



fincantieri

report on corporate governance
and ownership structure

pursuant to Article 123-*bis* of Legislative Decree no. 58
of 24 February 1998 (Italian Consolidated Financial Law – TUF)

Approved by the Board of Directors
on 29th March 2017

FINCANTIERI
The sea ahead

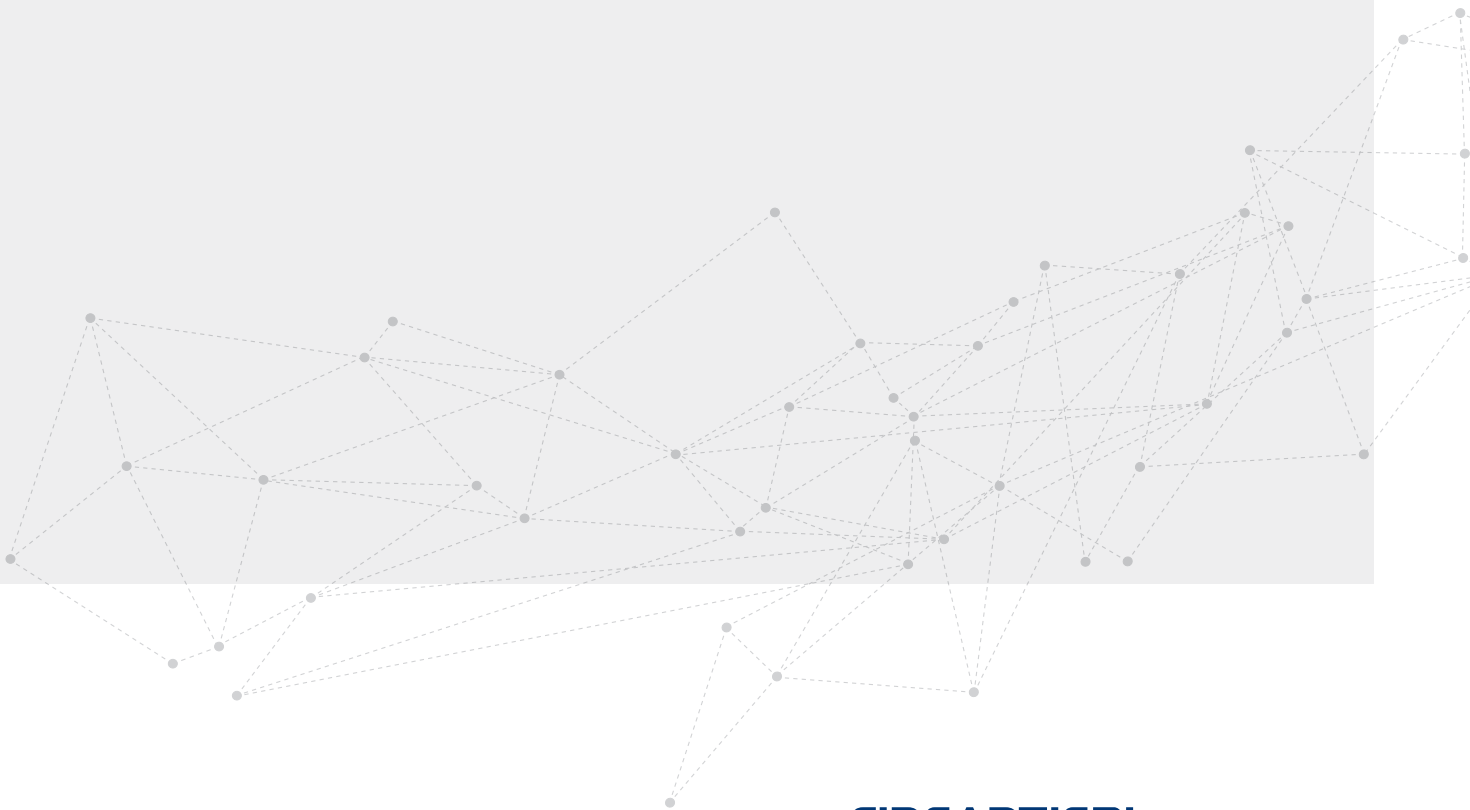


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Glossary

Board of Directors or Board

The Board of Directors of Fincantieri

Borsa Italiana

Borsa Italiana S.p.A.

By-laws

Fincantieri's By-laws in force as of the date of this Report

Code of Conduct

The Code of Conduct adopted by the Company and described in paragraph 4.3 of this Report

Committee for Related Party Transactions or RPT Committee

The Committee involved in handling related party transactions pursuant to CONSOB (Stock Exchange Regulatory Authority) Regulation, approved by Resolution No. 17221 of 12 March 2010, as amended

CONSOB Regulation on Related Party Transactions

The Regulation adopted by CONSOB (Stock Exchange Regulatory Authority) by Resolution No. 17221 of 12 March 2010, as amended

Control and Risk Committee

The internal control and risk management Committee set up by the Board of Directors pursuant to Article 7 of the Corporate Governance Code

Corporate Governance Code or Code

The self-governance Code of listed companies drafted by the Corporate Governance Committee of Borsa Italiana S.p.A. (Italian Stock Exchange)

Corporate Governance Committee

The Corporate Governance Committee established by Borsa Italiana S.p.A., ABI, Ania, Assonime, Confindustria and Assogestioni

Corporate Governance Report or Report

This Report on Corporate Governance and Ownership Structure drafted pursuant to Article 123-*bis* of the Italian Consolidated Financial Act (TUF)

Director in charge of the ICRMS

The Director in charge of setting up and maintaining an effective internal control and risk management system (ICRMS) pursuant to Article 7 of the Corporate Governance Code

Fincantieri or the Company

FINCANTIERI S.p.A.



Group

Fincantieri and its subsidiaries pursuant to Article 93 of the Italian Consolidated Financial Act (TUF)

Head of Internal Auditing

The Head of the Internal Auditing Function appointed pursuant to Article 7.C.1 of the Corporate Governance Code

Issuers' Regulations

The Regulations issued by CONSOB by Resolution No. 11971 of 14 May 1999 on issuers, as amended

Italian Consolidated Financial Act (TUF)

Legislative Decree No. 58 of 24 February 1998, as amended

Financial Reporting Manager

Manager responsible for preparing the Company's accounting records pursuant to L. 262/2005

Nomination Committee

The Committee established by the Board of Directors pursuant to Article 5 of the Corporate Governance Code

Remuneration Committee

The Committee established by the Board of Directors pursuant to Article 6 of the Corporate Governance Code

Sustainability Committee

The Committee established by the Board of Directors pursuant to Article 4 of the Corporate Governance Code

Organization and Control Model

The Organization and Control Model adopted by the Company pursuant to Legislative Decree No. 231 of 8 June 2001

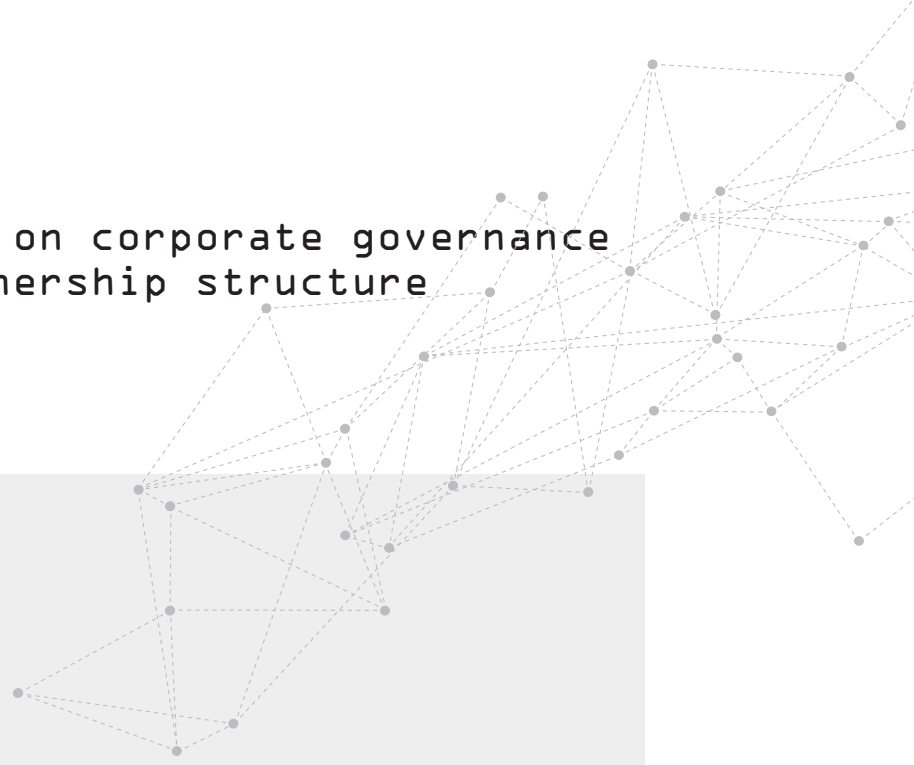
Offering Circular

The Offering Circular for the public offer for sale and subscription and admission to listing on the Electronic Stock Market (MTA) organized and managed by Borsa Italiana S.p.A. of Fincantieri ordinary shares





report on corporate governance and ownership structure



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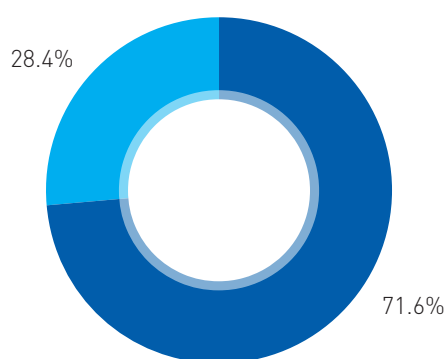
Executive Summary

SHAREHOLDERS

The graphs and tables below detail the composition of the shareholder structure and type of investors.

SHAREHOLDER STRUCTURE

CHARACTERISTICS OF THE SHAREHOLDER STRUCTURE



■ Fintecna S.p.A.
■ Free float

	YES/NO	% CAPITAL
Shareholders' agreements	No	-
Shareholding threshold for the submission of slates for the appointment of corporate bodies and officers	-	1%

COMPOSITION OF THE BOARD OF DIRECTORS FROM 19 MAY 2016 TO THE DATE OF THE REPORT

DIRECTOR	OFFICE	EXPIRY OF TERM	ROLE	INDEP. BY LAW	INDEP. BY CODE	CRC	CC	NC	SC
Giampiero Massolo	Chairman	Sh. meeting to approve financial statements 2018	Executive	-	-	-	-	-	-
Giuseppe Bono	CEO	Sh. meeting to approve financial statements 2018	Executive	-	-	-	-	-	-
Gianfranco Agostinetti	Director	Sh. meeting to approve financial statements 2018	Non-executive	✓	✓	X ¹	-	-	P
Simone Anichini	Director	Sh. meeting to approve financial statements 2018	Non-executive	✓	✓	-	-	X	X
Massimiliano Cesare	Director	Sh. meeting to approve financial statements 2018	Non-executive	✓	✓	P	-	-	X
Nicoletta Giadrossi	Director	Sh. meeting to approve financial statements 2018	Non-executive	✓	✓	X	-	-	X
Paola Muratorio	Director	Sh. meeting to approve financial statements 2018	Non-executive	✓	✓	-	P	-	-
Fabrizio Palermo	Director	Sh. meeting to approve financial statements 2018	Non-executive	-	-	X	X	X	-
Donatella Treu	Director	Sh. meeting to approve financial statements 2018	Non-executive	✓	✓	-	X	P	-

⁽¹⁾ Member of the Control and Risk Committee to replace the Director Palermo when the Committee - meeting as the RPT Committee - examines the most significant related party transactions

CRC: Control and Risk Committee

RC: Remuneration Committee

NC: Nomination Committee

SC: Sustainability Committee

C: Chairman of the Committee

(✓): Satisfies the requirements

(-): Not applicable

(X): Member of the Committee

COMPOSITION OF THE BOARD OF DIRECTORS UNTIL 19 MAY 2016

DIRECTOR	OFFICE	EXPIRY OF TERM	ROLE	INDEP. BY LAW	INDEP. BY CODE	CRC	CC	NC
Vincenzo Petrone	Chairman	Sh. meeting to approve financial statements 2015	Executive	-	-	-	-	-
Giuseppe Bono	CEO	Sh. meeting to approve financial statements 2015	Executive	-	-	-	-	-
Simone Anichini	Director	Sh. meeting to approve financial statements 2015	Non-executive	✓	✓	X ¹	C	C
Massimiliano Cesare	Director	Sh. meeting to approve financial statements 2015	Non-executive	✓	✓	C	-	X
Anna Molinotti ²	Director	Sh. meeting to approve financial statements 2015	Non-executive	-	-	-	X	-
Leone Pattofatto	Director	Sh. meeting to approve financial statements 2015	Non-executive	-	-	X	-	X
Paolo Scudieri	Director	Sh. meeting to approve financial statements 2015	Non-executive	✓	✓	X	X	-
Paola Santarelli	Director	Sh. meeting to approve financial statements 2015	Non-executive	✓	✓ ³	-	-	-

¹ From 13 February 2015, Member of the Control and Risk Committee to replace the Director Pattofatto when the Committee - meeting as the RPT Committee - examines the most significant related party transactions

² Resigned with effect from 21 March 2016

³ Satisfaction of requirements verified by the Board of Directors meeting of 16 February 2016

CRC: Control and Risk Committee

RC: Remuneration Committee

NC: Nomination Committee

C: Chairman of the Committee

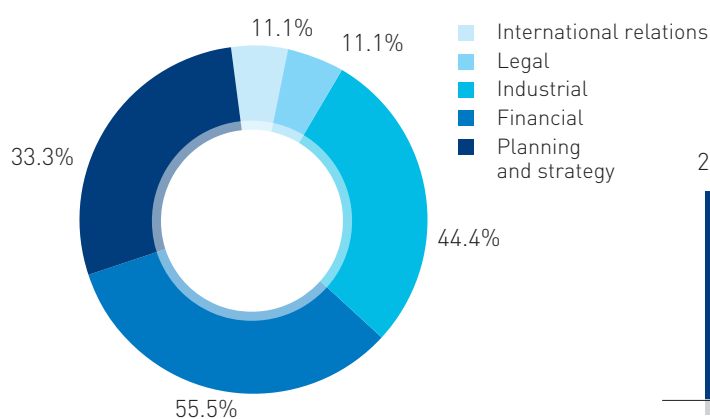
(✓): Satisfies the requirements

(-): Not applicable

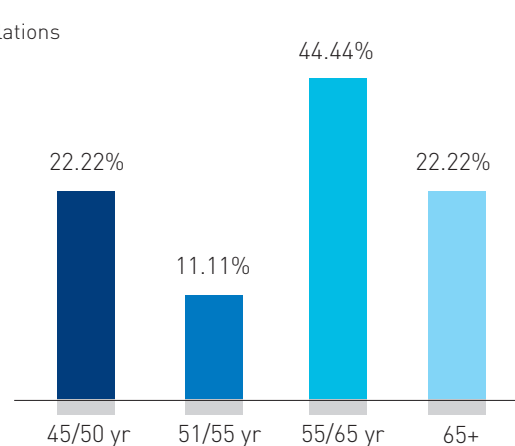
(X): Member of the Committee

CHARACTERISTICS OF BOARD OF DIRECTORS MEMBERS

AREAS OF EXPERTISE



AGE



COMPOSITION OF THE BOARD OF STATUTORY AUDITORS

MEMBERS	ROLE	EXPIRY OF TERM
Gianluca Ferrero	Chairman	Meeting to approve financial statements 2016
Alessandro Michelotti	Permanent Auditor	Meeting to approve financial statements 2016
Fioranna Vittoria Negri	Permanent Auditor	Meeting to approve financial statements 2016
Claudia Mezzabotta	Alternate Auditor	Meeting to approve financial statements 2016
Flavia Daunia Minutillo	Alternate Auditor	Meeting to approve financial statements 2016

OTHER INFORMATION ON THE BOARD OF DIRECTORS, COMMITTEES AND BOARD OF STATUTORY AUDITORS (*)

	FINCANTIERI			AVERAGE FOR LISTED COMPANIES (**)	
	from 1.1.2016 until 21.3. 2016	from 22.3.2016 until 19.5.2016	from 20.5.2016 until 31.12.2016	ALL-SHARE	MID CAP
Number of Directors	8	7	9	9.8	10.7
% executive	25	28.6	22.2	28.7	25.9
% non-executive	75	71.4	77.8	71.3	74.1
% non-executive not qualifiable as independent under the Code	25	14.3	11.1	-	-
% independent under the Code	50	57.1	66.7	41	44.9
% less represented gender	25	14.3	33.3	-	-
Average age of Directors	59.1	59.2	59.1	57.9	58.7
No. BoD meetings	3	3	7	10.6	10.6
% attendance at BoD meetings	95.8	95.2	96.8	91.6	-
Average duration of BoD meetings	133 min.	178 min.	155 min.	133 min.	147 min.
Board evaluation	implemented			80.2%	94.9%
Position on multiple offices	adopted			46.7%	66.1%
No. of CRC meetings	2	2	5 ¹	7.68	8.82
% attendance at CRC meetings	83.3	83.3	80	-	-
Average duration of CRC meetings	87.5 min.	70 min.	68 min.	110 min.	121 min.
No of RC meetings	3	2	5	4.26	4.73
% attendance at RC meetings	77.8	100	86.7	-	-
Average duration of RC meetings	80 min.	30 min.	93 min.	70 min.	74 min.
No. of NC meetings	1	1	3	3.9	2.7
% attendance at NC meetings	100	100	66,6	-	-
Average duration of NC meetings	30 min.	20 min.	33 min.	50 min.	51 min.
No of SC meetings	-	-	3	-	-
% attendance at SC meetings	-	-	100	-	-
Average duration of SC meetings	-	-	60 min.	-	-

	FINCANTIERI	AVERAGE FOR LISTED COMPANIES (**)	
		ALL-SHARE	MID CAP
Number of Auditors	3	-	-
Average age of Auditors	56.6	56.1	56.3
No. of meetings	9	12.3	14.2
Average duration of meetings	300 min.	141 min.	141 min.
% attendance by Auditors	96.7	95.6	-

^[*] The statistical data of this table for Fincantieri refer to the composition and operation of the Board of Directors, of its internal Committees and of the Board of Statutory Auditors during 2016

^[**] Latest available data taken from the Assonime - Emittenti Titoli S.p.A. report: "Corporate Governance in Italy: corporate governance, remuneration and comply-or-explain (year 2016)" of November 2016

^[†] Of which one also as the RPT Committee and one exclusively as the RPT Committee

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

BODY/FUNCTION	COORDINATOR	NOTES
Director in charge of the ICRMS	Chairman of the Board of Directors	-
Internal Auditing Function	-	Inside the Company
Head of Internal Auditing	Stefano Dentilli	Reports to the Board of Directors
Risk Officer	Stefano Dentilli	-
Financial Reporting Manager	Carlo Gainelli	Group Accounting and Administration Manager
Supervisory Body	Guido Zanardi (Chairman) Giorgio Pani Stefano Dentilli	External member External member Internal member
External auditors	PricewaterhouseCoopers S.p.A.	Expiry of term: Sh. Meeting to approve financial statements 2021

Introduction

This Report contains the information required by Article 123-*bis* of the Italian Consolidated Financial Act (TUF) and by the law in force applicable to the corporate governance system adopted by the Company and the associated ownership structure. In line with the recommendations of the Corporate Governance Code¹, which the Company observes, this Report also contains complete and accurate information on the manner in which the Company complies with the principles and criteria of the Code, indicating (as relevant) any specific recommendations which the Company has not in fact adhered to.

1. Available on the Corporate Governance Committee's website, in its various editions:
<http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.



Company Profile

Fincantieri's operations are focused on high value-added segments, with a high level of engineering know-how and a high unitary value of manufactured vessels. In all of these segments, Fincantieri holds a leadership position that makes it one of the most technologically sophisticated groups worldwide.

The Fincantieri Group is a world leader in the design and construction of cruise ships, and a point of reference in the design and construction of military combat, auxiliary and special vessels, including submarines, and is one of the main operators worldwide in the design and construction of high range offshore support vessels. The Group has positioned itself commandingly in all of its business segments with a diversified product portfolio that includes, in addition to cruise ships, naval and high-level offshore support vessels (OSV) as well as ferries, mega-yachts, other offshore ships and marine systems and components. The Group also provides repair and conversion services and post-sale services.

In the context of the above-mentioned operations, Fincantieri operates through three operating segments: Shipbuilding, Offshore and the Systems, Equipment and Services.

The Shipbuilding operating segment includes the design and construction of cruise ships, ferries, naval vessels and mega-yachts, as well as ship repair and conversion activities.

The Offshore operating segment includes the design and construction of support vessels for the oil and natural gas exploration and production market. Fincantieri operates in this sector through the VARD Group, FINCANTIERI S.p.A. and Fincantieri Oil&Gas S.p.A.

Finally, Systems, Equipment and Services segment includes the design and manufacturing of systems and components as well as the provision of after-sales services for naval production. These activities are performed by FINCANTIERI S.p.A. and its subsidiaries Isotta Fraschini Motori S.p.A., Delfi S.r.l., Seastema S.p.A. and FMSNA Inc.

The Fincantieri Group, based in Trieste, has approximately 19,200 employees, of whom approximately 7,900 are in Italy, and it has operations in 23 countries on 5 different continents (Europe, North America, South America, Asia and Australasia). Fincantieri has 69 subsidiaries, of which 12 are Italian and 57 foreign; the main subsidiaries are: Orizzonte Sistemi Navali S.p.A., Isotta Fraschini Motori S.p.A., Fincantieri Marine Systems North America Inc., Fincantieri Marine Group LLC, CETENA S.p.A. and VARD, a group with operating headquarters in Norway listed on the Singapore Stock Exchange.

Information on the ownership structure

1. Ownership structure

1.1 STRUCTURE OF THE SHARE CAPITAL

The Company's share capital consists exclusively of ordinary shares without nominal value.

The shares are registered, indivisible and each share entitles the holder to one vote. The shares are freely transferable.

As of 31 December 2016, Fincantieri's share capital amounted to Euro 862,980,725.70 consisting of 1,692,119,070 shares. This figure is also confirmed as of the date of this Report (for further information, see paragraph 1.7 below).

The Company's shares are listed on the Italian Electronic Stock Market (MTA) organized and managed by Borsa Italiana.

1.2 SIGNIFICANT SHAREHOLDINGS AND SHAREHOLDERS' AGREEMENTS

Fincantieri's shareholders' register, reports to CONSOB received by the Company and other information available to the Company reveal that, as of the date of this Report, no person - with the exception of the controlling shareholder (see below) - holds a shareholding in Fincantieri that exceeds 3%, nor are there any known shareholders' agreements pursuant to Article 122 of the Italian Consolidated Financial Act (TUF) involving the Company's shares.

71.6% of the Company's share capital is held indirectly by Cassa Depositi e Prestiti S.p.A. (the Bank for Deposits and Loans, a company controlled by the Italian Ministry of the Economy and Finance) through its subsidiary Fintecna S.p.A. ("Fintecna").

MAIN SHAREHOLDERS		% SHARE CAPITAL FINCANTIERI
INDIRECT	DIRECT	
Cassa depositi e prestiti S.p.A.	Fintecna S.p.A.	71.6%

Since the start date of trading on the Electronic Stock Market (MTA) of Fincantieri's shares (3 July 2014), the Company is no longer subject to direction and coordination pursuant to Articles 2497 *et seq.* of the Italian Civil Code, which Fintecna previously conducted as indicated in the Offering Circular (to which reference is made). From that date Fintecna ceased all direction and coordination activities over the Company.

Consequently Fincantieri: (i) operates in full independence in its dealings with clients and suppliers and is not subject to any outside interference; (ii) independently prepares the Company's and the Group's strategic, industrial, financial and/or budget plans; (iii) is not subject to rules issued by Fintecna; (iv) has not entered into treasury contracts with Fintecna and has not assigned to Fintecna any financial assistance or coordination functions; and (v) does not receive directives or

instructions from Fintecna on financial or lending matters, on the implementation of extraordinary transactions or on business strategies.

1.3 LIMITS ON SHAREHOLDINGS AND ON VOTING RIGHTS

Pursuant to Article 3 of Legislative Decree No. 332 of 31 May 1994, converted with amendments into Law No. 474 of 30 July 1994, (“Law on Privatizations”), Article 6-*bis* of the Company’s By-laws provides that no person or entity other than the Italian State or public bodies or entities controlled by it may, on any basis whatsoever, hold shares in Fincantieri representing more than 5% of its share capital unless permitted by applicable law.

This equity interest ceiling is calculated also by taking into account the overall shareholding held by the controlling party, whether it be a natural or legal person or entity, by all direct and indirect subsidiaries, as well as by companies controlled by a single controlling natural person or legal entity, by affiliate entities and also by natural persons who are associated by family or kinship relations up to the second degree or by marriage, provided that the spouse in question is not legally separated. In calculating the aforementioned 5% ceiling, account is also taken of shares held through trust companies and/or indirectly through intermediaries in general.

Voting rights may not be exercised for shares held over and above this 5% limit, and the voting rights that would be exercisable by each of the parties subject to the shareholding ceiling shall be proportionately reduced, save as otherwise jointly indicated by the shareholders concerned. If the above rules are infringed, the shareholders’ resolution may be challenged pursuant to Article 2377 of the Italian Civil Code if the required majority would not have been achieved without the votes that exceeded the maximum ceiling. Shares for which the voting rights may not be exercised are still taken into account, however, for purposes of the determining whether the Shareholders’ Meeting has been properly constituted.

However, the Law on Privatizations dictates that the By-laws clause which limits shareholdings and voting rights will not apply if the 5% limit is exceeded following a public tender offer as a result of which the offeror acquires an equity interest amounting to at least 75% of the share capital with rights to vote on resolutions related to the appointment and removal of Directors.

1.4 SPECIAL POWERS OF THE ITALIAN STATE

Based on the type of activities carried out, the Company is subject to the provisions of Article 1 of Legislative Decree No. 21 of 15 March 2012 (“Legislative Decree No. 21/2012”), converted with amendments by Law No. 56 of 11 May 2012 (“Law No. 56/2012”) on the Italian State’s special powers in defence and national security (“golden powers”).

In particular, Article 1 specifies that, with reference to companies that engage in “*activities of strategic importance for the defence and national security system*”, the Italian State, in the event of a threat of serious harm to its key national defence and national security interests, and irrespective of any relevant provisions contained in the Company’s By-laws², may:

- a) impose specific conditions on the security of procurements, on the security of information, on technological transfers, on controls of exports where shareholdings are purchased (on any

² These powers are exercised by Decree of the President of the Council of Ministers adopted based a resolution of the Council of Ministers to be transmitted simultaneously to the competent Parliamentary Commissions.

basis whatsoever) in enterprises that engage in business operations of strategic importance to national defence or national security interests;

- b) prohibit the adoption of resolutions by the Shareholders' Meeting or management bodies of an enterprise referred to in letter a) related to the merger or demerger of the Company, transfer of the Company or business units thereof or of subsidiaries, transfer abroad of the Company headquarters, amendment of the corporate purpose, dissolution of the Company, amendment of any provisions of the Company By-laws adopted pursuant to Article 2351, paragraph 3, of the Italian Civil Code or introduced pursuant to Article 3, paragraph 1, of Legislative Decree No. 332 of 31 May 1994³, sale of in rem rights or rights of use related to tangible or intangible assets or acceptance of restrictions constraining their use; and
- c) oppose the purchase, on any basis whatsoever, of equity interests in a company referred to in letter a) by an entity other than the Italian State, Italian public entities or entities controlled by the same, if the purchaser comes to hold, directly or indirectly, including through subsequent acquisitions, through intermediaries or otherwise affiliated entities, equity interests with voting rights to an extent that could compromise national defence and national security interests in specific cases. To this end, the above rules apply to any shareholding held by third parties with whom the purchaser has entered into any of the agreements referred to in Article 122 of the Italian Consolidated Financial Act (TUF) or those referred to in Article 2341-bis of the Italian Civil Code.

In implementing Legislative Decree No. 21/2012, "*activities of strategic importance for the defence and national security system*" have been identified by Legislative Decree No. 253 of the President of the Council of Ministers of 30 November 2012, ("DPCM No. 253/2012"), subsequently repealed and replaced by Decree of the President of the Council of Ministers No. 108 of 6 June 2014, ("DPCM No. 108/2014").

1.4.1 The Italian State's veto power over certain corporate resolutions

As described above, the Italian State has veto powers over resolutions adopted by the Fincantieri Shareholders' Meeting or Board of Directors, in the areas referred to in Article 1, paragraph 1, letter b) of Legislative Decree No. 21/2012 (see letter b) of paragraph 1.4 above).

The Italian government, in assessing the possibility that key defence and national security interests could be adversely affected as a result of such resolutions, pursuant to Article 1, paragraph 2, of Legislative Decree No. 21/2012, takes into account - while also considering the resolution's subject matter - the strategic importance of the assets or enterprises being transferred, the ability of the structure that results from the resolution or from the transaction to guarantee the integrity of the national defence and national security system, the security of military defence information, the State's international interests, the protection of the national territory, critical and strategic infrastructures and borders, as well as any other elements that need to be evaluated in the event that equity interests are purchased in the situations referred to in paragraph 1.4.2. below.

If exercising its veto power, Fincantieri shall provide the President of the Council of Ministers with complete information on the resolution or act to be adopted - prior to adopting a resolution or other act on the aforementioned matters - and the President of the Council of Ministers will take any necessary decisions and notify them to Fincantieri in accordance with the procedures and deadlines envisaged by Legislative Decree No. 21/2012 and by Presidential Decree No. 35 of 19 February 2014 ("DPR No. 35/2014").

3. As most recently amended pursuant to Article 3 of Legislative Decree No. 21/2012.

More specifically, the President of the Council of Ministers must notify its veto (if any) within fifteen business days from the aforementioned notification, and this term may be extended by an additional ten business days if a request for additional information is made. If there is no veto by the time this deadline expires, the transaction may be implemented (silence implying consent). This veto power may also take the form of specific requirements or conditions being imposed, provided this can ensure that the country's key defence and national security interests are safeguarded. Resolutions or acts adopted in breach of the aforementioned veto power shall be null and void. The Presidency of the Council of Ministers may also require the Company and the counterparty in question to reinstate the *status quo ante* at their expense.

Legislative Decree No. 21/2012 imposes fines if these provisions are infringed, up to twice the value of the operation but no less than 1% of the enterprises' cumulative turnover in the most recent financial year for which financial statements have been approved.

1.4.2 Power of the Italian State to impose conditions or oppose the purchase of shareholdings in the Company

Pursuant to Article 1, paragraph 5, of Legislative Decree No. 21/2012, any person - except for the Italian State, Italian public entities or entities controlled by them - that acquires a shareholding in the Company which exceeds the threshold provided under Article 120, paragraph 2, of the Italian Consolidated Financial Act (TUF) or a shareholding that exceeds the thresholds of 3%, 5%, 10%, 15%, 20% and 25%, shall, within ten days of such acquisition, inform the President of the Council of Ministers of same. Following such notification, the Italian State may impose specific conditions in accordance with Article 1, paragraph 1, letter a) of Legislative Decree No. 21/2012 (see the above paragraph a) of paragraph 1.4 above) or oppose the acquisition of the shareholding in accordance with Article 1, paragraph 1, letter c), of Legislative Decree No. 21/2012 (see paragraph c) of paragraph 1.4 above), if it considers that the State's key national defence and national security interests are adversely affected as a result of such acquisition.

Pursuant to Article 1, paragraph 3, of Legislative Decree No. 21/2012, in order to assess the likelihood that the State's key national defence and national security interests will be adversely affected as a result of the acquisition of the shareholding, the Government will take into account the following - based on principles of proportionality and reasonableness and also considering the purchaser's potential influence over the Company, also due to the size of the shareholding acquired:

- a) the adequacy (also considering the manner in which the acquisition is financed) of the purchaser's economic, financial, technical and organizational capabilities and of the industrial plan, related to the regular continuance of operations, to ensure the maintenance of technological assets, including key strategic assets, the security and continuity of procurements, as well as the prompt implementation of contractual obligations that the company whose shareholding is being acquired has entered into with public and governmental entities, whether directly or indirectly, specifically in relation to obligations associated with national defence, public order and national security; and
- b) the existence (taking due account of the official positions of the European Union) of objective reasons which suggest that links exist between the purchaser and third countries that do not recognize principles of democracy or the rule of law, or do not honour rules of international law or have engaged in conduct threatening to the international community inferable from the nature of their alliances, or that have dealings with criminal or terrorist organizations or with persons or entities related to such organizations.

Decisions involving the possible imposition of conditions or the exercise of the power of opposition are taken by the President of the Council and notified to the purchaser in accordance with the

procedures and timeframes envisaged by Legislative Decree No. 21/2012 and Presidential Decree No. 35/2014.

More specifically, within fifteen business days of the notification (which may be extended by an additional ten business day if a request for further information is made), the President of the Council of Ministers shall communicate the imposition of conditions or the exercise of the power of opposition.

Until the expiry of the deadline for the imposition of conditions or for the exercise of the power of opposition, voting rights and rights unrelated to economic rights associated with the shares representing the relevant shareholding, are suspended.

If the President of the Council of Ministers exercises the power to impose conditions, and if the conditions imposed upon the purchaser are infringed or not complied with (and for as long as any such infringement or non-compliance continues), then voting rights and rights unrelated to economic rights associated with the shares representing the relevant shareholding, are suspended. Any resolutions that are adopted with the decisive vote of such shares or quotas, as well as resolutions, agreements or actions adopted in breach of the conditions imposed, shall be null and void. A purchaser who fails to honour the conditions imposed will - unless the relevant conduct constitutes a criminal offense - be subject to a fine equal to twice the value of the transaction but no less than 1% of the turnover produced in the most recent financial year for which financial statements have been approved.

If the power to oppose the shareholder's acquisition is exercised, the purchaser may not exercise voting rights or rights other than economic rights, related to the shares representing the shareholding in question, and will be obliged to transfer such shares within one year. If this requirement is infringed, the Court, at the request of the President of the Council of Ministers, will order the shareholding in question to be sold in accordance with the procedures envisaged by Article 2359-*ter* of the Italian Civil Code. Any Shareholders' Meeting resolutions adopted with the decisive vote of such shares shall be null and void.

Therefore, without prejudice to the mandatory ceilings on shareholdings envisaged by Article 6-*bis* of the Company's By-laws (see paragraph 1.3 above), any party - with the exception of the Italian State, Italian public entities or entities controlled by them - who acquires shareholdings that exceed the thresholds provided for by Article 1, paragraph 5, of Legislative Decree No. 21/2012, will be subject to the procedure of notification to the President of the Council of Ministers to enable the Italian State to exercise its special powers if necessary, and this may in specific circumstances lead to the State imposing conditions on or opposing the acquisition of corporate shareholdings in the Company by third parties.

Moreover, note that Article 3 of Legislative Decree No. 21/2012 provides that, subject to the power to oppose the acquisition (referred to in Article 1, paragraph 1, letter c) of Legislative Decree No. 21/2012), any type of acquisition by a non-EU party⁴ of shareholdings in Fincantieri is permitted on condition of reciprocity, in accordance with international agreements signed by Italy or the European Union.

4. Pursuant to Article 2, paragraph 5, last sentence, of Legislative Decree No. 21/2012, "non-EU party" means "any natural or legal person or entity that does not have its residence, habitual domicile, registered office, administrative office or main center of business operations in a Member State of the European Union or of the European Economic Area or that is not based there".

1.5 EMPLOYEE SHAREHOLDINGS: MECHANISMS FOR EXERCISING VOTING RIGHTS

Article 137, paragraph 3 of the Italian Consolidated Financial Act (TUF) provides that the By-laws of listed companies may contain provisions aimed to facilitate proxy voting by shareholders who are employees.

In line with the foregoing, Article 15.3 of Fincantieri's By-laws expressly provides that, in order to facilitate the gathering of proxies from Shareholders who are employees of the Company and its subsidiaries and members of associations of Shareholders who satisfy the requirements of applicable law, spaces to be used for communication and for gathering proxies should be made available to such associations of shareholders, according to the terms and procedures from time to time agreed with their legal representatives.

As of the date of this Report, the Company has not been notified of the establishment of any association of employee Shareholders.

In relation employee-held shareholdings, note that the Company's Board of Directors, by resolution of 10 November 2016, approved a share incentive plan called - "Performance Share Plan 2016-2018" (the "Plan") - which freely allocates shares to certain categories of employees. This Plan's validity is subject to approval by the Shareholders' Meeting which will be called to approve the financial statements at December 31, 2016. The Plan does not limit the exercise of voting rights for shares that will be attributed. For more information about the Plan, please refer to the Information Document prepared pursuant to Article 114-*bis* of the Italian Consolidated Financial Act (TUF) and Article 84-*bis* of the Issuers' Regulations, available on the Company's website www.fincantieri.com, in the section "*Governance - Meetings - Shareholders' Meeting 2017*".

1.6 APPOINTMENT AND REPLACEMENT OF DIRECTORS AND AMENDMENTS OF THE COMPANY'S BY-LAWS

The laws and regulations and provisions of the By-laws which govern the appointment and replacement of the Company's Directors are described in paragraph 2.2.4 of this Report.

Amendments to the By-laws are adopted by extraordinary Shareholders' Meeting, observing the quora envisaged by applicable rules.

Subject to the foregoing, Article 25.3 of the By-laws empowers the Board of Directors, pursuant to Article 2365 of the Italian Civil Code:

- to adopt resolutions relating to mergers and demergers in the cases envisaged by law;
- to establish or close sub-offices;
- to indicate which Directors are authorised to represent the Company;
- to reduce the share capital in the event that one or more shareholders withdraw from the Company;
- to adapt the By-laws to ensure compliance with applicable law; and
- to transfer the registered office within Italy.

1.7 AUTHORIZATIONS TO INCREASE SHARE CAPITAL AND TO ISSUE EQUITY SECURITIES OR PURCHASE TREASURY SHARES

As of the date of this Report, no delegated powers have been granted to the Board of Directors to increase the share capital in accordance with Article 2443 of the Italian Civil Code, nor have any authorizations been granted to issue equity securities or purchase treasury shares of the Company pursuant to Articles 2357 *et seq.* of the Italian Civil Code.⁵

1.8 CHANGE OF CONTROL CLAUSES

A) 2013 Bond Issue

In November 2013, Fincantieri issued an unsecured bond reserved to institutional investors totalling EUR 300 million, in order to give the Company adequate financial flexibility to pursue its development plans and to complete the expansion projects already underway. The bond, placed at an issue price of 99.442% of its face value, pays interest at a fixed rate per annum of 3.75% to be paid through annual coupons in arrears, falling due every year on 19 November and redemption of principal in a single instalment on 19 November 2018. The bonds are listed on the Luxembourg Stock Exchange.

The terms and conditions of the bond issue entitle the bondholders to request early redemption of the bonds in the event of a change of control (“change of control clause”). The phrase “change of control” refers to a circumstance in which an entity other than the Italian State (or Ministries) or entities or companies directly or indirectly controlled by the Italian State or by its Ministries, comes to hold: (a) the power (i) to exercise or control the exercise of more than one half of the votes capable of being given in the ordinary Shareholders’ Meeting of the Company or (ii) to appoint or remove (as a result of exercising a dominant influence within the meaning of Article 2359, paragraph 1, Nos. 2 and 3, of the Italian Civil Code), or otherwise all or a majority of the members of the Company’s Board of Directors or (iii) to give binding instructions to the Company’s Board of Directors regarding operational and financial guidelines and policy directives; or (b) the ability to exercise a dominant influence within the meaning of Article 2359, paragraph 1, Nos. 2 and 3 of the Italian Civil Code on the Company or on the entity that controls it.

B) Mediobanca Loan

On 25 February, 2015 Fincantieri and Mediobanca - Banca di Credito Finanziario S.p.A. (“Mediobanca”) signed an unsecured loan agreement for EUR 65 million, to enable it to meet the demands associated with current operations and/or with refinancing part of Fincantieri’s existing debt. The disbursement was made on 9 March, 2015.

Fincantieri is obliged to pay a lump-sum repayment on 25 May, 2017. Interest, due every six months, is calculated at the annual nominal Euribor rate plus a spread of 1.50%.

Fincantieri is obliged to pay Mediobanca in advance the amount of principal still outstanding, accrued interest and any other amounts contractually due, by the fifth business day after Mediobanca requests this, in the event that: (a) a person/entity (individually or together with other persons

⁵ Note that at the Shareholders’ Meeting convened to approve the financial statements for 2016, the Extraordinary Shareholders’ Meeting will be asked to approve the issue (also in several tranches) - by 31 December 2021 - of at most 50,000,000 ordinary shares without par value, having the same characteristics as the ordinary shares in circulation, under the share incentive plan named: “Performance Share Plan 2016-2018”, freely attributable - pursuant to Article 2349 of the Italian Civil Code - to the Plan’s beneficiaries, without increasing the share capital. The Shareholders’ Meeting will also be requested to authorise the purchase and disposal of the Company’s treasury shares.

acting in concert) other than the Italian Republic (or its Ministries) or bodies or companies directly or indirectly controlled by it or by its Ministries, acquires the power (i) to exercise or control the exercise of at least one half of the lawful votes in the Ordinary Shareholders' Meeting of the Company, or (ii) to appoint or remove (as a result of the exercise of dominant influence pursuant to Article 2359, paragraph 1, Nos. 2 and 3 of the Italian Civil Code), all or a majority of the members of the Company's Board of Directors and (b) Fincantieri and Mediobanca, within 30 business days from the occurrence of these events, fail to reach agreement on changes to be made to the loan agreement.

C) Participation Agreement for the issuance of guarantees for II HAL - Hull 6244

On 28 January 2016 a Guarantee Facilities and Participation Agreement was signed between Fincantieri, BNP Paribas Italian Branch and Intesa Sanpaolo in order to facilitate issuance of the guarantees provided for by the commercial contract for the "II HAL - Hull 6244" project, for a maximum of EUR 123 million (used at time of writing for approximately EUR 69 million) with anticipated maturity of 14 March 2020.

The agreement serves as a credit line and indemnity document for all guarantees issued by BNP Paribas Italian Branch and counter-guaranteed by Intesa Sanpaolo for 60% of the value of those guarantees.

In the event that a change of control occurs which in the banks' reasonable estimation could adversely affect Fincantieri's ability to meet its payment obligations, this agreement allows the banks to request Fincantieri for release from the commitment within 60 business days, by cancelling the guarantees issued. If the release does not occur by the aforementioned deadline, then Fincantieri will be obliged - within the following 10 business days - to provide a cash cover to cover the outstanding debts.

D) Participation Agreement for the issuance of guarantees for P&O AUSTRALIA - Hull 6272

On 19 January 2016 a Guarantee Facilities and Participation Agreement was signed between Fincantieri, BNP Paribas Italian Branch and Unicredit in order to facilitate issuance of the guarantees provided for by the commercial contract for the "P&O AUSTRALIA - Hull 6272" project, for a maximum of EUR 142 million (used at time of writing for approximately EUR 32 million) with anticipated maturity of 14 February 2021.

The agreement serves as a credit line and indemnity document for all guarantees issued by BNP Paribas Italian Branch and counter-guaranteed by Unicredit for 60% of the value of those guarantees.

In the event that a change of control occurs which in the banks' reasonable estimation could adversely affect Fincantieri's ability to meet its payment obligations, this agreement allows the banks to request Fincantieri for release from the commitment within 60 business days, by cancelling the guarantees issued. If the release does not occur by the aforementioned deadline, then Fincantieri will be obliged - within the following 10 business days - to provide a cash cover to cover the outstanding debts.

E) Facility Indemnity and Agreement for the issuance of guarantees

On 6 November 2012 a Guarantee Facility Indemnity and Agreement was signed between Fincantieri and National Bank of Abu Dhabi in order to facilitate the issuance of guarantees envisaged for Fincantieri's commercial contracts, for a maximum of EUR 50 million (used at time of writing for approximately EUR 30 million). Since this is an uncommitted credit facility, there is no expiry date. This agreement provides that if a change of control occurs, the banks will be able to request either: (i) within 90 days, the issuance of one or more counter-guarantees in their favor, to cover the outstanding amounts; (ii) a cash cover to cover the portion of the commitment not counter-guaranteed by collateral acceptable to the bank.

1.9 DIRECTORS' ALLOWANCES FOR EARLY CESSATION, ALSO FOLLOWING A PUBLIC TENDER OFFER

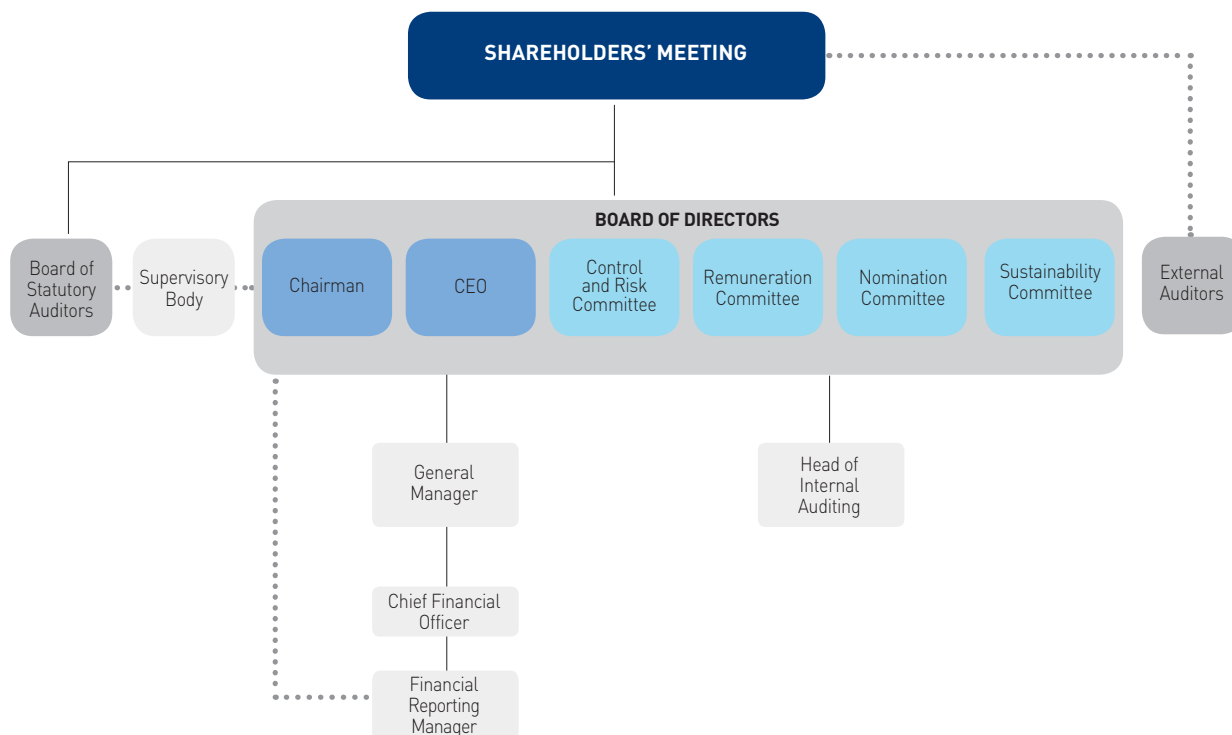
For a description of the allowances payable in the event of early termination of the relationship, see paragraphs 2.3.6 (Section I) and 5 (Section II) of the Remuneration Report approved by the Board of Directors on 9 March 2017 pursuant to Article 123-ter of the Italian Consolidated Financial Act (TUF) and available on the Company's website at www.fincantieri.com, in the Section "Governance - Remuneration" and in the Section "Governance - Meetings - Shareholders' Meetings 2017".



Information on Corporate Governance

2. Corporate Governance system

Fincantieri's Corporate Governance system has the following structure:



2.1 SHAREHOLDERS' MEETING

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

At the Shareholders' Meeting convened to approved the financial statements for 2016, the Board of Directors will report on activities that were planned and implemented, and will ensure that the Shareholders are given adequate information on matters necessary to enable them to take informed and considered decisions.

2.1.1 Powers and quorum

The Shareholders' Meeting resolves upon all matters reserved to it by law or the By-laws.

The ordinary Shareholders' Meeting is therefore competent to resolve upon the following (among other things): (i) approval of the financial statements and allocation of profits; (ii) appointment and remuneration of the corporate bodies; (iii) removal/dismissal of corporate bodies and officers, and liability actions; (iv) appointment of the independent auditor; (v) purchase of treasury shares; and (vi) approval of the Shareholders' Meeting Regulations.

The extraordinary Shareholders' Meeting resolves upon amendments to the By-laws and extraordinary transactions such as mergers, demergers and capital increases, subject to the Board of Directors' competence in the areas mentioned in paragraph 1.6 above.

Resolutions of the ordinary and extraordinary Shareholders' Meeting in first, second or third call, or in single call, are generally adopted in accordance with the majorities required by law for each specific case. The corporate bodies and officers are elected in accordance with the "slate voting" system, as described in paragraphs 2.2.4 and 2.4.2 below.

Article 29 of the By-laws require specific majorities for related party transactions where the Shareholders' Meeting is called on to adopt resolutions (i) in urgent cases associated with company crisis where the audit body forms a negative assessment as to the presence of urgent conditions, (ii) if the Related Party Transaction Committee (RPT Committee) forms a negative opinion about the most significant transactions (definitions are given in paragraph 4.1 below). In such cases, Shareholders' Meeting resolutions are considered approved if (a) the quorums for valid meetings and for valid resolutions under the By-laws have been reached, and (b) if the non-related shareholders attending the Shareholders' Meeting represent at least ten percent of the voting share capital and the majority of the non-related voting shareholders does not vote against the transaction.

2.1.2 Procedures for calling Shareholders' Meetings

Ordinary and extraordinary Shareholders' Meetings are normally held on single call, pursuant to Article 13.1 of the By-laws. The Board of Directors may decide, however, that ordinary and/or extraordinary Shareholders' Meetings should be held in more than one single call, if it considers this appropriate.

The ordinary Shareholders' Meeting must be called at least once a year to approve the financial statements, and no later than one hundred eighty days from the end of the financial year.

The Shareholders' Meeting is convened by a notice of call formulated in accordance with law and published at least thirty days prior to the scheduled date of the Shareholders' Meeting in accordance with the procedures envisaged by applicable law⁶. The deadline is brought forward by forty days in the event that the Shareholders' Meeting is called to appoint the corporate bodies.

The Board of Directors – save as otherwise provided by law – releases a report on the items on the Shareholders' Meeting agenda, in accordance with the same procedures and by the same deadline for publishing the notice of call.

2.1.3 Eligibility to attend Shareholders' Meetings and voting procedures

The entitlement to attend Shareholders' Meetings and the procedures for exercising voting rights are regulated by applicable law.

More specifically, Article 83-*sexies* of the Italian Consolidated Financial Act (TUF) states that eligibility to participate in Shareholders' Meeting and exercise voting rights must be certified by a qualified intermediary, who notifies the Company of such eligibility on behalf of the eligible shareholder. The "record date" is used as a basis for the intermediary's notification i.e. the accounting records at the end of the accounting day on the seventh trading day prior to the scheduled date of the Shareholders' Meeting. Credit or debit entries made on the intermediary's accounts after this seven day deadline are not relevant for purposes of eligibility to vote in the Shareholders' Meeting. The Company must receive the intermediary's notifications by the applicable regulatory deadlines, without prejudice to the shareholder's entitlement to attend and vote in cases where the Company

⁶ The call notice is published on the company website, and an abridged form thereof is published in at least one daily newspaper with national circulation, and also as required by applicable law.

receives the notifications after the above-mentioned deadline but before the start of the Shareholders' Meeting thus convened.

Pursuant to Article 15 of the By-laws, each Shareholder entitled to attend the Shareholders' Meeting can be represented by a proxy - given in written or electronic form - pursuant to applicable law. The Company may be notified of the voting proxy by certified electronic mail or through the relevant section of its website, as specified from time to time in the meeting call notice.

Furthermore, in order to facilitate the process of obtaining proxies from Shareholders who are employees of the Company and its subsidiaries associated with associations of Shareholders that satisfy the requirements of applicable law, the By-laws provide that areas should be made available to such associations for communication purposes and for gathering proxies, in accordance with the terms agreed from time to time with their legal representatives.

The Company may also - for each Shareholders' Meeting - appoint a person to whom shareholders may grant proxies with voting instructions in relation to all or some of the items on the agenda, as envisaged by applicable law. In such cases, the proxy will not be valid in relation to agenda items for which no voting instructions have been given.

Pursuant to the By-laws, the notice of call may also provide, on a case-by-case basis, that shareholders with voting rights may (i) attend Shareholders' Meetings using telecommunication facilities, and/or (ii) exercise their voting rights by correspondence and/or electronically, in accordance with applicable law.

2.1.4 Shareholders' rights

Pursuant to applicable law:

- shareholders who represent (individually or jointly) at least one fortieth of the share capital may - within ten days of the date when the Shareholders' Meeting call notice is published (except on matters which the Shareholders' Meeting decides upon based on a proposal from Directors or based on plans or reports prepared by them): (i) request that specific items be added to the agenda, specifying the proposed additional items in this request and (ii) submit draft resolutions on matters already on the agenda; and
- shareholders with voting rights may ask questions on the items on the agenda even before the Shareholders' Meeting, by the deadline indicated in the call notice. Replies will be given to these questions - at the latest - during the Shareholders' Meeting.

In any case, shareholders with voting rights will also be entitled to submit questions or draft resolutions - individually or otherwise - during the Shareholders' Meeting.

2.1.5 Shareholders' Meeting Proceedings

Pursuant to the By-laws, the Shareholders' Meeting is chaired by the Chairman of the Board of Directors or - if the latter is absent or indisposed, by the Deputy Chairman if appointed; if the latter is absent or indisposed, the meeting will be chaired by another person delegated by the Board of Directors. If this other person is not present, the Shareholders' Meeting will elect its own Chairman. The Shareholders' Meeting appoints a Secretary, who need not be a shareholder, and it may appoint one or more scrutineers from among the meeting's attendees.

On 5 May 2014, the ordinary Shareholders' Meeting of the Company approved the Shareholders' Meetings Regulations with effect from the start of trading of Fincantieri shares on the Electronic Stock Market (MTA).

These Regulations (among other things) regulate the procedures for ascertaining shareholder eligibility to attend Shareholders' Meetings, access to Shareholders' Meeting venues, voting procedures, the role of the Shareholders' Meeting Chairman - who is also responsible for directing

the meeting's proceedings, ensuring that fair procedures are followed for the meeting discussions and for ensuring that attendees' rights are respected. To this end, the Chairman of the Shareholders' Meeting - upon opening the meeting's proceedings - sets the maximum duration of each attendee's contribution, which should not generally exceed fifteen minutes. A shareholder may request the Chair for permission to address the meeting on specific agenda items, after the Shareholders' Meeting has been validly constituted but before the Chairman has actually opened discussions on each specific agenda item. Each participant may make only one contribution for each item on the agenda. After discussions are closed, only brief voting declarations are allowed.

The Chairman and the Secretary draw up and sign minutes of Shareholders' Meetings. The minutes of extraordinary Shareholders' Meetings must be drawn up by a Notary Public.

All the provisions of the Shareholders' Meeting Regulations are given in the full text published on the Company website www.fincantieri.com, in the Section "*Governance – Shareholders' Meetings – Tasks and Regulations*".

2.2 BOARD OF DIRECTORS

2.2.1 Composition of the Board

Pursuant to Article 19 of the By-laws, the Board of Directors has seven or more members up to a maximum of thirteen members appointed by the Shareholders' Meeting in accordance with the procedures described in paragraph 2.2.4 below. The Shareholders' Meeting determines the number of Board members from time to time, subject to the aforementioned limits.

The acting Board of Directors, whose term of office will expire at the meeting to approve the financial statements for the year ended on 31 December 2018, consists of: Giampiero Massolo (Chairman), Giuseppe Bono (CEO)⁷, Gianfranco Agostinetto, Simone Anichini, Massimiliano Cesare, Nicoletta Giadrossi, Paola Muratorio, Fabrizio Palermo and Donatella Treu.

The Board of Directors was appointed by the ordinary Shareholders' Meeting held on 19 June 2016 for the years 2016, 2017 and 2018. This appointment was in conformity with Article 19 of the Company's By-laws⁸.

Two slates of candidates were submitted in accordance with the deadlines and procedures provided for by applicable rules, specifically:

- on 19 April 2016, the slate was filed which was submitted by the Shareholder INARCASSA, the holder of 19,231,000 ordinary shares, representing 1.137% of the share capital. This slate was identified by No. 1 and indicated the following candidates: Paola Muratorio and Gianfranco Agostinetto; and
- on 26 April 2016, the slate was filed which was submitted by the Shareholder Fintecna S.p.A., the holder of 1,212,163,614 ordinary shares, representing 71.636% of the share capital. This slate was identified by No. 2 and indicated the following candidates: Nicoletta Giadrossi, Simone Anichini, Donatella Treu, Giuseppe Bono and Fabrizio Palermo.

Considering the fact that: (i) the aforementioned Shareholders' Meeting appointed nine members of the Company's Board of Directors; and (ii) the two aforementioned slates contained seven candidates in total - after the latter were elected by slate voting, the Shareholders' Meeting elected the two remaining Directors in compliance with the legal majorities pursuant to Article 19.9, letter

7. Mr. Giuseppe Bono was appointed for the first time as the Company's CEO on 29 April 2002.

8. For this appointment, the outgoing Board of Directors did not submit its own slate of candidates or give the Shareholders any guidelines on the composition of the incoming Board of Directors.

e) of the By-laws, namely Giampiero Massolo and Massimiliano Cesare, candidates proposed by the Shareholder Fintecna S.p.A.

Therefore the Board of Directors has nine members, two of whom (the CEO and the Chairman of the Board of Directors) are executive Directors.

The remaining Directors are non-executive; six of these are independent pursuant to law and the Corporate Governance Code⁹.

The Directors' curricula vitae are attached to this Report, which detail the key personal and professional information demonstrating their expertise and experience in the corporate management area (see **Annex 1**).

2.2.2 Professional qualification and integrity requirements and reasons for ineligibility and incompatibility of Directors

Pursuant to Article 19.5 of the By-laws, Directors must be selected using criteria of professional qualification and expertise, from among persons who have at least three years' experience in:

- a) management or control activities, or management functions in companies, or
- b) professional activities or academic positions in law, economics, finance or in technical-scientific areas related to or useful for business or corporate activities, or
- c) administrative/management/executive roles in public or governmental administrations or entities operating in sectors related to the Company's sector of activities, or in public or governmental administrations or entities operating in unrelated sectors on condition that the responsibilities in question involved the management of economic-financial resources.

In accordance with applicable rules, Directors must satisfy the integrity requirements provided for by the Italian Consolidated Financial Act (TUF) and by associated implementing regulations, and also by any other law in force applicable to the Company's Directors.

According to the Company's By-laws¹⁰, the failure to satisfy the aforementioned requirements results in ineligibility for office or in the automatic forfeiture of office; where a Director forfeits his/her office, he/she will not be entitled to compensation for damages.

Directors who during their term of office no longer satisfy the aforementioned integrity requirements shall immediately notify the Board of Directors of this.

Without prejudice to the foregoing, a Director will become ineligible for the office of Director with delegated powers, or will automatically forfeit that office for just cause if interim measures are imposed which prevent those delegated powers from being exercised, following proceedings pursuant to Article 309 or Article 311, paragraph 2, of the Italian Code of Criminal Procedure, or after the expiration of the deadline for bringing those proceedings, without entitlement to compensation for loss, and all associated delegated powers will be instantly revoked.

Where particular cases/facts fall within the jurisdiction of foreign legal systems, the Board of Directors shall ascertain the existence of the situations described above by conducting an assessment of substantial equivalence.

In addition to the foregoing, pursuant to Article 19.4 of the By-laws and the Decree of the President of the Council of Ministers of 25 May 2012, on the "*Criteria, conditions and procedures for adopting the ownership separation model for SNAM S.p.A. pursuant to Article 15 of Law No. 27 of 24 March 2012*", the Company's Directors may not hold office in the governing or audit bodies

⁹. For a complete description of the characteristics of executive, non-executive and independent Directors, please refer to the following paragraphs 2.2.7, 2.2.8, 2.2.9 and 2.2.10.

¹⁰. As amended by the Extraordinary Shareholders' Meeting of 19 May 2016.

of, or perform executive functions at, Eni S.p.A. or its subsidiaries, or be involved in any direct or indirect professional or economic capacity with those companies.

2.2.3 The Board's position on the maximum number of offices Directors can hold in other companies

In line with provisions of the Corporate Governance Code, on 19 December 2014 the Board of Directors - on a proposal from the Nomination Committee - set out its position on the maximum number of offices as director or permanent auditor compatible with the effective performance of a director's duties, also taking into account the Directors' participation in Committees set up within the Board.

Its position is that Directors may accept and continue to hold office if they consider that they are able to devote the necessary time commitment to effectively perform their duties, taking into account the number and nature of their positions in the management and supervisory/audit bodies of other large companies, and also taking into account the commitment required by the additional professional activities engaged in and by the associated offices held.

In this context, the term "large companies" means:

- a) companies whose shares are listed on regulated markets, including foreign markets;
- b) Italian or foreign companies whose shares are listed on regulated markets and operating predominantly in the insurance, banking, securities brokerage, asset management or financial sectors;
- c) other Italian or foreign companies whose shares are not listed on regulated markets and which, while operating in sectors other than those indicated in letter b) above, have assets exceeding EUR 1,000 million and/or revenues exceeding EUR 1,700 million, as showing in the most recently approved financial statements.

More specifically, the Board's policy provides as follows:

- 1) for the acting CEO and for the executive Directors (with specifically delegated management powers) of Fincantieri: (i) no person may as a general rule - unless expressly warranted and justified by the Board of Directors - act as CEO in the companies indicated in letter a) above; (ii) it is permitted to hold a maximum of 3 offices as Director (as executive director with specifically delegated management powers or as non-executive director) and/or as Permanent Auditor in the companies indicated in paragraph (i) above; (iii) it is permitted to hold a maximum of 5 offices as Director (as executive director with specifically delegated management powers or as non-executive director) and/or in a supervisory body in the companies indicated in letters b) and c) above. In any case, unless otherwise expressly warranted and justified by the Board of Directors, Fincantieri's CEO may not act as a director in any of the companies indicated in letter a) above which do not belong to the Fincantieri Group and whose CEO is a Director of Fincantieri;
- 2) for Fincantieri's Directors other than the CEO and the executive Directors (with specifically delegated management powers), the number of offices held in the management or audit/supervisory bodies of other companies referred to in letters a), b) and c) may not exceed 5.

In calculating the number of offices indicated in paragraphs 1) and 2) above, offices held in direct and/or indirect subsidiaries or affiliates of Fincantieri are not taken into account. Moreover, if a Director holds offices in several companies from the same group, only one office within such group is taken into account for the purpose of calculating the number of offices.

Without prejudice to the foregoing, the Board of Directors may grant exemptions (temporary or otherwise) from the parameters specified in paragraphs 1) and 2) above, based upon the total number of offices held by the relevant Directors in the governing and audit/supervisory bodies of other large companies. In granting such exemptions, the Board of Directors takes the following

factors into consideration: (i) the specific characteristics of the offices held by the person in question, also taking into account the nature and size of the company in which such offices are held; (ii) the commitment demanded by any additional professional activities which that person engages in and by any offices in associations which he/she holds; and (iii) the commitment demanded from that person in the Board of Directors (particularly where a non-executive Director is involved who is not a member of any Committee).

Based upon information which the Directors have given the Company - verified by the Secretary of the Board of Directors and by the Nomination Committee, and submitted for review by the Board of Statutory Auditors on 15 February 2017 – the number of offices currently held by Fincantieri's Directors in the management and audit/supervisory bodies of other large companies is in line with the policy indicated above.

Information on the offices held by Fincantieri's Directors in the management and audit/supervisory bodies of other large companies is provided in the table attached to this Report.

2.2.4 Appointment and replacement of Directors

Directors are appointed by the ordinary Shareholders' Meeting in accordance with the procedures described below, for a term not to exceed three financial years, and they may be re-elected after their mandate expires.

The appointment of Directors is regulated by Article 19 of the By-laws¹¹, which provide a full description of the relevant provisions¹².

Slate voting

The Board of Directors is appointed by the Shareholders' Meeting on the basis of slates submitted by the Shareholders and by the Board of Directors and in accordance with applicable law on equal access to corporate bodies by the less represented gender (gender balance).

Entitlement to submit slates

Each Shareholder may submit or contribute to the submission of only one slate. Shareholders are entitled to submit slates only if they represent - individually or in combination with other Shareholders - at least 1% of the share capital or such other percentage, if lower, that is established by a CONSOB Regulation.

Ownership of the minimum shareholding required to submit slates must be proven in accordance with the procedures and by the deadline laid down by law applicable from time to time.

Candidate slates may also be submitted by the outgoing Board of Directors.

Each person with voting rights may vote for only one slate.

Composition and filing of slates

Each candidate may be presented on one list only, under penalty of ineligibility.

Candidates must be listed in sequential order in the slates.

Each slate must include at least two candidates who satisfy legally-required independence criteria, and must specify the names of those candidates and indicate one of the candidates in the first position on the slate.

11. As amended by the Extraordinary Shareholders' Meeting of 19 May 2016.

12. The By-laws may be consulted on the Company website at www.fincantieri.com, in the section "Governance – System of Corporate Governance".

Furthermore, slates that present three or more candidates must include candidates of different genders, as detailed in the Shareholders' Meeting call notice, thus ensuring that the composition of the Board of Directors is compliant with the applicable laws on gender equality.

The slates must be filed with at the Company's headquarters in accordance with the deadlines and procedures envisaged by applicable rules (i.e. at least twenty-five days prior to the date of the Shareholders' Meeting called to appoint the Board of Directors).

The professional curricula vitae of the candidates and the declarations by which they accept their candidature and state - accepting full responsibility - that no causes of ineligibility or incompatibility exist and declare that they satisfy the integrity requirements envisaged by applicable rules and by the By-laws (see paragraph 2.2.2 above), and the declaration (as relevant) that they satisfy the independence requirements laid down by law and/or by the Corporate Governance Code (see paragraph 2.2.10 below) must also be filed at the Company's headquarters with each slate.

Appointment procedures

Directors are elected as follows:

- a) the following are taken from the slate that has obtained the majority of votes, in the sequential order in which they are listed on that slate:
 - two-thirds of the Directors, with fractions being rounded down to the next lower integer, where the Board consists of 9 members at most;
 - 7 Directors, if the Board consists of 10 members;
 - 8 Directors, if the Board consists of 11 members;
 - 9 Directors, if the Board consists of 12 members; and
 - 10 Directors, if the Board consists of 13 members;
- b) the remaining Directors are drawn from the other slates (subject to applicable regulations protecting minority shareholders) which are not associated in any way, even indirectly, with shareholders who submitted or voted for the slate that obtained the highest number of votes. To this end, the votes obtained from these slates are subsequently divided by one, two or three, depending upon the number of Directors to be elected. The ratios thus obtained are assigned in sequential order to the candidates of each of these slates, in the order respectively envisaged by each. The ratios thus assigned to the candidates on the various slates are then arranged in a single descending ranking. Candidates who obtain the highest ratios are elected. Where more than one candidate has obtained the same ratio, the candidate elected will be the candidate from the slate that has not yet elected a Director or that has elected the lesser number of Directors. If none of these slates has elected a Director or if all have elected the same number of Directors, the candidate elected will be the candidate from the slate that has obtained the highest number of votes. In the event of a tie in slate votes and in circumstances where the ratios are tied, the Shareholders' Meeting will vote again - subject to legally applicable majorities - from among candidates who attained the same ratio from the slates that elected the same number of Directors (or no Director) and obtained the same number of votes;
- c) if, following the application of this procedure, the minimum number of independent Directors required by applicable rules has not been elected (see paragraph 2.2.10 below), the ratio of votes attributable to each candidate drawn from the slates is calculated, by dividing the number of votes obtained from each slate by the ranking number of each of the candidates, thus forming a single ranking in descending order; candidates who do not satisfy applicable independence requirements and who obtain the lowest ratios among the candidates taken from all of the slates will be replaced - beginning from the last and until the minimum number of independent Directors required under applicable rules has been achieved - by independent

candidates indicated on the same slate as the replaced candidate (following the order in which they are indicated) or by persons who satisfy the relevant independence criteria and who are appointed in accordance with the procedure referred to in letter e) of Article 19 of the By-laws. If candidates on different slates have achieved the same ratio, the candidate to be replaced is the candidate from the slate from which the highest number of Directors has been drawn or, if the same number of Directors are elected, the candidate from the slate that has obtained the lowest number of votes or, in the event of a tie, the candidate who obtains fewer votes in a special vote of the Shareholders' Meeting (subject to the legally-required quorums) from among all of the candidates who obtained the same ratio from slates that elected the same number of Directors and obtained the same number of votes;

d) if the application of the procedure described in letters a) and b) above fails to ensure compliance with applicable rules on gender balance, the ratio of votes to be assigned to each candidate drawn from the slates comprised of at least three candidates is calculated by dividing the number of votes obtained from each slate by the ranking number of each of these candidates, thus forming a single ranking in descending order; candidates of the better represented gender who have the lowest ratios among the candidates taken from the aforementioned slates are replaced - until the number of Directors is achieved that ensures compliance with applicable gender balance rules and subject to the minimum required number of independent Directors - by the candidate of the less represented gender who is (as relevant) indicated (with the next lowest slate ranking number) on the same slate as the candidate who is replaced. If candidates on more than one of the aforementioned slates have achieved the same ratio, the candidate to be replaced is the candidate from the slate from which the highest number of Directors has been drawn or, if the same number of Directors are elected, the candidate from the slate that has obtained the lowest number of votes or, in the event of a tie, the candidate who obtains fewer votes in a special vote of the Shareholders' Meeting (subject to the legally required quorums) from among all of the candidates who obtained the same ratio from slates that elected the same number of Directors and obtained the same number of votes. The slate voting procedure described above applies only where the entire Board of Directors is appointed.

Directors who, for any reason, are not appointed in accordance with the above procedure, are appointed by the Shareholders' Meeting subject to the legally required majorities, thus ensuring that the Board's composition complies with law and with the By-laws, and with applicable rules on gender balance.

Replacement

If one or more Directors should cease from office or become available during the year, due to resignation or for any other reason, the procedure detailed in Article 2386 of the Italian Civil Code shall be applicable.

In any case, the Board of Directors must have the legally required minimum number of independent Directors, and the rules relating to gender balance and protection of minorities must be complied with.

If the majority of Directors should cease from office due to resignation or for any other reason, the entire Board shall cease to hold office and the Shareholders' Meeting shall be called to reconstitute the Board in accordance with the procedures envisaged by Article 2386 of the Italian Civil Code.

2.2.5 Functions of the Board

The Board of Directors is the body of the Company's corporate governance system, as it has the widest powers of ordinary and extraordinary administration thereof, and these extend to determining the Company's and the Group's strategic, organizational and control policies.

More specifically, the Board of Directors - in accordance with applicable provisions of law, of the By-laws and of its own resolutions (most recently, the resolution adopted on 26 May 2016) and in accordance with the Corporate Governance Code's recommendations:

- may delegate all or some of its powers - except those that cannot be delegated by law - to one or more of its members and/or to an executive committee;
- appoints a Secretary of the Board of Directors, who need not be a company member;
- defines the Company's strategic and organizational lines by approving industrial plans and annual budgets, and determines the nature and level of risk compatible with the objectives of those strategic and organizational lines, including in its assessments all risks which may prove significant in the context of medium to long term sustainability;
- convenes ordinary and extraordinary Shareholders' Meetings in compliance with the procedures and deadlines envisaged by applicable law, ensuring that the Shareholders are provided with detailed knowledge and information that enables them to adequately participate in such meetings;
- establishes Committees within the Board of Directors with powers of consultation and powers to propose draft resolutions, as recommended by the Corporate Governance Code, appointing its members and determining their duties and the associated operational rules and, as relevant, approving associated remuneration and budgets;
- in the internal control and risk management field:
 - appoints from within it one or more Directors to set up and maintain an effective internal control and risk management system (ICRMS), as well as a Control and Risk Committee tasked with supporting (by adequate investigative activities) the Board of Directors in its assessments and decisions related to the ICRMS and related to the approval of periodic reports;
 - establishes guidelines for the ICRMS, subject to the opinion of the Control and Risk Committee;
 - appoints the Head of Internal Auditing, ensuring that he/she has adequate resources to fulfil his or her responsibilities, determining his/her remuneration in line with Company policy - on a proposal of the Director in charge of the ICRMS, and after having received a favorable opinion from the Control and Risk Committee and consulted with the Board of Statutory Auditors;
 - assesses annually - subject to the Control and Risk Committee's opinion - the extent to which the ICRMS is adequate to the nature and risk profile of the Company, and also to assess its effectiveness;
 - approves annually the work program prepared by the Head of Internal Auditing, after having consulted with the Control and Risk Committee and with the Board of Statutory Auditors, and with the Director in charge of the ICRMS;
 - describes the key characteristics of the ICRMS in the Report, after having received the opinion of the Control and Risk Committee, giving an assessment of its adequacy;
 - assesses the results presented by the independent auditor in the letter of suggestions, if any, and in the report on key issues arising during the audit, subject to the Control and Risk Committee's opinion and after having consulted with the Board of Statutory Auditors;

- appoints the Financial Reporting Manager, after having received the mandatory opinion of the Board of Statutory Auditors, such appointment to last at least for the duration of the Board's term of office and for no more than six financial years, determining the term of office and the duties, powers and remuneration; it may also revoke this appointment if necessary;
- approves the Organization, Management and Control Model pursuant to Legislative Decree No. 231 of 8 June 2001 ("Legislative Decree No. 231/2001");
- determines the composition of the Supervisory Body and appoint its members and determine their remuneration, on a proposal from the CEO;
- determines the remuneration policy for Directors, General Managers, Executives with Strategic Responsibilities and for the other Key Executives, on a proposal from the Remuneration Committee;
- assesses whether or not to adopt a plan for the succession of executive Directors;
- sets out its position - on a proposal from the Nomination Committee - on the maximum number of offices as director or auditor in large companies that may be considered compatible with the effective performance by Directors of their duties inside the Company;
- adopts company procedures for the internal management and outbound communication of information on the Company, particularly with reference to inside information;
- determines rules that ensure the transparency and substantive and procedural propriety of related party transactions;
- has reserved to itself responsibilities in the following areas:
 - strategically relevant agreements;
 - incorporating companies, associations or entities and purchasing and selling shareholdings, enterprises or business units;
 - drawing up, amending and terminating binding letters of intent or contracts (if not already included in those letters of intent) for the supply of goods or services by the Company for amounts in excess of EUR 500 million per contract;
 - purchasing, exchanging and selling real estate, establishing other in rem rights and leases exceeding 9 years for amounts in excess of EUR 40 million;
 - engaging in medium/long-term lending/borrowing transactions for amounts in excess of EUR 500 million per transaction;
 - issuing guarantees for amounts exceeding EUR 500 million per transaction; however, the CEO will be authorised to issue same if urgently required;
- hiring, appointing and removing of General Managers;
- granting assignments for professional services for amounts in excess of EUR 100,000 (individually or in combination) in the case of natural persons and EUR 500,000 in the case of professional associations or legal entities, excluding assignments granted to: (i) natural persons enrolled in professional rolls or registers; (ii) professional associations between such natural persons; and (iii) legal entities of national and international standing.

In accordance with the foregoing, the Board of Directors during 2016:

- after receiving the Control and Risk Committee's views, approved an updated version of the Organization, Management and Control Model pursuant to Legislative Decree No. 231/2001;
- after investigation by the Control and Risk Committee, examined the periodic report of the Head of Internal Auditing for 2015, which also contains an assessment of the adequacy of the ICRMS;
- after analysis by the Control and Risk Committee, examined the main risks to which the Company is exposed, with reference to the analysis conducted during 2015;
- after receiving the Control and Risk Committee's views and after consultation with the Board of Statutory Auditors and with the Director in charge of the ICRMS, approved the annual Audit plan for 2016 prepared by the Head of Internal Auditing;
- after receiving the Control and Risk Committee's views, approved the impairment tests applied to shareholders' equity and goodwill as of 31 December 2015, and related results;
- after investigation by the Control and Risk Committee, examined the periodic report of the Head of Internal Auditing for 2015, also containing an assessment of suitability of the ICRMS;
- after investigation by the Control and Risk Committee, approved Fincantieri's Business Plan 2016-2018;
- examined the periodic report transmitted by the Supervisory Body;
- after investigation by the Control and Risk Committee, approved the draft financial statements and consolidated financial statements at 31 December 2015;
- determined - on a proposal of the Remuneration Committee - the Remuneration Policy for Directors, General Managers, Executives with Strategic Responsibilities and for the other Key Executives for 2016, to be submitted for consultative vote by the Shareholders' Meeting convened to approve the financial statements for 2015;
- based on a proposal from the Remuneration Committee, approved the Remuneration Report pursuant to Article 123-ter of the Italian Consolidated Financial Act (TUF);
- after investigation by the Nomination Committee, ascertained that the independence and integrity requirements applicable to members of the Board of Directors were duly satisfied, and that there was no basis for their incompatibility or ineligibility;
- after investigation by the Nomination Committee, verified that the number of offices held by Directors and Auditors complied with policy on the maximum number of offices as director or auditor that can be held in large companies consistently with the proper performance of the function of Director of the Company, adopted by the Board of Directors on 19 December, 2014;
- established the Sustainability Committee, appointing its members and determining their remuneration;
- after having consulted with the Director in charge of the ICRMS and received a favourable opinion from the Control and Risk Committee and consulted with the Board of Statutory Auditors, ascertained that the Head of Internal Auditing has adequate means and resources to carry out the relevant responsibilities and is remunerated in accordance with Company policy;
- based on a proposal from the Remuneration Committee, made a final calculation of the corporate results for 2015 associated with the variable short-term incentive plans ("MBO") for the Chairman and the CEO;
- based on a proposal from the Remuneration Committee, defined the 2016 performance objectives ("MBO") for the Chairman and the CEO;
- examined the periodic reports transmitted by the Board Committees;
- implemented the plan to develop and optimise the ICRMS (*Enterprise Risk Management project - ERM*) in order to concretely implement the guidelines of that system;

- after receiving the views of the Control and Risk Committee, approved an update to the ICRMS guidelines including, in its assessment, all risks that may be relevant in the context of medium to long-term sustainability;
- after investigation by the Remuneration Committee, approved the Performance Share Plan 2016 - 2018 intended for the Fincantieri management (the "Plan") and the related Regulation, deciding to submit it for the approval of the Shareholders' Meeting convened to approve the Company's financial statements at 31 December 2016.

In the first months of 2017, moreover, the Board of Directors:

- after investigation by the Nomination Committee, ascertained that the independence and integrity requirements applicable to members of the Board of Directors were duly satisfied, and that there was no basis for their incompatibility or ineligibility;
- after investigation by the Nomination Committee, verified that the number of offices held by Directors and Auditors complied with the policy on the maximum number of offices as director or auditor that can be held in large companies consistently with the proper performance of the function of Director of the Company, adopted by the Board of Directors on 19 December 2014;
- examined the report on the Board of Directors' self-assessment relating to the financial year 2016, prepared by the Nomination Committee;
- after investigation by the Nomination Committee, confirmed the decision already adopted previously, related to the Company's non-adoption of succession plans for the executive Directors, given the nature of the Company's shareholder structure and the fact that Directors are appointed by the Shareholders' Meeting based on slates submitted by Shareholders, in accordance with law and with the Company's By-laws;
- on a proposal from the Remuneration Committee, approved the Remuneration Policy for Directors, the General Manager, Executives with Strategic Responsibilities and for the other Key Executives for 2017, to be submitted for consultative vote by the Shareholders' Meeting convened to approve the financial statements for 2016;
- based on a proposal from the Remuneration Committee, approved the Remuneration Report pursuant to Article 123-ter of the Italian Consolidated Financial Act (TUF);
- after investigation by the Control and Risk Committee, examined the periodic report of the Head of Internal Auditing for 2016, which also contains an assessment of the adequacy of the ICRMS;
- after analysis by the Control and Risk Committee, examined the main risks to which the Company is exposed, with reference to the analysis conducted during 2016;
- after receiving the Control and Risk Committee's views and after consulting with the Board of Statutory Auditors and with the Director in charge of the ICRMS, approved the annual Audit plan for 2017 prepared by the Head of Internal Auditing;
- implemented the plan to develop and optimise the ICRMS (*Enterprise Risk Management project - ERM*) in order to concretely implement the guidelines of that system;
- after investigation by the Control and Risk Committee, assessed the adequacy of the organizational, administrative and accounting structure of the Company and of the main subsidiaries, also ascertaining that the Manager responsible for preparing the Company's accounting records has adequate powers and resources to perform the duties assigned to him/her, and overseeing said Manager's actual compliance with administrative and accounting procedures;

- examined the periodic reports transmitted by the Board Committees and by the Supervisory Body;
- after receiving the Control and Risk Committee's views, approved the impairment tests applied to shareholders' equity and goodwill to 31 December 2016, and related results;
- after investigation by the Control and Risk Committee, approved the draft financial statements and consolidated financial statements at 31 December 2016;

Further activities performed by the Board of Directors in connection with the internal control and risk management system (ICRMS) are described in paragraph 3 below.

2.2.6 Meetings and functioning of the Board

The Board of Directors met thirteen times in 2016, and the average meeting lasted approximately two hours and thirty minutes. The meetings were attended by an average of 96.2% of Directors and, more particularly, by 97% of independent Directors.

The meetings were regularly attended by members of the Board of Statutory Auditors and also, at the Chairman's invitation, by the heads of the corporate functions whose remit covered from time to time the individual items on the agenda.

The Chairman duly convened all of the meetings, generally with at least five days' notice. The Chairman also ensured that all Directors and Auditors would receive any documents related to the items on the agenda in good time, prior to each meeting and, where this was not possible, that an accurate and adequate in-depth analysis of the individual items on the agenda would occur during the meetings.

Twelve meetings so far (as of the date of this Report) have been scheduled for 2017, of which four have already been held earlier this year. The tables attached to this Report indicate the attendance record (as a percentage) of each Director at meetings of the Board of Directors and associated Committees.

During 2016, the Company - through the Chairman of the Board of Directors who played a coordinating role - promoted Directors' and Auditors' participation in initiatives to develop knowledge of all the sectors of activity of Fincantieri and of the latter's strategies, and to promote knowledge of topics related to the Company's organization and of the main elements of the regulatory framework for listed companies, paying particular attention to the Board of Directors' duties and responsibilities (known as board induction).

The training programs were given by trainers with competence in the aforementioned sectors, including the Heads of the various Departments or Functions, and with the support of specific documentation provided by Directors and Auditors.

2.2.7 Chairman of the Board of Directors

The Chairman enjoys all powers provided for by law and by the By-laws in relation to the functioning of the corporate bodies (Shareholders' Meeting and Board of Directors) and legal representation of the Company, and also the power to verify that the Board of Directors' resolutions are implemented. Moreover, on 26 May 2016, the Board of Directors resolved to grant the following delegated powers to the Chairman Giampiero Massolo, to be exercised in coordination with the CEO in order to ensure uniformity and effectiveness of the Company's operations:

- representing the Company before institutions, entities, national and international organizations with a view to promoting the Company's image and activities, subject to the CEO's responsibility for the Company's administration and management;
- contributing to the definition of international strategies and to the internationalization activities of the Company, with particular reference to the military, merchant and offshore sectors;

- supervising and coordinating the ICRMS of the Company and its subsidiaries, the continuous improvement of its effectiveness and efficiency, and the implementation of specific resolutions on internal control adopted by the Board of Directors, based on a mandate from the Board;
- supervising and coordinating the development and management of the Company's security system aimed at safeguarding its tangible and intangible assets and resources, including the assets referred to in Articles 12 *et seq.* of Decree of the President of the Council of Ministers No. 4 of 22 July 2011 on the administrative protection of State secrecy and classified information and the management of relations in the area of industrial safety with the National Safety Authority.

The Board of Directors' meeting held on 8 June 2016 also assigned the Chairman to act as Director in charge of the ICRMS (see paragraph 3.2.1 below).

2.2.8 CEO

Subject to the responsibilities reserved to the Board, the CEO - acting as the leading figure in the Company - has the power to legally represent the Company subject to the limits of the powers conferred, and to manage the Company, in accordance with guidelines drawn up by the Board of Directors and in conformity with the disclosure obligations referred to in Article 2381 of the Italian Civil Code, and the CEO also has the following functions and delegated powers, to be exercised with individual signatory authority:

- a) to submit to the Board of Directors the business plans and budgets in which the Company's strategic lines are defined;
- b) to implement the resolutions of the Company's governing bodies, carrying out any acts resolved by the latter, including acts of extraordinary administration;
- c) to carry out all acts of ordinary and extraordinary administration of the Company, except for acts that cannot be delegated by law and those which are reserved exclusively to the Board of Directors.

The CEO's powers include the following (for purposes of illustration only):

- to represent the Company as claimant or defendant before any administrative, tax or judicial authority and to appoint lawyers and general and special and special attorneys *ad litem*;
- to represent the Company before public and private, national and international bodies, entities and operators;
- to issue third parties - including state administrations, banks and lending institutions - with guarantees for a maximum of EUR 500 million per transaction/operation as collateral for obligations undertaken and to be undertaken towards any party, including by Fincantieri's subsidiaries or any other company in which Fincantieri may have an interest, according to terms and conditions that may be sought and, in cases of urgency, guarantees for over EUR 500 million, subject to the duty to report same to the Directors at the next Board meeting;
- to enter into any lending/borrowing transaction for amounts not exceeding EUR 500 million per transaction/operation, including loans, undertaking the necessary commitments and implementing the necessary formalities;
- to draw up, sign, amend and terminate any act, deed or contract related to the corporate purpose; also to establish, renew, reduce, subordinate and cancel mortgages and liens on ships or other products under construction or already built by the Company including for third parties, settling any disputes in which the Company may be involved;
- to represent the Company - for this purpose delegating other persons as necessary - before entities and companies in which Fincantieri holds equity interests, units, shares or shareholdings

or is vested with powers of representation and, therefore, also in ordinary and extraordinary Shareholders' Meetings of such entities and companies, exercising all other rights pertaining to such shares or interests;

- to determine the corporate organization, after informing the Board of Directors;
- to recruit, appoint and revoke the appointment of personnel at all levels including managers, but excluding General Managers; to engage in personnel management at all levels without limitation, also altering contract and remuneration terms and conditions contained in employment agreements and settling any related disputes;
- to grant assignments for professional services where the total remuneration are less than EUR 100,000 (individually or in combination) in the case of natural persons and EUR 500,000 in the case of professional associations or legal entities, subject to the power to grant assignments for remuneration exceeding those limits if granted to: (i) natural persons enrolled in professional rolls or registers; (ii) professional associations between such natural persons; and (iii) legal entities of national and international standing.

The CEO may - in the context of the aforementioned delegated powers - issue and revoke general and special powers of attorney for individual acts or transactions or for categories of acts or transactions to/from employees of the Company and to third parties, including those not intended to be temporary.

The CEO ensures that the Company's organizational and accounting structure is adequate to the nature and dimensions of the Company, and reports at least on a quarterly basis to the Board of Directors and to the Board of Statutory Auditors on the Company's operating performance, on its anticipated development, on any significant transactions and on the exercise of the delegated powers.

2.2.9 Non-executive Directors

Non-executive Directors bring their specific professional skills and experience to bear on discussions of the Board of Directors, and their specific concern is to ensure that the Board's decisions are properly considered and justified, particularly in areas that are particularly sensitive from the point of view of conflict of interest.

The number, competence, and availability of non-executive Directors (who represent the majority of the Board) ensure that their judgement has a significant influence on Board decisions.

2.2.10 Independent directors

Pursuant to Article 147-ter, paragraph 4, of the Italian Consolidated Financial Act (TUF), at least two members of the Board of Directors – when it has over seven members – must satisfy the independence requirements required for auditors by Article 148, paragraph 3, of that Act.

Article 3 of the Corporate Governance Code also recommends that an adequate number of non-executive Directors should be independent, in the sense that they do not have dealings or have not had recent dealings - direct or otherwise - with the issuer or with persons/entities associated with the issuer, which could compromise their independence of judgment. The Code also recommends that the number and the expertise of independent Directors should be adequate to the size of the Board and to the activities of the issuer, and should also facilitate the establishment of Committees within the Board.

The Board of Directors assesses the independence of its non-executive members by paying more attention to substance rather than form, while noting that a Director does not generally satisfy independence criteria in the cases (not exhaustive) described in Article 3.C.1 of the Corporate Governance Code.

In accordance with the foregoing, the Company's Board of Directors has an adequate number of independent Directors, who contribute significantly to the Board through their independent and unbiased judgement on the matters for discussion and decision, and the presence of independent Directors ensures that the Board Committees have a composition that reflects the recommendations of the Corporate Governance Code.

More specifically, the Board of Directors in office as of the date of this Report consists of six independent Directors pursuant to law and the Corporate Governance Code.

These Directors submitted special declarations testifying to their independence at the time of their appointment. After investigation by the Nomination Committee, the verification procedure was repeated at the Board of Directors' meeting of 15 February 2017, where the criteria referred to in the aforementioned Article 3.C.1 of the Corporate Governance Code were applied. At this meeting, the Board also ascertained that the independence requirements provided for by Articles 147-ter, paragraph 4, and 148, paragraph 3, of the Italian Consolidated Financial Act (TUF) and also required by the Corporate Governance Code were satisfied by the Directors Gianfranco Agostinetti, Simone Anichini, Massimiliano Cesare, Nicoletta Giadrossi, Paola Muratorio and Donatella Treu.

Here, the Board examined the position of the Director Mr. Massimiliano Cesare and, having evaluated the circumstances referred to in Article 3, letter d) of the Corporate Governance Code and taken due account of his declaration, concluded that he satisfied the independence requirements demanded by the Corporate Governance Code.

At the meeting of 15 February 2017, the Board of Statutory Auditors verified the proper application of the verification criteria and procedures adopted by the Board to assess the independence of its members.

The Board of Directors did not designate a lead independent director, given that the conditions for such appointment envisaged by the Corporate Governance Code were not met. The Chairman of the Board of Directors is not, in fact, the key person responsible for managing the Company, nor does he hold a controlling stake in the Company.

During 2016, the independent Directors met once on 15 December 2016 without the other Directors, in order to agree the operational guidelines for their office within the Fincantieri Board of Directors. Here, the Independent Directors also examined the operation of the Board and of its Committees, dealing with issues related to the protection of minorities, dealings between the issuer and the controlling Shareholder, compliance by the Company with corporate governance procedures and the management of related party transactions.

2.2.11 Assessment of the operation of the Board and of the Board Committees

The "board review" procedure activated during the second half of 2016 at the initiative of the Nomination Committee, concluded in early 2017.

The Board of Directors acknowledged the results of the Board evaluation activities at the meeting of 9 March 2017.

The analysis was conducted with the support of the Board of Directors' secretarial staff, by compiling a self-assessment questionnaire and by conducting individual interviews of the Chairmen of the Board Committees, in order to glean individual perspectives about the size, composition, functioning and effectiveness of the Board and of its Committees.

The results suggested that the Board conducts its operations in a manner that is consistent with and appropriate to its mandate.

The investigative analysis was an important opportunity to gain greater in-depth knowledge of the Board's functioning and operations, in relation to which the Directors submitted positive views,

particularly with reference to: (i) the adequacy of the collaborative relationship established between all members and also between the Board and the other corporate bodies; (ii) the composition of the Board, both with reference to its structure and in relation to the high number of independent Directors that compose it; (iii) the internal dynamics of Board meetings; and (iv) the information documents provided in support of the meetings, the regular and prompt provision thereof, and the accurate recording in Minutes of items discussed and resolved upon.

A number of recommendations were drawn up with a view to improving the Board's functioning, and it was suggested that even greater use should be made of Board Committees, in order to enable those bodies to support the Board even more actively in its decision-making processes, especially in reference (among other things) to the Company's commercial initiatives.

2.2.12 Remuneration

Directors' remuneration are determined by the Ordinary Shareholders' Meeting at the time of appointment. The remuneration of Directors invested with particular functions referred to in Article 2389, paragraph 3, of the Italian Civil Code is, on the other hand, determined by the Board of Directors in compliance with applicable law.

Further information on remuneration of Directors, of the General Manager and of other Executives with Strategic Responsibilities and of Key Executives is provided in the Remuneration Report drawn up by the Company pursuant to Article 123-*ter* of the Italian Consolidated Financial Act (TUF) and available on the Company's website at www.fincantieri.com inside the Section "Governance - Remuneration" and the Section "Governance - Meetings - Shareholders' Meeting 2017".

2.3 BOARD COMMITTEES

The Board of Directors has set up four internal Committees with proactive proposal and consultation functions, namely: the Control and Risk Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee¹³.

The composition, duties and operating procedures of the Committees, and also their powers and resources, are governed by special regulations approved by the Board of Directors at the time when those Committees were established, which were subsequently amended based on periodic changes made to the Corporate Governance Code including, most recently, the amendments of July 2015. After those amendments were made, the Company's Board of Directors updated the regulations of the Board Committees in order to adapt them to applicable law in force.

The Control and Risk Committee, the Remuneration Committee and the Nomination Committee consists of three Directors, while the Sustainability Committee consists of four Directors. All Committee members are non-executive Directors, the majority are independent and their powers and competences enable them in practice to carry out the tasks entrusted to them. Moreover, at least one member of the Control and Risk Committee must have adequate knowledge and experience in the financial and accounting or in the risk management area, while the Remuneration Committee

¹³ The Sustainability Committee was established by the Board of Directors on 8 June 2016, and the Control and Risk Committee and the Nomination Committee were established by the Board of Directors on 5 May 2014, to come into effect only after the commencement of trading of the Company's shares on the Electronic Share Market (MTA) managed by Borsa Italiana. The Compensation Committee had already been established. The composition of the Committees - in conformity with the Corporate Governance Code's recommendations - was thus determined for the first time by the Board of Directors at its meeting held on 21 July 2014.

must include at least one member with adequate knowledge and experience in the financial or remuneration policy area.

The Chairman of each Committee is appointed by the Board of Directors and informs the next Board of Directors meeting of the items discussed at the relevant meetings. The Secretary of the Board of Directors acts as Secretary of the various Committees; this figure draws up the minutes of meetings.

The Committees meet with the frequency required in order to perform their functions. Meetings are convened by the Chairman of the Committee, or if requested by at least two committee members, in order to discuss a specific matter which they consider to be of particular importance. The notice of call is transmitted by the Secretary at the Committee Chairman's request, in general at least three days before the meeting. The Secretary provides the committee members with any documentation related to the items on the agenda, normally to accompany the notice of call.

A committee meeting is validly constituted if the majority of committee members in office are present, and resolutions are passed by absolute majority vote of those present. In the event of a tie, the vote of the Committee Chairman prevails.

The Committees are entitled to access the company information and corporate Departments needed to enable them to perform their duties.

In order to carry out their duties, the Committees may avail of external consultants using the Company's structures and at the Company's expense, provided that they are subject to the necessary confidentiality obligations. In addition, the Committees, if they consider it necessary, may prepare an annual budget to be submitted to the Board of Directors for its approval.

2.3.1 Control and Risk Committee

Composition

The Control and Risk Committee consists of the Directors Massimiliano Cesare (non-executive and independent), Nicoletta Giadrossi (non-executive and independent) and Fabrizio Palermo (non-executive and independent), appointed by the Board of Directors on 8 June 2016. The Director Massimiliano Cesare was made Chairman at the same Board of Directors' meeting.

At the time of appointment, the Board acknowledged that all the Committee members satisfied at least one of the following requirements: (i) adequate experience in the accounting and financial fields; and (ii) adequate experience in the risk management area.

Subject to the foregoing, when the Control and Risk Committee meets to decide upon the most significant related party transactions (see paragraph "Tasks" below), it consists of three independent, non-executive Directors and, therefore, the non-independent member - the Director Fabrizio Palermo - is replaced by the non-executive and independent Director Gianfranco Agostinetto, whom the Board of Directors selected at the meeting of 8 June 2016. The meetings of the Control and Risk Committee are attended by the Chairman of the Board of Statutory Auditors or a Permanent Auditor appointed by the latter. The Chairman of the Board of Directors (also acting as Director in charge of the ICRMS), the CEO and the Head of Internal Auditing may also attend. The other Auditors and - at the Committee's invitation - other persons including other members of the Board or people belonging to the company structure may also attend these meetings, in order to provide information on and to assess (within their respective competencies) the individual items on the agenda.

Tasks

The Control and Risk Committee is tasked with supporting the Board of Directors - by adequate investigative activities including consultative and proposal powers - in its assessments and decisions related to the ICRMS and related to the approval of periodic financial reports. The Committee submits its opinion in advance to the Board, on the following:

- on the guidelines of the ICRMS, to enable the main risks to Fincantieri and its subsidiaries to be properly identified and adequately measured, managed and monitored;
- on the degree to which the risks specified in letter a) above are compatible with managing the Company consistently with the strategic objectives identified;
- on the extent to which the ICRMS is adequate and appropriate to the nature of the Company and its risk profile, and on the effectiveness of that system;
- on the work programme drawn up by the Head of Internal Auditing;
- on the description - contained in the Report on Corporate Governance and Ownership Structure - of the main characteristics of the ICRMS and of the coordination methods of those involved therein, also assessing the adequacy of such system;
- on the external auditors' findings indicated in the letter of suggestions, if any, and in the report on key issues arising during the audit;
- on the proposed terms of appointment, removal and payment of the Head of Internal Auditing, and on the adequacy of the resources assigned to the latter for the performance of the relevant functions.

The Committee, in assisting the Board, also has the following duties:

- to assess - together with the Financial Reporting Manager and after having consulted with the external auditors and the Board of Statutory Auditors - the proper application of accounting standards and their uniformity for the purposes of drawing up periodic financial reports;
- to give its views on specific matters pertaining to the key risks to which the Company is exposed;
- to examine the periodic reports assessing the ICRMS, and key reports drawn up by the Internal Auditing Function;
- to monitor the independence, adequacy, effectiveness and efficiency of the Internal Auditing Function;
- to request the Internal Auditing Function to carry out checks on specific operating areas, simultaneously notifying this to the Chairman of the Board of Statutory Auditors and the Director in charge of the ICRMS, save where the subject-matter of the request relates to the activities of these persons;
- to report to the Board on the activities carried out and also on the adequacy of the ICRMS at least every six months, and no later than the deadline for approving the annual financial statements and the half-year financial report, at the Board meeting indicated by the Chairman of the Board of Directors;
- to support (with adequate investigative activities) the Board's assessments and decisions related to the management of risks deriving from adverse facts that have come to the Board's attention.

Furthermore, the Control and Risk Committee was provisionally assigned Committee functions with competence in the area of related party transactions pursuant to the CONSOB Regulation on Related Party Transactions, as described in greater detail in paragraph 4.1 below. The Remuneration Committee was provisionally assigned to act as a committee with competence in the area of related party transactions for remuneration policy, as described in paragraph 2.3.2 below.

Activities during 2016

The Control and Risk Committee met nine¹⁴ times in 2016, and the average meeting lasted approximately one hour and fifteen minutes. The meetings were attended by an average of 81.5% of its members.

The meetings were regularly attended by at least one member of the Board of Statutory Auditors. The meetings were all duly convened by the Committee Chairman, with at least three days' advance notice. The members were provided with documentation on the items on the agenda by the same deadline.

The Secretary wrote the minutes for all the meetings.

Following the amendments to the Corporate Governance Code of July 2015, the Committee Chairman reports on the Committee's activities to each Board of Directors meeting.

For 2017, the Committee decided to make its meetings coincide as a rule with Board of Directors meetings.

Table 1 attached to this Report specifies the percentage attendance of each member in the Committee meetings.

During the meetings held during 2016, the Committee:

- gave its opinion to the Board of Directors on updating the Organization, Management and Control Model pursuant to Legislative Decree No. 231/2001;
- assessed the results of the audit activities implemented in 2015 and presented by the Head of the Internal Auditing;
- received and examined the periodic report of the Head of Internal Auditing for 2015, which also contains an assessment of adequacy of the internal control and risk management system (ICRMS);
- gave the Board of Directors its views on the external auditor's findings indicated in the letter of suggestions and in the report on key issues arising during the statutory audit;
- gave the Board of Directors its views on the impairment tests applied to shareholders equity and goodwill to 31 December 2015, and related results;
- assessed the adequacy of the organizational, administrative and accounting structure of the Company and of the main subsidiaries, also ascertaining that the Manager responsible for preparing the Company's accounting records has adequate powers and resources to perform the duties assigned to him/her, and overseeing said Manager's actual compliance with administrative and accounting procedures;
- after consultation with the Director in charge of the ICRMS, gave the Board of Directors its views on the approval of the annual Audit plan for 2016, drawn up by the Head of Internal Auditing;
- monitored the progress of the subsidiary VARD. The Committee, in this context, also conducted an in-depth examination of the issues related to auditing activities at VARD, and kept continually in touch with developing synergies between the latter and Fincantieri;
- assisted the Board of Directors by evaluating - together with the Financial Reporting Manager and after consultation with the external auditors and the Board of Statutory Auditors - the proper application of accounting standards and their uniformity for the purposes of drawing up periodic financial reports;

14. Of which one also as the RPT Committee and one exclusively as the RPT Committee.

- expressed its views to the Board of Directors to effect that the Head of Internal Auditing has adequate resources to carry out the relevant duties, and receives remuneration that are consistent with company policies;
- judged the ICRMS to be adequate and effective considering the nature of the Company and its risk profile, giving the Board of Directors its views and monitoring the independence, adequacy, effectiveness and efficiency of the Internal Auditing Function;
- examined the draft financial statements and consolidated financial statements at 31 December 2015;
- supported the Board of Directors in its analysis of the approval of the Fincantieri Business Plan 2016-2018;
- gave the Board of Directors its views on updating the guidelines of the ICRMS;
- gave the Board of Directors its views on the degree to which the risks to Fincantieri and to its subsidiaries are compatible with managing the Company in a manner consistent with the strategic objectives identified;
- supported the Board of Directors in its assessments and decisions related to the approval of periodic financial reports;
- reported to the Board every six months on the activities carried out and on the adequacy and effectiveness of the ICRMS's operation, also submitting the associated reports;
- monitored the Company's "Purchasing" procedure, by periodically consulting with the Head of the Corporate Procurement Function;

During the early months of 2017, the Committee:

- after consulting with the Director in charge of the ICRMS, gave the Board of Directors its views to effect that the Head of Internal Auditing has adequate resources to carry out the relevant duties, and receives remuneration that are consistent with company policies;
- received and examined the periodic report of the Head of Internal Auditing for 2016, which also contained an assessment of adequacy of the ICRMS;
- assessed the results of audit activities during 2016 and presented by the Head of the Internal Auditing;
- after consultation with the Director in charge of the ICRMS, gave the Board of Directors its views on the approval of the annual Audit plan for 2017, drawn up by the Head of Internal Auditing;
- judged the ICRMS to be adequate and effective considering the nature of the Company and its risk profile, giving the Board of Directors its views and monitoring the independence, adequacy, effectiveness and efficiency of the Internal Auditing Function;
- assessed the adequacy of the organizational, administrative and accounting structure of the Company and of the main subsidiaries, also ascertaining that the Manager responsible for preparing the Company's accounting records has adequate powers and resources to perform the duties assigned to him/her, and overseeing compliance with administrative and accounting procedures by the Manager responsible for drawing up accounting documents;
- examined the analysis of the main risks to which the Company is exposed, with reference to the analysis conducted during 2016;
- presented to the Directors the periodic report on the activities carried out and on the adequacy of the ICRMS;
- gave the Board of Directors its views on the impairment tests applied to shareholders equity and goodwill to 31 December 2016, and related results;
- assisted the Board by evaluating - together with the Financial Reporting Manager and after having consulted with the external auditors and the Board of Statutory Auditors - the proper

application of accounting standards and their uniformity for the purposes of drawing up periodic financial reports;

- gave the Board of Directors its views on the ICRMS contained in this Report;
- gave the Board of Directors its views on the external auditors' findings indicated in the letter of suggestions and in the report on key issues arising during the statutory audit;
- examined the draft financial statements and consolidated financial statements at 31 December 2016.

In conducting its activities the Committee uses and benefits from the Company's means, resources and corporate structures and, as necessary, also the cost centre provided for the Board of Directors.



2.3.2 Remuneration Committee

Composition

The Control and Risk Committee consists of the Directors Paola Muratorio (non-executive and independent), Donatella Treu (non-executive and independent) and Fabrizio Palermo (non-executive and non-independent), appointed by the Board of Directors on 8 June 2016. The Director Paola Muratorio was made Chairman at the same Board of Directors' meeting.

At the time of appointment, the Board acknowledged that all the Committee members satisfied at least one of the following requirements: (i) adequate knowledge and experience in the financial area; and (ii) adequate knowledge and experience in the remuneration policy area.

The meetings of the Remuneration Committee may be attended by the Chairman of the Board of Directors, the CEO and the Chairman of the Board of Statutory Auditors or a Permanent Auditor designated by the latter. The other Auditors and - at the Committee's invitation - other persons including other members of the Board or people belonging to the company structure may also attend these meetings, in order to provide information on and to assess (within their respective competencies) the individual items on the agenda.

No Director, however, may attend meetings of the Committee that drafts proposals to the Board relating to that Director's remuneration.

Tasks

The Remuneration Committee, pursuant to the Corporate Governance Code of listed companies and to its own Regulations, carries out the following proactive proposal and consultation functions in the area of remuneration policy:

- draws up proposals for the Board of Directors on the Remuneration Policy for Directors, for the General Manager, for Managers with Strategic Responsibilities and for the other Key Executives, periodically assessing the adequacy, overall consistency and concrete application of the Policy adopted, using the information provided by the CEO on the implementation of this Policy with regard to Executives with Strategic Responsibility and the other Key Executives;
- submits proposals and gives its views to the Board of Directors on remuneration payable to the Chairman, the CEO and to other Directors who carry out particular offices, and on establishing performance targets linked to the variable component of such remuneration;
- monitors the application of Board decisions, ascertaining in particular that the performance targets in question have been achieved;
- reports on activities carried out at each Board meeting;
- reports on its own operating procedures at the Shareholders' Meeting called to approve the annual financial statements, through the Chairman of the Committee or through a member nominated by him/her.

Furthermore, the Remuneration Committee was provisionally assigned to act as a committee with competence in the area of related party transactions where resolutions are to be adopted in the area of remuneration.

Activities during 2016

During 2016 the Remuneration Committee met ten times, for an average of about one hour and fifteen minutes. All of the Committee meetings were attended by an average of 86.7% of its members and by at least one member of the Board of Statutory Auditors.

The meetings were all duly convened by the Committee Chairman, with at least three days' advance notice. The members were provided with documentation on the items on the agenda by the same deadline.

The Secretary took the minutes for all the meetings.

Following the amendments to the Corporate Governance Code of July 2015, the Committee Chairman reports on the Committee's activities to each Board of Directors meeting.

For 2017, the Committee decided to make its meetings coincide with Board of Directors meetings as a rule.

Table 1 attached to this Report specifies the percentage attendance of each member in the Committee meetings.

During 2016, the Remuneration Committee met on several occasions in order to:

- assess the adequacy, overall consistency and concrete application of the remuneration Policy adopted in 2015, based on the results achieved and on the pay benchmarks supplied by highly specialised providers;
- analyse the regulatory regime and the market trends and best practices pertaining to incentive systems;
- propose to the Board of Directors the Remuneration Policy for the Directors, the General Manager, Executives with Strategic Responsibilities and for the other Key Executives for 2016;
- examine the Remuneration Report pursuant to Article 123-*ter* of the Italian Consolidated Financial Act (TUF);
- calculate the Chairman's and the CEO's final results for the Company for 2015;
- examine the CEO's achievement of the medium-term incentive for 2015;
- define the performance objectives for 2016 associated with the variable short-term incentive plans ("MBO") for the Chairman and the CEO;
- formulate a new Remuneration Policy for the Directors, the General Manager, Executives with Strategic Responsibilities and for the other Key Executives for 2017, and submit them for approval by the Board of Directors for 2017.

As part of this activity, the Committee has also actively participated in the corporate process of preparing the Performance Share Plan 2016 - 2018 geared towards the Company's management (the "Plan").

On a proposal from the Remuneration Committee, the Board of Directors, by resolution of 10 November 2016, approved the Performance Share Plan 2016 - 2018, and its validity is subject to approval by the Shareholders' Meeting, which will be convened to approve the financial statements at December 31, 2016.

During the early months of 2017, the Committee:

- proposed to the Board of Directors the Remuneration Policy for the Directors, the General Manager, Executives with Strategic Responsibilities and for the other Key Executives for 2017;
- examined the Remuneration Report pursuant to Article 123-*ter* of the Italian Consolidated Financial Act (TUF);
- submitted to the Board of Directors the periodic report for the Board of Directors on the Committee's activities.

In conducting its activities the Committee uses and benefits from the Company's means, resources and corporate structures and, as necessary, also the cost centre provided for the Board of Directors.

2.3.3 Nomination Committee

Composition

The Nomination Committee consists of the Directors Donatella Treu (non-executive and independent), Simone Anichini (non-executive and independent), and Fabrizio Palermo (non-executive and non-independent), appointed by the Board of Directors on 8 June 2016. The Board of Directors appointed the Director Donatella Treu to act as Chairman.

The meetings of the Nomination Committee may be attended by the Chairman of the Board of Directors, the CEO and - for matters within the remit of the Board of Statutory Auditors - the Chairman of the Board of Statutory Auditors or a Permanent Auditor designated by the latter. The other Auditors and - at the Committee's invitation - other persons including other members of the Board or people belonging to the company structure may also attend these meetings, in order to provide information on and to assess (within their respective competencies) the individual items on the agenda.

Tasks

The Nomination Committee has proactive proposal and consultation powers in relation to the Board of Directors and, more specifically:

- formulates opinions for the Board on the size and composition of the Board of Directors, and makes recommendations about the professional offices that should be represented within the board;
- formulates opinions for the Board of Directors upon its reappointment, when it presents a slate of candidates for the office of Director;
- proposes candidates to the Board for the office of Director in the event of co-optation, or where Independent Directors need to be replaced;
- proposes to the Board a policy on the maximum number of offices as director or auditor which a Director may hold, and conducts the related periodic investigations and assessments, to be submitted to the Board;
- if the Shareholders' Meeting authorises, in general, prior exemptions from the prohibition on competition provided for by Article 2390 of the Italian Civil Code, the Committee formulates observations for the Board on any Directors' activities which are in competition with the Company's activities;
- supervises the annual self-assessment of the Board and of its Committees and, taking into account the results of that assessment, makes its views known the Board about the size and composition of the Board and its Committees, and also about the general competences and professional offices considered desirable to have within the Board or the Committees in order to ensure that the Board can make its position known to Shareholders before the new Board is appointed;
- investigates the annual assessments of the Directors' independence and integrity, based on applicable criteria, and of whether or not a basis exists for their incompatibility or ineligibility;
- reports to the Board on action taken at each Board meeting.

Activities during 2016

During 2016 the Remuneration Committee met five times, for an average of about thirty minutes. All of the Committee meetings were attended by an average of 80% of its members and by at least one member of the Board of Statutory Auditors.

The meetings were all duly convened by the Chairman, generally with at least three days' advance notice. The members were provided with documentation on the items on the agenda by the same deadline.

The Secretary took the minutes for all the meetings.

Following the amendments to the Corporate Governance Code of July 2015, the Committee Chairman reports on the Committee's activities to each Board of Directors meeting.

For 2017, the Committee decided to make its meetings coincide with Board of Directors meetings as a rule.

Table 1 attached to this Report specifies the percentage attendance of each member in the Committee meetings.

During the meetings held during 2016, the Committee:

- supported the Board of Directors in investigating assessments of the Directors' independence and integrity, based on applicable criteria, and of whether or not a basis exists for their incompatibility or ineligibility;
- supported the Board of Directors in investigating assessments of the number of offices held by Directors and Auditors, in connection with the policy on the maximum number of offices as director or auditor in large companies that can be considered compatible with the effective performance of a company Director's duties, adopted by the Directors on 19 December 2014;
- put in place the activities necessary to implement the Board of Director's board evaluation for 2016;
- submitted to the Board of Directors the periodic report on the Committee's activities.

During the early months of 2017, the Committee:

- supported the Board of Directors in investigating assessments of the Directors' independence and integrity, based on applicable criteria, and of whether or not a basis exists for their incompatibility or ineligibility;
- supported the Board of Directors in investigating assessments of the number of offices held by Directors and Auditors, in connection with the policy on the maximum number of offices as director or auditor in large companies that can be considered compatible with the effective performance of a company Director's duties, adopted by the Directors on 19 December 2014;
- completed the activities necessary to implement the Board of Director's board evaluation for 2016, including: (i) preparing a questionnaire - with the assistance of the Board of Directors' secretarial staff - addressed to all members of the Board of Directors; (ii) examining the results of this questionnaire; (iii) conducting interviews with Board Committee Chairmans; (iv) preparing a report containing the results of the aforementioned board evaluation activities; and (v) presenting this report to the Board of Directors;
- gave its views on whether or not it would be in the Company's interest to adopt succession plans for executive Directors;
- submitted to the Board of Directors the periodic report on the Committee's activities.

In conducting its activities, the Committee uses and benefits from the Company's means, resources and corporate structures and, as necessary, also the cost centre provided for the Board of Directors.

2.3.4 Sustainability Committee

Composition

The Sustainability Committee consists of the Directors Gianfranco Agostinetto, Simone Anichini and Massimiliano Cesare, appointed by the Board of Directors on 8 June 2016. The Director Nicoletta Giadrossi was appointed as the fourth member of the Committee at the Board of Directors' meeting held on 21 June 2016. All of the Sustainability Committee members are non-executive independent Directors.

The Board of Directors meeting of 8 June 2016 assigned the functions of Chairman to the Director Gianfranco Agostinetto.

Meetings of the Sustainability Committee may be attended by the Chairman of the Board of Directors, the CEO, the Director in charge of the ICRMS, the Head of the Internal Auditing function and, for matters falling within the competence of the Board of Statutory Auditors, by the Chairman of the Board of Statutory Auditors or a Permanent Auditor designated by it. The other Auditors and - at the Committee's invitation - other persons including other members of the Board or people belonging to the company structure may also attend these meetings, in order to provide information on and to assess (within their respective competencies) the individual items on the agenda.

Tasks

The Sustainability Committee defines the strategic lines, commitments, plans and projects in the area of sustainable development and corporate social responsibility.

From this point of view, the following issues must be considered of material importance: those which directly or indirectly impact upon the organization's ability to generate, preserve or impair the economic, environmental and social value of the organization, of its stakeholders and of the Company more generally.

The Committee benefits from the participation of a multifunctional team (the "Team") coordinated by the Group Accounting and Administration Function, whose participants include representatives nominated for this purpose by the Legal Affairs Department; Human Resources and Industrial Relations; Marketing, Communication and Media Relations; as well as the Internal Auditing and Research and Innovation Functions.

The Sustainability Committee has proactive proposal and consultation powers in relation to the Board of Directors and, more specifically:

- carries out suitable investigative activities related to sustainability issues associated with the Company's activities and with its interactive dynamics with all stakeholders;
- supports the Board in matters related to the Company's compliance with and promotion of human rights, labour rights, environmental rights, transparency and combating corruption, health and safety of corporate activities, the rights of all stakeholders, product liability and product innovation.

Activities during 2016

Since its establishment, the Sustainability Committee met three times during 2016, and the meetings lasted around sixty minutes on average. All the Committee meetings were attended by 100% of its members and by at least one member of the Board of Statutory Auditors.

The meetings were all duly convened by the Chairman, generally with at least three days' advance notice. The members were provided with documentation on the items on the agenda by the same deadline.

The Secretary took the minutes for all the meetings.

Following the amendments to the Corporate Governance Code of July 2015, the Committee Chairman reports on the Committee's activities to each Board of Directors meeting.

For 2017, the Committee decided to make its meetings coincide with Board of Directors meetings as a rule.

Table 1 attached to this Report specifies the percentage attendance of each member in the Committee meetings.

During the meetings held during 2016, the Committee set its own workload, with the participation of the corporate Functions involved in the areas dealt with.

During the early months of 2017, the Committee:

- carried out - in conjunction with the Team - a preliminary examination of sustainability issues associated with the Company's activities and with its interactive dynamics with all stakeholders;
- carried out - in conjunction with the Team - a preliminary macro-analysis of issues related to compliance with and promotion of human rights, labour rights, environmental rights, transparency and combating corruption, health and safety of corporate activities, the rights of all stakeholders, product liability and product innovation;
- analysed the relationship between the Company and important universities in order to develop synergies and create partnerships;
- examined the National Legality Framework Protocol by consulting with the Head of the Corporate Security Function;
- submitted the periodic report for the Board of Directors on the Committee's activities.

In conducting its activities the Committee uses and benefits from the Company's means, resources and corporate structures and, as necessary, also the cost centre provided for the Board of Directors.

2.4 BOARD OF STATUTORY AUDITORS

2.4.1 Composition of the Board of Statutory Auditors

Pursuant to Article 30 of the By-laws, the Board of Statutory Auditors consists of three Permanent Auditors and three Alternate Auditors appointed by the Shareholders' Meeting in accordance with the procedures described in paragraph 2.4.2 below.

The acting Board of Statutory Auditors - appointed by the Ordinary Shareholders Meeting of the Company on 28 May, 2014 - ¹⁵ whose term of office will expire at the meeting to approve the financial statements for the year ended on 31 December 2016, is composed of the following Statutory Auditors: Gianluca Ferrero (Chairman), Alessandro Michelotti and Fioranna Vittoria Negri.

The Shareholders' Meeting of 28 May 2014 also appointed Claudia Mezzabotta and Flavia Daunia Minutillo as Alternate Auditors.

The acting Auditors satisfy the integrity and professionalism requirements of Article 148, paragraph 4, of the Italian Consolidated Financial Act (TUF) and of the Decree No. 162 adopted by the Ministry of Justice on 30 March 2000. For the purposes of Article 1, paragraph 2, letters b) and c), of such Decree, the Company's activities are deemed to be closely associated with the areas of commercial law, tax law, business economics and corporate finance, as well as areas related to naval engineering.

The members of the Board of Statutory Auditors also satisfy the independence requirements provided for by Article 148, paragraph 3, of the Consolidated Financial Act as well as those recommended by the Corporate Governance Code. The satisfaction of the aforementioned requirements was certified by suitable declarations formulated for this purpose and signed by the Auditors and, lastly, verified by the Board of Statutory Auditors at its meeting held on 15 February 2017. The Auditors, also by virtue of the foregoing, act independently from all Shareholders. Therefore an Auditor who - independently or on behalf of third parties - has an interest in a particular transaction/

¹⁵ At the time the Shareholders' Meeting of 28 May 2014 appointed the Board of Statutory Auditors, the provisions of the company By-laws on slate voting described below did not apply, since the appointment occurred prior to the admission for listing of the Company's shares. The Board of Statutory Auditors will be appointed using the slate voting system when it is due for reappointment (to coincide with the approval of the financial statements for the year ended 31 December 2016), when the Shareholders' Meeting will also appoint three Alternate Auditors.

operation of the Company must promptly and fully 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 obliged to respect the limits on multiple offices held as director and auditor in Italian joint stock companies provided for by applicable regulatory provisions and by the By-laws (see **Table 2** on the “Structure of the Board of Statutory Auditors” attached to this Report).

In compliance with the provisions of the Decree of the President of the Council of Ministers of 25 May 2012 and of the By-laws, the Auditors do not hold any office in the governing or audit bodies of, or perform executive functions at, Eni S.p.A. or its subsidiaries, and are not involved in any direct or indirect professional or economic capacity with those companies.

The Auditors’ curricula vitae are attached to this Report, which details the key personal and professional information relating to them (see **Annex 2**).

2.4.2 Appointment and replacement of Auditors

The Board of Statutory Auditors is appointed by the ordinary Shareholders’ Meeting in accordance with the procedures described below. The Auditors remain in office for three years, and they will cease from office at the date of the Shareholders’ Meeting called to approve the financial statements for their third year of office; they may be re-elected.

The appointment of Auditors is governed by Article 30 of the By-laws, in which a full description of the relevant provisions is given¹⁶.

Slate voting

The Board of Statutory Auditors is appointed on the basis of slates submitted by the Shareholders and, in any case, in accordance with applicable regulatory provisions on equal access to corporate bodies by the less represented gender.

Entitlement to submit, file and publish slates

Shareholders are entitled to submit slates only if they represent - individually or in combination with other Shareholders - at least 1% of the share capital or such other percentage, if lower, that is established by CONSOB in the CONSOB Regulation.

The provisions of the By-laws related to the appointment of the Board of Directors (see paragraph 2.2.4 above) and other relevant regulatory provisions in force are applicable, in so far as relevant, to the submission, filing and publication of voting slates.

Composition of slates

Candidates must be listed in sequential order in the slates, in a number not exceeding the number of members to be elected.

The slates are divided into two sections: one for candidates for the office of Permanent Auditor and the other for candidates for the office of Alternate Auditor. The first candidate in each section must be enrolled in the Roll of Certified Accountants and must have at least three years of experience in statutory auditing.

Furthermore, slates that - taking into account both sections - present three or more candidates must include (in the first two positions of the section of the list related to Permanent Auditors and in the first two positions of the section of the list related to Alternate Auditors) candidates of

¹⁶. The By-laws are available for consultation on the Company website at www.fincantieri.com, in the section “Governance – System of Corporate Governance”.

different genders, thus ensuring that the composition of the Board of Statutory Auditors complies with applicable regulatory provisions on gender balance.

Appointment procedures

Auditors are elected as follows:

- a) two Permanent Auditors and two Alternate Auditors are drawn from the slate that obtained the highest number of votes, in the sequential order in which they are listed in the sections of that slate;
- b) the remaining Permanent Auditor and the remaining Alternate Auditor are appointed in accordance with applicable rules and based on the procedures of the By-laws applicable to the appointment of Directors drawn from the minority slates (see paragraph 2.2.4 above), to be applied separately to each of the sections comprising the other slates.

The Chairman of the Board of Statutory Auditors is appointed by the Shareholders' Meeting from Statutory Auditors elected by the minority.

The slate voting procedure described above applies only where the entire Board of Statutory Auditors is appointed.

Replacement

If it should prove necessary during the year to replace one of the Auditors drawn from the slate that obtained the highest number of votes, the first of the Alternate Auditors drawn from that slate will be appointed instead. If this replacement procedure does not allow a Board of Statutory Auditors to be reconstituted in conformity with applicable gender balance rules, then the second of the Alternate Auditors drawn from that slate will be appointed in place of the outgoing Auditor. If it should prove necessary to replace the other Auditor drawn from the slate that obtained the highest number of votes, the first of the Alternate Auditors drawn from that slate will be appointed in place of the outgoing Auditor.

If it should prove necessary to replace the Chairman, this office will be assumed by the Alternate Auditor who has been appointed by the same procedures as the Chairman.

2.4.3 Tasks of the Board of Statutory Auditors

Pursuant to Article 149 of the Italian Consolidated Financial Act (TUF), the Board of Statutory Auditors monitors: (i) compliance with the law and with the By-laws; (ii) compliance with the principles of proper administration; (iii) the adequacy of the Company's organizational structure for the matters under its responsibility, of the ICRMS and of the administrative-accounting system, and the ability of that system to reliably and accurately represent the operations carried out; (iv) the procedures for the concrete implementation of the corporate governance rules envisaged by the Corporate Governance Code, including those related to resolutions approving remuneration and other benefits; (v) the adequacy of the Company's directions to its subsidiaries in ensuring the proper fulfilment of disclosure obligations provided for by law.

Additionally, Article 19, paragraph 1, of Legislative Decree No. 39 of 27 January 2010 (as amended by Legislative Decree No. 135 of 17 July 2016¹⁷) confers upon the Board of Statutory Auditors additional functions as "internal control and auditing Committee". In that capacity, the Company's Board of Statutory Auditors is tasked with: (a) informing the Board of Directors of the outcome of the statutory audit and transmitting to the Board the additional report referred to in Article

¹⁷ Pursuant to Article 27, paragraph 9, of Legislative Decree No. 135 of 17 July 2016, the amendments to Article 19 apply as from 1 January 2017.

11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ⁽¹⁸⁾, accompanied by observations if any; (b) monitoring the financial reporting process and submitting recommendations or proposals with a view to ensuring its integrity; (c) monitoring the effectiveness of the Company's internal quality control and risk management systems and, if applicable, of its internal auditing process, insofar as the Company's financial reporting process is concerned, without violating its independence; (d) monitoring the statutory audit of the financial statements and consolidated financial statements, also taking into account the results and conclusions of CONSOB's quality controls, as relevant; (e) determining and monitoring the independence of external auditors or audit firms, particularly in the context of the adequacy of the provision of services other than auditing services; and (f) responsibility for the procedure to select external auditors or audit firms, and to recommend external auditors or audit firms for appointment.

Pursuant to Article 13 of Legislative Decree No. 39 of 27 January 2010, the Board of Statutory Auditors is responsible for drawing up a draft proposal for the Shareholders' Meeting, duly explained, to appoint an independent auditor and determine the appropriate fees. The Board of Statutory Auditors is also requested to give its opinion for the purpose of determining the remuneration of Directors holding particular offices, pursuant to Article 2389, paragraph 3, of the Italian Civil Code and for the purpose of appointing the Manager responsible for preparing the Company's accounting records pursuant to Article 154-*bis*, paragraph 1, of the Italian Consolidated Financial Act (TUF). In line with the recommendations of the Corporate Governance Code, the Board of Statutory Auditors:

- is consulted by the Board of Directors: (i) for the purposes of approving the Audit plan drawn up by the Head of Internal Auditing; (ii) in relation to the results presented by the independent auditor in the letter of suggestions, if any, and in the report on key issues arising during the statutory audit; and (iii) for the appointment of the Head of Internal Auditing, and also for ascertaining that the latter has adequate resources to carry out the relevant duties and that the remuneration provided are consistent with company policy;
- is consulted by the Control and Risk Committee for purposes of assessing the correct application of accounting standards;
- receives, through the Chairman, the periodic reports which the latter receives from the Head of Internal Auditing.

The Permanent Auditors (also acting individually) may, for the above purposes, request the Company's Internal Auditing Function to check specific operating areas or company transactions/operations. The Board of Statutory Auditors also ensures that information is promptly exchanged with the Control and Risk Committee, which is relevant to enable them to perform their respective tasks.

2.4.4 Meetings of the Board of Statutory Auditors

The Board of Statutory Auditors met nine times in 2016, and the average meeting lasted approximately 300 minutes. The meetings were attended by an average of 96.7% of the Statutory Auditors.

Ten meetings have been scheduled for 2017, of which three were already held earlier this year. The number of meetings may be changed during the year, also in view of the reappointment of the next Board of Statutory Auditors.

Table 2 attached to this Report specifies the attendance record (expressed as a percentage) of each Permanent Auditor at meetings of the Board of Statutory Auditors.

¹⁸. This Regulation, which is directly applicable also in Italy, contains the regime of "special requirements related to the external statutory audit of accounts of public interest entities".

During 2016, the Company - through the Chairman of the Board of Directors who played a coordinating role - promoted Directors' and Auditors' participation in initiatives to develop knowledge of all the sectors of activity of Fincantieri and of the latter's strategies, and to promote knowledge of topics related to the Company's organization and of the main elements of the regulatory framework for listed companies (known as board induction).

The induction programs were held with the participation of the Company's personnel, with competence in the aforementioned sectors, including the Heads of the various Departments or Functions, and with the support of specific documentation provided to Directors and Auditors.

2.4.5 Remuneration

The remuneration of the permanent members of the Board of Statutory Auditors are determined by the ordinary Shareholders' Meeting at the time of appointment. Information on the remuneration of Auditors is provided in the Remuneration Report drawn up by the Company pursuant to Article 123-ter of the Italian Consolidated Financial Act (TUF) and available on the Company's website at www.fincantieri.com in the Section "Governance - Remuneration" and the Section "Governance - Meetings - Shareholders' Meeting 2017".

3. Internal control and risk management system

The Company's internal control and risk management system ("ICRMS") consists of a set of tools, organizational structures and corporate procedures (codified in a special "Organizational Handbook" that is periodically updated and disseminated within the Company) which seek to contribute - by a process of identifying and managing and monitoring the main risks within the Company - to the Company being managed soundly and correctly and in a way that is consistent with the predetermined objectives defined by the Board of Directors.

The ICRMS is integral to the organizational and corporate governance framework adopted by the Company, and it takes its inspiration from relevant models in the sector, recommendations of the Corporate Governance Code and from the best practices that are applied both at national and international level.

Fincantieri has adopted the "CoSO" framework (Internal Control Integrated Framework) and the "COBIT 5" framework (Control Objectives for Information and related Technology) as the main company-wide tools for assessing the ICRMS, particularly with reference to financial reporting. The ICRMS also facilitates identifying, measuring, managing and monitoring the main risks, as well as the reliability, accuracy, reliability and promptness of financial reporting.

Fincantieri is cognizant that an effective ICRMS contributes toward managing the enterprise consistently with the corporate objectives determined by the Board of Directors, facilitating the adoption of fully informed resolutions. More specifically, the ICRMS contributes to safeguarding corporate assets and optimising efficient and effective corporate processes, ensuring the provision of reliable information to the corporate bodies and the market, and ensuring compliance with applicable legislative and regulatory provisions and with the Company's By-laws and Company procedures.

This system, defined on foot of international leading practices, has the following three levels of control:

- 1st level: the operating functions identify and assess risks and implement specific actions to manage them;

- 2nd level: the Functions responsible for risk management define risk management methods and tools, and conduct monitoring activities;
- 3rd level: the Internal Auditing Function independently assesses the entire system.

3.1 MAIN FEATURES OF THE ICRMS

By resolution of 26 December 2016, the Company's Board of Directors - after having received the Control and Risk Committee's opinion - updated the ICRMS guidelines (the "Guidelines"), in order to implement the amendments made to the Corporate Governance Code in July 2015.

The plan to develop and optimise the ICRMS, which began in 2015, continued in 2016 when the risk management policy formalised the principles characterising the risk management process within Fincantieri. The role of Risk Officer was created in order to ensure that the Guidelines would be concretely implemented, and the Head of Internal Auditing was assigned to carry out that role, with the responsibility:

- to support the Director in charge of the ICRMS in defining the methods of risk management and in identifying and monitoring the main corporate risks on an ongoing basis;
- to coordinate the activities of risk management and of support to the management, verifying compliance with the Company's Enterprise Risk Management ("ERM") method;
- to issue periodic reports to the various organizational levels.

An ERM procedure was elaborated during 2016 in order to identify individual players and the tasks to be assigned to them; the Director in charge of the ICRMS studied this procedure, shared its content and promoted its rapid implementation and inclusion within the corpus of Company procedures.

Parallel to this, a reporting system was designed and put in place for the continuous monitoring of risks, to assist the Board of Directors and the business units. The process of periodically updating, monitoring and reporting corporate risks will be activated when the procedure comes into effect.

The Audit Plan which the Internal Auditing Function prepared for 2017, duly approved by the Board of Directors on 9 March 2017, is based on the analysis and prioritization of risks, as shown by the company-level assessment carried out.

The guidelines approved by the Board of Directors identify the main parties involved in bringing to fruition and implementing an effective ICRMS, defining their duties and responsibilities and providing for a system of information flows that can maximise the results.

Fincantieri's internal control and risk management system involves following bodies/officers, each within their own remit: (i) Board of Directors; (ii) Control and Risk Committee; (iii) Director in charge of the ICRMS; (iv) Risk Officer; (v) Head of Internal Auditing and Internal Auditing Function; (vi) Manager responsible for preparing the Company's corporate and accounting documentation and records; (vii) Supervisory Body (viii) Board of Statutory Auditors. All of the Group's personnel, furthermore - within the remit and responsibilities of each - are expected to take an active part in the maintenance, updating and proper functioning of the ICRMS, as defined by the Group's internal rules and procedures.

Subject to the provisions of paragraphs 2.2.5 and 2.3.1 relating to the internal control and risk management responsibilities assigned, respectively, to the Board of Directors and the Control and Risk Committee, and subject to observations made below with reference specifically to the other subjects involved, the main features of the ICRMS adopted by the Company will be described below.

Identification of risks

The risks are identified based on the following criteria:

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- a) nature of the risk, with particular reference to operating and financial risks, risks related to accounting rules (reporting risks) and to compliance risks that could significantly impact upon the Company's reputation;
 - b) significant extent of the risk;
 - c) significant likelihood that the risk will materialize;
 - d) limited ability of the Company to reduce risk's impact upon its operations.

Implementation of the ICRMS

The ICRMS consists of and refers to policies, procedures and conduct which, considered together, enable the Group:

- a) to make its operations more efficient, placing it to react appropriately to operating, financial, legal or other risks which impede the achievement of its business objectives;
- b) to ensure the quality of its internal and external reporting system. This requires an effective registration system to be used, as well as processes that generate a flow of relevant and reliable information inside and outside the organization;
- c) to facilitate compliance with applicable legislative and regulatory provisions as well as internal procedures;
- d) to safeguard the Company's assets from loss or from inappropriate or fraudulent use.

To this end, the Director in charge of the ICRMS ensures that the ICRMS:

- a) is an integral part of the Group's business ethic and operations, to this end implementing appropriate information, communications and training processes as well as disciplinary and reward systems which incentivise the proper management of risks and discourage conduct that is contrary to the principles dictated by those processes;
- b) can react promptly to significant risk situations arising within the Group or arising from changes in the Group's operating environment;
- c) includes procedures for reporting immediately to the relevant level of the Group hierarchy, to this end putting in place organizational solutions that ensure access by the Functions directly involved in the ICRMS to the necessary information and to the Company's senior managers;
- d) regularly verifies the effectiveness of the ICRMS and the possibility of activating specific controls if weaknesses in the ICRMS are reported;
- e) facilitates the identification and prompt implementation of corrective actions.

Assessing the effectiveness of the ICRMS

The periodic verification of the adequacy and effective operation of the ICRMS - and its updating as appropriate - represents an essential activity of the ICRMS, aiming to ensure that this system is functioning properly and completely.

The Board of Directors is responsible for conducting this periodic verification, with the support of the Control and Risk Committee. In conducting these verification activities, the Board of Directors is careful not only to verify the existence and implementation of an ICRMS within the Company, but also to regularly examine the structure of that system in detail, as well as its suitability and its actual concrete operation.

To this end, the Board of Directors receives from the Head of Internal Auditing an information briefing on the audit activities conducted (already examined by the Control and Risk Committee), in order to verify whether the Company's ICRMS is actually effective in pursuing its objectives and whether any shortcomings reported indicate a need to improve the system.

The Board of Directors, at its meeting to approve the financial statements, also:

- examines the material business risks which the Director in charge of the ICRMS notifies to it, and assesses the manner in which these risks have been identified, assessed and managed. Here, special importance is devoted to examining changes occurring during the most recent reference year, to analysing the nature and extent of risks and to assessing the Company's response to those changes;
- assesses the effectiveness of the ICRMS in dealing with such risks, placing particular attention on any reported inefficiencies;
- considers what actions have been taken or should be promptly taken to remedy any shortcomings identified;
- prepares any additional policies, processes and rules of conduct that would enable the Company to react appropriately to new risk situations or those that have not been properly managed so far. The periodic verification of the adequacy and effective operation of the ICRMS - and its updating as appropriate - represents an essential activity of the ICRMS, aiming to ensure that this system is functioning properly and completely.

During 2016, the plan to develop and optimise the ICRMS, begun in 2015, continued on the various fronts described above, and the risk assessment process was also extended to the main entities of the Group. The Risk Officer described the results of activities to the Control and Risk Committee, by agreement with the Director in charge of the ICRMS, at the meeting of 9 March 2017. The analysis conducted revealed no significant risk factors that had not already been evaluated by the Group's management.

Information flows

In order to enable the various parties involved in the ICRMS to adequately carry out their duties within that system, special information flows are defined between the various levels of control and the competent management and control bodies, suitably coordinated in terms of content and times. In addition to the information flows described in the paragraphs below, special information flows are also established between the corporate Functions assigned to second and third level controls. In particular, the Managers of the second level control Functions notify the Head of Internal Auditing of the critical issues found while carrying out their activities, which could be of interest to the Internal Auditing Function in conducting the checks within its remit. In turn, the Head of Internal Auditing informs the Managers of the other control Functions about any inefficiencies, weakness or irregularities found during the verifications conducted on a specific areas or matters falling within the remit of such Functions.

Main characteristics of the internal control and risk management systems in place in relation to the financial reporting process (Compliance Model pursuant to Law 262/2005)

The Internal Auditing Function has developed the Compliance Model pursuant to Law 262/2005 in order to analyze the material items of Fincantieri's consolidated financial statements and to trace back to the corporate processes that assist in the formation/preparation of economic-financial information. This Compliance Model, among other things: i) defines the specific components of administrative-accounting disclosure, providing for a system of administrative-accounting procedures that is supported and, occasionally, suitably supplemented by "risk and control Matrices"; and ii) defines procedures and timetables for the administrative-accounting risk assessment process, in order to identify the most important processes for the purposes of accounting and financial disclosure.

Fincantieri has adopted the following programme of activities to support the certifications due pursuant to Law 262/2005:

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- Scoping: identification of the area to be analyzed i.e. the selection of the Companies, accounts and processes that materially affect items on the financial statements, using quantitative and qualitative parameters. Scoping activities also aim to identify the companies, processes and sub-processes that are relevant for purposes of the Fincantieri Group's financial statements, by applying quantitative and qualitative analyses. The quantitative analysis has been conducted beginning with the consolidated financial statements of Fincantieri for the year ended 31 December 2015. Qualitative analysis was used to validate the results of the quantitative analysis and to identify the Group companies most vulnerable to significant risks or impacts, irrespective of the implications for the consolidated financial statements.
 - Assessment of "entity level" controls: assessment of controls implemented at the level of the entity identified during the scoping phase, in order to verify whether they have been properly defined and operate effectively. Entity level controls are applied by management in the confidence that they will ensure appropriate conduct that is in line with the Company's approach and also maximise the effectiveness of the company bodies and Functions which are considered critical to financial reporting integrity (including the Group accounting and Administration Functions and the Project Management team, the Board of Statutory Auditors and the Board of Directors). Under the CoSO framework, this type of control also includes controls related to risk management, change management, integrity and ethical values, as well as controls related to the proactive involvement of the Board of Directors and of its Committees (if present) and controls related to the philosophy and operations of the Company and to the effectiveness of the Company's communications, policies and procedures.
 - Assessment of "process level" controls: assessment of controls put in place at the process level in order to verify whether they are properly defined and operate effectively, in relation to the entities identified during the scoping phase. The management responsible for preparing the Company's accounting records must identify the processes and controls of business activities that are of critical importance for the financial statements and for the financial reporting process, and then document these processes and controls as a basis upon which to assess the control model and its operational effectiveness. To be effective, the internal controls must be correctly designed. Furthermore, the internal controls that are necessary in order to provide reasonable certainty about the accuracy of the Company's accounting records must be put in place and carried out by suitably qualified persons with the authority and responsibility to implement them (process owners). Based on a verification of the documentation related to the processes taken into consideration, the Internal Auditing Function gives the Manager responsible for preparing the Company's accounting records its assessment of the effectiveness of the process controls design.
 - Assessment of IT level controls: assessment of IT controls implemented within the organization in order to verify whether they have been properly defined and operate effectively. Transaction flows generally involve the use of application systems to automate the processes and to support high transaction volumes. These application systems are based upon various different IT support systems, including corporate networks, databases, operating systems and other. Collectively, these define the IT systems involved in the financial reporting process and, consequently, they should be considered in the design and evaluation of internal controls. For these reasons, IT controls have a pervasive effect on the achievement of many control objectives. The General Computer Controls (GCC) are controls used to manage and control IT activities as well as the IT environment. The automated control procedures and the manual control procedures that use information generated by the IT systems ("Application Controls"), depend on the effectiveness of the GCC. The relationship between the Application Controls and the GCC

is based on the fact that the latter are necessary to support the operation of the Application Controls, and both are necessary in order to guarantee the complete, accurate and valid processing of information. Corporate organizations require IT support in order to ensure that the general control environment as well as the application controls exist and adequately support the compliance objectives of the corporate activity. Since 2015, Fincantieri has in place COBIT 5 as a reference model for the assessment of internal controls in the IT area; this - the latest version of that framework - can provide a representation of IT governance that reflects the central role of information and technology in creating value for the enterprise. The Corporate Disclosure Systems Function (CO-CIO), supported by the Internal Auditing Function, is responsible for assessing the level and adequacy of internal controls in the IT environment. The assessment process developed by Fincantieri to assess GCC compliance is based upon the following key activities:

- selecting control objectives: assessing the significance and applicability of the control objectives proposed by the reference framework of relevance in supporting the certificates required pursuant to Law 262/2005;
 - identifying existing IT General Controls, based on interviews with IT management and examination of existing documentation, and their association with the Governance & Management Practices of COBIT 5;
 - verifying the coverage level of the controls, in relation to the control objectives identified as applicable and relevant;
 - designing additional control schemes for the relevant test procedures where gaps have emerged in the context of the identified control objectives.
- Testing: activities conducted by the Internal Auditing Function to assess the effectiveness of the ICRMS by conducting audit activities preparatory to the relevant certification by the management. Once the control schemes have been shown to be effective, the controls must then undergo effectiveness tests to prove their operational status. This assessment is applied to each control individually and the following are the main steps involved in reaching the assessment: (i) defining the test plan; (ii) testing activities; (iii) identifying operating deficiencies in the controls; and (iv) discussing and identifying corrective measures. The Internal Auditing Function carries out these activities with reference to the holding company and the entities assessed as relevant downstream of the scoping process, makes the test results official by communicating them to the relevant companies/entities/process owners and monitors the implementation of the action plans agreed in order to mitigate the deficiencies identified. The process owners are responsible for implementing the action plans with a view to improving the internal control environment, on the basis of which the management in charge of drafting the corporate accounting documents makes its certification.
 - Self-certification by control owners: self-assessment process by which the control owners certify the effective operation of controls within the processes/subprocesses of direct relevance.
 - Internal certifications (Fincantieri): made available by process owners to complement the self-certifications (preceding paragraph).
 - External certifications (subsidiaries included in the area of consolidation): the process by which the management certifies the formal assessment of the effectiveness of the internal control structure and the related procedures.

The activities of testing, the self-certification of control owners and the issuance of the internal and external certifications represent the totality of the verification activities associated with the compliance program.

The Board of Directors is notified of the results of these activities when approving the half-year report and the annual financial statements.

3.2 ACTORS OF THE ICRMS AND ASSOCIATED RESPONSIBILITIES

With reference to the tasks and activities conducted by the Board of Directors, by the Control and Risk Committee and by the Board of Statutory Auditors in relation to the ICRMS, please refer to the descriptions provided in paragraphs 2.2.5, 2.3.1 and 2.4.3 above.

3.2.1 Director in charge of the ICRMS

The Director in charge of the ICRMS is responsible for:

- identifying the main business risks, taking into account the nature of the activities of the Company and its subsidiaries, and ensuring that they are periodically examined by the Board of Directors;
- implementing the guidelines defined by the Board of Directors, taking charge of the design, realization and management of the ICRMS, and verifying its adequacy and effectiveness on an ongoing basis;
- adapting the ICRMS to operational dynamics and to the legislative and regulatory environment;
- formulating proposals for the Board of Directors - in agreement with the Chairman - relating to the appointment, removal and payment of the Head of Internal Auditing, taking care to ensure that the latter has adequate means and resources to perform the relevant functions and is remunerated consistently with company policies;
- requesting the Internal Auditing Function to check specific operating areas and verify compliance with internal rules and procedures when carrying out company transactions/ operations, simultaneously notifying the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors of these activities;
- reporting to the Board of Directors in good time about any problematic and critical issues that have emerged during the course of the Director in charge of the ICRMS activities or that have come to the latter's attention, thus enabling the Board itself to take the appropriate action.

During 2016 and in the first few months of 2017, the Director in charge of the ICRMS:

- implemented the ICRMS Guidelines, taking charge of the planning, realization and management of the ICRMS and ensuring its adequacy and effectiveness on an ongoing basis, also taking into account operating conditions as well as the legislative and regulatory environment;
- identified the most important risks at Group level and, through the Head of Internal Auditing, presented them to the Control and Risk Committee and to the Board of Statutory Auditors, then submitting them to the Board of Directors for its examination at the meeting of 9 March 2017;
- examined the ERM procedure, sharing its content and promoting its rapid implementation and inclusion within the corpus of company procedures;
- received and examined reports transmitted by the Head of Internal Auditing.

3.2.2 Head of Internal Auditing and Internal Auditing Function

The Head of Internal Auditing is Mr. Stefano Dentilli, whose office was confirmed by the Board of Directors' meeting of 21 June 2016, on a proposal by the Director in charge of the ICRMS, having received a favourable opinion from the Control and Risk Committee and after consulting the Board of Statutory Auditors.

On this occasion the Board of Directors - after receiving the proposal by the Director in charge of the ICRMS as well as a favourable opinion from the Control and Risk Committee and consulted with the Board of Statutory Auditors, also ascertained that the Head of Internal Auditing has adequate means and resources to carry out the relevant responsibilities and is remunerated in accordance with company policy.

The Board of Directors confirmed these evaluations at its meeting of 9 March 2017.

The Internal Auditing Function's mission is to monitor the adequacy of the internal control system of the Parent Company and the subsidiaries, ensuring that its efficiency and effectiveness are improved on an ongoing basis by carrying out independent and objective activities of verification, validation and consultancy.

The Board of Directors has appointed the Head of Internal Auditing to perform the following tasks and responsibilities:

- verify - on an ongoing basis and also depending on specific requirements - the operational status and suitability of the ICRMS within the Group, with reference to company procedures, the management of risks and the measures implemented to safeguard against those risks, by means of an Audit Plan approved by the Board of Directors, based upon a process of analysis and prioritization of the most important risks;
- prepare periodic reports containing adequate information on the activities of the Head of Internal Auditing, on the manner in which the risk management activities are carried out, and on compliance with the plans drawn up to contain those risks. The periodic reports contain an assessment of the suitability and adequacy of the ICRMS;
- draw up reports on particularly important events in good time;
- submit its periodic reports to the Director in charge of the ICRMS, to the Control and Risk Committee, to the Board of Statutory Auditors and to the Board of Directors;
- verify, in the context of the Audit Plan, the reliability of the information systems including the accounting systems, and the separation of functions;
- analyze circumstantiated reports of problems associated with the financial statements, the internal and/or external Audit and with accounts auditing in general;
- assist the Boards of Statutory Auditors of the Company and of the Group in the preliminary selection and assessment of the external auditors' proposals pertaining to the statutory audit of accounts;
- assist the Supervisory Bodies (pursuant to Legislative Decree 231/2001) of the Company and the Group in performing their functions;
- compare and exchange information with the Director in charge of the ICRMS, the Supervisory Body, the Board of Statutory Auditors, the Manager responsible for preparing the Company's accounting records, and the external auditors.

Depending upon the tasks assigned, the Head of Internal Auditing:

- has no responsibility over any operating area, and reports to the Board of Directors;
- holds no corporate offices of any kind (except as member of the Supervisory Body) in the Company and/or any of its operating subsidiaries;
- has ongoing, unconditional access to all company information, data, persons, databases and assets that may be useful for performing the tasks assigned to him/her;
- submits a report to the Board of Directors on his/her activities at least twice a year, liaising with the Director in charge of the ICRMS, with the Control and Risk Committee and with the Board of Statutory Auditors and, in carrying out his/her his functions, also interacts with the Supervisory Body and with the Manager responsible for drawing up the Company's accounting records;

- independently manages the expenditure budget determined for his/her Function and for the Supervisory Body, both approved by the Board of Directors, subject to agreement with the Director in charge of the ICRMS;
- may assign an external consultancy firm - independent from the Company and the Group - to perform a number of activities related to his Function, if specific technical expertise is required which the Internal Auditing Function cannot provide.

During 2016 and in the first few months of 2017, the Head of Internal Auditing:

- verified - on an ongoing basis and also depending on specific requirements and in accordance with international standards - the operational status and suitability of the ICRMS, by means of an Audit Plan approved by the Board of Directors that is based on a structured process of analysis and prioritization of the most important risks;
- had direct access to all information useful for performing the assignment;
- prepared periodic reports containing adequate information on the activities carried out, and sent them to the Director in charge of the ICRMS, to the Control and Risk Committee and to the Board of Statutory Auditors, and gave the Board of Directors its assessment of the suitability and adequacy of the ICRMS, in the annual report on the Audit plan implemented;
- verified, in the context of the Audit plan, the reliability of the information systems including accounting systems.
- implemented the audit interventions envisaged by the Audit Plan;
- coordinated Audit activities at companies that qualified within the scope of work of Law 262/2005;
- provided operating support in optimizing the framework of controls pursuant to Law 262/2005 in the Group companies;
- supported the Supervisory Body in accordance with Legislative Decree 231/2001;
- provided support and conducted targeted assessments as part of the project “SoD Remediation and Implementation SAP GRC”;
- maintained and tested the General Computer Controls developed on the basis of the COBIT 5 reference framework (with the support of an outside entity).

The Head of Internal Auditing, in carrying out his duties, has adequate financial resources assigned to this Function, which are necessary to ensure that the activities can be carried out independently or with the use of external support.

3.2.3 Risk Officer

On 22 November 2016, the Company's CEO created the role of Risk Officer, currently held by the Head of Internal Auditing. These two roles are compatible since the Risk Officer does not carry out operational risk management tasks, but is involved exclusively in coordination and in supporting management in the area of risk assessment tools and methodologies, and aggregation and consolidation of risk mitigation outcomes.

More specifically, the Risk Officer is responsible for:

- supporting the Director in charge of the ICRMS in identifying the main risks to which the Company is exposed, taking into account the nature of Company's operations and activities, and also those of its subsidiaries, and ensuring that they are submitted on a regular basis to the Board of Directors for its examination;
- supporting the Director in charge of the ICRMS in defining integrated analysis methodologies for the measurement of risks, in order to ensure that those risks can be considered in a comprehensive manner and uniformly evaluated, and also accurately measured and monitored on an ongoing basis;

- supporting the operational activities of the Director in charge of the ICRMS and of the Control and Risk Committee by means of periodic information briefings and suggestions, ensuring compliance with the ERM methodology used at all phases of the risk management process;
- liaising on an ongoing basis with Departmental Managers in order to monitor Risk Management activities;
- ensuring the correct application of risk management procedures;
- reporting regularly to the bodies responsible for the ICRMS on the risk management process.

In the period following the appointment - from November 2016 until the early months of 2017 - the Risk Officer has trained risk owners on the Company's new processes and tools in this area, to ensure that they are correctly applied in the evaluation and management of risks.

3.2.4 Financial Reporting Manager responsible for preparing the Company's accounting records

During 2016, Mr. Carlo Gainelli, Head of Group Accounting and Administration, was appointed to act as Financial Reporting Manager, and this office was confirmed by the Board of Directors at its meeting of 8 June 2016, after consultation with the Board of Statutory Auditors, to expire only when the acting Board of Directors ceases from office.

In compliance with the provisions of Article 26 of the By-laws, the aforementioned Manager is an expert in the areas of administration, finance and control, and satisfies the integrity requirements imposed on Directors by applicable regulatory provisions. In compliance with the provisions of the Decree of the President of the Italian Council of Ministers of 25 May 2012, furthermore, he does not hold any office in the governing or audit bodies of, or perform executive functions at, Eni S.p.A. or its subsidiaries, nor is he involved in any direct or indirect professional or economic capacity with those companies.

The aforementioned Manager has put in place suitable administrative and accounting procedures for preparing the financial statements and consolidated financial statements, and any other communications of a financial nature.

The Company's acts and communications notified to the market pertaining to accounting disclosure, including interim disclosure, must be accompanied by a written declaration by the aforementioned Manager certifying that the financial disclosure corresponds to the data contained in the Company's accounting books and records.

More specifically the aforementioned Manager, together with the CEO, certifies the following, by a special report on the annual financial statements, on the consolidated financial statements and on the short-form half-year financial statements:

- that the administrative and accounting procedures applied during the period to which the documents refer, are adequate and have been effectively applied;
- that the documents are drafted in compliance with applicable international accounting standards recognized in the EU pursuant to EC Regulation No. 1606/2002 of 19 July 2002, of the European Parliament and Council;
- that the documents correspond to the data contained in the accounting books and records;
- that the documents truthfully and accurately represent the capital, profit and loss and financial position of the Company and of all of the companies included in the consolidation;
- for the annual financial statements and the consolidated financial statements, that the report on operations includes a reliable analysis of the business performance and operating result, and of the situation of the Company and all of the companies included in the consolidation, as well as a description of the main risks and uncertainties they could be exposed to;

- for the short-form half-year financial statements, that the interim report on operations contains a reliable analysis of the information specified in paragraph 4 of Article 154-ter of the Italian Consolidated Financial Act (TUF).

To facilitate information flows, this Manager may attend Board of Directors' meetings where issues arise pertaining to accounting matters.

He/she prepares periodic reports on the activities to be implemented, and on the results of controls carried out, which are made available to the Board of Directors.

He/she opens a direct and reciprocal information channel with the Board of Statutory Auditors, by organizing regular meetings to examine significant administrative issues and to assess the results of the work carried out; he/she opens a similar channel with the Supervisory Body, by sending it periodic reports on the results of the controls carried out where these are of relevance to the Supervisory Body's specific remit.

3.2.5 The Organization and Control Model pursuant to Legislative Decree 231/2001 and the Supervisory Body

Fincantieri has adopted its own organizational, management and control Model ("Organization and Control Model") pursuant to Legislative Decree 231/2001, the most recent version of which - approved by the Board of Directors on 27 January 2016 - consists of a "General Part" illustrating the principles, functions and essential parts of the Organization and Control Model, and a "Special Part" which identifies - for the individual criminal offense categories considered relevant - "the activities with potential criminal offence risk, as well as principles of conduct and the relevant control procedures.

The Organization and Control Model is available on the Company's website at www.fincantieri.com, inside the Section "*Sustainability - Business Ethics - Model 231*".

The Company's Supervisory Body is established, pursuant to the Organization and Control Model, in the form of a collegial body that will have an adequate level of independence, professional expertise and continuity of action. In particular, the Supervisory Body consists of:

- two members (one of whom acts as Chairman) selected outside the Company from persons of proven experience, independence and professional expertise;
- one member from within the Company, who holds the role of Head of the corporate Function that is most involved in the activities provided for by the law (Internal Auditing Function).

The Supervisory Body is appointed by the Board of Directors and remains in office for three years.

The Supervisory Body operates on the basis of the "*Rules governing the Supervisory Body's activities*" which it adopts independently, and which are transmitted to the Board of Directors for its information. These rules establish the procedures to be followed by the Supervisory Body in formulating an annual expenditure budget which is duly approved together with the annual budget.

The following are the main activities within the Supervisory Body's remit:

- monitoring the efficacy of the Organization and Control Model, which consists in verifying that actual conduct is in line with the Model established;
- reviewing the adequacy of the Organization and Control Model i.e. its actual (and not merely formal) capacity in general to prevent undesirable conduct;
- analysing whether the Organization and Control Model continues, over time, to satisfy the requirements of reliability and workability;
- updating the Organization and Control Model dynamically, as required, in cases where audits conducted point to the need for corrections or adjustments. This last activity is generally carried out in two distinct but integrated stages:

- submitting proposed amendments of the Model to the corporate bodies/Functions capable of effectively implementing them within the Company;
- follow-up i.e. ascertaining the implementation and actual operation of the solutions proposed;
- monitoring the effectiveness of the internal procedures and rules of corporate governance;
- examining any reports originating from the control bodies or from any employee, and organising any investigations considered necessary.

In addition, the Supervisory Body may support the corporate functions in charge of promoting initiatives aimed at raising awareness of the Organization and Control Model and reporting the need for disciplinary measures in the event of breach of the same and of the Code of Conduct.

In order to perform its tasks, the Supervisory Body has free access to all of the corporate Functions and may request that such Functions provide - on a periodic basis and/or upon request - information, data and news that is considered useful for the performance of its duties.

The verifications are conducted with support from the Internal Auditing Function and also, for specific topics, other corporate Functions and external consultants.

The Supervisory Body receives reports on alleged breaches of the Code of Conduct and of the Organization and Control Model from members of the corporate bodies, from Departmental Managers and from employees, external collaborators, suppliers and customers, also anonymously.

The Supervisory Body decides whether to carry out more in-depth investigations or to dismiss and file away the report, giving adequate reasons for its decision.

At the end of each year, the Supervisory Body drafts a report on activities carried out, which it sends the Board of Directors and the Board of Statutory Auditors.

For further information on the requisites, tasks and responsibilities of the Supervisory Body, see the Organization and Control Model that is available on the above mentioned website.

The Supervisory Body - duly confirmed in office by the Board of Directors on 28 January 2015 for the three-year period 2015-2017, consists of:

- Guido Zanardi (external member and Chairman);
- Giorgio Pani (external member);
- Stefano Dentilli (Head of Internal Auditing).

During 2016 and in the first few months of 2017, the Supervisory Body:

- continued to support and update the Organization and Control Model, also - together with the Company - by analysing the risk profiles associated with the new predicate offences included in Legislative Decree 231/2001 (particularly, unlawful intermediation and exploitation of labour);
- examined a number of analyses required by the Internal Auditing Function, with a view to enhancing the safeguards referred to in Legislative Decree 231/2001, concurring with the results of these analyses and with suggestions made to improve the existing procedural framework;
- during 2016, through the Internal Auditing Function, it supported the Human Resources and Industrial Relations Department in defining and assessing the content of the online training course on Legislative Decree 231/2001, launched in 2016 and involving at least 3500 employees. Furthermore, while this online training was pending, Supervisory Body members continued their direct involvement as speakers in classroom training sessions conducted for newly hired graduates and company middle managers;
- the Head of Coordination of the Risk Prevention and Protection Services (Safety and Environment) and the Head of the Italian Litigation Function of the Legal Affairs Department contributed to all of the meetings during 2016, providing prompt updates - from within their own respective remits - on any inspections to be carried out at production facilities and on the legal implications (actual or potential) associated with Legislative Decree 231/2001. The information provided was used as a guide to independent verification activities involving safety and environment;

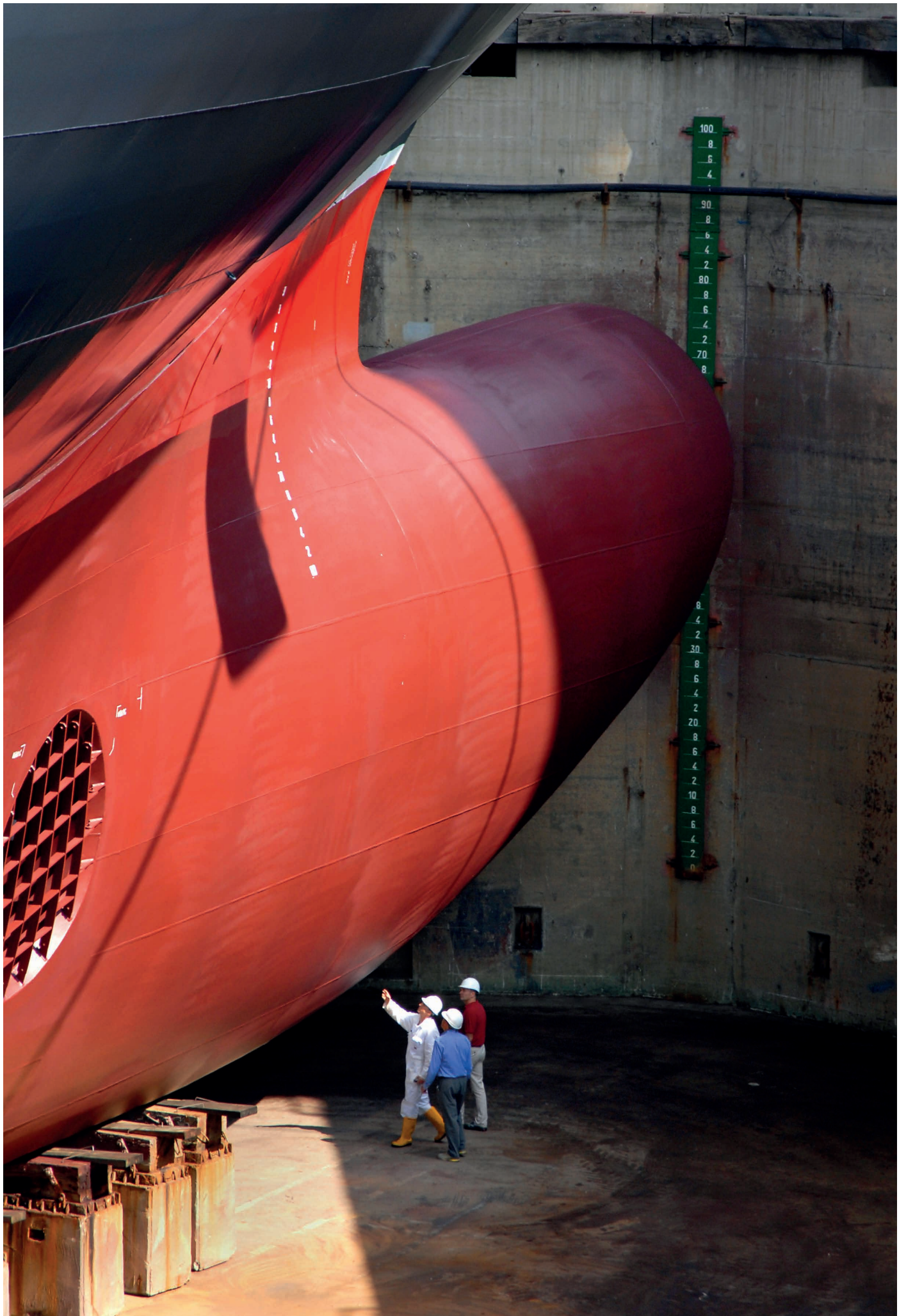
-
- met the Board of Statutory Auditors and certain Heads of corporate bodies and Departments in the course of its activities, including the Deputy General Manager and the Manager of the Human Resources and Industrial Relations Department;
 - during the year, requested further analyses from various corporate Functions, made suggestions and gave information on number of sensitive matters;
 - focused on the issue of workplace safety and environment, both by monitoring the causes of accidents through special reports and by intervening in situ alongside the competent Function during safety and environmental audits at the facilities;
 - periodically assessed the quarterly “reports of notifications” issued by the company Functions and, based upon their results, conducted (where deemed necessary) special in-depth analyses and/or issued cautions reiterating the need for compliance with the company procedures;
 - examined all of the notifications received through dedicated channels; after they were carefully evaluated, the ones deserving attention were further investigated through actions specifically requested and conducted by the Internal Auditing Function;
 - approved its own annual report at the meeting held on 1 February 2017.

3.2.6 External auditors

The external audit of the accounts is entrusted by law to an external auditor appointed by the Ordinary Shareholders' Meeting, on a proposal (duly motivated) from the Board of Statutory Auditors.

By resolution of 28 February 2014, the Company's Shareholders' Meeting appointed PricewaterhouseCoopers S.p.A. as the external auditor (whose mandate was to include verifying the proper keeping of accounts and ensuring the proper recording of operating events in the accounts) for the year ended on 31 December 2013 and for the years to end on 31 December 2014 to 31 December 2021.

On 5 May 2014, the Company's Board of Directors extended the aforementioned external auditors' mandate to include a “limited” review of the short-form half-year financial statements (pursuant to Article 154-*ter*, paragraph 2, of the Italian Consolidated Financial Act (TUF) and Article 81 of the Issuers' Regulations), and an assessment of the Report on Corporate Governance and Ownership Structure (pursuant to Article 123-*bis*, paragraph 4, of the Italian Consolidated Financial Act (TUF).



4. Regulation on related party transactions and other corporate governance documents

4.1 REGULATION ON RELATED PARTY TRANSACTIONS

In compliance with the provisions of Article 2391-*bis* of the Italian Civil Code and with CONSOB rules on related party transactions, on 5 May 2014 the Company's Board of Directors adopted the "*Regulation governing related party transactions*" (the "RPT Regulation"), which identifies the principles that Fincantieri adheres to in order to ensure transparency and the substantive and procedural respect of the Company's related party transactions, engaged in directly or through its subsidiaries.

On 3 December 2015, the Company also adopted the "*Management of Related Party Transactions*" procedure (the "Procedure") with a view to describing and defining the process and the terms and operating procedures for properly managing related party transactions, defining the responsibilities of the various corporate organizational units involved in such transactions, engaged in by Fincantieri directly or through its subsidiaries pursuant to the RPT Regulation.

The RPT Regulation – the full version of which is available on the Company's website at www.fincantieri.com, inside the Section "*Governance – Internal Control and Risk Management System - Brief Explanation of the System*" – distinguishes between:

- (i) "More Significant Transactions" i.e. related party transactions that surpass the thresholds described in Articles 6.1 and 6.2 of the RPT Regulation; and
- (ii) "Less Significant Transactions" i.e. related party transactions that do not reach the thresholds of significance referred to in point (i) above.

The provisions of the RPT Regulation apply to the aforementioned transactions, except where they fall within any of the exclusions provided for by that Regulation or where exemptions under that Regulation apply in relation to: (i) transactions of lesser value; (ii) remuneration plans based upon financial instruments approved by the Shareholders' Meeting; (iii) resolutions on the remuneration of Directors assigned with particular duties (and of the other Executives with Strategic Responsibilities) which are consistent with the Company's current Remuneration Policy; (iv) ordinary transactions concluded at conditions equivalent to market or standard conditions; (v) transactions with or between subsidiaries and with associated companies; and (vi) urgent transactions.

Less Significant Transactions

According to the RPT Regulation, Less Significant Transactions are approved by delegated bodies ("Delegated Body") that are granted competence in relation to a specific Less Significant Transaction, based on powers granted to them under the Board resolution appointing them as delegated bodies. Where no Delegated Bodies exist, competence for the approval of Less Significant Transactions rests with the Company's Board of Directors.

Less Significant Transactions are approved through the non-binding opinion of a Committee set up within the Board of Directors (the "RPT Committee") comprised of non-executive Directors the majority of whom are independent.

Bodies that approve Less Significant Transactions fully brief the Board of Directors and the Board of Statutory Auditors about the implementation of those transactions, on a quarterly basis at least.

The minutes of resolutions approving Less Significant Transactions should give adequate reasons justifying the Company's interest in the transaction and the suitability and substantive fairness of the relevant conditions.

If the RPT Committee issues a negative opinion on one or more Less Significant Transactions, the Company (within fifteen days from the end of each financial quarter) shall publicise a document specifying the counterparty, the subject matter and the consideration pertaining to all Less Significant Transactions approved in the relevant quarter notwithstanding the aforementioned negative opinion, and also stating the reasons for distancing itself from that opinion. By the same deadline, the RPT Committee's opinion is made available to the public as an attachment to the information document or on the Company's website.

More Significant Transactions

According to the RPT Regulation, responsibility for resolving upon More Significant Transactions rests exclusively with the Board of Directors which makes this decision after an in-depth examination of the transactions and their typical conditions. This examination should be supported by adequate documentation illustrating the reasons for the Transactions, their appropriateness and the substantial fairness of the conditions under which they are entered into.

The Board of Directors resolves upon More Significant Transactions subject to the favorable opinion (duly motivated) of the RPT Committee, composed exclusively of non-executive and independent Directors.

The company representative or officer that commenced the negotiations - or, as relevant, the Board of Directors (through its Chairman or any of its members) - promptly informs the RPT Committee of the commencement of the negotiations and the status thereof. The RPT Committee or one or more members delegated by it ("Member(s) Delegated to Negotiations"), participate in the phase of negotiations and in the preliminary investigatory phase relating to the More Significant Transactions, by promptly receiving a full flow of information, with the entitlement to request information and to make observations to the Delegated Bodies and to the individuals assigned to lead the negotiations or the preliminary investigatory phase.

The Delegated Body of the Company responsible for implementing individual More Significant Transactions fully briefs the Board of Directors, the Board of Statutory Auditors and the RPT Committee on the implementation of those transactions, at least every quarter.

The minutes of resolutions approving More Significant Transactions should give adequate reasons justifying the Company's interest in the transaction and the suitability and substantive fairness of the relevant conditions.

The Board of Directors may approve the More Significant Transaction despite the contrary opinion of the RPT Committee, provided that the completion of those RPTs is authorised by the Shareholders' Meeting pursuant to Article 2364, paragraph 1, number 5) of the Italian Civil Code. In accordance with the provisions of Article 11, paragraph 3, of the CONSOB Regulation on Related Party Transactions (the so-called whitewash mechanism), the Shareholders' Meeting authorization resolution is deemed approved: i) if the quorum for valid meetings and for valid resolutions required by the Company's By-laws have been achieved; and ii) where non-related shareholders attending the Shareholders' Meeting represent at least 10% of the voting share capital, if the majority of non-related voting shareholders do not vote against the transaction (on this point, see also paragraph 2.1.1. above)¹⁹.

¹⁹ The same quorum also applies to transactions falling within the competence of the Shareholders' Meeting in urgent cases associated with company crises.

The provisions of the RPT Regulation (available on the aforementioned website) should be consulted for additional information related to the following, inter alia: (i) the definition of “related party” and “related party transaction”; (ii) exemptions from the application of the RPT Regulation; (iii) the RPT Committee and equivalent safeguards; (iv) procedures in the event that responsibility or authorization rests with the Shareholders’ Meeting; (v) procedures for transactions concluded by the Company through subsidiaries; (vi) disclosure obligations related to the completion of More Significant and Less Significant Transactions; and (vii) the adoption of so-called “framework resolutions”.

4.2 INSIDE INFORMATION

On 11 June 2014, the Company’s Board of Directors, in accordance with the provisions of Article 1.C.1, letter j) of the Corporate Governance Code, approved the “*Procedure for the management and market disclosure of corporate information*”. The Company has also adopted a procedure for keeping and updating the “*Insiders Register*” and an “*Internal Dealing Procedure*”.

Both documents are available, in their full versions, on the Company’s website at www.fincantieri.com, respectively within the Sections “*Governance – Internal Control and Risk Management System – Brief Explanation of the System*” (the “*Procedure for the management and market disclosure of corporate information*” and the “*Insiders Register*” procedure) and “*Governance – Internal Dealing*” (the “*Internal dealing Procedure*”).

Note that the three procedures aforementioned are currently being updated in order to ensure harmonization of their content in light of the new EU regime introduced by Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 (“Market Abuse Regulation” or MAR) and by the associated implementing rules, which are directly applicable also in Italy with effect from 3 July 2016.

On 21 June 2016, the Board of Directors was extensively briefed on the new provisions introduced by the new European regime to which the Company has substantially adhered, without in fact formally amending the aforementioned procedures²⁰.

Subject to the foregoing, note that the “*Procedure for the management and market disclosure of corporate information*” defines the terms and procedures for Fincantieri’s internal management and public disclosure of corporate information in relation to the Company and its subsidiaries, particularly taking into account: (i) the obligation to publicly disclose inside information to the market, (ii) the obligation to restore parity of information in the event that inside information is prematurely disclosed to third parties or not bound by confidentiality obligations arising from laws, regulations, By-laws or contracts, and (iii) the need to ensure prudent, efficient and confidential management of all corporate information, including information other than inside information. From a general standpoint, the internal management of confidential information (i.e. information of a confidential nature relating to the Company and its subsidiaries that has not, or has not yet, the characteristics of inside information) is the CEO’s responsibility.

In order to ensure the confidentiality of such information, all members of the corporate bodies as well as managers and employees are, in any case, bound by a general confidentiality obligation, and they are forbidden from disclosing outside the corporate information and documentation that is obtained during the performance of their duties. More specifically, all such persons shall:

²⁰. The Company decided it should await the outcome of CONSOB’s public consultation begun on 24 October 2016, before formally approving the changes to the aforementioned procedure.

(i) maintain the utmost confidentiality of information acquired in the performance of their work duties and, in particular, of inside information and confidential information; (ii) keep and file with the utmost diligence the confidential documentation obtained in the performance of their work duties, in order to ensure that authorised persons alone can access same; (iii) adopt all necessary precautions to ensure that the information circulates internally without negatively impacting the privileged or "insider" or confidential nature thereof, and also in compliance with personal data protection laws and regulations in force; (iv) ensure that the information may be disclosed exclusively in accordance with procedure and, in any case, in compliance with the principles of correctness, transparency, veracity and protection of the integrity of such information.

The public disclosure of inside information directly involving the Company and its subsidiaries shall occur promptly and in accordance with the following principles: clarity, symmetry of information, consistency and promptness.

For further information on the procedure in question, see the full version of the document available on the Company's website at the address indicated above.

4.3 CODE OF CONDUCT

All of the Company and Group activities are conducted in compliance with the law, with International Conventions (e.g. the OECD Anti-Bribery Convention of 1997) and in strict accordance with the human rights enshrined in the UN Universal Declaration.

Fincantieri operates according to the principle of fair competition, with honesty, integrity, fairness and good faith, respecting the legitimate interests of Shareholders, employees, customers, commercial and financial partners and of the general public and local communities in which the Company conducts its activities.

More specifically, Fincantieri promotes and fosters Corporate Social Responsibility, whereby the Company integrates its social and environmental concerns into its strategic vision, disclosing its initiatives in this context in periodic reports.

All those who work for Fincantieri, without exception or distinction, are committed to observing and ensuring the observance of such principles in the context of their own functions and responsibilities. For the purposes of the foregoing, the Company has adopted a Code of Conduct. Compliance with this Code of Conduct by all Company employees is of fundamental importance for the proper functioning, reliability and reputation of the Group, factors which represent a key asset for the Company's ongoing success.

More particularly Fincantieri's employees, in addition to fulfilling their general duties of loyalty, fairness and good faith in implementing their employment contracts, shall refrain from activities that are in competition with the Group's activities, comply with the Company's rules and regulations and adhere to the principles of the Code of Conduct. Relation between employees, at any level, should be characterised by principles of transparency, honesty, fairness and mutual respect.

Directors and all persons working in the Company shall familiarise themselves with the Code of Conduct, contribute actively to its implementation and report any shortcomings and instances of non-compliance.

The Board of Directors and the Company management is responsible for verifying the Code of Conduct's implementation and application, and these corporate bodies/officers may also make proposals to supplement or amend its provisions.

For a description of the provisions of the Code of Conduct, please refer to the Code itself, the full version of which is available on the Company's website www.fincantieri.com, inside Section "Sustainability – Business Ethics".

4.4 ANTI-CORRUPTION LAWS

Given the extensive geographic context in which Fincantieri operates, the Company has adopted various internal rules aimed at identifying and applying a global anti-corruption policy which defines expectations for conducting business operations in strict compliance with the best international standards on anti-corruption legislation.

The first of such internal resources is the "anti-corruption policy" (the "Policy") which the Company adopted on 3 March 2014. The primary goal of this Policy, together with the associated procedures, is to underline the Company's and the Group's commitment to combatting corruption in all its forms and to maintain a zero-tolerance stance on corruption, by continually reinforcing the integrity and transparency of internal conduct in a way that positively impacts upon the Company's reputation in the areas and sectors in which it operates.

In particular, through the Policy, Fincantieri prohibits all practices that are corruptive in nature: illegitimate favors, collusive conduct, requests (made directly and/or through third parties) for personal or career favors for oneself or for others.

Firstly, it is forbidden to procure, promise or offer items of value to any person, including Public Administration officials, in order to improperly obtain or retain a deal or other favor or to secure an undue advantage in one's business affairs. In particular, it is prohibited to make payments with a view to obtaining new contracts or to retaining existing contracts, in order to speed up the processing of official documentation (e.g. customs services or environmental certification) or to improperly influence any person.

Secondly, it is prohibited to accept payments or items of value in connection with conduct that infringes the principles of the Policy, of the Code of Conduct or of applicable documents and laws. Thirdly, since Fincantieri could in certain cases be held liable as a result of the conduct of third parties such as agents, intermediaries, consultants and business partners, it collaborates only with commercial partners of proven reputation; therefore each commercial partner must undergo a mandatory preliminary process that establishes its ethical credentials.

Fourthly, Fincantieri and the Group companies must keep accurate accounting books and records: all transactions must be properly reflected and supported by reasonably detailed documents.

The Group's commitment to combating corruption - established *in primis* by the Code of Conduct - is reflected in a series of corporate documents that are the existing means to combat corruption ("anti-corruption documents") in the functional and geographical areas in which the Group operates. This regulatory regime which, moreover, is continually evolving and can be supplemented at various stages, contemplates the following matters considered to be sensitive in nature, each of which is regulated by specific documents: (i) Management of Dealings with the Public Administration; (ii) Agency, Intermediation and Services Provision Agreements; (iii) Grants, Donations, Sponsorships, Gifts, and Hospitality; (iv) External Collaborations and (v) Conflicts of Interest.

In addition to the foregoing, the Company has also - since 2009 - adopted a procedure for the "Reporting of infringements to the Supervisory Body" ("whistleblowing"), which enables employees and third parties to report issues involving non-compliance with the provisions of the Code of

Conduct, the Organization and Control Model or of the corporate procedures adopted by the Company.

For further information on this last procedure and on all anti-corruption rules and regulations in force within the Company, see the Section entitled “*Sustainability - Business Ethics*” on the Company’s website at www.fincantieri.com.

5. Relations with shareholders and stakeholders

In accordance with the Corporate Governance Code’s recommendations, the Company has had an ongoing dialogue with its shareholders, institutional investors and other stakeholders since the date when its shares were listed on the Electronic Share Market (MTA), and the aim of this dialogue is to ensure that these figures promptly receive full information on its activities.

To this end, the Company has in place a special corporate structure that facilitates the management of relations with Shareholders and the market (Investor Relations Function).

In order to promote ongoing dialogue with Shareholders and stakeholders, the Company has set up a special Section on “Investor Relations” and a Section on “Corporate Governance” on its website, which it keeps updated, and where all relevant information is available.

In particular, the “Investor Relations” Section provides the main economic-financial data and documentation pertaining to the Company (e.g. financial statements, half-yearly and quarterly reports, financial calendar, presentations to the financial community, stock performance data, financial press releases).

Events, significant transactions and economic-financial results are disseminated through press releases, meetings and conference calls with institutional investors and financial analysts, and are promptly made available also online.

The “Corporate Governance” Section, however, makes available documents and information on the Company’s governance structure, including the Company’s By-laws, information on the composition of corporate bodies, the remuneration of Directors, Auditors and Managers with Strategic Responsibilities, as well as information on the ICRMS. Inside this Section, the Company has created an area dedicated to Shareholders’ Meetings. In this area, all documents related to the upcoming Shareholders’ Meeting will be published and additional information will be provided in order to facilitate attendance at the Shareholders’ Meeting.

Curricula Vitae of members of the Board of Directors

Giampiero Massolo

Date of birth: 1954

Place of birth: Warsaw (Poland)

Role: Chairman of the Board of Directors since May 2016

He graduated in Political Science with a specialisation in International Politics.

Positions: Chairman of *Istituto per gli Studi di Politica Internazionale* (ISPI), Member of the Executive Committee of Assonime, Member of the Governing Board of the *Società Italiana per l'Organizzazione Internazionale* (SIOI), Member of the Steering Committee of the *Istituto Affari Internazionali* (IAI) and the Executive Committee of the *Aspen Institute Italia*.

He is Member of the Board of Società Dante Alighieri, Member of the Italian Group of the Trilateral Commission and President of the Scientific Committee of the Festival della Diplomazia.

He is Member of the Advisory Board Alumni LUISS, of the Strategic policy Group of LUISS School of European Political Economy (SEP) and President of the Strategic Committee of the university course "Global Governance", held at Università di Roma Tor Vergata.

Career: In 1976 he graduated with a degree in Political Science, with a specialisation in International Politics, from the *Libera Università Internazionale degli Studi Sociali* (LUISS, formerly *Pro Deo*) in Rome. In 1977-78, he was hired by FIAT in Turin, at the Directorate for Economic and Social Relations and then at the Directorate for European Community Affairs and International Affairs. In May 1978, he began a career in diplomatic service where he served at the Directorate-General for Political Affairs, then at the Embassy to the Holy See, and thereafter, from 1982 to 1985, as First Secretary to the Economics and Commerce Sector at the Embassy in Moscow.

From 1985 to 1988, he was spokesman of the Italian delegation in the work groups on environment and energy policy, on State aid and on industrial policy at the Permanent Representation to the European Union in Brussels.

In 1990 he served the Diplomatic Office of the President of the Council of Ministers, when in 1993, in Prime Minister Ciampi's Cabinet, he became Diplomatic Advisor. In 1994, he was at the head of the Secretariat of the Presidency of the Council of Ministers during Prime Minister Berlusconi's first Cabinet, and then in Prime Minister Dini's Cabinet.

In June 1996, he entered the Ministry of Foreign Affairs as Head of the Press and Information Service and the Minister's Spokesman. In December 1997 he was appointed Minister Plenipotentiary. From September 2001 to February 2004, he was Deputy Secretary General of the Italian Foreign Ministry; from February to November 2004 he was Director General for Multilateral Political Affairs and Human Rights; from 20 November 2004 he was Head of the Cabinet of the Ministry of Foreign Affairs under Minister Gianfranco Fini.

On 2 January 2006 he was appointed Ambassador. From May 2006 to April 2007 he was General Director of Human Resources Department.

In September 2007 he was appointed Secretary-General of the Ministry of Foreign Affairs.

From April 2008 until December 2009, he was also appointed as personal representative (Sherpa) of the President of the Council of Ministers for the G8 and the G20 Forums and was responsible, in that capacity, for coordinating the issues related to the Italian Presidency of the G8 Forum in 2009 and the preparation of the Summit in Aquila.

In May 2012, he was appointed by the Prime Minister of Italy, Mario Monti, as Director General of the Security Intelligence Department.

At the expiration of his term of office, he became Chairman of the Board of FINCANTIERI S.p.A. in May 2016.

Giuseppe Bono

Date of birth: 1944

Place of birth: Pizzoni (Province of Vibo Valentia)

Role: Chief Executive Officer since April 2002

He graduated in 1970 with a degree in Business Economics from the University of Messina with a thesis on "Budget and Long-term Strategies in a Large Company." In 2006 he was awarded an honorary degree in Naval Engineering from the University of Genoa.

Positions: He is a member of the General Council of Confindustria since 2015 and, since October 2013, he is Chairman of Confindustria Friuli Venezia Giulia.

In May 2014, he was decorated for his service to the industry with the order of *Cavaliere del Lavoro*. Since October 2016, he is President of Promostudi La Spezia.

Career: In 1963, he attended a training course in administration and on management control at Fiat-Finmeccanica. From 1963 to 1971, he was the person in charge of General Accounting, Financial Statements, Business Planning and Management Control in Omeca (Fiat-Finmeccanica Group and from 1968 in EFIM).

From 1971 to 1993, he worked at EFIM where he held positions with increasingly more responsibility: Deputy Director of Programs and Management Control; Managing Director of SOPAL (food industry); Chief Executive Office of Aviofer (defence and transport industry), until he became, in 1991, Managing Director of the company itself.

Specifically, within the scope of EFIM's Management Inspectorate and Management Control, he developed the Group's strategic planning system and management control, organising a unified information system, using standard industrial accounting procedures.

He devised the processing of the single consolidated balance sheet of the Group by adopting a programme for the consolidated chart of accounts and for standard accounting principles (first organic body of such principles in Italy) participating, *inter alia*, in the Committee established *ad hoc* at the Ministry of State Holdings.

He joined Finmeccanica in 1993, and after having held the position of Director of Central Planning and Administration and Finance Control, he was appointed in December 1997 as Managing Director and interim Head of Alenia Difesa and Ansaldo.

In October 2000, he was appointed as Chief Executive Officer and Managing Director of the Group. He held those positions until April 2002 when he was appointed Chief Executive Officer of Fincantieri.

From 2014 to 2016, he was Advisor to the Italian Strategic Fund.

From 2012 to 2014, he was Chairman of Confindustria Gorizia.

**Gianfranco
Agostinetti**

Date of birth: 1952
Place of birth: Fontanelle
Role: Director since May 2016

He received a degree in architecture from the University Institute of Architecture in Venice.

Positions: He is a member of the Board of Directors of INARCASSA since 2010.

He was President of the Chamber of Architects of Belluno from 1998 to 2000, the Provincial Delegate of INARCASSA from 2000 and a member of the General Council of the Cariverona Foundation from 2005 to 2015.

Career: In April 1978 he qualified as an architect after successfully completing the State exam in Venice and is a member of the Order of Architects, City Planners, Landscape Architects and Conservators of Belluno.

During his career, he developed numerous architectural and urban planning projects as well as planning and project management for public and private institutions throughout the Belluno, Treviso, Udine and Verona provinces.

Simone Anichini

Date of birth: 1961
Place of birth: Florence
Role: Director since July 2014

He received a degree in Business Studies.

Assignments: since 2010, he has been the CEO of the Sandro Fratini group with responsibility for coordinating the CEOs of the operating companies Rifle Jeans, Why the Best Hotels and Belvedere Angelico, of which he has been CEO since 2013, and companies operating in the biogas sector.

Since 2010 he has been the CEO of CO.FI.GI S.p.A. Between 2012 and 2015 he acted as Chairman of the Board of Directors of ABR-Società Agricola A r.l., Agrisolar 2 Società agricola A r.l., Colline Senesi – Società Agricola S.r.l., Società agricola Bio Energia S.r.l.

Career: He began his professional career in 1985 in the company Vicano Firenze S.p.A. as Assistant to the Administrative Director until 1988.

From 1988 to 1989, he was Chief Financial Officer of the All.Co. S.p.A. Group, and was then appointed Head of Administration and Control of the Italian and Foreign Trade Areas at Marchesi Antinori S.r.l., a position he held for one year.

Subsequently, from 1990 to 1993, he was Financial Director of the All.Co. S.p.A. Group and Assistant to the Chairman with responsibility for Group strategies.

From 1993 to 1998, he was Head of Administration, Finance, Control and IT systems at MALO Manifatture Associate Cashmere.

From 1998 to 2004, he acted as Chief Financial Officer at Fingen S.p.A with responsibilities in Administration, Finance and Control and Organization of the Holding and its subsidiaries (84 companies worldwide).

From 2004 until 2009, he was CEO and assistant to the Chairman of Nautor Holding - Florence / Gosport (GB) / Petersaari (Finland) with financial responsibilities for all the Group companies: Nautor's Swan, Camper & Nicholsons and Marina Management. He was also Chairman and CEO of the latter and Chairman of Marina Yacht Service S.r.l.; he was Chairman and CEO of Marina di Viareggio S.p.A. and of PROMOMAR S.p.A; he was CEO of Lavoratori del Mare S.r.l. and Deputy-Chairman of SEAM S.p.A. Società Esercizio Aeroporto Maremma.

**Massimiliano
Cesare**

Date of birth: 1967
Place of birth: Naples
Role: Director since July 2014

He received a degree in Law from the University “Federico II” of Naples.

Assignments: he is President of Banca Mezzogiorno - Mediocredito centrale.

Career: during his professional career he built up broad experience in acquisitions of companies and stakes, leveraged buy-outs, acquisition finance and structured finance, mergers, joint ventures, corporate reorganization transactions, debt restructuring and extraordinary transactions in the real estate sector.

He also has extensive experience in the management and administration of corporate and real estate assets subject to seizure and/or preventive measures. In this context, he administered the corporate and real estate assets of the Cesarano criminal family, leading to their seizure and collaborating with the organized crime investigative group of Naples to implement such measures. He was also a trustee member of Boards of Directors, receiver of corporate and financial assets for the Court of Naples and the Public Prosecutor’s Office as well as legal trustee of the bankruptcy and corporate section of the Court of Naples.

He has worked on behalf of the Government with the Garofoli Commission, set up to develop proposals, including of a financial nature, to fight organized crime.

As economic and legal Advisor of the President of the Council of Ministers for the Letta Government, he represented the Presidency in dealings with the undersecretary and economic ministries, obtaining direct experience in the process of drafting legislative and administrative provisions.

He has also contributed to government decisions on privatizing a number of large State companies in Italy, also managing industrial crisis tables in the competent ministries.

Nicoletta Giadrossi

Date of birth: 1966
Place of birth: Trieste
Role: Director since May 2016

She graduated from Yale University with a degree in Mathematics and Economics in 1988, and with an MBA from Harvard Business School in 1992.

Positions: Since 2011, she is a member of the Board of Directors of Faiveley Transport and since 2013 of Bureau Veritas.

Since 2015, she is a Senior Advisor to Bain Capital Partners.

Since January 2017, she is a member of the Board of Directors of Cairn Energy.

She was an independent member of the Boards of Directors of Aker Solutions and of the University of Trieste.

She was also Chairman of Technip France Sas, a member of the Boards of Directors of Technip India, of Aker Solutions Angolan JV and of GE Capital Italia, in addition to being Chairman of the Board of Directors of Dresser Rand SA.

Career: She began her career in 1988 as Consultant at The Boston Consulting Group, where she remained until 1994.

In 1995 she joined the General Electric Company, where she held strategic management positions in various divisions of the group until 2005.

From 2005 to 2006, she was Operating Partner at LBO France in Paris, a private equity fund focused on small and mid cap companies in the construction, engineering and plant engineering industries, where she was responsible for managing portfolio companies.

In 2006 she founded H.F.M., a private equity holding through which she oversaw the restructuring and divestment of two small businesses.

From 2009 to 2012, she was Vice President and General Manager for Europe, the Middle East and Africa of Dresser-Rand, a company operating in machinery sector for the Oil and Gas and renewable energy industries, where she was responsible for a budget of USD 1.7 billion.

From 2012 to 2014, she was Executive Vice President/Head of Operations and member of the Board of Directors at Aker Solutions Asa in Oslo, a global operator in the offshore Oil&Gas service and plants industry, with responsibility for overseeing nine business units.

From 2014 to 2016, she was President Region A (Europe, Africa, Middle East, Russia, India) of Technip, a leader in engineering and technology services in the fields of energy and infrastructures.

Paola Muratorio

Date of birth: 1949

Place of birth: Imperia

Ruolo: Director since May 2016

She graduated with honours in architecture from the Engineering University (*Politecnico*) of Turin in 1973.

Positions: Chairman of the Board of Directors of 2iRete Gas.

She has been a Member of the Board of Directors of Fimit sgr, Member of the Advisory Committee of the Kairos Centauro fund, Chairman of the Investment Committee of the *Comparto Due* of the real estate fund Fondo Immobiliare Inarcassa RE and Independent Director and Member of the Nominating and Remuneration Committee of Enel Green Power.

Career: She is a qualified architect and member of the Order of Architects since February 1974. During her career, she developed many urban development projects and infrastructure construction and service industry projects, including the project for the marina of Santo Stefano al Mare (Province of Imperia), with a berth capacity of a thousand vessels, and the project for the new headquarters of the Chamber of Commerce of Imperia, which included renovating an industrial building from the 1920s.

As regards her experiences involving the Order of Architects and the welfare system, from 1985 to 1996 she was President of the Order of Architects of Imperia and elected delegate to INARCASSA for the Liguria Region in 1990. In 1995, she was appointed Vice-Chairman of the Board of Directors of INARCASSA. From 2000 to 2015, for three successive mandates, she was Chairman of INARCASSA, engaged in expanding the financial assets of INARCASSA (the first Asset Allocation was developed at the beginning of her chairmanship in 2000).

With the adoption of a financial management based on risk control, she achieved remarkable results in terms of equity investments; she led reforms that guarantee the financial sustainability of INARCASSA within 50 years as required by the "Salva Italia" Decree. She was also a member of the Governing Board of Adepp, the private pension association for the architecture trade.

She has been "rapporteur" at many conferences on welfare and financial issues.

She has participated in continuing education courses at Assogestioni on related party transactions, remuneration and responsibilities of the directors and statutory auditors in listed companies.

Fabrizio Palermo

Date of birth: 1971
Place of birth: Perugia
Role: Director since May 2016

He graduated with honours in Business Economics from La Sapienza University in Rome in 1994.

Positions: He is currently the Chief Financial Officer and Officer in charge of drafting the accounting documents of the Cassa depositi e prestiti group.

Career: He began his career in London as a financial analyst in the Investment Banking Division of Morgan Stanley, where he worked on stock and bond placement transactions, acquisition, divestiture and merger transactions and creating joint ventures for major financial and industrial groups in Italy and Europe.

From 1998 to 2005, he then worked as a strategy consultant at McKinsey & co., specialising in restructuring, transformation and relaunching transactions for major Italian and European industrial and financial groups (ranging from the banking and insurance sector to the telecommunications, utilities, mechanics and electronics industries up to postal services).

In 2005, he joined Fincantieri as Director of Business Development and Corporate Finance and reports to the Chief Executive Officer, carrying out - since joining - a key role in the Company's process of restructuring and turnaround (during the expansion stages, including through major cross-border acquisitions, post financial distress restructuring and finally listing) thus transforming the Group into a Western leader in the industry in terms of size and product diversification. He was Deputy Managing Director of the Fincantieri Group from 2011 as well as Chief Financial Officer from 2006 until October 2014.

He has also sat on the boards of directors of Fincantieri USA Inc., of Vard Group AS and of Vard Holdings Limited, a company listed on the Singapore stock exchange for which he was also a member of the Remuneration Committee. He currently sits on the Boards of Directors of Fincantieri, Risparmio Holding S.p.A., Equam S.p.A. and is a member of *Atlante* I and II Committees.



Donatella Treu

Date of birth: 1957

Place of birth: Milan

Role: Director since May 2016

She graduated with a degree in Business Economics from the Bocconi University of Milan.

Career: She began her career at Ipoa Editore in 1982. After the company joined the Wolters Klower group, within a few years, she took over the positions of Editorial Director, Managing Director and then Chief Executive Officer.

In 2009, she was appointed Regional Manager for Central Europe and Russia and subsequently Chief Executive Officer of the Legal Division worldwide.

From March 2010 to April 2016, she was Chief Executive Officer of the 24 ORE Group where she initiated a policy aimed at strengthening the synergies between: newspaper, radio, professional publishing, and online. She was responsible for establishing the 24 ORE Business School and multiple cultural and presentation activities of the 24 ORE Culture. Through intensive cultural, managerial and technological changes, she aligned the group with an increased orientation towards customers and their information and training needs and implemented a more flexible and efficient management of business processes specifically by revising the production structure. She implemented all kinds of effective cost-cutting policies, renegotiated the credit facilities with the most important Italian banks.

She has the honourable title of *Commendatore della Repubblica Italiana* conferred by the Italian Government.

In addition, she was personally awarded the *Ambrogino d'Oro* Prize from the city of Milan and is the person responsible for the Marisa Bellisario Fondazione in the Lombardy Region, the foundation from which she was awarded the Marisa Bellisario (*Golden Apple*) Prize in 2007.





Curricula Vitae of members of the Board of Statutory Auditors

Gianluca Ferrero

Date of birth: 1963
Place of birth: Turin
Role: Chairman of the Board of Statutory Auditors since May 2014

A graduate of Business Studies in 1988, and a Certified Public Accountant. Enrolled since 1995 in the Roll of Certified Accountants, also a Court Technical Expert at the Court of Turin.

Assignments: He is Chairman of the Board of Statutory Auditors of Luigi Lavazza S.p.A, TO-DIS S.r.l., Italia Independent S.p.A., Praxi Intellectual Property S.p.A., Biotronik Italia S.p.A., Italia Independent Group S.p.A., La Gardenia Beauty S.p.A. and P. Fiduciaria S.r.l.

He also acts as Permanent Auditor in Fenera Holding S.p.A., Fenera Real Estate S.p.A., Limoni S.p.A., Alberto Lavazza e C. S.a.p.a. and in Emilio Lavazza e C. S.a.p.a.

He is the Deputy-Chairman of the Board of Directors of the Bank of Piedmont, a member of the Board of Directors of Francesco Franchi S.p.A., S.E.I.– Società Editrice Internazionale S.p.A., ACBGROUP S.p.A. and LOL S.r.l. Finally, he is the Sole Director of San Carlo 2016 Immobiliare S.r.l.

Alessandro Michelotti

Date of birth: 1960
Place of birth: Pescia (PT)
Role: Permanent Auditor since May 2014

A graduate of Business Studies in 1988.

Assignments: He is a Limited Partner of C.E.D 3M S.a.S di Magrini Valter, and in 2008 was appointed court-appointed Receiver of the company FilFashion S.r.l. (in liquidazione) and of Meg S.r.l. since 2013. He was appointed Alternate Auditor of the Board of Statutory Auditors of the company Panapesca S.p.A. and Quattropetroli S.p.A. (appointed Permanent Auditor since November 2016). His other current responsibilities include Sole Auditor of I.T.A.F., Quattropetroli S.p.A. and liquidator of S.A.M.P. S.r.l., of Prisma Immobiliare S.r.l., Sole Director of Ce.Spe.Vi S.r.l. His office as Chairman of the Board of Statutory Auditors of Fondazione Cassa di Risparmio di Pistoia e Pescia ceased in April 2016 when his second period of office ended.

Sole Auditor of the Commune of Pontremoli (MS).

During his professional career he acquired experience in various sectors, especially in the areas of administrative and accounting procedures, and financial and corporate consulting. He has also held various external lectureships at various Technical Commercial Institutes, and still speaks at various conferences on tax and financial matters. Since December 2009 he has acted as Chairman of the Local Bodies Research of the Order of Certified Accountants and Accounting Experts of Pistoia, and from 2013 he also became a member. Finally, he holds a one-third stake in EMMETRE S.r.l. and a 40/240 stake in Gold & Co. S.R.O. (Prague).

Date of birth: 1958

Place of birth: Acqui Terme (Province of Alessandria)

Role: Statutory auditor from May 2014

She graduated with a degree in Business Economics in 1982 and is a chartered accountant and independent statutory auditor.

Positions: She was Sole Director of Negri S.r.l. *in liquidazione* and is a Limited Partner of Negri Carlo Legnami S.a.s. since 1986.

She was shareholder and from 2014 also Vice Chairman of the Board of Directors of PKF Italia S.p.A., and from 2013 also Chairman and Chief Executive Officer of IFIREVI S.r.l.

She has been Chief Executive Officer of ISMIGEO S.r.l. (*Istituto Sperimentale Modelli Geotecnici*) since 2000.

Since February 2017, she is Equity Partner of BDO Italia S.p.A. and shareholder of the same since 14 February 2017.

Since December 2016, she is a member of the "Committee for the continuing education of statutory auditors" established by the MEF.

Since 14 February 2017, she is President of the Commission of Corporate Law for the Association of Chartered Certified Accountants and Accounting Experts of Milan.

The experience gained in more than 30 years of auditing has developed within the context of different types of companies operating in the commerce, industry, publishing, tourism and service industries sectors, as well as the financial sector, including even companies listed on the Milan stock market and on the AIM of Milan. During this period, she also cultivated different experiences within the scope of all professional activities that are relevant to the analysis of procedures at various levels and for different purposes.

She began her career in 1982 at Italaudit S.p.A. (formerly Grant – Thornton S.p.A.), as a manager starting in 1988 and as a partner starting in 1996. She then joined Fidalta S.p.A., acting as operating representative up to 2006.

From 2007 to 31 January 2017 was signatory partner of PKF Italia S.p.A., a company in which she was the Director of National Technical Management, of training courses and technical continuing education courses as well as Head of the Quality Control Committee and member of the Risk Management Committee, of the PKF Scientific Committee and of the Quality Control Committee of PKF International.

She was also a member of the Board of Statutory Auditors of Marni Holding S.r.l. (for the 2009-2011 three-year period), now Break Holding S.r.l. (company in liquidation). She is a contributor to the journal "*Il Revisore legale*" published by Sole 24 Ore Group, as well as a member of the Scientific Committee of the journal. She is a member of several technical study and work groups of Assirevi and a member of the Steering Committee of Assirevi itself. She is one of the university lecturers of the training course, organised by the school of higher education (*Scuola di Alta Formazione - SAF*) of the Association of Chartered Certified Accountants of Milan on the topic of "The professional activity of the board of statutory auditors charged with statutory audits in SMEs". She has been a speaker at conferences organised by the Association of Chartered Certified Accountants of Bergamo, Milan and Verona on the subject of listing SMEs and on the subject of business continuity, "The task of statutory auditing and supervision of the board of statutory auditors in situations of financial distress of enterprises".

Claudia Mezzabotta

Date of birth: 1970

Place of birth: Fano (Province of Pesaro Urbino)

Role: Alternate auditor from May 2014

She graduated with a degree in business administration in 1993.

In 2002, she obtained a Master of Arts in Industrial/Organisational Psychology from New York University.

Positions: She is a member of the Board of Statutory Auditors of listed and unlisted joint stock companies operating in the industrial/manufacturing sectors and providers of non-financial services, in some cases assigned to carry out statutory audits, also as Chairman.

Specifically, with regard to listed companies, she is Chairman of the Board of Statutory Auditors of FILA S.p.A. since 2015 and alternate auditor of Amplifon S.p.A and Prysmian S.p.A. She was Chairman of the Board of Statutory Auditors of Fiat Industrial S.p.A. in 2013.

Her profession as a consultant involves overseeing accounting/financial statements and statutory audits, targeted primarily at medium-to-large customers and at national and international accounting bodies, as a member of the technical work team on budgetary matters established at the Italian Accounting Body of Rome and at the European Financial Reporting Advisory Group (EFRAG) in Brussels.

She also provides tax-consulting services for corporations.

Furthermore, she is involved in numerous training activities at continuing education companies and Italian and international academic institutions and has editorial collaborations in progress.

She is visiting professor of "Financial Accounting" at the *Università Cattolica del Sacro Cuore* in Milan.

She is a frequent participant of study commissions and groups as well as of academic research projects.

Flavia Daunia Minutillo

Date of birth: 1971

Place of birth: Milan

Role: Alternate auditor since May 2014

She graduated with a degree in Business Economics in 1995, is a chartered accountant and statutory auditor, and is a certified professional mediator. She is Founding Partner of Simonelli Associati.

Positions: From 1998 to date, she has held and still holds the position of standing auditor and Chairman of the Board of Statutory Auditors in banks, listed companies, securitisation companies, trust companies, holding companies, factoring companies, brokerage firms and IMCOs, as well as in real estate companies and industrial enterprises.

Specifically, she has been Chairman of the Board of Statutory Auditors of Generali Real Estate SGR since 2015; she is standing auditor of the listed Banca Generali S.p.A., Arnoldo Mondadori Editore S.p.A. and Molmed S.p.A. She is a member of the supervisory boards of Fondo Strategico Italiano Investimenti S.p.A. and of Banca Generali S.p.A.

As of April 2007, she is a founding partner of Sakai Associati.

Over the years she has received numerous awards, of which she was included in the 50 TOP WOMEN with "D Value" in 2012 and in the collection of "*1000 curricula eccellenti*" of the Fondazione Marisa Bellisario and on the list "*Ready for Board Women*" of PWA under the auspices of the Ministry of Equal Opportunities.

Table 1

Structure of the Board of Directors and of the Committees during 2016

BOARD OF DIRECTORS											BOD	CRC	RC	NC	SC					
Office	Members	Year of birth	Date of first appointment	In office since	In office until	List	Executive	Non-executive	Indep. Code	Indep. TUF	No. of other assignments: (*)	% (**)	% (**)	% (***)	% (**)	% (***)	% (**)	% (***)	% (**)	% (***)
BoD Chairman	Giampiero Massolo	1954	19/05/2016	19/05/2016	Sh. Meeting to approve financial statements 2018	Fintecna S.p.A. ¹	✓	-	-	-	-	100	-	-	-	-	-	-	-	-
CEO	Giuseppe Bono	1944	29/04/2002	19/05/2016	Sh. Meeting to approve financial statements 2018	Fintecna S.p.A.	✓	-	-	-	-	100	-	-	-	-	-	-	-	-
Director	Gianfranco Agostinetti	1952	19/05/2016	19/05/2016	Sh. Meeting to approve financial statements 2018	INARCASSA	-	✓	✓	✓	-	100	100 ²	X ³	-	-	-	-	100	C
Director	Simone Anichini	1961	03/07/2014	19/05/2016	Sh. Meeting to approve financial statements 2018	Fintecna S.p.A.	-	✓	✓	✓	-	100	-	-	-	-	100	X	100	X
Director	Massimiliano Cesare	1967	03/07/2014	19/05/2016	Sh. Meeting to approve financial statements 2018	Fintecna S.p.A. ¹	-	✓	✓	✓	1	100	100	C	-	-	-	-	100	X
Director	Nicoletta Giadrossi	1966	19/05/2016	19/05/2016	Sh. Meeting to approve financial statements 2018	Fintecna S.p.A.	-	✓	✓	✓	2	100	100	X	-	-	-	-	100	X
Director	Paola Muratorio	1949	19/05/2016	19/05/2016	Sh. Meeting to approve financial statements 2018	INARCASSA	-	✓	✓	✓	-	100	-	-	100	C	-	-	-	-
Director	Fabrizio Palermo	1971	19/05/2016	19/05/2016	Sh. Meeting to approve financial statements 2018	Fintecna S.p.A.	-	✓	-	-	-	85.7	25	X	80	X	0	X	-	-
Director	Donatella Treu	1957	19/05/2016	19/05/2016	Ass. approvazione bilancio 2018	Fintecna S.p.A.	-	✓	✓	✓	-	85.7	-	-	80	X	100	C	-	-

BOARD OF DIRECTORS
BOD CRC RC NC SC

Office	Members	Year of birth	Date of first appointment	In office since	In office until	List ⁴	Exec-utive	Non-execu-tive	Indep. Code	Indep. TUF	No. of other assign-ments: (*)	% (**)	% (**)	% (***)	% (**)	% (***)	% (**)	% (***)	% (**)	% (***)
DIRECTORS CEASED FROM OFFICE DURING REFERENCE YEAR																				
BoD Chairman	Vincenzo Petrone	1946	27/06/2013	27/06/2013	Sh. Meeting to approve financial statements 2015	-	✓	-	-	-	-	100	-	-	-	-	-	-	-	-
CEO	Giuseppe Bono	1944	29/04/2002	27/06/2013	Sh. Meeting to approve financial statements 2015	-	✓	-	-	-	-	100	-	-	-	-	-	-	-	-
Director	Simone Anichini	1961	03/07/2014 (****)	03/07/2014 (****)	Sh. Meeting to approve financial statements 2015	-	-	✓	✓	✓	-	100	-	X ⁵	100	C	100	C	-	-
Director	Massimiliano Cesare	1967	03/07/2014 (****)	03/07/2014 (****)	Sh. Meeting to approve financial statements 2015	-	-	✓	✓	✓	1	100	100	C	-	-	100	X	-	-
Director	Anna Molinotti ⁶	1958	27/06/2013	27/06/2013	Sh. Meeting to approve financial statements 2015	-	-	✓	-	-	8	100	-	-	100	X	-	-	-	-
Director	Leone Pattofatto	1968	26/05/2014	26/05/2014	Sh. Meeting to approve financial statements 2015	-	-	✓	-	-	5	83.3	100	X	-	-	100	X	-	-
Director	Paolo Scudieri	1960	03/07/2014 (****)	03/07/2014 (****)	Sh. Meeting to approve financial statements 2015	-	-	✓	✓	✓	16	83.3	50	X	60	X	-	-	-	-
Director	Paola Santarelli	1959	03/07/2014 (****)	03/07/2014 (****)	Sh. Meeting to approve financial statements 2015	-	-	✓	✓ ⁷	✓	5	100	-	-	-	-	-	-	-	-
No. of meetings held in 2016								BoD: 13		CRC: 9 ⁸		RC: 10		NC: 5		SC: 3				
Average duration of meetings								BoD: 2 hours 30 mins.		CRC: 1 hour 15 mins.		RC: 1 hour 15 mins.		NC: 30 mins.		SC: 60 mins.				

Quorum required for the submission of slates by minorities to elect Directors (pursuant to Article 147-ter of the Italian Consolidated Financial Act (TUF): 1%

CRC: Control and Risk Committee

RC: Remuneration Committee

NC: Nomination Committee

SC: Sustainability Committee

C: Chairman of the Committee

✓: Satisfies the requirements

X: Member of the Committee

-: Not applicable

¹ The Ambassador Giampiero Massolo and the lawyer Massimiliano Cesare were appointed by the Shareholders' Meeting on a proposal of the Shareholder Fintecna S.p.A.

² Note that the Committee met twice during 2016 as the RPT Committee, with the participation of Mr. Gianfranco Agostinetti

³ Member of the Control and Risk Committee to replace the Director Palermo when the Committee - meeting as the RPT Committee - examines the most significant related party transactions

⁴ The Board of Directors in office until 19 May 2016 was not elected using the slate voting system, as the Board was appointed - albeit at different times - prior to the admission to listing of the Company's shares

⁵ Member of the Control and Risk Committee to replace the Director Pattofatto when the Committee - meeting as the RPT Committee - examines the most significant related party transactions

⁶ Resigned from office on 21 March 2016

⁷ Satisfying the requirement verified by the Board of Directors at its meeting on 16 February 2016

⁸ Of which one also as the RPT Committee and one exclusively as the RPT Committee

^(*) This column indicates the number of offices held by the relevant party as director or auditor in other companies listed on regulated markets (including foreign markets), in financial companies, banks, insurance companies or companies of significant size

^(**) This column indicates Directors' participation rate (as a percentage) at meetings of the Board of Directors and of the Board Committees during 2016

^(***) This column indicates the Director's role inside each Committee; "C" for Chairman; "X" for member

^(****) The Shareholders' Meeting of 28 May 2014 appointed the Directors Simone Anichini, Massimiliano Cesare, Paolo Scudieri and Paola Santarelli, with effect from the commencement of trading of the Company's shares on the Electronic Stock Market (MTA) organized and managed by Borsa Italiana. The Board of Directors thus consisted of nine members as of 3 July 2014 (start date of trading) and until 9 November 2015 (date of resignation from the BoD of Director Andrea Mangoni)

Table 2

Structure of the Board of Statutory Auditors

BOARD OF STATUTORY AUDITORS IN OFFICE SINCE 28 MAY 2014											
Office	Members	Year of birth	Date of first appointment	In office since	In office until	List ¹	Indep. Code	% participation in meetings of the Board of Statutory Auditors (*)	% participation in meetings of the Board of Directors (**)	No. of other assignments in listed Comp.	No. of other assignments (***)
Chairman	Gianluca Ferrero	1963	28/05/2014	28/05/2014	Sh. Meeting to approve financial statements 2016	-	✓	90	85,7	none	17
Permanent Auditor	Alessandro Michelotti	1960	28/05/2014	28/05/2014	Sh. Meeting to approve financial statements 2016	-	✓	100	100	none	9
Permanent Auditor	Fioranna Vittoria Negri	1958	28/05/2014	28/05/2014	Sh. Meeting to approve financial statements 2016	-	✓	100	100	none	5
Alternate Auditor	Claudia Mezzabotta	1970	28/05/2014	28/05/2014	Sh. Meeting to approve financial statements 2016	-	✓	-	-	4	16
Alternate Auditor	Flavia Daunia Minutillo	1971	28/05/2014	28/05/2014	Sh. Meeting to approve financial statements 2016	-	✓	-	-	5	24
No. of meetings held in 2016: 9						Average duration of meetings held in 2016: 5 hours					
Quorum required for the submission of slates by minorities to elect Auditors (pursuant to Article 148 of the Italian Consolidated Financial Act (TUF): 1%											

¹ The Board of Statutory Auditors currently in office was not elected using the slate voting system since it was appointed prior to the admission to listing of the Company's shares. The Board of Statutory Auditors will be appointed using the slate system when it is due for reappointment, at the Shareholders' Meeting convened to approve the financial statements for 2016

(*) This column specifies the Auditors' participation rate (as a percentage) at meetings of the Board of Statutory Auditors during 2016

(**) This column specifies the Auditors' participation rate (as a percentage) at meetings of the Board of Directors during 2016

(***) This column specifies the number of other assignments relevant for the purposes of Article 148-bis of the Italian Consolidated Financial Act (TUF). CONSOB publishes the full list of appointments on its website pursuant to Article 144-quinquiesdecies.

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An aerial photograph of a dense forest with a vibrant blue canopy. Sunlight filters through the trees, creating a shimmering, dappled light effect across the scene. The overall mood is serene and natural.

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