGY	GJ	1,110,804	1,593,643
Petrol	GJ	2,515	2,430
Diesel	GJ	81,843	97,023
TOTAL ENERGY FOR TRANSPORT	GJ	84,358	99,453
TOTAL SELF-GENERATED THERMAL ENERGY	GJ	82	0
TOTAL ELECTRICITY	GJ	1,208,086	1,323,104
of which from renewable sources	GJ	1,010,819	1,111,196
TOTAL ENERGY	GJ	2,403,330	3,016,200

The data refer to the entire Fincantieri Group.

Energy consumption varies according to production loads. The following conversion factors were considered to calculate consumption:

- Source: ISPRA 2021 (Minambiente 2021) for consumption in Italy;
- Source: DEFRA 2021 for consumption beyond Italy's borders.

CODE	INDICATOR DESCRIPTION	PAGE
302-4	Reduction of energy consumption	191
	INITIATIVE	MEASUREMENT UNIT
	BASELINE	CONSUMPTION
	BASELINE CONSUMPTION	SAVING OBTAINED
	% SAVING OBTAINED	
	Replacement of PRF-B lighting fixtures in Castellamare di Stabia	kWh
	July 2020 - December 2020	48,872
	80,518	31,646
	39.3%	
	Replacement of lighting fixtures ONAV Ancona	kWh
	November 2020 - December 2020	32,191
	51,446	19,255
	37.4%	
	Scheduled shutdown of mobile extractors - Sestri Ponente	kWh
	2020	2,529,218
	3,786,696	1,257,478
	33.2%	
	TOTAL	2,610,281
		3,918,660
		1,308,379
		33.4%
The data relate to the Fincantieri Group.		
WATER AND EFFLUENTS		
303-1	Interactions with water as a shared resource	192
303-2	Management of water discharge-related impacts	192-193
303-3	Water withdrawal	192
The Aqueduct Tool developed by the World Resources Institute (WRI) was used to identify the water stress areas. The WRI tool is available online on the web page: https://www.wri.org/our-work/project/aqueduct . The results that emerged in the water stress column were considered for the analysis.		
BIODIVERSITY		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	200
EMISSIONS		
305-1	Direct (Scope 1) GHG emissions	186-187
The data refer to the entire Fincantieri Group. The emissions have been estimated following the guidelines of the Greenhouse Gas (GHG) Protocol.		
The following emission factors stated in CO ₂ e were considered to calculate Scope 1 emissions:		
• Source: ISPRA 2021 (Minambiente 2021) for emissions originating in Italy.		
• Source: DEFRA 2021 for emissions originating beyond Italy's borders.		
• Source: Ecoinvent version 3.8 for acetylene emissions originating within and beyond Italy's borders.		
305-2	Energy indirect (Scope 2) GHG emissions	186-187
The data refer to the entire Fincantieri Group. The emissions have been estimated following the guidelines of the Greenhouse Gas (GHG) Protocol.		
Average emission factors regarding the generation of national energy for the different countries of operation stated in CO ₂ were used to calculate Scope 2 emissions (location-based method) (source: Terna - international comparisons, 2019).		
Emission factors stated in CO ₂ relating to the residual mix (AIB 2021 European Residual Mix), where available, were used to calculate Scope 2 emissions (market-based method). Otherwise, the same emission factors used for the location-based method were also used for the market-based method.		
The Scope 2 location-based emissions are stated in tons of CO ₂ , however the percentage of natural gas and nitrous oxide has a negligible effect on the total greenhouse gases (CO ₂ equivalent) as specified in the ISPRA report "Factors of atmospheric emission of CO ₂ and other greenhouse gases in the electrical segment".		
The following emission factors stated in CO ₂ eq were used to calculate Scope 2 market-based emissions: AIB 2021 (where available, in CO ₂ eq) and 2019 Terna Report (in CO ₂).		
305-3	Other indirect (Scope 3) GHG emissions	186-187
The data refer to the entire Fincantieri Group, except for the procurement of raw materials which concerns Fincantieri S.p.A. (61% of stocks) and Fincantieri Marine Group.		
The emissions have been estimated following the guidelines of the Greenhouse Gas (GHG) Protocol.		
The emission factors stated in CO ₂ eq from the following were used to calculate the Scope 3 emissions: DEFRA 2021 and Ecoinvent version 3.8.		
305-4	Intensity of GHG emissions	187
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	197
WASTE		
306-1	Production of waste and significant waste-related impacts	194-196
306-2	Management of the significant waste-related impacts	194-196
306-3	Waste produced	194-196
ENVIRONMENTAL COMPLIANCE		
103-1	Management approach	188-189
103-2		
103-3		

CODE	INDICATOR DESCRIPTION	PAGE						
307-1	Non-compliance with environmental laws and regulations	231						
No significant fines were received in the reporting period.								
SUPPLIER ENVIRONMENTAL ASSESSMENT								
103-1	Management approach	96-97						
103-2								
103-3								
308-1	New suppliers that were screened using environmental criteria	106						
308-2	Negative environmental impacts in the supply chain and actions taken	106-110						
CATEGORY: SOCIAL								
103-1	Management approach	128-137						
103-2								
103-3								
The Group has staff policies that are characterized by enhancement, professional growth, protection of rights and respect for corporate values. The fundamental principles and rights recognized to workers are detailed in the Code of Conduct. Fincantieri operates within the reference framework of the UN's Universal Declaration of Human Rights, the fundamental Conventions of the International Labour Organization (ILO), the OECD Guidelines for Multinational Enterprises and the ten principles of the United Nations Global Compact.								
Staff are hired with a proper written contract. Worker exploitation, forced, compulsory or child labour of any kind is not permitted. Employees are recognized the rights to freedom of association, to establish workers' representatives and to perform the related duties (including the right to collective bargaining), in accordance with the regulations and practices in force in the different countries. Lastly, benefits of various kinds, in addition to remuneration, are envisaged for the employees.								
In 2021, 313 grievances were filed related to impacts concerning employment (which might concern mobbing, de-skilling, non-observance of the occupational safety rules, failure to pay salaries or contributions, etc.), of which 284 regard Fincantieri S.p.A. that regard workers of contracted and sub-contracted companies. Again in the reporting period, 34 grievances of those filed in 2021 and 170 referring to the previous years were resolved.								
The grievances related to human rights violations connected with age, gender diversity, race, nationality also concerning previous years dealt with in 2021 totalled 7, 5 were received during the year, of which 2 were resolved during the period and all of which refer to Fincantieri Marine Group. 1 grievance referring to previous years was also resolved.								
Furthermore, 399 employment disputes are reported relating to employees and former employees for a value of over 260 million euros including the asbestos-related cases dating back to the past.								
EMPLOYMENT								
401-1	New employee hires and employee turnover	130-131						
HIRES								
	≤ 30	31-49	≥ 50	TOTAL				
	2020	2021	2020	2021	2020	2021		
ITALY	292	358	333	344	60	76	685	778
NORWAY	67	86	91	85	34	32	192	203
ROMANIA	236	119	427	267	130	56	793	442
REST OF EUROPE	6	12	12	19	1	3	19	34
NORTH AMERICA	238	165	273	220	153	124	664	509
SOUTH AMERICA	16	30	39	67	9	11	64	108
ASIA, AFRICA AND OCEANIA	37	102	26	123	0	2	63	227
TOTAL	892	872	1,201	1,125	387	304	2,480	2,301
LEAVERS								
	≤ 30	31-49	≥ 50	TOTAL				
	2020	2021	2020	2021	2020	2021		
ITALY	48	77	123	162	107	146	278	385
NORWAY	74	67	208	93	156	48	438	208
ROMANIA	213	242	424	494	349	235	986	971
REST OF EUROPE	2	6	9	24	0	5	11	35
NORTH AMERICA	138	208	190	294	171	212	499	714
SOUTH AMERICA	20	13	8	41	1	7	29	61
ASIA, AFRICA AND OCEANIA	23	15	55	32	0	3	78	50
TOTAL	518	628	1,017	1,140	784	656	2,319	2,424

CODE	INDICATOR DESCRIPTION								PAGE
	HIRES - WOMEN								
	≤ 30		31-49		≥ 50		TOTAL		
	2020	2021	2020	2021	2020	2021	2020	2021	
ITALY	67	73	66	65	5	9	138	147	
NORWAY	15	17	26	18	3	6	44	41	
ROMANIA	31	11	31	19	19	8	81	38	
REST OF EUROPE	2	1	2	7	0	0	4	8	
NORTH AMERICA	44	54	52	61	24	19	120	134	
SOUTH AMERICA	1	2	3	2	0	1	4	5	
ASIA, AFRICA AND OCEANIA	1	3	0	3	0	0	1	6	
TOTAL	161	161	180	175	51	43	392	379	
	LEAVERS - WOMEN								
	≤ 30		31-49		≥ 50		TOTAL		
	2020	2021	2020	2021	2020	2021	2020	2021	
ITALY	13	25	13	33	15	8	41	66	
NORWAY	5	14	33	17	22	6	60	37	
ROMANIA	11	20	25	20	68	45	104	85	
REST OF EUROPE	0	1	3	6	0	1	3	8	
NORTH AMERICA	25	44	31	61	18	32	74	137	
SOUTH AMERICA	0	2	0	2	0	2	0	6	
ASIA, AFRICA AND OCEANIA	1	1	1	1	0	0	2	2	
TOTAL	55	107	106	140	123	94	284	341	

The data refer to the entire Fincantieri Group. The term hires refers to those employees hired directly from the market, and do not include the intra-group acquisitions and transactions.

In 2021, 2,301 people were hired, including 379 women, and there were 2,424 leavers, including 341 women. The rate of new employee hires was 11.1% (16.5% for women) while the turnover was 11.7% (14.1% for women).

401-2	Benefits provided for full-time employees that are not provided to temporary or part-time employees	148-149
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LABOUR/MANAGEMENT RELATIONS

402-1	Minimum notice periods regarding operational changes	232
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In the case of business reorganization, the Group applies, in Italy and abroad, the instruments provided for by national collective bargaining agreements and contracts and supplementary company contracts. The minimum period in Italy varies according to the contracts from 0 to 3 weeks, in Norway and Romania it is 4 weeks, in the Rest of Europe it varies from 0 to 4 weeks based on the contract, in North America it varies from 0 to 4 weeks, in South America it varies from 0 to 4 weeks, in Asia, Africa and Oceania it varies from 0 to 4 weeks based on the contract.

OCCUPATIONAL HEALTH AND SAFETY

103-1 103-2 103-3	Management approach	142-147
403-1	Occupational health and safety management system	147
403-2	Hazard identification, risk assessment, and incident investigation	142-147
403-3	Occupational health services	143-144
403-4	Worker participation, consultation, and communication on occupational health and safety	143-144
403-5	Worker training on occupational health and safety	144-145

CODE	INDICATOR DESCRIPTION	PAGE
403-6	Promotion of worker health	142-147
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	142-147
403-8	Workers covered by an occupational health and safety management system	147

The number of employees at yards covered by occupational health and safety management system at Group level is 9,635 equal to 91% (in Italy and Romania it is 100%). While the number of non-employee staff at yards covered by an occupational health and safety management system is 47,724 for Italy (100%) and the United States (92%).

403-9	Work-related injuries	144
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HEALTH AND SAFETY INDICATORS

	2020							TOTAL
	ITALY	NORWAY	ROMANIA	REST OF EUROPE	NORTH AMERICA	SOUTH AMERICA	ASIA, AFRICA AND OCEANIA	
Severity index	0.4	0.1	0.1	0.1	0.0	0.0	0.0	0.2
Injury rate/ Frequency rate	14.0	19.3	1.9	6.7	4.5	8.1	3.3	9.0
Rate of work- related injuries	11.3	19.3	1.9	6.7	4.2	4.1	3.3	7.7
Rate of high- consequence work- related injuries	0.2	0.0	0.0	0.0	0.0	4.1	0.0	0.1
Rate of fatalities as a result of work- related injury	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Number of injuries	209	42	19	1	19	2	5	297
- of which work- related	168	42	19	1	18	1	5	254
- of which high- consequence work-related	3	0	0	0	0	1	0	4
- of which fatalities as a result of work-related	0	0	1	0	0	0	0	1
- of which while travelling	41	0	0	0	1	1	0	43
	2021							
	ITALY	NORWAY	ROMANIA	REST OF EUROPE	NORTH AMERICA	SOUTH AMERICA	ASIA, AFRICA AND OCEANIA	TOTAL
Severity index	0.4	0.0	0.1	1.1	0.0	0.1	0.0	0.2
Injury rate/ Frequency rate	12.7	21.4	1.7	6.3	3.9	12.1	6.0	8.8
Rate of work- related injuries	9.8	21.4	1.7	6.3	3.9	12.1	6.0	7.4
Rate of high- consequence work- related injuries	0.3	3.9	0.1	3.1	0.0	2.0	0.0	0.4
Rate of fatalities as a result of work- related injury	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of injuries	221	44	16	2	17	6	9	315
- of which work- related	171	44	16	2	17	6	9	265
- of which high- consequence work-related	5	8	1	1	0	1	0	16
- of which fatalities as a result of work-related	0	0	0	0	0	0	0	0
- of which while travelling	50	0	0	0	0	0	0	50

CODE	INDICATOR DESCRIPTION							PAGE
HEALTH AND SAFETY INDICATORS - WOMEN								
2020								
	ITALY	NORWAY	ROMANIA	REST OF EUROPE	NORTH AMERICA	SOUTH AMERICA	ASIA, AFRICA AND OCEANIA	TOTAL
Severity index	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Injury rate/ Frequency rate	3.2	3.1	0.0	0.0	4.4	0.0	0.0	2.1
Rate of work- related injuries	2.6	3.1	0.0	0.0	3.0	0.0	0.0	1.6
Rate of high- consequence work- related injuries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rate of fatalities as a result of work- related injury	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of injuries	5	1	0	0	3	0	0	9
- of which work- related	4	1	0	0	2	0	0	7
- of which high- consequence work-related	0	0	0	0	0	0	0	0
- of which fatalities as a result of work-related	0	0	0	0	0	0	0	0
- of which while travelling	1	0	0	0	1	0	0	2
2021								
	ITALY	NORWAY	ROMANIA	REST OF EUROPE	NORTH AMERICA	SOUTH AMERICA	ASIA, AFRICA AND OCEANIA	TOTAL
Severity index	0.1	0.0	0.0	1.7	0.1	0.0	0.1	0.1
Injury rate/ Frequency rate	2.6	0.0	1.2	20.7	4.0	0.0	10.9	2.5
Rate of work- related injuries	1.1	0.0	1.2	20.7	4.0	0.0	10.9	1.9
Rate of high- consequence work- related injuries	0.0	0.0	0.0	20.7	0.0	0.0	0.0	0.2
Rate of fatalities as a result of work- related injury	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of injuries	5	0	2	1	3	0	1	12
- of which work- related	2	0	2	1	3	0	1	9
- of which high- consequence work-related	0	0	0	1	0	0	0	1
- of which fatalities as a result of work-related	0	0	0	0	0	0	0	0
- of which while travelling	3	0	0	0	0	0	0	3

CODE	INDICATOR DESCRIPTION							PAGE
HEALTH AND SAFETY INDICATORS - NON-EMPLOYEE WORKERS								
2020								
	ITALY	NORWAY	ROMANIA	REST OF EUROPE	NORTH AMERICA	SOUTH AMERICA	ASIA, AFRICA AND OCEANIA	TOTAL
Rate of work- related injuries	13.3	16.9	3.4	0.0	0.0	0.0	22.7	13.3
Rate of high- consequence work- related injuries	0.1	1.0	3.4	0.0	0.0	0.0	0.0	0.1
Rate of fatalities as a result of work- related injury	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of recordable work- related injuries	513	34	1	0	0	0	5	553
- of which high- consequence	2	2	1	0	0	0	0	5
- of which fatalities	0	0	0	0	0	0	0	0
Number of injuries - women	0	0	0	0	0	0	0	0
Number of non- employee staff trained on health and safety	15,064	329	7,088	6	2,116	0	350	24,953
2021								
	ITALY	NORWAY	ROMANIA	REST OF EUROPE	NORTH AMERICA	SOUTH AMERICA	ASIA, AFRICA AND OCEANIA	TOTAL
Rate of work- related injuries	13.9	14.2	6.3	0.0	0.0	0.0	9.7	13.7
Rate of high- consequence work- related injuries	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Rate of fatalities as a result of work- related injury	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of recordable work- related injuries	701	21	3	0	0	0	5	730
- of which high- consequence	8	0	0	0	0	0	0	8
- of which fatalities	0	0	0	0	0	0	0	0
Number of injuries - women	4	1	0	0	0	0	0	5
Number of non- employee staff trained on health and safety	20,500	1,330	7,044	9	3,455	20	879	33,237

The data refer to the entire Fincantieri Group.

As regards injuries involving non-employee workers in 2021, 730 injuries were recorded in the workplace at Group level, of which no fatality.

The severity index was calculated as: (number of days lost due to injury/hours worked) x 1,000

The injury rate/frequency rate was calculated as: (number of injuries/hours worked) x 1,000,000

The rate of recordable work-related injuries was calculated as: (number of recordable work-related injuries/hours worked) x 1,000,000

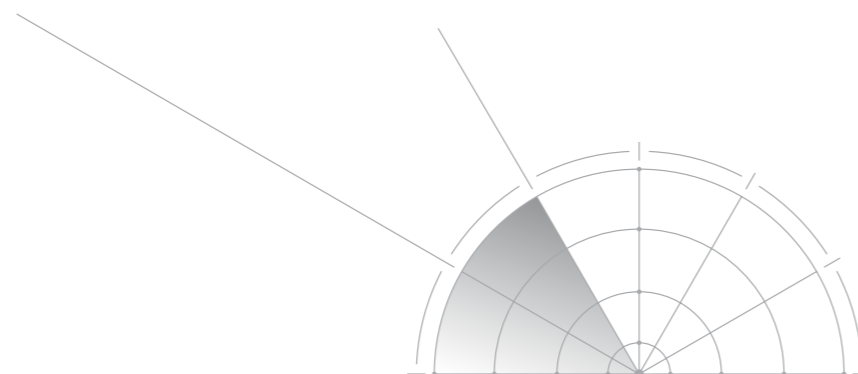
The rate of high-consequence work-related injuries was calculated as: (number of high-consequence work-related injuries/hours worked) x 1,000,000

The rate of fatalities as a result of work-related injury was calculated as: (number of fatalities as a result of work-related injury/hours worked) x 1,000,000

High-consequence injuries are defined as events that caused more than 180 days of absence.

The hours employees worked at Group level in 2020 totalled 33,120,005, while they came to 35,775,754 in 2021.

The hours non-employees (workers of outside firms who access the sites) worked at Group level in 2020 totalled 41,519,058, while they came to 53,145,238 in 2021.



CODE	INDICATOR DESCRIPTION	PAGE	
TRAINING AND INSTRUCTION			
103-1 103-2 103-3	Management approach	133-135	
404-1	Average hours of training per year per employee	133	
TOTAL HOURS OF TRAINING			
	2019	2020	VAR 2021/2020
SENIOR MANAGERS	3,740	5,966	59.5%
MIDDLE MANAGERS	19,718	19,981	1.3%
WHITE COLLAR EMPLOYEES	157,620	183,768	16.6%
BLUE COLLAR EMPLOYEES	212,738	220,242	3.5%
TOTAL	393,816	429,957	9.2%
TOTAL HOURS OF TRAINING - WOMEN			
	2019	2020	VAR 2021/2020
SENIOR MANAGERS	340	768	125.7%
MIDDLE MANAGERS	1,962	4,124	110.2%
WHITE COLLAR EMPLOYEES	30,276	40,085	32.4%
BLUE COLLAR EMPLOYEES	27,611	26,396	-4.4%
TOTAL	60,188	71,373	18.6%
AVERAGE HOURS OF TRAINING			
	2019	2020	VAR 2021/2020
SENIOR MANAGERS	9.4	13.7	44.9%
MIDDLE MANAGERS	17.5	17.5	0.4%
WHITE COLLAR EMPLOYEES	19.0	20.1	5.4%
BLUE COLLAR EMPLOYEES	20.6	21.9	6.7%
TOTAL	19.5	20.7	5.9%
AVERAGE HOURS OF TRAINING - WOMEN			
	2019	2020	VAR 2021/2020
SENIOR MANAGERS	12.6	25.6	103.2%
MIDDLE MANAGERS	12.8	24.1	88.1%
WHITE COLLAR EMPLOYEES	16.3	19.1	17.2%
BLUE COLLAR EMPLOYEES	38.3	39.1	2.1%
TOTAL	21.8	24.0	10.0%
The data refer to the entire Fincantieri Group.			
404-3	Percentage of employees receiving regular performance and career development reviews	136	
DIVERSITY AND EQUAL OPPORTUNITY			
103-1 103-2 103-3	Management approach	137-141	
405-1	Diversity of governance bodies and employees	48; 141	

CODE	INDICATOR DESCRIPTION										PAGE
EMPLOYEES BY CATEGORY											
	SENIOR MANAGERS		MIDDLE MANAGERS		WHITE COLLAR EMPLOYEES		BLUE COLLAR EMPLOYEES		TOTAL		
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	
ITALY	281	312	563	636	5,505	6,098	3,495	3,635	9,844	10,681	
NORWAY	19	19	91	91	615	606	554	558	1,279	1,274	
ROMANIA	23	17	170	54	1,242	1,311	4,184	3,708	5,619	5,090	
REST OF EUROPE	5	7	20	32	59	134	10	40	94	213	
NORTH AMERICA	57	69	229	256	693	759	1,399	1,116	2,378	2,200	
SOUTH AMERICA	4	3	5	7	36	79	140	266	185	355	
ASIA, AFRICA AND OCEANIA	7	9	51	63	134	176	559	713	751	961	
TOTAL	396	436	1,129	1,139	8,284	9,163	10,341	10,036	20,150	20,774	
Incidence%	2.0%	2.1%	5.6%	5.5%	41.1%	44.1%	51.3%	48.3%	100%	100%	
EMPLOYEES BY CATEGORY - WOMEN											
	SENIOR MANAGERS		MIDDLE MANAGERS		WHITE COLLAR EMPLOYEES		BLUE COLLAR EMPLOYEES		TOTAL		
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	
ITALY	13	16	69	85	983	1,148	6	20	1,071	1,269	
NORWAY	0	2	14	13	164	162	26	31	204	208	
ROMANIA	6	4	20	11	451	454	540	501	1,017	970	
REST OF EUROPE	1	1	3	7	13	32	0	0	17	40	
NORTH AMERICA	5	5	42	49	199	229	146	115	392	398	
SOUTH AMERICA	0	0	0	0	8	24	3	6	11	30	
ASIA, AFRICA AND OCEANIA	2	2	5	6	37	46	0	2	44	56	
TOTAL	27	30	153	171	1,855	2,095	721	675	2,756	2,971	
Incidence%	6.8%	6.9%	13.6%	15.0%	22.4%	22.9%	7.0%	6.7%	13.7%	14.3%	
EMPLOYEES BY AGE GROUP											
	≤ 30		30-50		≥ 50		TOTAL				
	2020	2021	2020	2021	2020	2021	2020	2021			
ITALY	885	1,026	6,038	6,231	2,921	3,424	9,844	10,681			
NORWAY	230	232	619	598	430	444	1,279	1,274			
ROMANIA	950	678	2,923	2,588	1,746	1,824	5,619	5,090			
REST OF EUROPE	22	34	68	138	4	41	94	213			
NORTH AMERICA	507	380	1,069	1,036	802	784	2,378	2,200			
SOUTH AMERICA	37	64	133	227	15	64	185	355			
ASIA, AFRICA AND OCEANIA	154	205	567	711	30	45	751	961			
TOTAL	2,785	2,619	11,417	11,529	5,948	6,626	20,150	20,774			
Incidence%	13.8%	12.6%	56.7%	55.5%	29.5%	31.9%	100%	100%			

CODE	INDICATOR DESCRIPTION	PAGE							
EMPLOYEES BY AGE GROUP - WOMEN									
		≤ 30	31-49	≥ 50	TOTAL				
		2020	2021	2020	2021	2020	2021		
ITALY		234	235	626	768	211	266	1,071	1,269
NORWAY		37	38	111	104	56	66	204	208
ROMANIA		184	152	501	456	332	362	1,017	970
REST OF EUROPE		3	3	13	34	1	3	17	40
NORTH AMERICA		84	81	195	204	113	113	392	398
SOUTH AMERICA		4	8	6	18	1	4	11	30
ASIA, AFRICA AND OCEANIA		4	6	35	44	5	6	44	56
TOTAL		550	523	1,487	1,628	719	820	2,756	2,971
% Incidence		20.0%	17.6%	54.0%	54.8%	26.0%	27.6%	100%	100%
PERCENTAGE OF EMPLOYEES BELONGING TO VULNERABLE CATEGORIES									
		% EMPLOYEES IN VULNERABLE CAT. OUT OF TOT. EMPLOYEES		% WOMEN EMPLOYEES IN VULNERABLE CAT. OUT OF TOT. WOMEN		% EMPLOYEES WITH DISABILITIES OUT OF TOT. EMPLOYEES			
		2020	2021	2020	2021	2020	2021		
ITALY		4.5%	4.3%	6.3%	5.8%	3.6%	3.5%		
NORWAY		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
ROMANIA		0.4%	0.5%	0.2%	0.3%	0.4%	0.5%		
REST OF EUROPE		1.1%	1.4%	0.0%	0.0%	1.1%	1.4%		
NORTH AMERICA		7.2%	8.2%	7.9%	13.1%	4.5%	5.0%		
SOUTH AMERICA		0.0%	0.3%	0.0%	0.0%	0.0%	0.3%		
ASIA, AFRICA AND OCEANIA		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
TOTAL		3.2%	3.2%	3.7%	4.3%	2.4%	2.5%		
The data refer to the entire Fincantieri Group.									
405-2	Ratio of basic salary and remuneration of women to men							152-153	
NON-DISCRIMINATION									
103-1 103-2 103-3	Management approach							56-57; 62-63; 137	
406-1	Incidents of discrimination and corrective actions taken							56-57	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING									
103-1 103-2 103-3	Management approach							150-151	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk							150-151	
LOCAL COMMUNITIES									
103-1 103-2 103-3	Management approach							156-157	
413-1	Operations with local community engagement, impact assessments, and development programs							156-157	
SUPPLIER SOCIAL ASSESSMENT									
103-1 103-2 103-3	Management approach							96-97	
414-1	New suppliers that were screened using social criteria							106	
414-2	Negative social impacts in the supply chain and actions taken							106-110	

CODE	INDICATOR DESCRIPTION	PAGE
PUBLIC POLICY		
103-1 103-2 103-3	Management approach	56-57
415-1	Political contributions	239
In 2021, the Group did not make any significant donations (over 10,000 euros) to political parties where permitted by law.		
CUSTOMER HEALTH AND SAFETY		
103-1 103-2 103-3	Management approach	122-125
416-1	Assessment of health and safety impacts of product and service categories	86; 122-125; 192-193; 212
CUSTOMER PRIVACY		
103-1 103-2 103-3	Management approach	70-71
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	239
During 2021, no grievances regarding the violation of customers' privacy were filed.		
SOCIOECONOMIC COMPLIANCE		
103-1 103-2 103-3	Management approach	56-57
419-1	Non-compliance with laws and regulations in the social and economic area	239
No significant fines were received in the reporting period.		

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ON THE CONSOLIDATED NON-FINANCIAL STATEMENT
PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267/2018****To the Board of Directors of
Fincantieri S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Fincantieri S.p.A. and its subsidiaries (hereinafter "Fincantieri Group" or "Group") as of December 31, 2021 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 23, 2022 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "European taxonomy".

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – *Global Reporting Initiative* (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Deloitte.**Auditor's Independence and quality control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Fincantieri Group;
4. understanding of the following matters:
 - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;

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- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report;

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Fincantieri S.p.A. and with the employees of Monfalcone and Marghera sites, and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the group level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- For Fincantieri S.p.A. and the Monfalcone and Marghera sites, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Fincantieri Group as of December 31, 2021 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards.

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Our conclusion on the NFS does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "European taxonomy".

DELOITTE & TOUCHE S.p.A.

Signed by
Franco Amelio
Partner

Milan, Italy
April 4, 2022

This report has been translated into the English language solely for the convenience of international readers.

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