

SUSTAINABILITY REPORT 2018

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



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FINCANTIERI
The sea ahead



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LETTER FROM THE CHIEF EXECUTIVE OFFICER

Last year we published our first Sustainability Report in which we described our corporate social responsibility initiatives, an aspect that is garnering increased significance in long-term value creation. In 2018, we made important strides along this virtuous path, notably the publication of our Sustainability Plan - a major step in spreading and consolidating a sustainability culture.

The Plan is the best expression of Fincantieri's strategic vision. Its integration with the Business Plan will enable us to manage our response to the market challenges of today and tomorrow, combining business growth and financial stability in line with the principles of social and environmental sustainability. Our increased commitment concerns the promotion of a responsible supply chain, employee involvement, constant improvement of health and safety at work, support for technological innovation, maintenance of high levels of customer

● satisfaction and loyalty, continuous dialogue with and support to local communities and reduction in environmental impact, contributing to the fight against climate change.

I can therefore report that, in 2018, our desire to be a responsible Group - one that promotes policies to create ever more value for all our stakeholders - has strengthened even further, with a commitment that is expressed, primarily, in the sustainable management of our business in the long term. Sustainability is not just an opportunity but for Fincantieri it is a genuine mission to represent a model of excellence.

Let's look into some of the most important actions developed last year in more detail. To give the appropriate importance to projects and results, our website has a new "Sustainability" section, where the overriding themes are social responsibility towards both the environment and to human resources. The latter in particular, for a large manufacturing company like us, are in every respect our most important assets. Talented women and men from all over the world represent the Group's inestimable potential for knowledge and innovative capabilities. This is demonstrated by the three Employment Protocols we signed this year with the Friuli Venezia Giulia, Liguria and Campania regions, aimed at promoting employment and aiding the socio-economic development of these territories where we work. A far-reaching safety project was launched in January, dedicated to two factors that have always been considered strategic for the Company: the well-being of all employees and the maintenance and improvement of all the environments with which they interact. "Together in safety" was started on these premises;

this multimedia video course is for those working in the Group's Italian shipyards and mainly to all the employees of external companies, a catchment area that numbers approximately 30,000 people, women and men of various nationalities and ethnicities, whose contribution cannot be disregarded. Fincantieri for the Future and Towards Zero Accidents, two fundamental campaigns launched in the past and concerning, respectively, the employee development process and improvement of working conditions as well as a reduction in accidents, have continued and their results are ever more significant. In addition, the Memorandum of Understanding signed with the Ministry of Education, Universities and Research aimed to strengthen the relationship between the system of higher education and technical training and the world of work in the shipbuilding industry.

Our commitment to protecting the environment will also continue to be of the highest possible level. The strategic choices and business processes adopted at all levels, in terms of project and systems, are in line with the principles of short, medium and long-term environmental sustainability. This begins with a preventive approach and continues with responsible management of the production chain and raising awareness among all those involved.

In this light, the studies and research carried out by the Company on innovation are of paramount importance. Some of the agreements we have signed in the cruise ship segment are proof of this. In particular, two of our projects, focused on reducing environmental impact, have caught the interest of shipowners such as Tui Cruises and Princess Cruises. In cooperation with these companies, we will develop new classes of next generation ships powered

primarily by liquid natural gas. Along the path forged by our commitment to innovation, I want to highlight that, as part of the agreement between the University of Trieste, Fincantieri and Intergraph, we opened a new integrated ship design laboratory, a multidisciplinary environment which is the only one of its kind in Italy.

In conclusion, we are aware that the Company's prestige and image is measured today by its ability to combine professionalism and quality with strict respect for the law and expectations regarding the protection of local communities. The values and principles we believe in - based on an ethical approach to carrying out our business - are laid out in our Code of Conduct and disseminated to all levels and all positions. Our signing of the National Framework Tender Protocol with the Ministry of the Interior best outlines this corporate vision.

Giuseppe Bono
 GIUSEPPE BONO
 Fincantieri Chief Executive Officer

THE FINCANTIERI PLANET

SHIPYARDS AND DOCKS

EUROPE

ITALY

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

NORWAY

- Aukra
- Brattvaag
- Brevik
- Langsten
- Søviknes

ROMANIA

- Braila
- Tulcea

ASIA

VIETNAM

- Vung Tau

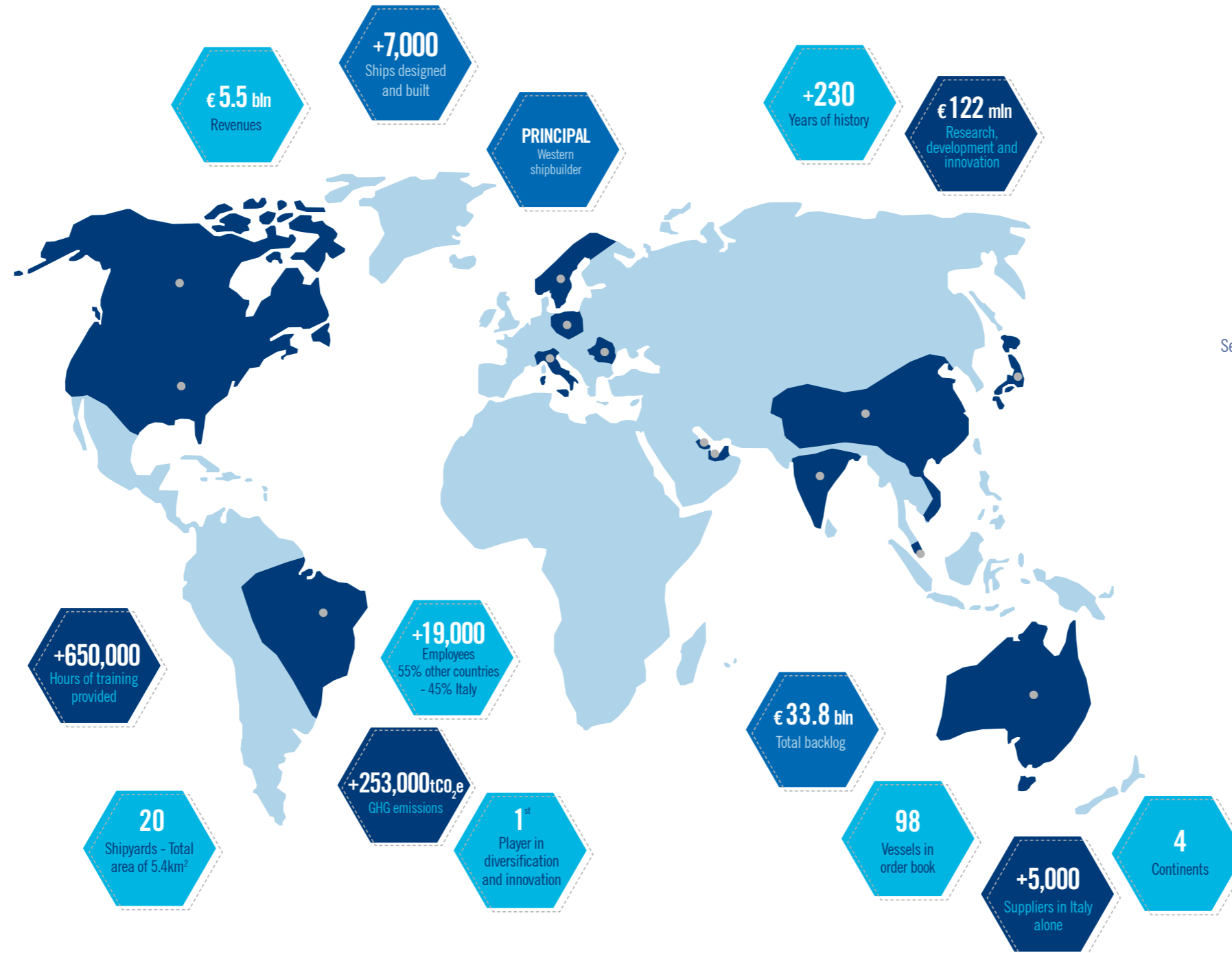
AMERICAS

USA

- Marinette
- Sturgeon Bay
- Green Bay

BRAZIL

- Suape



MAIN SUBSIDIARIES

EUROPE

ITALY

- FINCANTIERI S.p.A.
- CETENA
- Delfi
- Seastema
- Isotta Fraschini Motori
- Fincantieri Oil&Gas
- Seaf
- Marine Interiors
- Fincantieri SI
- Fincantieri Infrastructure

NORWAY

- ISSSEL Nord
- Seanergy A Marine Interiors Company

SWEDEN

- Fincantieri Sweden

POLAND

- Seanics Polska

ASIA

CHINA

- Fincantieri (Shanghai) Trading
- CSSC - Fincantieri
- Cruise Industry Development

INDIA

- Fincantieri India
- Vard Electrical Installation and Engineering (India)

UAE

- Etiihad Ship Building

QATAR

- Fincantieri
- Services Middle East

SINGAPORE

- Vard Holdings
- Vard Shipholdings Singapore

JAPAN

- FMSNA YK

AMERICAS

USA

- Group Holdings
- Fincantieri Marine
- Systems North America
- Fincantieri Services USA
- Fincantieri USA
- Vard Marine US

CANADA

- Vard Marine

BRAZIL

- Fincantieri do Brasil
- Participações

OCEANIA

AUSTRALIA

- Fincantieri Australia



THE FINCANTIERI GROUP

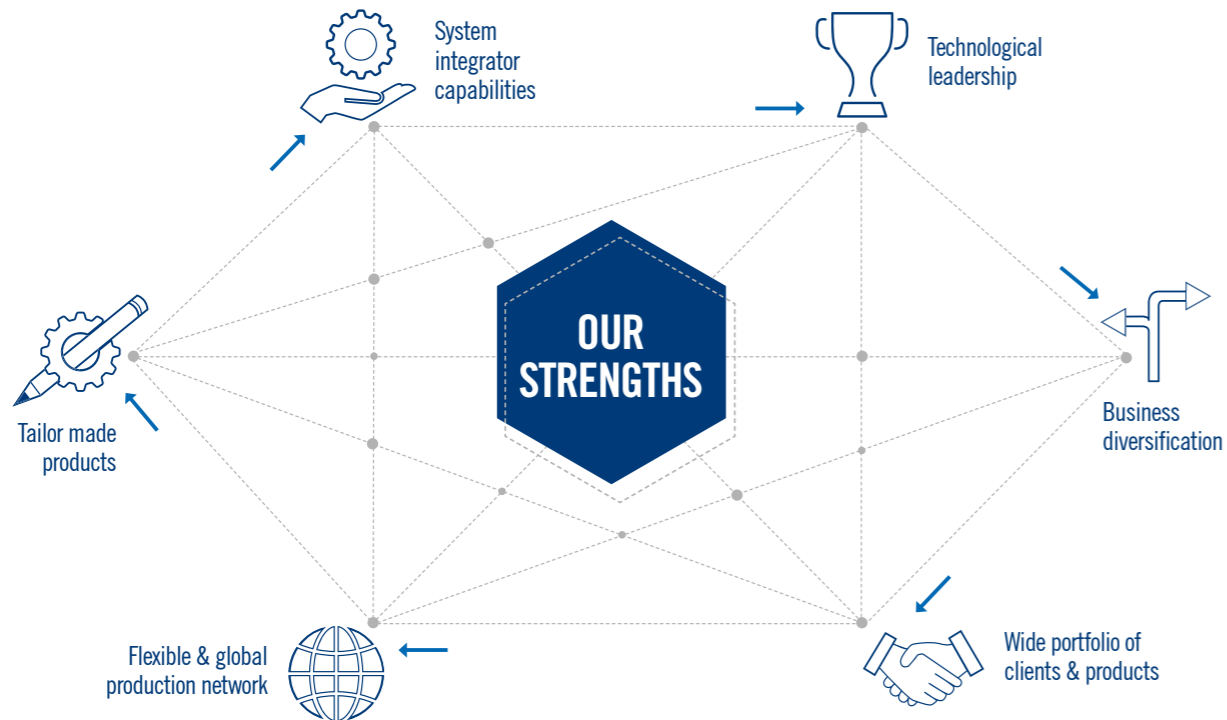


- OUR HISTORY: THE BOND WITH THE SEA
- GROUP OVERVIEW
- VISION, MISSION AND VALUES
- BUSINESS MODEL
- ECONOMIC VALUE FOR STAKEHOLDERS
- ECONOMIC SATELLITE BUSINESSES
- MEMBERSHIPS AND PARTICIPATION IN ASSOCIATIONS

A global Group that is the only one in the world with roots in Italy and fruits around the world

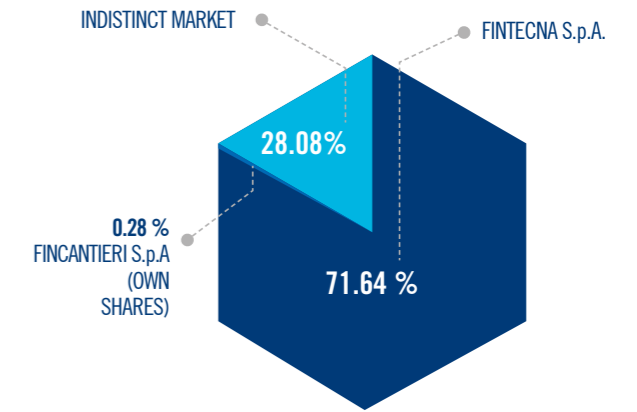
Quoted on the Milan Stock Exchange, Fincantieri is one of the world's largest shipbuilding groups and number one in terms of diversification and innovation. It is leader in cruise ship design and construction and a reference player in all high-tech shipbuilding industry sectors, from naval to offshore vessels, highly complex special vessels and ferries to mega yachts, as well as in ship repairs and conversions, the production of systems and

components and after-sales services. The Group, which has its headquarters in Trieste, has built more than 7,000 vessels in its over 230 years of history. With 19,274 employees, including more than 8,600 in Italy, and 20 shipyards spanning 4 continents, Fincantieri is now the leading Western shipbuilder. Its customers include the major cruise operators, the Italian and US Navy, as well as several foreign Navies, and it is a partner of some of the main European defence companies within supranational programs. Fincantieri bases its technological and operational excellence on specific strengths.



As at 31 December 2018, 71.64% of Fincantieri's share capital of 862,980,725.70 euros is held, through the subsidiary Fintecna S.p.A., by Cassa Depositi e Prestiti (CDP) S.p.A., a company controlled by the Ministry of Economy and Finance. The remainder of share capital was distributed between a number of private investors (none of whom held significant interests of 3% or above) and own shares (of around 0.28% of shares representing the share capital). The composition in terms of shareholder structure is shown below.

SHAREHOLDERS STRUCTURE



CHARACTERISTICS OF THE SHAREHOLDER STRUCTURE

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



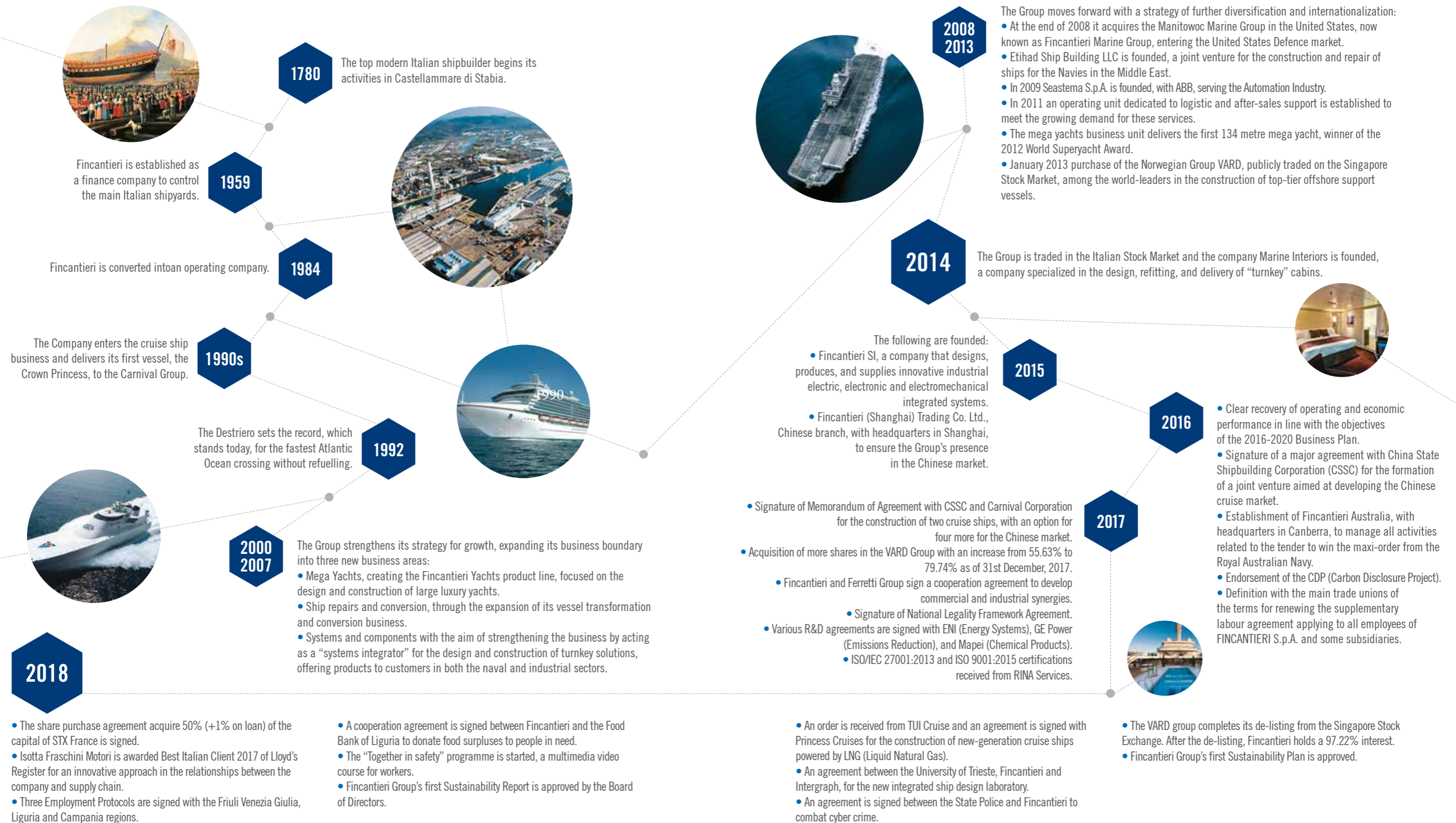
OUR HISTORY: THE BOND WITH THE SEA

The Fincantieri Group has produced legendary ships in its shipyards, for example

the Amerigo Vespucci, the educational ship of the Italian Naval Academy, and the trans-Atlantic Rex, winner of the Blue Riband for the fastest Atlantic crossing by a passenger

ship. Within this path of constant growth and development, the Group's calling-card continues to be, as it was two centuries ago, an in-depth knowledge of the sea, a

natural bond that defines it, along with the courage to change combined with tradition, experience and innovation.



GROUP OVERVIEW

Over the years, Fincantieri's organization has continuously evolved to adapt the Group's structure to its strategies and to respond to customer requirements in a timely manner. Today the Group consists of a number of

companies with headquarters in Italy and around the world, and adopts an integrated production model, designed to achieve excellence.

Fincantieri has 70 subsidiaries, 15 of which are Italian and 55 of which are foreign. The main ones are: VARD, a group with operational

headquarters in Norway, Fincantieri Marine Group LLC, Fincantieri Marine Systems North America Inc., Isotta Fraschini Motori S.p.A., Marine Interiors S.p.A. and CETENA S.p.A. The main organizational changes that occurred during year concerned the VARD group, which completed its de-listing from

the Singapore Stock Market on 2 November 2018. After the de-listing, Fincantieri holds a 97.22% interest.

Below is a diagram which highlights the macro-organization of the Group and the main companies by business area.

SEGMENTS

BUSINESS AREAS

PRODUCT PORTFOLIO

SHIPBUILDING

OFFSHORE AND SPECIALIZED VESSELS

EQUIPMENT, SYSTEMS AND SERVICES

OTHER



Cruise ships

- Contemporary
- Premium
- Upper Premium
- Luxury
- Exploration/Niche
- Expedition cruise vessels



Ferries

- Cruise ferry
- Ro-Pax
- Dual fuel ferries



Naval Vessels

- Aircraft Carriers
- Destroyers
- Frigates
- Corvettes
- Patrol vessels
- Amphibious ships
- Logistic support ships
- Multirole and Research Vessels
- Special vessels
- Submarines



Mega Yachts

Mega yachts > 70 m



Offshore and Specialized Vessels

- Drilling units
- Offshore support vessels (AHTS-PSV-OSCV)
- Specialized vessels
- Aquaculture
- Offshore Wind



Systems and Components

- Cabins
- Public areas
- Electrical, electronic and electromechanical integrated systems
- Automation systems
- Entertainment systems
- Stabilization, propulsion, positioning and power generation systems
- Steam turbines
- Steel structure for large scale projects



Services

- Ship repairs
- Refitting
- Refurbishment
- Conversions
- Product lifecycle management
- Integrated logistic support
- In-service support
- Refitting
- Conversions
- Training and assistance



FINCANTIERI S.p.A.

MAIN SUBSIDIARIES/ASSOCIATES/JOINT VENTURES

- FINCANTIERI S.p.A.
- Monfalcone
- Marghera
- Sestri Ponente
- Integrated Naval Shipyard Navale Riva Trigoso and Muggiano
- Ancona
- Castellammare di Stabia
- Palermo
- VARD Group AS
- Langsten
- Sjøviknes
- Vard Tulcea SA
- Tulcea
- Vard Braila SA
- Braila
- Vard Accommodations AS
- Cetena S.p.A.

- Fincantieri Marine Group Holdings Inc.
- FMG LLC
- Sturgeon Bay
- Marinette Marine Corporation LLC
- Marinette
- ACE Marine LLC
- Green Bay
- Fincantieri India Pte Ltd.
- Fincantieri do Brasil Participações SA
- Fincantieri USA Inc.
- Fincantieri Australia PTY Ltd.
- Fincantieri (Shanghai) Trading Co. Ltd.
- Etiihad Ship Building LLC.
- Orizzonte Sistemi Navali S.p.A.
- CSSC - Fincantieri Cruise Industry Development Ltd.

- FINCANTIERI S.p.A.
- Fincantieri Oil&Gas S.p.A.
- VARD Group AS
- Aukra
- Brattvaag
- Brevik
- Vard Promar SA
- Suape
- Vard Vung Tau Ltd.
- Vung Tau
- Vard Electro AS
- Vard Design AS
- Vard Piping AS
- Vard Marine Inc.
- Seonics AS

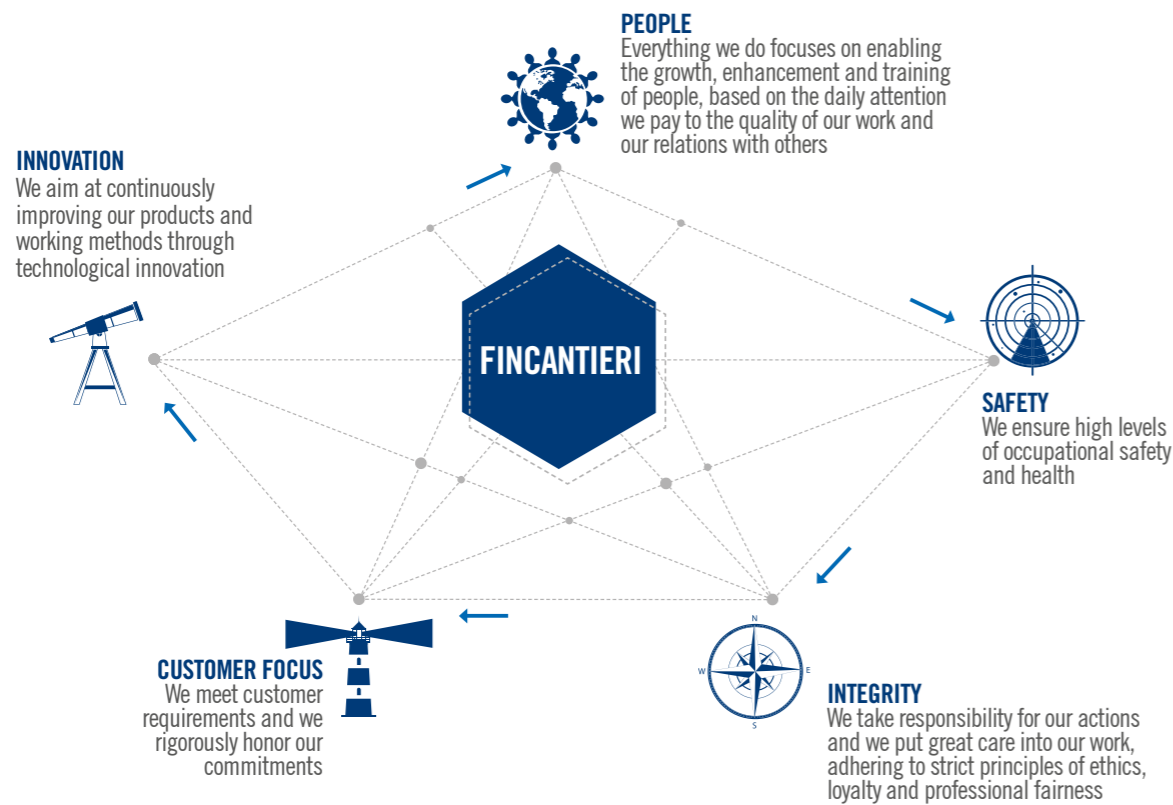
- FINCANTIERI S.p.A.
- Riva Trigoso
- Seastema S.p.A.
- Seaf S.p.A.
- Isotta Fraschini Motori S.p.A.
- Bari
- Fincantieri SI S.p.A.
- Marine Interiors S.p.A.
- M.I. Galley S.r.l.
- Fincantieri Infrastructure S.p.A.
- Fincantieri Sweden AB
- Unifer Navale S.r.l.

- FINCANTIERI S.p.A.
- Arsenal e Triestino San Marco
- Bacino di Genova
- Delfi S.r.l.
- Issel Nord S.r.l.
- FMSNA Inc.
- Fincantieri Services Middle East LLC
- Fincantieri Services USA LLC

VISION, MISSION AND VALUES

The Vision, Mission and Values of Fincantieri are the supporting pillars of the Group culture.

VISION	MISSION
<p>We aspire to become world leaders in all sectors that require highly advanced solutions, setting ourselves still further apart by our diversification and innovation work.</p> <p>The Sea Ahead: all those who work for the Fincantieri Group steer for this course: talented men and women working responsibly to help develop our idea of a future increasingly characterized by technology, performance and sustainability.</p>	<p>Technological development and continuous improvement are the goals that we have set for ourselves, and we are determined to pursue them. Our every action, project, initiative or decision is based on principles and guidelines that are implemented across the Group: strict observance of the law, labour protection and protection of the environment, safeguarding the interests of our shareholders, employees, clients, trade and financial partners, local communities and groups, creating value for every stakeholder.</p>
VALUES	



The Fincantieri value system is a large design, which includes a global network of connections of skills and knowledge, at sea and on land.

The values are fundamental guidelines, cornerstones of the business, recognized and adopted by all who work in the Group, in individual, corporate and team actions. They mark out a shared course into an increasingly sustainable, technological and high performance future.

After defining the values and as part of the project **Fincantieri for the Future**, 2018 saw the creation of the **Group's Behaviour Pact**. Creating a behaviour pact has meant clearly defining the key behaviours that each person must adopt every day in order to make the values stronger, more embraced and experienced at all levels.

The contributions of colleagues have been collected in every office and in every shipyard with the aim of creating a shared document, in order to build the future of the Company together in a tangible and effective way.

A campaign to communicate the Behaviour Pact to employees will be launched in the first months of 2019, at the end of a project that lays the foundations of the Group's identity, on which the new organizational culture will be based.

BUSINESS MODEL

The products made by the Group feature a high level of personalization and, in many cases, are prototypes with cutting-edge technological solutions.

As such, they require significant efforts in terms of design, procurement, production, planning and order management.

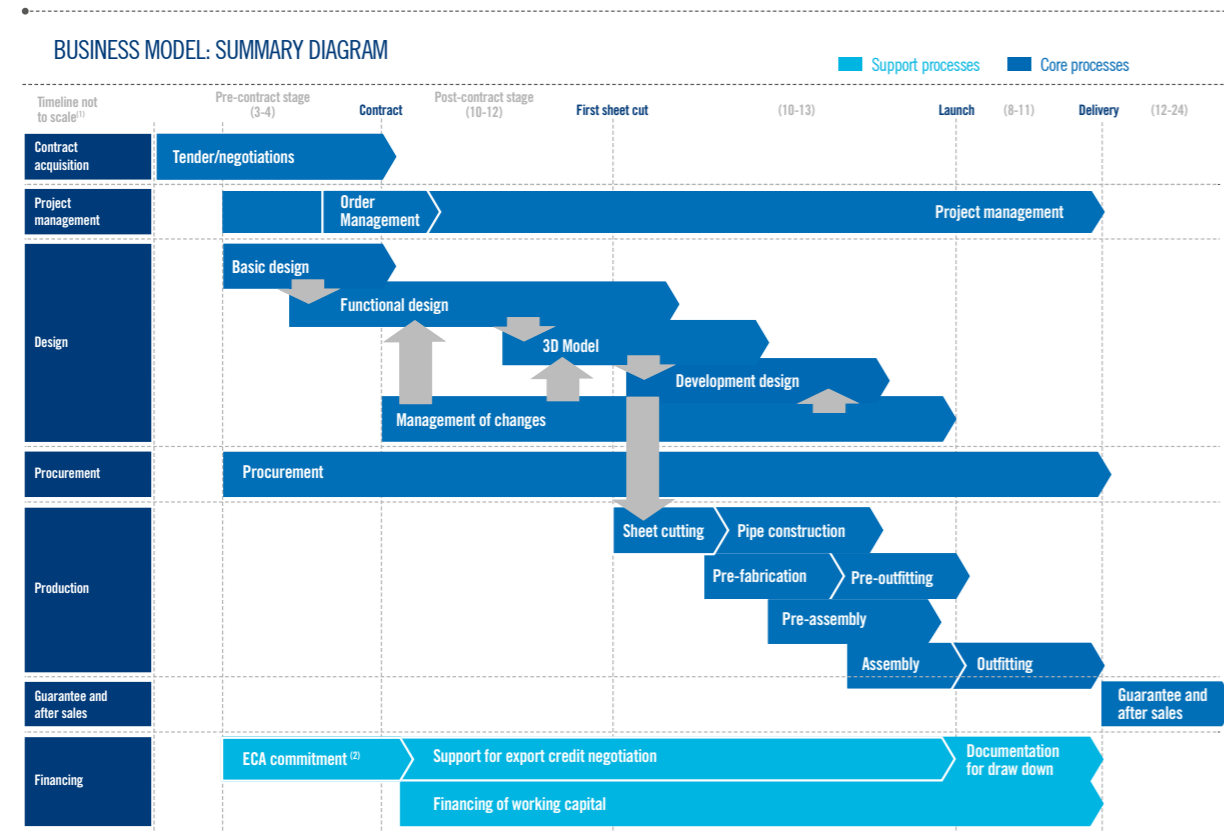
As part of its activities, the Group acts as a systems integrator, usually acting as the **prime/general contractor**, managing the project for vessel construction as a whole and taking on responsibility for this.

Typically, while there are differences due to the strategic business area and product type, for each order the Group directly develops project management, design, hull procurement and manufacture, while its role mainly involves integration and coordination of a qualified network of expert suppliers for the preparation of systems, accommodation and, for military vessels, weapons systems. The need for continuous research into methods to reduce costs and development and construction times for vessel orders has led the Group to develop a business model characterized by high flexibility and integration of the main business processes as well as cutting-edge technological solutions. In terms of business model the Group has adopted a **make or buy strategy** for each step of development and construction of the vessel order, with the objective of keeping core skills and high value-added activities within the Group and outsourcing to qualified suppliers specialist activities that are low value-added or non-essential.

Generally, the Group contracts during all stages of development and construction of the order, especially for design and production areas, also to ensure effective and efficient management of fluctuations in the order backlog and optimize

saturation of the Group workforce. The main processes into which the Group value chain is divided, described below and illustrated in the following diagram,

are: (i) contract acquisition; (ii) project management; (iii) design; (iv) procurement; (v) production; (vi) guarantee and after sales; (vii) financing.



¹ Indicative timing for the Cruise Ship market.
² Export Credit Agency commitment, often required as a condition for the validity of the vessel contract.

For more information on the Business Model, see the website www.fincantieri.com/en/group/business-model

ECONOMIC VALUE FOR STAKEHOLDERS

The Group believes in an economy that is a system of relations based on trust and transparency, an integrated dynamic network of cross-cutting communities, built over time to create and exchange value. In this context, the distribution of Economic Value, calculated according to the direct economic

value generated and distributed indicator (201-1) in the GRI Sustainability Reporting Standards (2016), represents the economic impact of the Group's business for the benefit of the main stakeholder categories. In terms of Economic Value distribution, it is important to observe that the impacts produced are mostly limited to the local area, specifically with reference to personnel and suppliers.

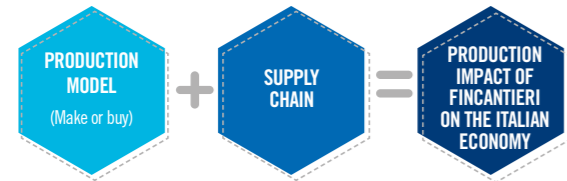
ITEMS	DESCRIPTION		2017	2018	VAR 2018/2017
ECONOMIC VALUE GENERATED DIRECTLY		euro/million	5,047	5,513	9.2%
a) Revenue	Sales revenue	euro/million	5,020	5,474	9.0%
b) Finance income	Interest income and return on equity investments	euro/million	27	40	47.5%
c) Capital gains/losses on business profits	Business profits	euro/million	-	(0)	-
DISTRIBUTED ECONOMIC VALUE		euro/million	4,804	5,266	9.6%
a) Operating costs	Payments to suppliers	euro/million	3,734	4,089	9.5%
b) Cost of personnel	Payments to employees	euro/million	912	952	4.3%
c) Dividends	Payments to suppliers of capital (shareholders)	euro/million	-	17	-
d) Interest paid and financial costs	Payments to suppliers of capital (banking institutions)	euro/million	115	141	22.3%
e) Duties and taxes	Payment of duties, taxes and other financial and legal fees	euro/million	40	64	60.8%
f) Donations to associations	Community investments	euro/million	3	3	26.1%
ECONOMIC VALUE RETAINED	Calculated as the difference between the economic value generated and the economic value distributed	euro/million	242	247	2.2%

REVENUES BY OPERATING COUNTRIES		2017	2018	VAR 2018/2017
Italy	euro/million	3,642	3,989	9.5%
Norway	euro/million	670	817	22.0%
United States	euro/million	498	467	-6.2%
Brazil	euro/million	121	135	11.4%
Other countries	euro/million	89	66	-25.0%
Total	euro/million	5,020	5,474	9.0%



ECONOMIC SATELLITE BUSINESSES

Thanks to a competitive production model that is strongly linked to the Italian production network, Fincantieri generates additional impact on the national economy.

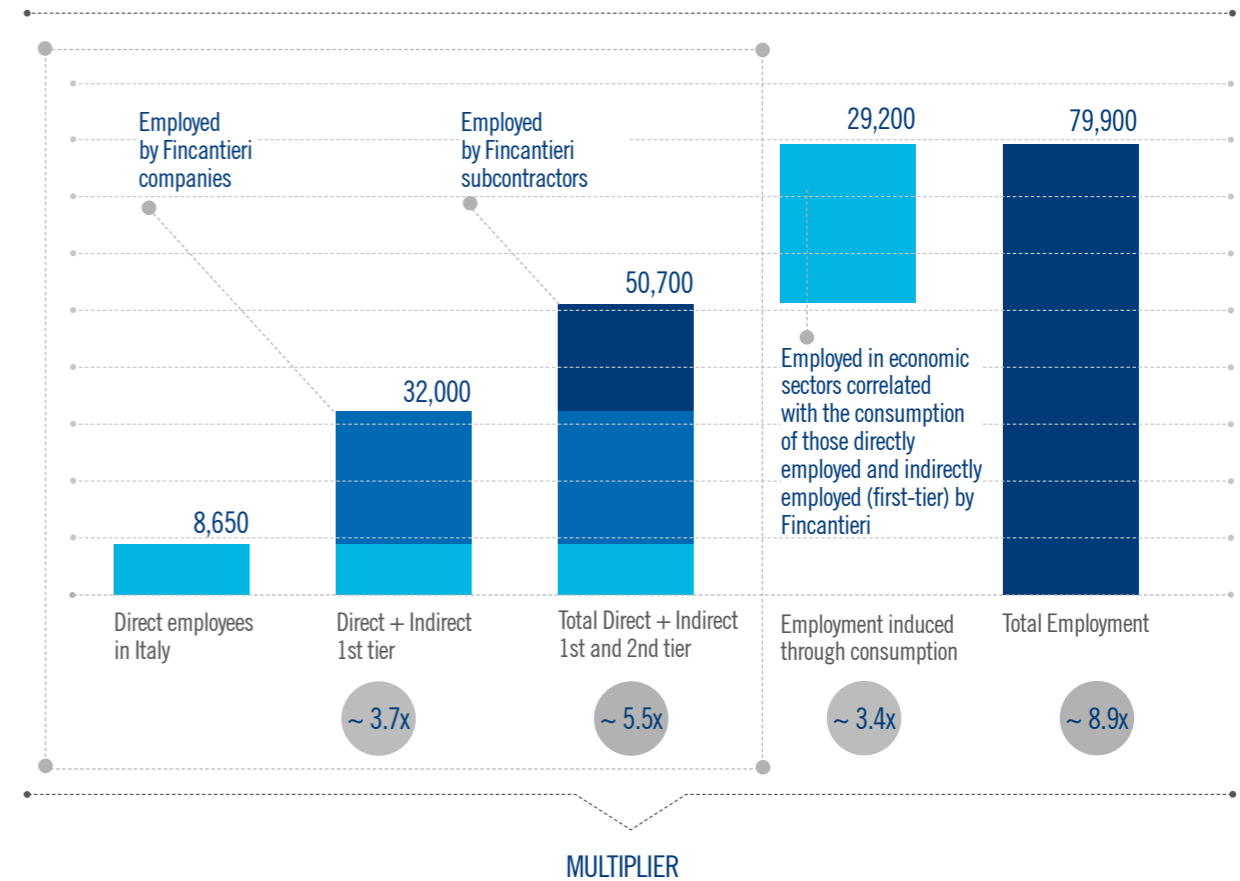


According to a Censis study, the Fifth Report on the Economy of the Sea 2015, every euro invested in shipyards produces a value 4.5 times greater, mostly benefitting the area where it is located, through the involvement of a wide and diverse network of companies, many of which are highly specialized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

on average € 2.7 to € 3.6 billion of business volume for the Italian System:

- directly generated by Fincantieri: about € 600 to 800 million;
- additional through stimulation of satellite businesses: about € 2.1 to 2.8 billion.

With the current record level of order backlog, over the next few years, Fincantieri will have, due to the multiplier effect of its activities, an average annual impact of 1% on the Italian Gross Domestic Product (GDP). The impact on employment can be calculated by initially considering direct employment, that is direct jobs at Fincantieri in Italy, to which first-tier indirect employment is added, that is jobs at Fincantieri contractors, as well as second-tier employment, represented by jobs at sub-contractors. In turn, it is necessary to add to this final employment figure the satellite business jobs due to consumption by the families of all employees.

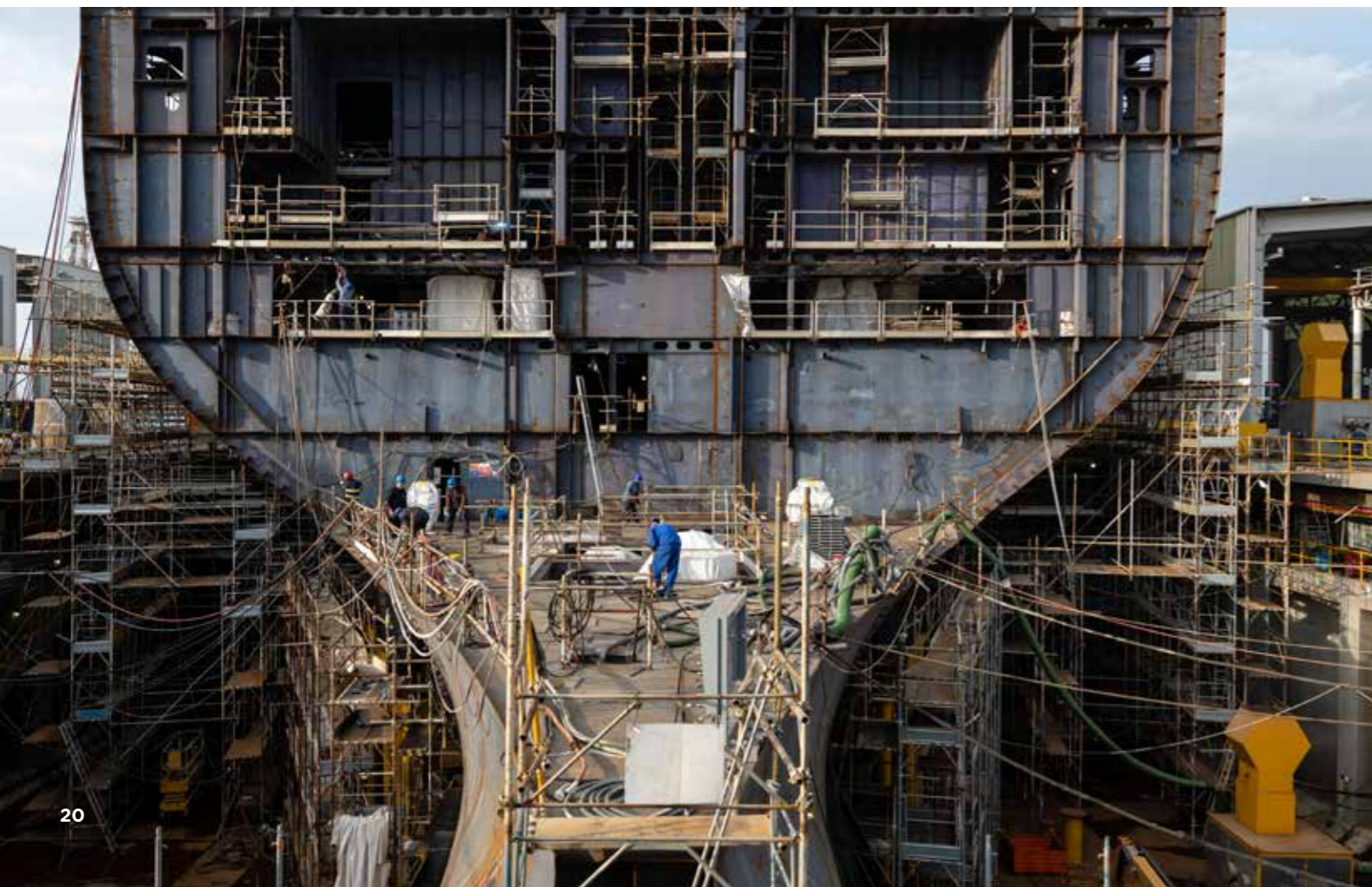


Source: FC estimates based on Censis data.

From the graph it can be seen that:

- the approximately 8,650 direct resources at Fincantieri activate in Italy more than 50,700 employment units in industry (considering contracts and subcontracts) in the manufacturing industry;
- adding to this the induced effect of family consumption, employment stands at around 79,900 units.

Considering both the effects upstream and downstream of its production organization, Fincantieri has a significant employment multiplier effect of about 8.9, confirming the broad impact the Company has on the country's economic system.



MEMBERSHIPS AND PARTICIPATION IN ASSOCIATIONS

To support the development of its business, Fincantieri S.p.A. and its subsidiaries participate in the governance of various

national and international associations, stimulating, along with the other associates, effective, systematic action in the areas of research and development and promotion of the various stakeholders' interests.

ASSOCIATION/ORGANIZATION	GOVERNING BODY
Confindustria FVG - Industrial association	Chairman
Confindustria Venezia Giulia - Industrial association	Board of Administration
Confindustria, Genova, La Spezia, Pordenone, Venezia - Industrial association	Vice-Chairman
Confindustria Ancona - Industrial association	Council member
Confindustria Napoli - Industrial association	General Council
Federmeccanica - Association of mechanical engineering industries	Vice-Chairman
ASSONAVE - Italian Association of the Naval Engineering Industry	Chairman
Federazione del Mare - Italian maritime cluster	Steering Committee
Club Diplomazia - Association	Steering Committee
Institute of International Business (IAI)	Steering Committee
Aspen Institute Italia - Association	Executive committee
Institute for the study of international relations (ISPI)	Chairman
Assonime - Association of Italian Joint-Stock Companies	Council member
Euroyards - European association for the promotion of shipyard interests	Executive committee
Vessel For The Future - European association for research in the field of vessels	Vice-Chairman
Blue Italian Growth National Technology Cluster (NTC BIG)	Chairman
European Council for Maritime Applied R&D (ECMAR)	Chairman
Cooperative Research Ship (CRS)	Board of Directors
Federation of Italian companies for Aerospace, Defense and Security (AIAD)	Steering Committee
Atena (FVG) - Italian Naval Technology Association	Steering Committee
Mare Tc FVG - Technology Cluster (Monfalcone)	Chief Executive Officer
Trasporti Italia 2020 National Technology Cluster (NTC)	Committee of strategic direction and management
Liguria District for Marine Technology (La Spezia) (DTML)	Board of Directors
Liguria Technology District for Integrated Intelligent Systems (SIIT)	Board of Directors
Campania Technology District for Polymeric Material Engineering (IMAST)	Board of Directors
Sicily Technology District for Naval Transport (NAVTEC)	Board of Directors
Nautica Italiana - Association affiliated with the Altagamma Foundation	Vice-Chairman
Virginia Ship Repair Counsel - Association of companies in Virginia involved in ship repair	Member
Society for Human Resources Management - Association offering consultancy and support to the Human Resources department	Human Resources Coordinator
Shipbuilders Council of America - Association promoting the shipbuilding industry in the USA	Member

ASSOCIATION/ORGANIZATION	GOVERNING BODY
Wisconsin Safety Council - Organization of the State of Wisconsin that promotes safety at work	Member
Society of Naval Architects & Marine Engineers (SNAME) - Association promoting education, development of subjects related to the marine industry	Member
Marinette & Menominee Chamber of Commerce - Local Chamber of Commerce for the economic development and growth of the Marinette area	Executive committee
Marinette & Menominee Area Community Foundation (MMACF) - Non-profit organization supporting growth in the community by identifying investment opportunities	Member
Surface Navy Association (SNA) - Association of all government, industry and academic entities with interests in surface naval vessel activities	Chairman
National Navy League - Non-profit organization that supports those who provide services at sea: the Navy, Marine Corps, Coast Guard and Merchant Navy of the United States of America	Collaboration
National Shipbuilding And Ship Repair Research (NSRP) - Management of national research and development funding for the shipbuilding industry	Collaboration in research initiatives
New North - Non-profit organization for business and economic development and the promotion of cooperation between leaders in the public and private sector of the 18 counties in Northeast Wisconsin	Steering Committee
National Infrastructure Advisory Council (NIAC) - The advisory council that advises the President, through the Secretary of Homeland Security, on the security of critical infrastructure sectors and their IT systems	Council Member
New Manufacturing Alliance - A group of manufacturers working with educators, chambers of commerce and state organizations to promote manufacturing in the Northeast of Wisconsin	Collaboration
North Coast Marine Manufacturing Alliance - Association of ship, boat and yacht manufacturers in the region to promote, develop and grow the industry	Steering Committee
University of Wisconsin Marinette Foundation - Independent non-governmental organization with the aim of raising, investing and distributing funds for the benefit of the University of Wisconsin-Marinette	Steering Committee
Shipbuilders Council of America (SCA) - National trade association representing the US shipbuilding industry	Member
Governor-Elect Tony Evers Transition Committee - Committee created with the aim to support the Governor-Elect Tony Evers. Members of the committee are tasked with sharing contacts and ideas for the Evers administration	Jan Allman, President and CEO of Fincantieri Marinette Marine, member of the Committee
Chamber of Commerce and Industry Braila - Promotion in the area of Braila of Romanian companies abroad	Member
Asociația Constructorilor Navali din România (ANCONAV) - Association of Romanian shipbuilders	Member
CONPIROM - Confederation representing the interests of employers with the public authorities, trade unions and other local and foreign organizations	Chairman
The Norwegian Society for Electric and Automatic Control (NFEA) - Non-profit association focused on the electrical and automation sectors	Main Sponsor
DNV GL Forum - Integration of local Ship Design Environment in Poland	Member
Norsk Industri Maritim (The Federation of Norwegian Industries) - Trade association that dialogues with institutions to ensure the adoption of policies aimed at maintaining competitiveness in Norwegian industry	Member
Federation of the Manufacturing Industry (FEPA CM) - Organization that represents the confederation of employers in industry, agriculture, construction and services in Romania	Member



SUSTAINABILITY FOR FINCANTIERI

- SUSTAINABILITY GOVERNANCE
- OUR STAKEHOLDERS
- OUR SUSTAINABILITY STRATEGY
- MATERIALITY ANALYSIS
- SUSTAINABILITY IN RISK MAPPING
- CHARTER OF SUSTAINABILITY COMMITMENTS
- SUSTAINABILITY PLAN



Sustainability is a real mission for Fincantieri, it is the capacity to respond to the challenges posed by the market today and tomorrow, creating value in the long term

A company is sustainable when each person has understood its value and reflects in their everyday work the fundamental principles of responsibility, commitment and consideration for stakeholder expectations, creating a virtuous cycle that generates synergy and shared, proactive commitment. For Fincantieri, sustainability is not just an opportunity but a real mission to represent a model of excellence in the world, a pervasive approach to business that is able to respond to the challenges of a globalized world and is increasingly sensitive to the impacts generated by industrial processes on society and the environment. Sustainability in Fincantieri translates into strict observance of the law, protection of workers, environmental protection, and safeguarding the interests of the shareholders, employees, customers, commercial and financial partners, general public and local communities, creating long-term value for all stakeholders.

SUSTAINABILITY GOVERNANCE

To guarantee adequate protection and monitoring of processes associated with sustainability, Fincantieri has a Sustainability Governance Model that provides for:

- The **Sustainability Committee**, established by the Fincantieri's Board of Directors in 2016, aims to supervise overall management of sustainability in the Company and define the strategic lines, commitments and projects for sustainable development

and social responsibility. The Committee is composed of 4 independent members and provides the Board of Directors with proposals and consultation services, specifically it:

- adequately investigates issues related to the sustainability of Company activities and the dynamics of its interaction with all stakeholders;
- plays an advisory and informative role for the Board of Directors on non-financial matters such as the Company's compliance with and promotion of human rights, labour rights, environmental rights, combating corruption, health and safety of corporate activities, the rights of all stakeholders, and product liability.

The Chairman of the Committee reports on the Committee's activities at each meeting of the Board of Directors. The Committee met 6 times in 2018.



- The **Sustainability unit**, which reports directly to the Deputy Chief Financial Officer, coordinates sustainability activities, ensures compliance with the commitments undertaken, monitors the progress of projects and achievement of the sustainability objectives while continually keeping the Sustainability Committee informed.
- The **multifunctional Working Group** is coordinated by the Administration, Finance and Control Department and tasked with helping prepare the Sustainability Report and defining objectives, targets and timescales for the sustainability commitments undertaken by the Group. The Working Group includes representatives nominated by the Marketing, Communication and Media Relations,

Human Resources and Industrial Relations, Legal Affairs, Procurement, Research and Innovation, Design, Security, System and Technology Development, Supply Chain, Internal Auditing, Quality and Performance Improvement, Strategic Market Analysis and Administration, Finance and Control departments/units.

- **Local representatives abroad** for the VARD group, for Fincantieri Marine Group and for Fincantieri Marine System North America Inc. collect and manage the information for the Sustainability Report and coordinate in turn with a working group, specifically dedicated to sustainability. The representatives abroad report directly to the Sustainability unit and/or the Working Group.



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

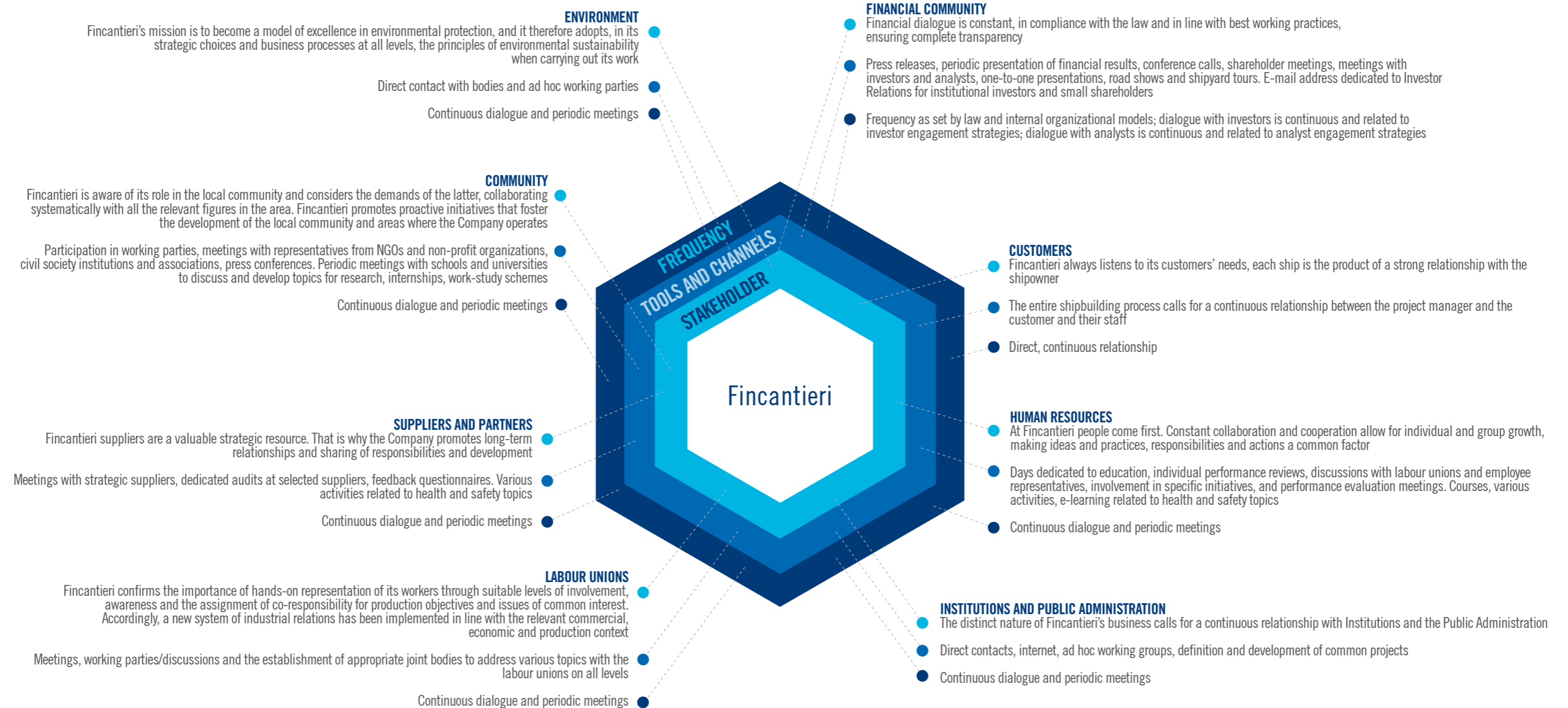
OUR STAKEHOLDERS

Fincantieri considers listening to and involving stakeholders is paramount in order to understand their needs, their interests and their expectations. Stakeholder involvement allows the development of long-term relationships which become a source of

competitive advantage for the Group. The main categories of stakeholders, both within and outside the Group, have been analysed and identified. More specifically, consideration was given to those stakeholders towards whom Fincantieri has responsibilities and those persons or entities able to influence the Group's performance;

their level of representativeness and authoritativeness have also been considered. The graphic below details, for each group of stakeholder, the main tools, listening channels and frequency with which they are contacted with the aim of gathering their expectations and needs and communicating the results achieved and the programmes

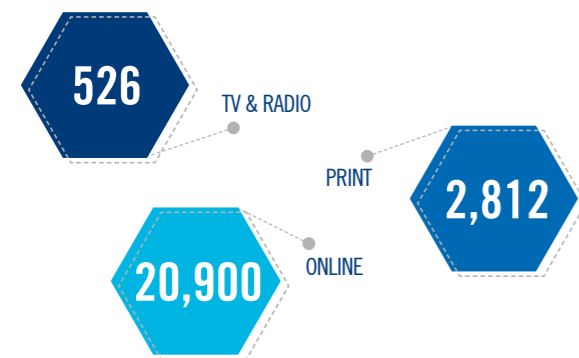
promoted by the Group. Responsibility for relations with the various stakeholders is spread across the whole Group, with specific functions constantly engaging with their individual groups of stakeholders.



An important role in spreading the sustainability culture is played by the **Marketing Communication and Media Relations** department in conveying all the messages, which originate from direct dialogue with management both inside and outside the Group.

In 2018, the initiatives promoted, in particular by the Media Relations office, have produced numerous articles:

NUMBER OF ITEMS



Another important tool in Fincantieri's communications strategy is use of **social networks**. The Company has been present for some time on LinkedIn, YouTube and since 2017 on Instagram.



LinkedIn, the main social network for professional contacts, allows Fincantieri to give the Company prestige through the publication of high-quality content and the contribution of its employees, using the method of employer branding.

In January 2019, the Fincantieri profile had over 88,000 followers (30,000 more than last year).

Since 2017 Fincantieri has also been active on **Instagram**, the third most popular social network after Facebook and YouTube. On this platform, the Company publishes high-impact photographs that create, through the strength of the image, a daily dialogue with the user, raising awareness and improving the reputation of the brand among its stakeholders.

In January 2019 the channel had more than 13,000 followers, with an average monthly growth rate of between 500 and 600 new users.

Fincantieri Yachts has its own Instagram channel, dedicated to the luxury segment, established just a few months after the Corporate channel. The latter has performed even better with an organic growth reaching almost 16,000 followers at an average rate of over 600 new users a month.

With the same objectives, some of the Group's subsidiaries are also present on this social platform. Specifically, Fincantieri Australia, CETENA, VARD, Fincantieri Marine Group and Marine Interiors have helped to expand the follower base of the Group to more than 120,000 people.

To ensure accurate, transparent, effective and reliable financial reporting, Fincantieri established, from the moment of its listing in 2014, an **Investor Relations** office. The purpose of the office is to provide reliable information on the Group's activities so as to increase the market's confidence in the Group and create long-term relations with shareholders. Investor Relations prevents information from being disseminated in the market inconsistently and makes important information available to all actual or potential investors at the same time.

In 2018, Fincantieri kept up constant dialogue with its investors, organizing nearly **170 events** for groups and individuals, including teleconference meetings and visits to facilities.

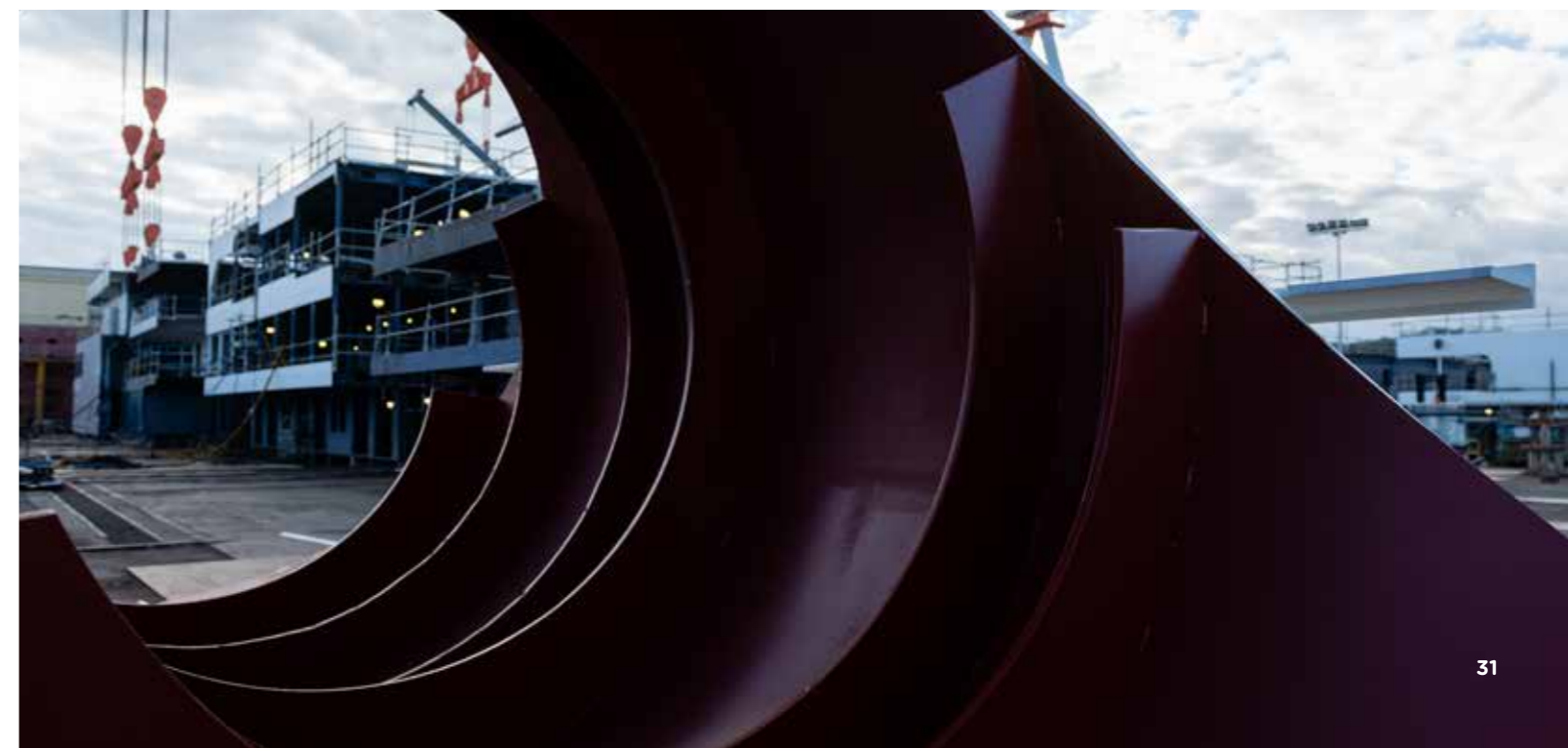
The Group's website, www.fincantieri.com, has an Investor Relations section containing information that is useful for shareholders, investors, analysts and for the financial community in general.

OUR SUSTAINABILITY STRATEGY

Fincantieri has decided to structure its sustainability path by adopting an

integrated strategy that is capable of combining business growth and financial stability with social and environmental sustainability, creating value in the long term. This is why the important (material) topics for the Group have been integrated into its business strategy and why the Fincantieri Group's Sustainability Plan has been implemented.

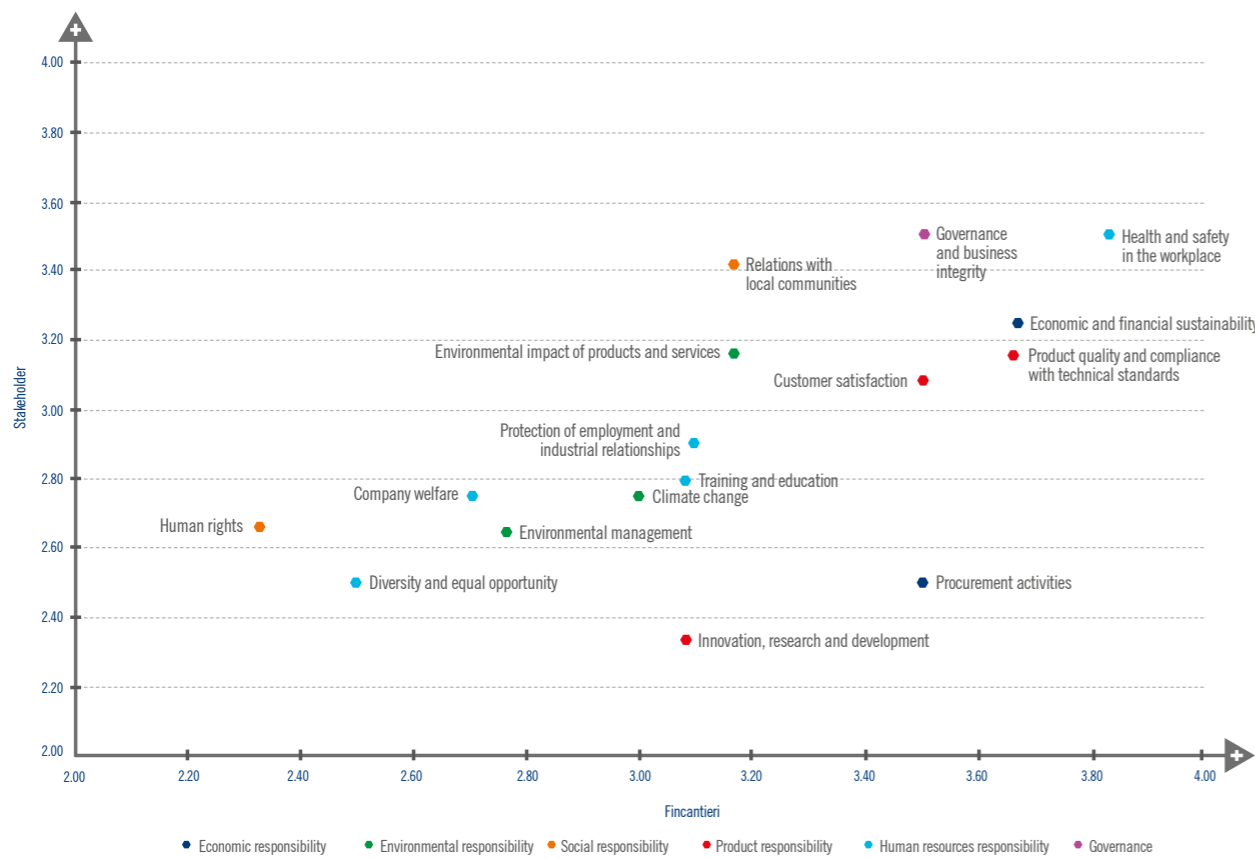
Fincantieri's sustainability path has taken the following approach.



MATERIALITY ANALYSIS

Fincantieri launched a process in 2016 to identify the material topics and a materiality analysis was performed to identify important information. It is updated each year in compliance with the Global Reporting Initiative Standards. The purpose of the materiality analysis is to identify, using a matrix, the material topics, that is those topics that are actually important for Fincantieri and for its stakeholders. The assessment of the importance of the topics identified was performed based on the significance of their economic, social and environmental impact on the Company and their level of influence on stakeholders' decisions.

The evaluation of each aspect, with a scale from 1 to 4 (where 4 is highly significant), was performed by the multifunctional working group, taking into account two aspects (significance for Fincantieri, significance for stakeholders) and then approved by Fincantieri's Board of Directors. A materiality threshold was defined (corresponding to 2), beyond which an issue must be accounted for. Based on the evaluation, the **materiality matrix** highlights a linear correlation between the topics that are significant for Fincantieri and those that are significant for the stakeholders, indicating a substantial overlap of interests within and outside the Group.



All topics indicated in the matrix are subject to inclusion in the Sustainability Report.



The description of the material topics is available in the annexes p. 160

SUSTAINABILITY IN RISK MAPPING

At Fincantieri, the Risk Officer is responsible for mapping the main company risks as well as reporting the mitigation actions that the business takes to manage the risk (Enterprise Risk Management). In 2017, the Risk Officer integrated the company risk model (Fincantieri Risk Universe) with additional risks concerning corporate social responsibility following a structured process

specifically centred on sustainability. The Fincantieri Risk Universe has been defined as part of the "ERM project" which provided the Company with an Enterprise level process for detecting, evaluating and monitoring the main company risks, in compliance with the requirements for listed companies as per the Corporate Governance Code for the Italian Stock Market. The Company's Risk Universe is given below.

RISK UNIVERSE

EXTERNAL RISKS

- Economic Cycle (Macro and Sectorial)
- Customers (Business Concentration)
- New Technologies
- Laws and Regulations
- Country Risk
- Economic Policy (incentives)
- Supplier Dependency
- Competition
- Natural Disasters and Catastrophes

INTERNAL RISKS

FINANCIAL

Price:

- Exchange Rate
- Energy, Raw Materials and Components' Price
- Interest Rate

Liquidity:

- Cash Flow
- Access to credit

Credit:

- Counterparty Risk
- Credit Scoring

PLANNING AND REPORTING

- Planning and Budgeting
- Evaluation
- Controlling
- Disclosure

TAXATION

- Taxation
- Intellectual Property
- Litigation and Disputes
- Criminality (common and organized) and terrorism

LEGAL

OPERATIONAL AND SUPPLY CHAIN

- Product Technology
- Projects Quality and Safety
- Industrial productivity (operational efficiency)
- Warehouse management
- Management System
- Organizational Complexity of the Yard
- Outsourcing
- Project Management
- Business Interruption

GOVERNANCE/COMPLIANCE

- System of Powers and Duties Management
- Segregation of Duties
- Corruption and Frauds
- Health, Safety and Environment

HUMAN RESOURCES

- Change Management
- Labour Relations
- Human Resources Management
- Staff Retention
- Performance Management
- Labour Cost

CORPORATE SOCIAL RESPONSIBILITY (CSR)

- Reputational Risk
- Ecologically compatible product development
- Environment
- Implementation of the Mission and Values in terms of Sustainability
- Governance, Strategy and Sustainability Compliance
- Rating agencies and sustainability indices
- Sustainable Supply Chain
- People
- Investor & Public Relations
- Training, incentives, and assessment of the sustainability performance
- INFORMATION MANAGEMENT
- Corporate Data and Information Protection
- Reliability and Integrity
- IT infrastructure Management
- STRATEGIC
- Brand Positioning
- Production Capacity
- Customer Satisfaction
- Business Portfolio
- Partnerships and Alliances Management
- Acquisition, Integration and Disposal

The process is divided into parts, starting with risk (and opportunity) mapping in terms of sustainability and climate change, using specific tools to identify the main risks by business area. The objective is to provide a vision of the set of pervasive and evolving risks and the interconnections that may pose a threat to the creation of value and achievement of the corporate objectives in a context similar to that of Fincantieri.

From this process, 16 potential categories of sustainability risk were identified. These risks were then compared with the Fincantieri company risk model and with the materiality matrix, to check whether it was necessary to add them to the Risk Universe.

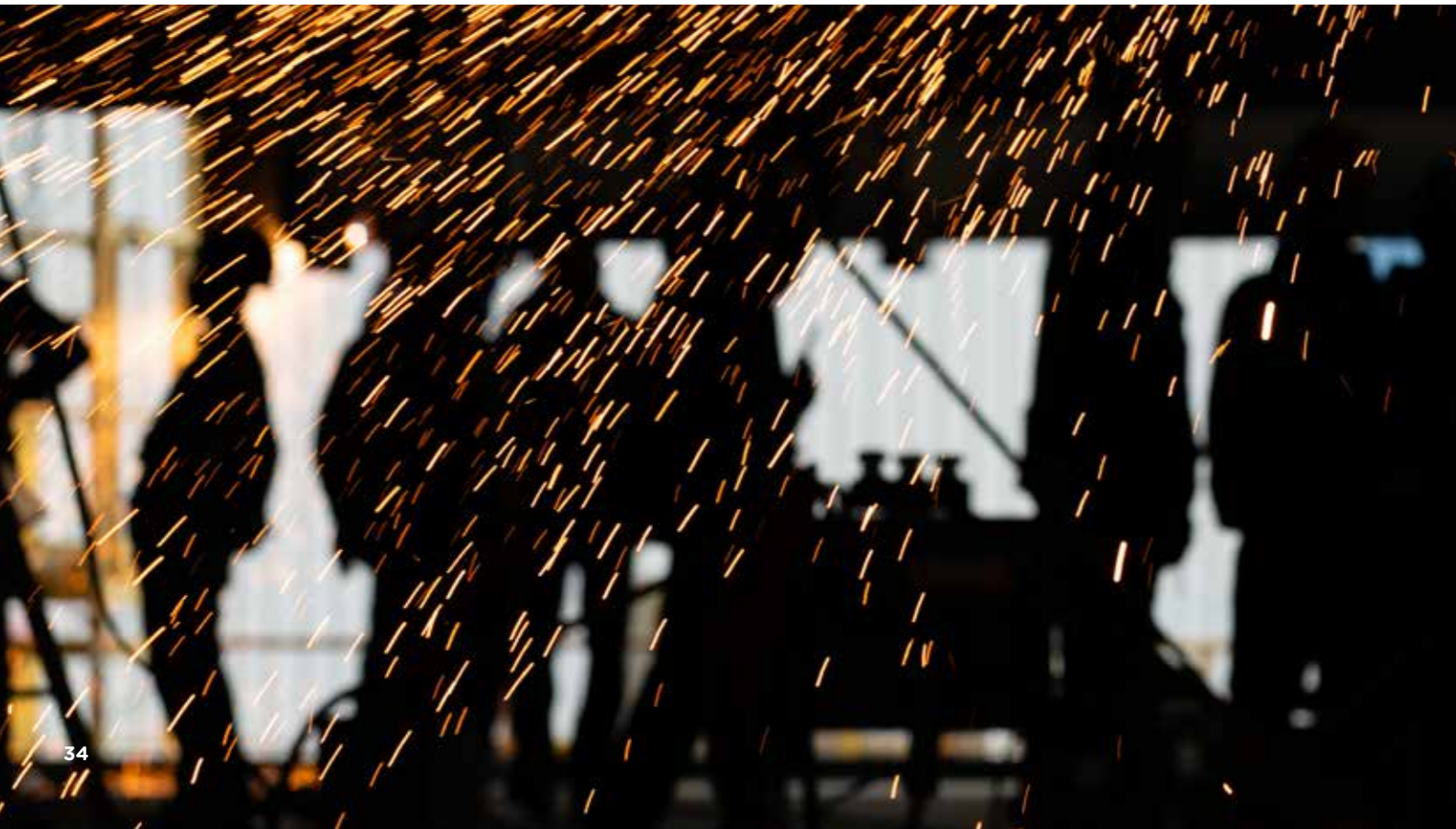
From the analysis it emerged that some sustainability risks are already present in Fincantieri's Risk Universe; others, following more in-depth checks, were not considered applicable to the Company. Consequently, the Risk Map and specific Corporate Social Responsibility (CSR) category was integrated.

The table on the opposite page shows the 10 sustainability risks included in Fincantieri's Risk Universe; their management is described in the chapters of this Sustainability Report.

The first assessment of sustainability risks was prepared in time for the approval of the financial statements for 2017 and it continued in 2018 based on the new timescales laid down by the ERM procedure. Compared to last year, the Governance, Strategy and Sustainability Compliance, Implementation of the Mission and Values in terms of Sustainability risks were also assessed; they had been excluded from the 2017 evaluation because there was no Sustainability Governance Model, however one was adopted in December 2018.

The reporting required for the information to be provided to the company bodies envisages a specific report on CSR risks for the Sustainability Committee, with the aim of facilitating its function of providing guidance to the Company.

MACRO AREA	RISK EVENT	DESCRIPTION OF RISK	MANAGEMENT METHOD
 Governance	Rating agencies and sustainability indices	<ul style="list-style-type: none"> Risk of not achieving an excellent sustainability rating with specialized rating companies and analysts, or of a negative impact on reputation following a poor sustainability rating 	Chapter: Sustainability for Fincantieri
	Reputation risk	<ul style="list-style-type: none"> Risk of damage to the Company brand that exposes it to loss of clients, profits and the competitive advantage gained on the market 	Chapter: Ethics and responsible business management/Our policies and management tools
	Investor & Public Relations	<ul style="list-style-type: none"> Risk of not adopting Public Relations strategies on the sustainability issues or transmission of inconsistent Company messages regarding environmental, social and governance initiatives. Risk of not using the lever of sustainability to build and broaden relations with stakeholders. This category includes the risk that relationships with local, national and international counterparties (local cities and authorities/associations, legal and government authorities, industrial associations, etc.) are inefficient or ineffective, influencing the Company's ability to compete 	Chapter: Sustainability for Fincantieri/Our stakeholders
	Governance, Strategy and Sustainability Compliance	<ul style="list-style-type: none"> Risk that the Governance Model is not adequately communicated to all levels of the Company, creating ineffective communication regarding sustainability issues among the stakeholders, Board of Directors, and company management, incorrect delegation of powers, and inappropriate decisions on sustainability. This category also includes the risk of lack of implementation of monitoring programs for activities related to sustainability or the risk of inadequate preventive or investigative checks and controls relative to sustainability performance 	Chapter: Sustainability for Fincantieri/Sustainability Governance
	Implementation of the Mission and Values in terms of Sustainability	<ul style="list-style-type: none"> Risk of lack of integration or poor integration in company processes and activities of the sustainability principles (including ethics) defined in the Sustainability Governance Model. This category includes the risk relating to the absence or inadequacy of a monitoring and control process for environmental and social issues, as well as inadequate assignment of resources for this purpose 	Chapter: Sustainability for Fincantieri/Our Sustainability strategy
 Human Resources resp.	Training, incentives, and assessment of the sustainability performance	<ul style="list-style-type: none"> Risk of the absence or inadequacy of training programmes with consequent lack of skills in relation to sustainability issues. This category also includes the risk that individual performance objectives are not aligned with or specific enough to guide conduct to support the sustainability strategy, and/or there are no adequate indices to measure sustainability performance 	Chapter: People/Training and development/Health and safety
	People	<ul style="list-style-type: none"> Risk that the Company, within its strategy of sustainable growth, does not implement processes aimed at valuing human capital, guaranteeing respect for diversity and equal opportunity, protecting human rights, and ensuring the health and safety of the workers 	Chapter: People/Training and development/Diversity and equal opportunity/Health and Safety
 Product resp.	Ecologically compatible product development	<ul style="list-style-type: none"> Risk that the Company invests in and builds products and/or uses materials incompatible with environmental protection 	Chapter: Customers and Products/Products/Eco-Sustainable Design
 Governance, economics, human resources, social and environmental resp.	Sustainable Supply Chain	<ul style="list-style-type: none"> Risk that due diligence on potential suppliers is not conducted adequately and of lack of monitoring of respect for environmental and social regulations in contracts concluded, with consequent execution of activities not in line with the sustainability principles (correct use of natural resources, protection of individual rights, etc.) 	Chapter: Supply chain/Supply chain management
 Environmental resp.	Environment	<ul style="list-style-type: none"> Risk that the Company adopts inadequate measures for incorporating sustainability principles in its evaluation of environmental issues and perform activities not in line with sustainability principles. This category also covers lack of activation of controls aimed at preventing environmental damage or lack of/inadequate evaluation and implementation of programmes for the recovery of biodiversity following environmental damage 	Chapter: Environment and Climate Change

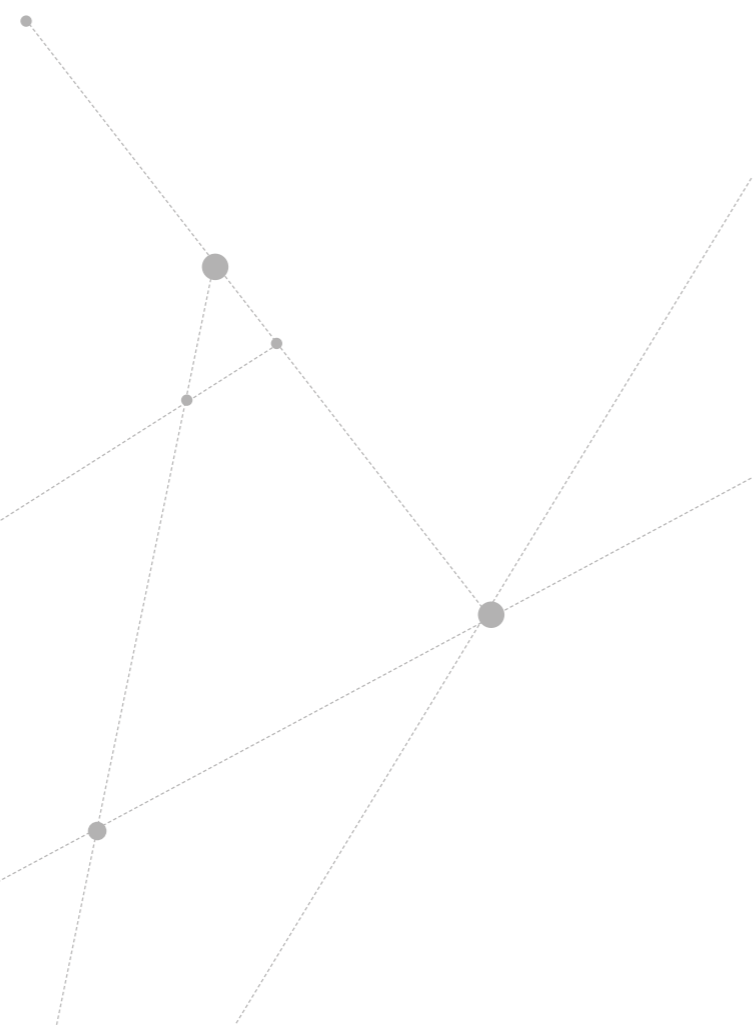


CHARTER OF SUSTAINABILITY COMMITMENTS

With the **Charter of Sustainability Commitments**, approved by Fincantieri's Board of Directors in 2018, the Group defines its commitments for each material topic with the aim of contributing to a healthy, resilient, sustainable society, where people can advance and prosper.

A more sustainable and responsible development, for Fincantieri, is expressed through the dissemination of the sustainability culture, promotion of a responsible supply chain, involvement of employees, constant improvement of health and safety at work, support of technological innovation, maintaining customer satisfaction and loyalty, continuous dialogue with and support of local communities, reducing environmental impacts and contributing to the fight against climate change.

The main sustainability commitments are given below.



MACRO AREA	MATERIAL TOPIC	COMMITMENT
 Governance	Governance and business integrity	<ul style="list-style-type: none"> Promotion of the sustainability culture in line with the Group Values. Encouraging managers to think in a sustainable manner within their sphere of influence Maintenance of the Corporate Governance system and risk management (including sustainability risk) in line with international best practices Respect for the law and prevention of corruption in all spheres of influence Integration of sustainability topics in dialogue with stakeholders (timeliness, accuracy, and exhaustive flow of information to stakeholders) Implementation of a reporting system for the non-financial information with the aim of informing stakeholders of the sustainability policies/strategies and the results attained in a transparent manner
	 Economic resp.	Economic and financial sustainability Procurement activities
 Human resources resp.	Protection of employment and industrial relationships	<ul style="list-style-type: none"> Employment and job protection to promote economic and financial sustainability
	Training and education	<ul style="list-style-type: none"> Promotion of growth, training and enhancement of human capital
	Company welfare	<ul style="list-style-type: none"> Increase the wellbeing of personnel through innovative solutions rather than traditional ones
	Diversity and equal opportunity	<ul style="list-style-type: none"> Promotion of programmes to promote diversity and inclusion within the Group
 Social resp.	Health and safety in the workplace	<ul style="list-style-type: none"> Pursue improvements in workers' health and safety
	Relations with local communities	<ul style="list-style-type: none"> Dialogue with and support for local communities through social, cultural and educational initiatives. Collaboration with governments, national and international associations to adopt policies and strategies to contribute to a healthy, resilient and sustainable society for everyone
	Human rights	<ul style="list-style-type: none"> Respect for human rights through the adoption of policies and creation of programmes to promote diversity and inclusion within the Group
 Product resp.	Product quality, compliance with technical standards	<ul style="list-style-type: none"> Continuous improvement of quality and respect for technical standards, in all phases of the production process to meet the high standards required by the business
	Innovation, research and development	<ul style="list-style-type: none"> Investments in research and innovation with the aim of developing sustainable, efficient, safe and competitive products and processes
	Customer satisfaction	<ul style="list-style-type: none"> Listen to expectations/demands and maximize customer satisfaction
 Environmental resp.	Climate change	<ul style="list-style-type: none"> Support for research to improve the analysis and management of risks associated with climate change
	Environmental management	<ul style="list-style-type: none"> Action to raise energy efficiency and reduce carbon dioxide (CO₂) and other pollutant emissions Conservation of natural resources, biodiversity, and reduction of environmental impact Increase employee awareness of environmental impact and promote virtuous behaviour
	Environmental impact of products and services	<ul style="list-style-type: none"> Development of ecologically sustainable products and services with the aim of contributing to a low carbon economy

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

SUSTAINABILITY PLAN

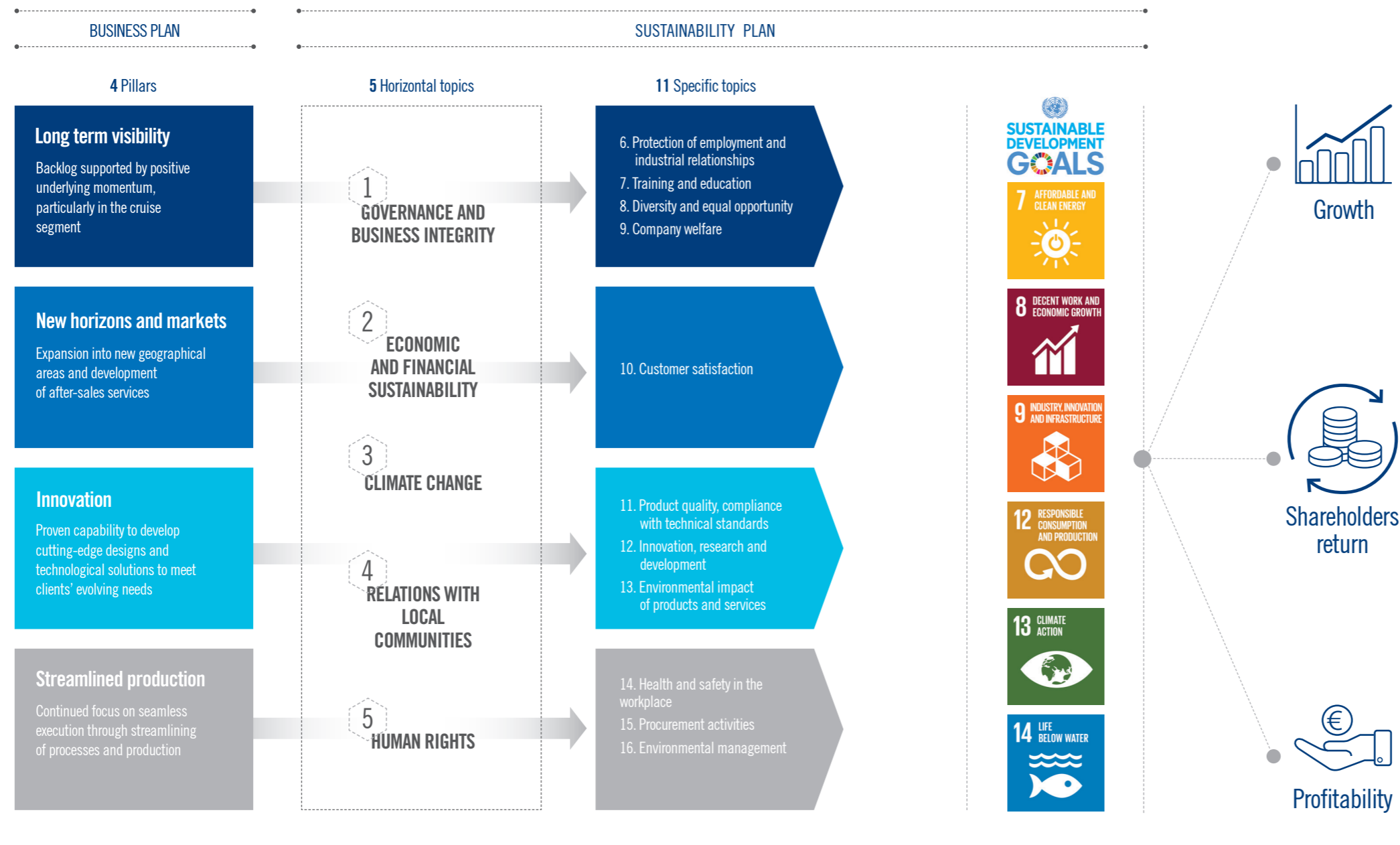
Another step along the sustainability path was made with the approval of the **Sustainability Plan** by Fincantieri's Board of Directors. This plan highlights and bolsters the intention to be a responsible Group, whose policies are aimed at generating and distributing increasing resources to all stakeholders and with a commitment that is first and foremost shown in the sustainable management of its business. It is the Group's strategic approach

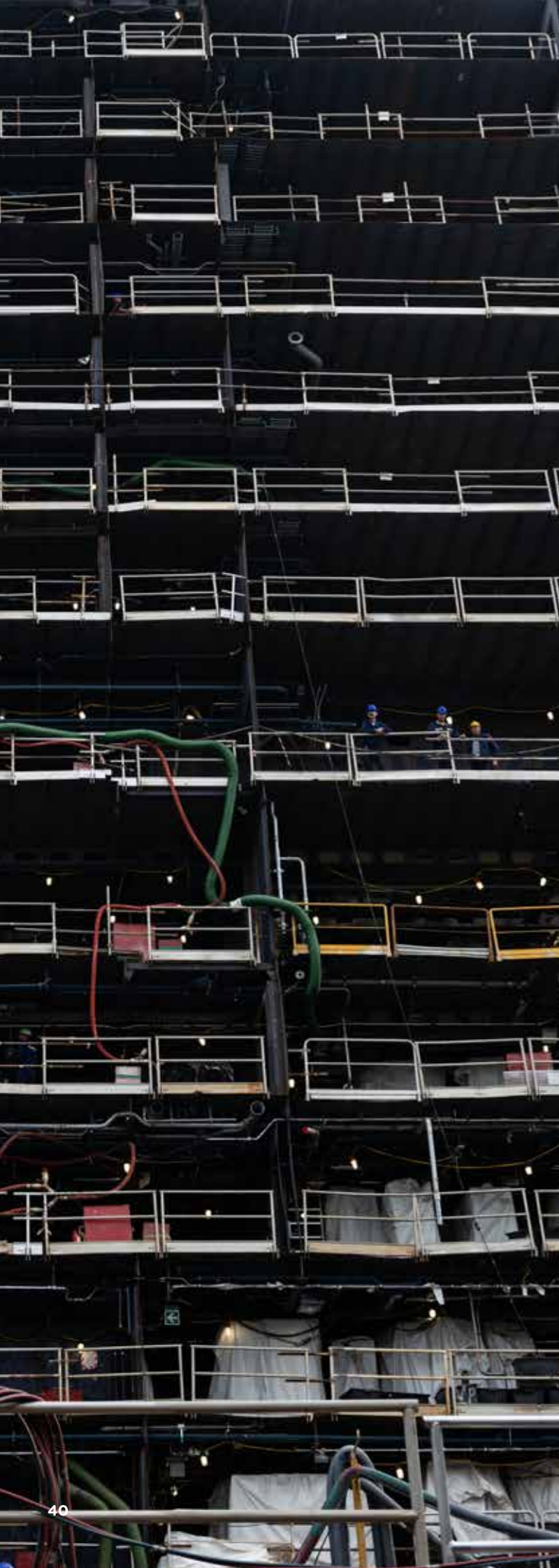
to sustainability and it addresses some global challenges (the UN's **Sustainability Development Goals - SDGs**) and the commitments undertaken by Fincantieri are broken down in the **Charter of Sustainability Commitments** into qualitative and quantitative targets that can be measured over time. With the integrated strategy (**Sustainability Plan** and **Business Plan**) Fincantieri is able to manage its response to the challenges posed by the market of today and tomorrow in a sustainable way.

The Sustainability Plan is approved by Fincantieri's Board of Directors and comprises 16 material topics enshrined in the materiality matrix, 23 sustainability commitments and 31 objectives to be achieved in the short, medium and long term. The **16 material topics** for sustainability are linked to the **4 Pillars** of the **Business Plan** (Long term visibility, New horizons and markets, Innovation, Streamlined production). In particular:

- **5 material topics are horizontal** in that they involve all 4 Pillars and contribute generally to the Group's growth.
- The other **11 material topics are associated with one of the 4 Pillars** and show a clear correlation between the business drivers and those aspects of sustainability that the Company recognises as significant.
- Fincantieri's objectives contribute in particular to the achievement of the **6 SDGs** that Fincantieri has recognised as significant for its business and in line with its strategic direction.

STRATEGIC DIRECTION AND SUSTAINABILITY

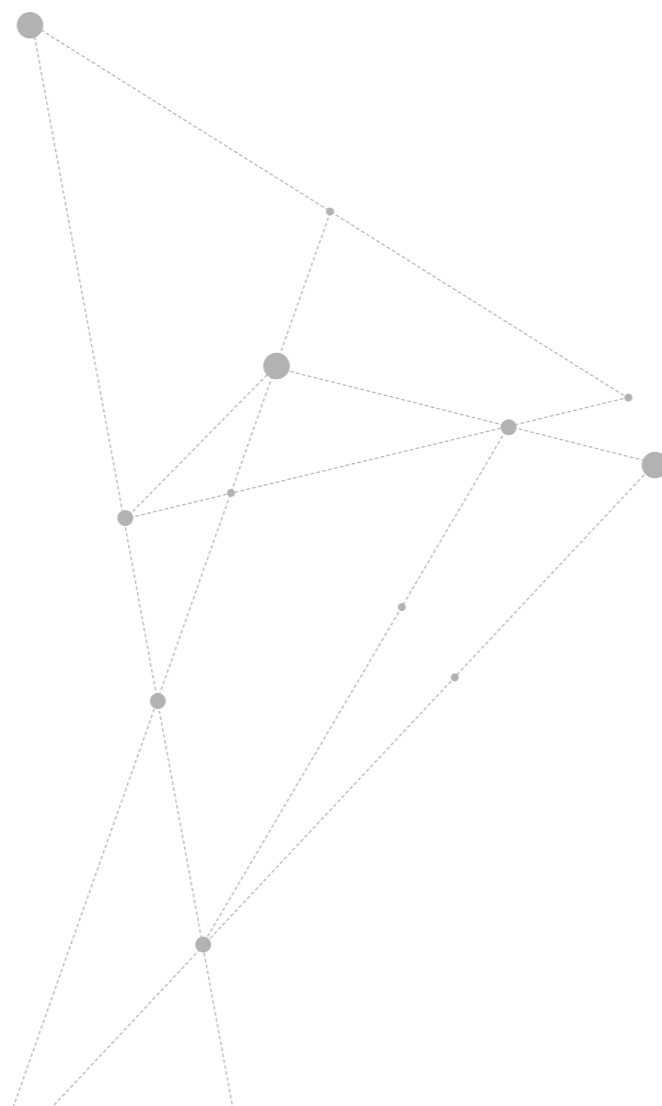





Responsibility for achieving the objectives in the Sustainability Plan lies with the representatives of the units involved, which dedicate resources, tools and know-how to implement the actions underlying those objectives. To focus people's attention and commitment on the strategic objectives, sustainability objectives have also been included in the short-term variable remuneration system with a weight from 10% to 30%.

The Plan's objectives are updated on a yearly basis taking in account the results achieved and adding the new needs that arise over time. The reference base year against which the quantitative targets in the Plan are defined is 2017.

The objectives contained in the Sustainability Plan are given below.



	MATERIAL TOPIC	OBJECTIVES	TIMETABLE
	Governance and business integrity	<ul style="list-style-type: none"> Gradual assignment of sustainability objectives in the Company's variable remuneration system Structure an Emergency Response & Crisis Management process in Safety & Security Implementation of the International Ship and Port Facility Security Code (ISPS Code) ISO 37001 Certification Implement an external Stakeholder engagement programme 	2019 2019 2020 2020 2022
	Economic and financial sustainability	<ul style="list-style-type: none"> Contents of the Business Plan 	2022
	Climate change	<ul style="list-style-type: none"> Research projects to develop new solutions for energy savings or reduction of emissions in collaboration with Research Institutes / Universities on issues associated with climate risks 	2019-2030
	Relations with local communities	<ul style="list-style-type: none"> Commitment to managing social activities Enter into agreements with Food Banks or other associations to redirect food surpluses in canteens at Fincantieri sites 	2019 2020
	Human rights	<ul style="list-style-type: none"> Annual audits to assess and monitor the most critical suppliers in terms of human rights, health and safety and the environment (Second Party Audit) 	2019
	Protection of employment and industrial relationships	<ul style="list-style-type: none"> Promoting the hiring of under-35s 	2022
	Training and education	<ul style="list-style-type: none"> Collect proposals and improvement initiatives with regard to sustainability from employees and implement them (FincantieriON project) Include a sustainability module in the Fincantieri Corporate University training programmes 	2020 2020
	Diversity and equal opportunity	<ul style="list-style-type: none"> Commitment to human rights and diversity Develop a training programme for facilitators on sustainability issues and in particular on diversity and its promotion in the Company 	2019 2020
	Company welfare	<ul style="list-style-type: none"> Launch the smart working tool to support maternity from before birth until the child reaches one year as well as resources with evident non-fitness to work certified by the competent doctor Company car pooling project 	2021 2019-2020
	Customer satisfaction	<ul style="list-style-type: none"> Develop and apply methodologies for detecting the level of customer satisfaction. Identify new organisational solutions to strengthen customer loyalty 	2019-2021
	Product quality, compliance with technical standards	<ul style="list-style-type: none"> Keep ISO 9001 certifications on the Quality Management Systems and product certifications in line with market expectations 	Annually
	Innovation, research and development	<ul style="list-style-type: none"> Development of intelligent ships and platforms (smart ships/smart offshore infrastructure) and autonomous ships. Development of innovative solutions for yards (Smart Yards) 	2030
	Environmental impact of products and services	<ul style="list-style-type: none"> Develop technological solutions that enable energy savings to be increased for ships with the same features (green ships) Definition of an eco-design system to promote the development of environmentally sustainable ships 	2030 2019
	Health and safety in the workplace	<ul style="list-style-type: none"> Obtain ISO 45001 certification Initiatives to engage subcontractors (workshops, "last metre") on issues associated with health and safety Health promotion to disseminate healthy lifestyles 	2020 2021 2022
	Procurement activities	<ul style="list-style-type: none"> Code of Ethics for suppliers Organise meetings and opportunities for dialogue with suppliers as well as training on sustainability issues Deliver a training course on sustainability and responsible procurement principles to employees who interact directly with suppliers 	2019 2019 2022
	Environmental management	<ul style="list-style-type: none"> Reduction of Scope 2 greenhouse gas (GHG) emissions Obtain ISO 50001 certification Increase the portion of electricity from renewable sources Launch the Sustainable Office Project (10 rules) 	2020 2021 2020 2019

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



ETHICS AND RESPONSIBLE BUSINESS MANAGEMENT

- CORPORATE GOVERNANCE AND REMUNERATIONS POLICY
- SYSTEM OF INTERNAL CONTROL AND RISK MANAGEMENT
- OUR POLICIES AND MANAGEMENT TOOLS
- CYBER SECURITY
- PRIVACY PROTECTION



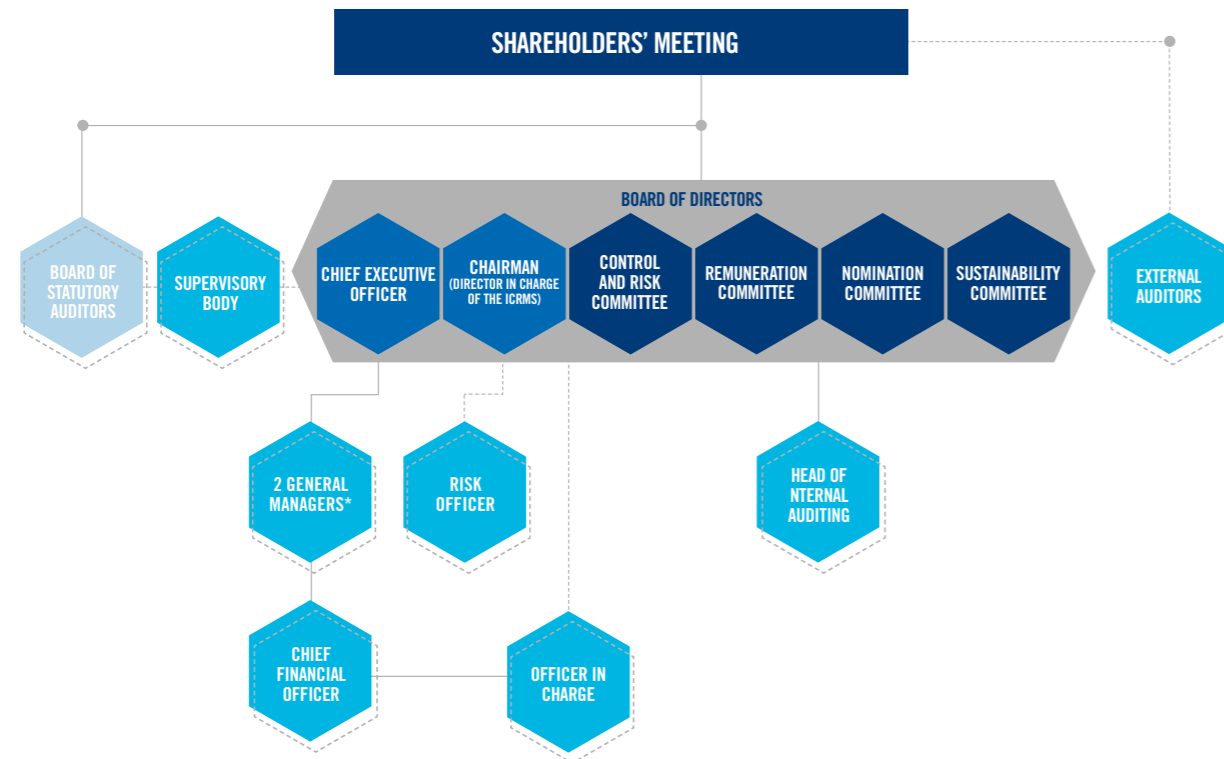
Ethics, social responsibility, transparency, lawfulness, fairness and sustainability are Fincantieri's absolute values



In a challenging economic and financial context, Fincantieri is aware of the role played by and importance of an appropriate corporate governance model in the clear and responsible performance of the Group's business, contributing significantly to the creation of sustainable value for all stakeholders in the medium to long term. The Group performs its business with respect for the law, internal regulations and professional ethics. To this end, it has also developed a set of policies and guidelines that support the Company on a day-to-day basis.

CORPORATE GOVERNANCE AND REMUNERATIONS POLICY

Fincantieri's corporate governance model is in line with the recommendations of the Corporate Governance Code issued by the Italian Stock Market and has the following structure.



* On 22 January 2019, the Board of Directors, upon proposal of the Chief Executive Officer, appointed a second General Manager who will support the General Manager already appointed on 26 September 2016.

Shareholders' Meeting

The Shareholders' Meeting is the company body through which the shareholders participate in Company decisions on topics reserved for them according to law and Company By-laws.

Board of Directors

The Company's Board of Directors (BoD) is the Company's central organization for

Corporate Governance, holding the widest powers for its ordinary and extraordinary administration, including the definition of strategic direction, organization and control of the Company and the Group. The Board of Directors currently consists of nine members, six of whom are independent. The Board of Directors was nominated during the Ordinary Shareholders' Meeting held on 19 May 2016 for financial years 2016, 2017, and 2018.

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

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

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



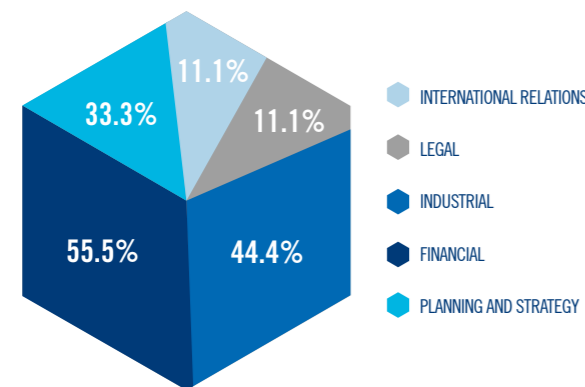
OTHER INFORMATION ON THE BOARD OF DIRECTORS*

	FINCANTIERI	AVERAGE FOR LISTED COMPANIES **	
		ALL-SHARE	MID CAP
Number of Directors	9	10.0	10.8
Number of executives	2	2.5	2.5
Number of non-executives	7	3.0	3.2
Number of non-executives that do not qualify as independent under the Code	1	3.1	-
Number of independent under the Code	6	4.4	5.1
% less represented gender	33.3	-	-
Average age of Directors	60.1	57.1	-
No. of BoD meetings	10	11.1	10.0
% attendance at BoD meetings	95.5	92	-
Average duration of BoD meetings	141 min.	134 min.	144 min.
Board evaluation	Implemented	83.6%	-
Position on multiple offices	Adopted	48%	58%

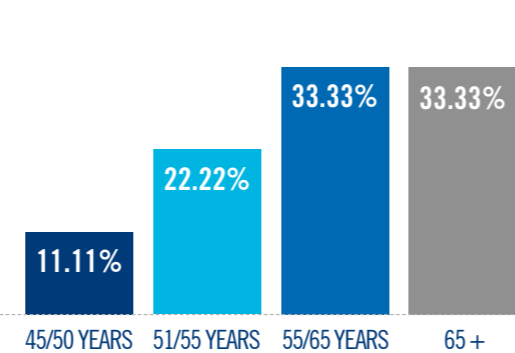
* The statistical data of this table for Fincantieri refer to the composition and operation of the Board of Directors during 2018.
 ** Latest available data taken from the Assonime - Emittenti Titoli S.p.A. report: "Corporate Governance in Italy: corporate governance, remuneration and comply-or-explain (year 2018)" issued on 25 January 2019.

CHARACTERISTICS OF THE MEMBERS OF THE BOARD OF DIRECTORS

AREA OF EXPERTISE



AGE



The Board of Directors has structured its organization, also establishing four dedicated **Board Committees** that carry out proactive proposal and consultation tasks: the Control and Risk Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee. Their composition, responsibilities and methods of operation, as well as the powers and means assigned, are

regulated by specific regulations approved by the Board of Directors when these Committees were established and later amended based on changes introduced over time to the Corporate Governance Code. All members of the Committees are non-executive Directors, mostly independent, and have functional areas of expertise for performing the roles they have been assigned.

INFORMATION ON THE COMMITTEES *

	FINCANTIERI	AVERAGE FOR LISTED COMPANIES **	
		ALL-SHARE	MID CAP
No. of CRC meetings	7 ¹	7.7	8.4
% attendance at CRC meetings	88.88	-	-
Average duration of CRC meetings	69.17 min.	117 min.	119 min.
No. of RC meetings	5	4.7	4.8
% attendance at RC meetings	100	-	-
Average duration of RC meetings	54 min.	68 min.	68 min.
No. of NC meetings	3	5.4	2.9
% attendance at NC meetings	77.77	-	-
Average duration of NC meetings	70 min.	57 min.	53 min.
No. of SC meetings	6	-	-
% attendance at SC meetings	70.83	-	-
Average duration of SC meetings	76.66 min.	-	-

* The statistical data of this table for Fincantieri refer to the composition and operation of the Board Committees during 2018.
 ** 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 2018)" issued on 25 January 2019.
¹ Of which one also as the RPT Committee.









Board of Statutory Auditors

The Board of Statutory Auditors consists of three Standing Auditors and three Alternate Auditors appointed by the ordinary

Shareholders' meeting using a dedicated procedure. The Auditors in office satisfy the requirements of integrity, professionalism and independence.

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

MEMBERS	ROLE	EXPIRY OF TERM
 Gianluca Ferrero	Chairman	Meeting to approve financial statements 2019
 Roberto Spada	Standing Auditor	Meeting to approve financial statements 2019
 Fioranna Vittoria Negri	Standing Auditor	Meeting to approve financial statements 2019
 Alberto De Nigro	Alternate Auditor	Meeting to approve financial statements 2019
 Flavia Daunia Minutillo	Alternate Auditor	Meeting to approve financial statements 2019
 Massimiliano Nova	Alternate Auditor	Meeting to approve financial statements 2019

The Auditors act completely autonomously and independently from all shareholders. Therefore, an Auditor who - independently or on behalf of third parties - has an interest in a particular transaction/operation of the Company must promptly and 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 obligated 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.

OTHER INFORMATION ON THE BOARD OF STATUTORY AUDITORS*

	FINCANTIERI	AVERAGE FOR LISTED COMPANIES **	
		ALL-SHARE	MID CAP
Number of Auditors	3	-	-
Average age of Auditors	56.66	55.9	-
No. of meetings	10	13.4	13.6
Average duration of meetings	219 min.	148 min.	146 min.
% attendance by Auditors	100	96	-

* The statistical data of this table for Fincantieri refer to the composition and operation of the Board of Statutory Auditors during 2018.
 ** 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 2018)" issued on 25 January 2019.

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

Remunerations Policy

Fincantieri's Remunerations Policy is approved annually by the Board of Directors, on the proposal of the Remuneration Committee. The Board of Directors is also the company body responsible for proper enactment of the Policy, that relies on the support of the Remuneration Committee, which acts to provide consultancy and proposals.

The adequacy, overall consistency, and concrete application of the Remunerations Policy are evaluated by the Remuneration Committee, as recommended by the Corporate Governance Code and as indicated in the regulations for the Committee.

The Remuneration Committee consists of three non-executive members, two of whom are independent and at least one of whom has adequate knowledge and experience in finance or pay policy, evaluated by the Board of Directors when nominated.

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

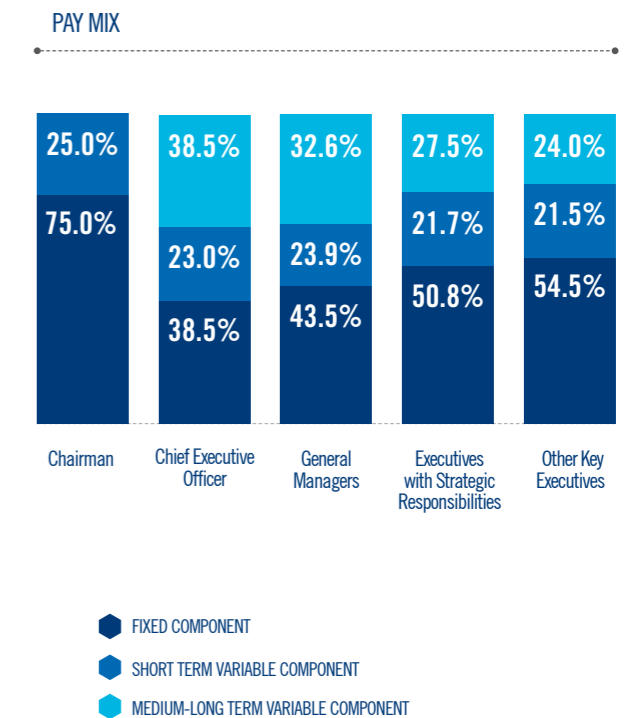
Management of the Remunerations Policy is delegated to the Chief Executive Officer, supported by the Human Resources and Industrial Relations Management.

Verification of the qualitative and quantitative performance objectives and consequent determination of any sums of money due to the interested parties is performed following approval of the financial statements for the year following verification by the Chief Executive Officer.

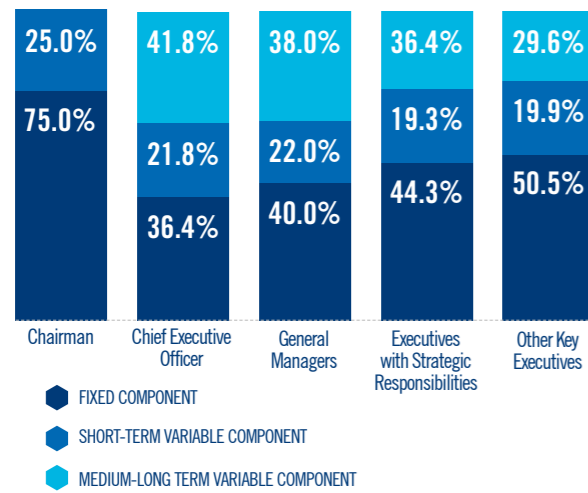
The Remunerations Policy is aimed at achieving the Company's strategic priorities and enhancing sustainable performance. On 10th November 2016, the Board of Directors approved a medium to long-term incentive plan (Performance Share Plan

2016-2018) for the Company management. In continuation of the LTI Plan 2016-2018, on 27 March 2018, the Board of Directors approved the LTI Plan 2019-2021 which essential follows the same structure though with the addition of another **objective associated with sustainability**.

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



PAY-MIX 2019-2021 LTI PLAN



The structure of the remuneration package is set out below.

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

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

SYSTEM OF INTERNAL CONTROL AND RISK MANAGEMENT

The System of Internal Control and Risk Management System (ICRMS) is formed by a set of tools, organizational structures, and Company procedures aimed at contributing business conduct which is honest, fair and consistent with the objectives set by the Board of Directors.

The ICRMS is integrated within the general organizational aspects and corporate governance system adopted by the Company and, taking into account the main reference models, allows and promotes the identification, measurement, management, and monitoring of the main risks as well as the dependability, accuracy, reliability and timeliness of the financial report.

This system, based on leading international practices, is divided into the three traditional levels of control:

- 1st level: the operational functions identify and evaluate the risks and implement specific treatments for their management;
- 2nd level: the functions responsible for risk control define the methods and tools for risk management and perform monitoring activities;
- 3rd level: the Internal Auditing function provides independent evaluations regarding the entire system.

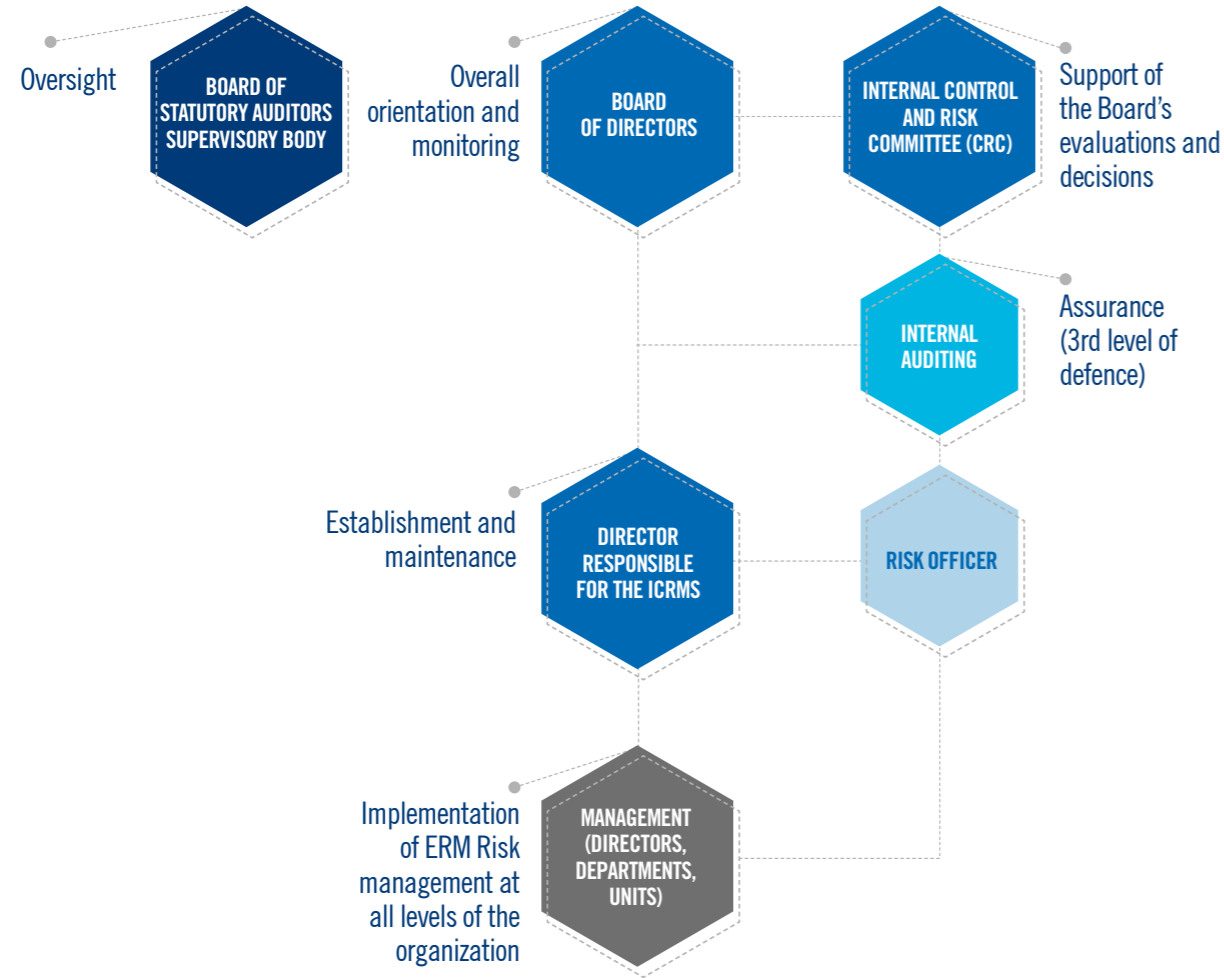
The Guidelines, approved by the Board of Directors, identify the main parties involved in the preparation and implementation of an effective internal control and risk management system, involving, based on their area of expertise the following parties, in addition to the Board of Directors and the Control and Risk Committee.

BODY/FUNCTION	CONTACT	NOTES
Director responsible for the ICRMS	Chairman of the Board of Directors	-
Internal Auditing function	-	Inside the Company
Head of Internal Auditing	Stefano Dentilli	Reporting hierarchy of the BoD
Risk Officer	Stefano Dentilli	-
Officer in charge	Felice Bonavolontà ¹	Group Accounting and Administration Head
Supervisory Body	Guido Zanardi (Chairman) Giorgio Pani Stefano Dentilli	External member External member Internal member
Board of Statutory Auditors	Gianluca Ferrero (Chairman) Roberto Spada Fioranna Vittoria Negri	-
Independent auditors	PricewaterhouseCoopers S.p.A.	Expiration: Financial statement 2021 approval meeting

¹ The position of Officer in Charge of preparing the company's accounting documents in accordance with Article 154-bis of the Italian Consolidated Law on Finance (TUF) was conferred on Mr Felice Bonavolontà, substituting Mr Carlo Gainelli, at the Board of Directors meeting held on 22 June 2018. The latter therefore held the position of Officer in Charge in the time period from 1 January 2018 to 22 June 2018.

It is also required that all employees of the Group, as part of their functions and responsibilities, actively intervene according to the methods defined in the Group's regulatory system and internal procedures

for the maintenance, updating, and correct operation of the ICRMS. Following is a representative diagram of the parties involved in Risk Management at various titles.



During 2018, the Control and Risk Committee reviewed the scheduling of ERM activities. The internal procedures were then changed to include, on the one hand, the activation of a process to assess the risks and controls (existing and to be implemented) at least once a year in order to monitor the dynamics in terms of exposure and operational effectiveness of the mitigation actions identified; and on the other, to activate specific checks on management of the main risks by the Risk Owners, particularly with regard to the existence, application and assessment of the effectiveness of the existing controls and/or actual implementation or progress of additional controls to be implemented. In the ERM process, the following were updated in 2018:

- the Risk Universe, by fine-tuning possible existing risks and integration with specific risks related to sustainability;
- the Risk Management Model, in line with organizational changes;
- the economic parameters underlying the definition of the thresholds and the impact evaluation scale, in line with the business plan.

For more information, see the Report on Corporate Governance and Ownership Structure available on the website www.fincantieri.com/en/governance/internal-control-and-risk-management



OUR POLICIES AND MANAGEMENT TOOLS

Fincantieri performs its business with respect for the law, internal regulations and professional ethics. To this end, it has developed a set of policies and guidelines that support its business.

In particular:

- Code of Conduct
- Organizational Model
- Anti-corruption Policy
- National Framework Tender Protocol
- Quality Policy



For more information on the Quality Policy, please see the chapter Customers and Products p. 112

- Purchasing Policy



For more information on the Purchasing Policy, please see the chapter Supply Chain p. 118

- Environmental Policy



For more information on the Environmental Policy, please see the chapter Environment and Climate Change p. 144

Code of Conduct

Compliance with the Code of Conduct by all Company employees is of fundamental importance for the smooth operation, reliability and reputation of the Group, factors that represent a key asset for Fincantieri's ongoing success.

All of the Group's activities are conducted in compliance with the law, with international conventions and in strict accordance with the human rights enshrined in the UN Universal Declaration.

Fincantieri operates according to the principle of fair competition, with honesty, integrity, fairness and good faith, respecting the legitimate interests of its stakeholders, shareholders, employees, customers, commercial and financial partners and of

the general public and local communities in which the Company conducts its activities. Fincantieri believes that success can be long lasting only with responsible, ethical business management; the Group's actions are performed with integrity, honesty and dedication and based on mutual trust, so that growth is also guided by the principle of shared values.

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 tasks and responsibilities. In no way does the conviction of acting in the interest or advantage of the Company justify adopting conduct that goes against these principles. The Company is committed to encouraging and promoting knowledge of the Code among employees and including any constructive contributions. All conduct contrary to the words or spirit of the Code will be subject to sanctions as outlined in the Code. The principles outlined in the Code of Conduct can be supported by specific directives, regulations or internal procedures aimed at making its application more concrete and effective. The Code is shared with all parties who have business relations with Fincantieri. The Company monitors observation of the Code, providing suitable tools for information, prevention and control, and ensuring the transparency of existing operations and conduct. The Board of Directors and the Company management 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.



The Code of Conduct is available on the website www.fincantieri.com/en/governance/etica-dimpresa/codice-di-comportamento

Organizational Model

Fincantieri has adopted an organization, management and control model according to Legislative Decree No. 231/2001 (Organizational Model), the latest version of which was approved by the Board of Directors in February 2019. It consists of a general section, which illustrates the principles, departments and basic components of the Organizational Model, and special parts, which identify the activities at risk of crime, the principles of conduct, and the control procedures for the specific types of crimes considered relevant.



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

Anti-corruption Policy

Given the extensive geographic context in which Fincantieri operates, the Company has adopted a number of internal rules aimed at identifying and applying a global anti-corruption policy that defines the expectations for conducting business operations in strict compliance with the best international standards on anti-corruption legislation. The first of these tools is the anti-corruption policy that the Company adopted in 2014 and updated in January 2019. 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 its existing means to combat corruption (anti-corruption documents) in the functional and geographical areas in which the Group operates. This regulatory system, which is moreover continually evolving, includes the following sensitive matters, each of which is regulated by specific documents or company practices: (i) Management of Dealings with the Public Administration; (ii) Management of Services Provision



Agreements; (iii) Grants, Donations, Sponsorships, Gifts and Hospitality; (iv) External Collaborations; (v) Conflicts of Interest; (vi) Management of Offset Agreements; (vii) Know your customer; (viii) Joint Ventures.

In 2018, structured processes were defined for contracts with foreign governments or companies that require offset agreements and for methods to manage the business relationship with a new customer (Know Your Customer), and guidelines were set out for defining partnership and joint venture agreements.

In addition to the foregoing, the Company has also - since 2009 - adopted a system for reporting infringements to the Supervisory Body (whistleblowing), also defined in the Organizational Model, which enables employees and third parties to report issues involving non-compliance with the provisions of the Code of Conduct, the Organizational Model, or of the corporate procedures adopted by the Company or, otherwise, the law. In January 2019, an update of the Company's **whistleblowing** computer

system was made operational. This system uses an independent platform that enables reports to be sent, without or without recording them on the system, and is an evolution in terms its suitability in ensuring the confidentiality of the sources and of the information communicated.

The Company also intends to achieve **ISO 37001 certification** for its anti-corruption management systems, as an integral part of the Sustainability Plan adopted by the Company.

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

 For more information on the whistleblowing system and on all the anti-corruption procedural tools, see the website www.fincantieri.com/en/governance/etica-dimpresa

Communication and training on the anti-corruption procedures and policies

Since 2016, the Internal Auditing function, along with the Supervisory Body, has provided support to the Human Resources Management with preparatory activities for the expanded on-line training project based on Legislative Decree No. 231/01

which began in the same year. The training system for this course, primarily focused on anti-corruption and safety at work, has been divided into differentiated paths in order to allow targeted distribution of the information based on the roles of the people involved. It was held in e-learning mode over the platform adopted by the Company with the objective of expanding the population reached, offering greater flexibility of use for the users, guaranteeing the provision of uniform information, as well as reducing the costs of training and refresher courses. The course is divided into different paths based on the resources involved. The “general” path has been delivered to all employees of the Parent Company (equipped with company PC and email), while agents and specific corporate departments were also given specific modules.

During 2018, the program continued with the provision of a specific on-line course for agents focusing on anti-corruption and company risks, and new editions of the general course and on safety at work and the environment were started for those who had not participated in the previous edition. For employees of Italian subsidiaries, specific anti-corruption training meetings are held, organized by their supervisory bodies, while at this time the extension of this training to the e-learning mode is only at the planning stage. The Board of Directors receives an annual report from the Supervisory Body on the activities performed, including training.

Regarding foreign subsidiaries, the Fincantieri Marine Group (FMG), Fincantieri Marine Systems North America Inc. (FMSNA) and the VARD group have held training on the Code of Conduct and business ethics.

The table below shows the data on the overall number of employees who received training in 2017 and 2018.

	SENIOR MANAGERS		MIDDLE MANAGERS		WHITE COLLAR EMPLOYEES		BLUE COLLAR EMPLOYEES		TOTAL		% of total employees	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
FINCANTIERI	151	99	310	69	3,189	500	0	0	3,650	668	44%	8%
VARD	4	9	43	38	10	75	0	47	57	169	1%	2%
FMG	23	35	99	129	261	387	18	23	401	574	20%	30%
FMSNA	1	1	8	8	16	16	35	31	60	56	100%	100%
TOTAL	179	144	460	244	3,476	978	53	101	4,168	1,467	21%	8%
% of total employees per category	50%	38%	42%	21%	52%	14%	0%	1%	21%	8%		

The 2017 data for the FMG Group have been revised for comparison purposes following changes to the collection criteria.

As regards monitoring of corruption cases, it should be noted that no cases of corruption concerning companies in the Fincantieri Group were found in 2017 and 2018.

National Framework Tender Protocol

Having identified in the tender system a key element for its ability to develop and raise its competitive standing in reference markets, Fincantieri has always paid constant attention, also in this context, to ensuring maximum transparency.

It is in fact in the interest of the Company to ensure respect for legality and to defend the market from interference by organized crime, as well as from undue interference and pressures from common criminals, preventing any possible infiltration attempt by organized crime during the process of awarding tenders, in capital expenditure and in production activities.

To this end, since 1999, Fincantieri has been working on improved cooperation with the relevant local authorities and, over time, has arrived at signing Legality and Transparency Protocols, which led to the signing of a single **National Framework Tender Protocol** with the Ministry of the Interior on 27 February 2017, aimed at preventing infiltration attempts by organized crime. The agreement represents a fundamental

milestone that unifies the procedures for control against organized crime on a national level in companies considered at “high risk” that operate on contracts and sub-contracts in all locations of the Fincantieri Group. It guarantees an invaluable exchange of information and, should any issues arise, enables Fincantieri to adopt the most appropriate protective measures while also reconciling the necessary confidentiality requirements of the parties involved. Under the agreement, Fincantieri also asks the supply chain concerned to ensure the highest levels of transparency and fairness and fulfil their obligations to combat against and report any instances that could entail conspiracy to commit a crime - including mafia-type conspiracy - or, by way of example, corruption, fraud, money laundering and extortion.

CYBER SECURITY

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

The sophistication of cyber threats - made possible by the operation of consolidated international groups, some of which supported by the governments of the countries to which they belong - requires the constant adjustment of the company's defenses and processes for protecting IT assets, as an additional element to protect the Company's industrial know-how and market competitiveness.

In line with these emerging needs, Fincantieri has implemented a pervasive multi-year programme focused on managing and mitigating cyber risks.

The most significant of the main initiatives in this area are:

- establishing processes to monitor security events and 24-hour management of cyber events;
- implementing control points in line with the cyber security/privacy-by-design principle, within the processes for purchasing and designing the main Information and Communications Technology (ICT) products and services;
- conducting periodic IT security assessments aimed at identifying and remedying any gaps;
- providing awareness campaigns to employees, aimed at improving awareness of cyber risks and shedding light on the most widespread attack techniques (e.g. Social Engineering) and the organizational and behavioural methods for neutralizing them;
- managing cyber risks within a more general framework of operational risks that may negatively impact on the Company's business and image.

As a result of the improvements introduced and the whole system of processes, procedures and controls on ICT, Fincantieri satisfied the certification requirements of **ISO/IEC 27001:2013** and **ISO 9001:2015** during 2018. This confirms compliance with the level of reliability envisaged by the certification issued at the end of 2017 by the RINA Services certification body and that the correct approach has been adopted in managing the mutability of cyber risks.

In 2018, Fincantieri - in its capacity as a strategic company for the national system and listed on the stock exchange - signed an **important institutional cooperation agreement with the State Police** to exchange information on criminal events recorded on its IT infrastructure, with a view to actively contributing to combating and formally reporting cyber incursion attempts to defraud the Company and compromise its know-how, image and business continuity.

In response to the ever-increasing complexity and frequency with which cyber attacks are carried out and in compliance with the rules in force, including naval rules, various subsidiaries have implemented cyber security countermeasures or used the in-service features developed by the Parent Company.

PRIVACY PROTECTION

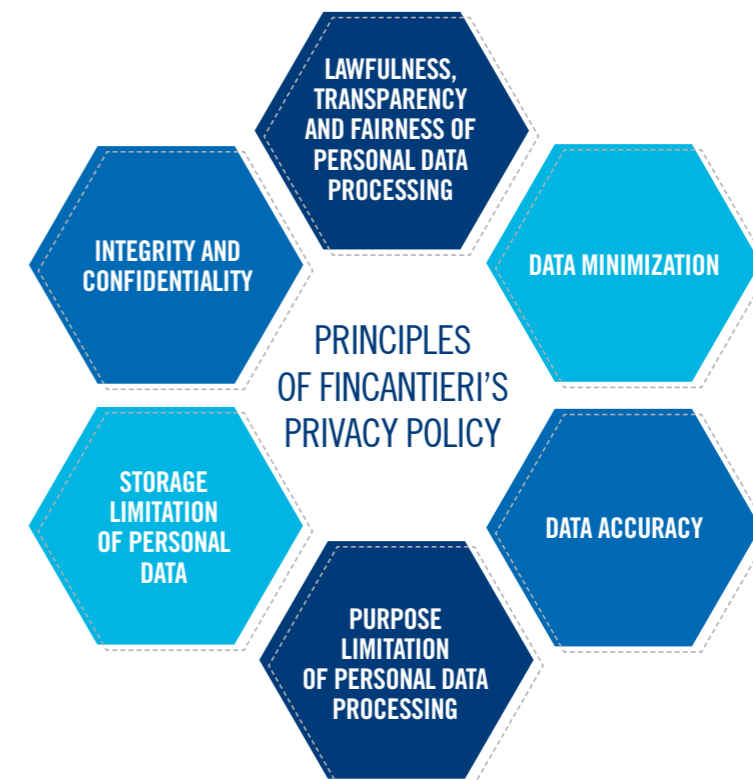
Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (the "GDPR") became fully applicable on 25 May 2018. From this date, for the first time, a unified regulatory framework that defines the fundamental principles applicable to the processing of such data started to be applied within the European Union.

In this context, Fincantieri - aware of its social responsibilities and in light of the full transposition of the principles laid down to protect personal data - launched a process to comply with this regulation the year. At the end of this process, the Company adopted a privacy management system, whose founding principles are contained in the Policy on General Principles of the Privacy Management System (**Privacy Policy**) which establishes, among other things, the main processes needed to ensure the protections envisaged by the legislation. With this policy Fincantieri undertakes to establish and maintain over time a control model aimed at protecting the personal data collected and processed as part of the operational processes of its business, promoting the development of a pervasive privacy culture at Group level. With this in mind, in addition to the dissemination of privacy statements to the data subjects and instructions to personnel authorized to process personal data, Fincantieri has carried out a pervasive training campaign

that reached the employees of the Parent Company and was extended to the Italian subsidiaries.

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

As regards the security measures to be implemented to guarantee and protect personal data, ISO/IEC 27001:2013 and ISO 9001:2015 certifications, which represent deeper integration with the information technology required by the personal data protection obligations, were confirmed again in 2018.





PEOPLE



- PEOPLE IN NUMBERS
- RECRUITMENT POLICIES, MANAGEMENT AND ENHANCEMENT OF HUMAN CAPITAL
- TRAINING AND DEVELOPMENT
- DIVERSITY AND EQUAL OPPORTUNITIES
- HEALTH AND SAFETY
- COMPANY WELFARE
- INDUSTRIAL RELATIONS
- REMUNERATION

Everything we do focuses on enabling the growth, enhancement and training of people, based on the daily attention we pay to the quality of our work and our relations with others. (from Fincantieri's Charter of Values)

Putting people at the core and putting them in the position to give the best of themselves: this is the goal that the Fincantieri Group pursues in managing and developing its resources. Developing the Company is only achieved through the success of its people, its most important asset.

In this regard, the change management project **Fincantieri for the Future**, launched at the end of 2016 with the first survey on all the Group's employees in Italy and it was repeated a year later to measure the effectiveness of the improvement initiatives put in place. The results were shared with all the employees in the Group's different offices/yards (over 6,000 people), and an analysis of the results showed a strong sense of belonging and increased pride in working for Fincantieri. Working groups have been established in the various production units, to which participation is voluntary, which have contributed to the preparation of the Group's **Behaviour Pact**, translating the corporate values, defined by employees during the first stage of the project, into

actual behaviours that can be observed and translated into everyday life.

To disseminate the culture, corporate values and all the initiatives launched as part of the change path, in early 2018 Fincantieri set up a network of internal facilitators, people in the Group who, owing to their personality, attitude and natural inclination, can facilitate the change process, stimulate participation at all levels, leveraging on formal and informal occasions, and making everyone aware that they each can and must be an active part in the change.

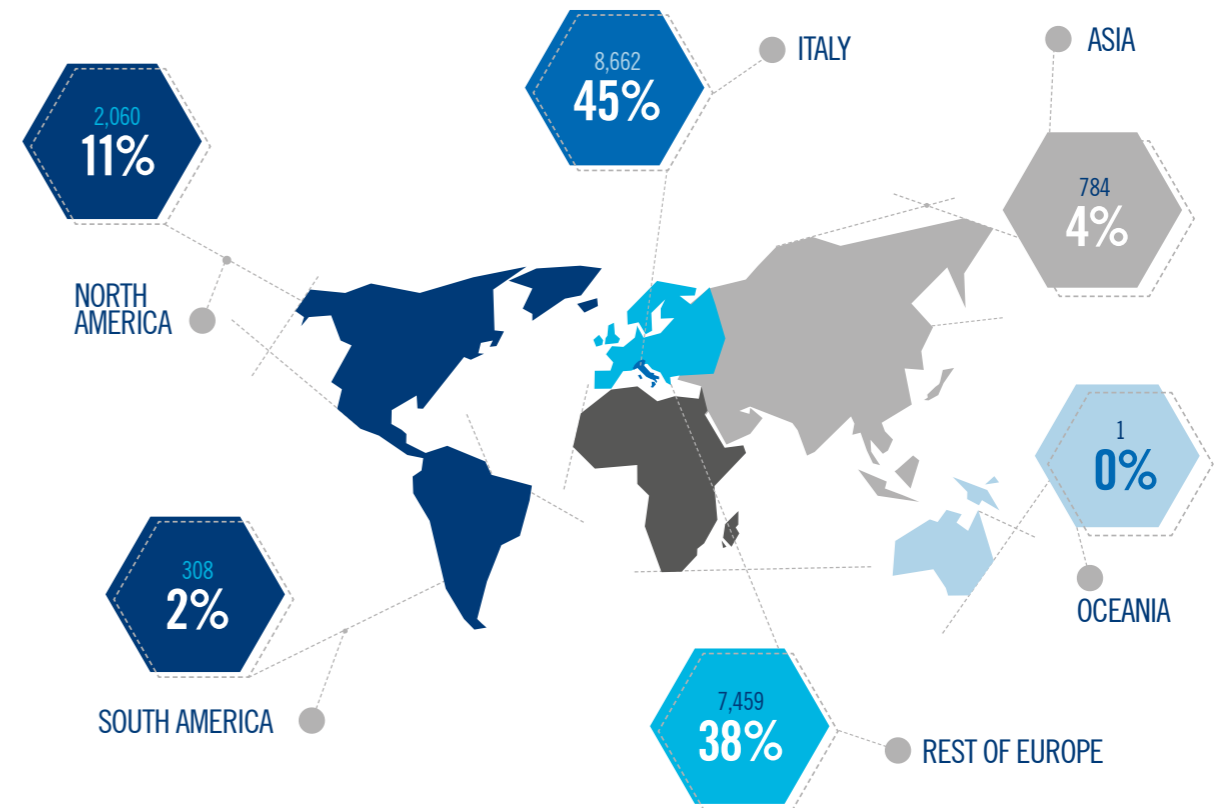
FincantieriON, the initiative launched to promote the generation - by individuals employees - and sharing of innovative proposals aimed at improving the product, processes, working methods and life in the Company, was particularly successful. Over 360 ideas were collected and 25, including the "Great Idea" (the very best), received acknowledgements and awards.

In 2018, the change management project was also extended to VARD, **VARD for the Future**. The first step was to administer a survey that involved nearly 6,000 employees in the Romanian and Vietnamese sites and it resulted in a high response rate. The survey explored employees' perception of and willingness to participate in the improvement path undertaken by the Group, identifying the main barriers to change and the degree of integration with Fincantieri.

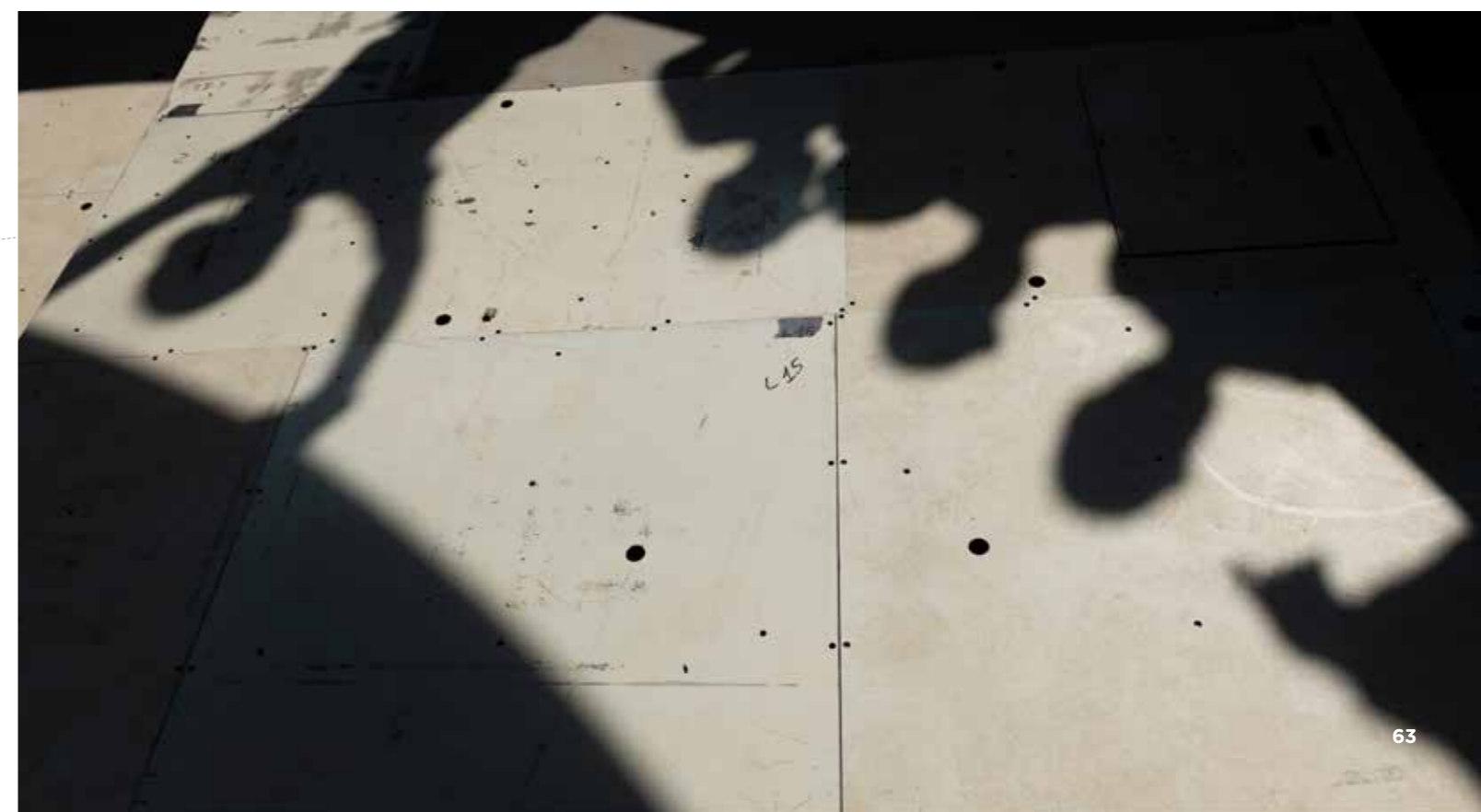
Fincantieri Marine Group conducted a survey on all employees in the Group at the end of the year with the same goal in mind.

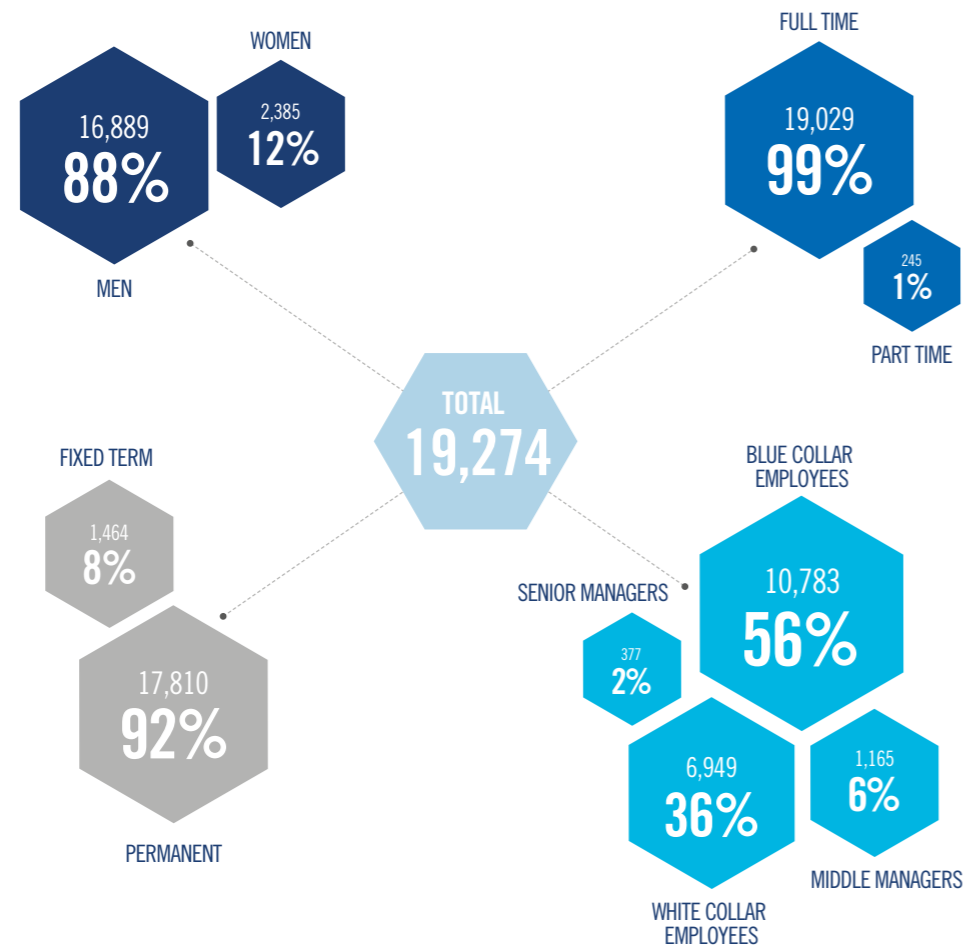
PEOPLE IN NUMBERS

WORKFORCE BY TOTAL GEOGRAPHICAL AREA
TOTAL: 19,274



The data refer to the entire Fincantieri Group.





EMPLOYEES BY AGE RANGE

	2018			Total
	≤ 30 YEARS	30-50 YEARS	≥ 50 YEARS	
Senior Managers	0	171	206	377
Middle Managers	29	679	457	1,165
White Collar Employees	1,167	4,111	1,671	6,949
Blue Collar Employees	1,475	6,429	2,879	10,783
Total	2,671	11,390	5,213	19,274



The data refer to the entire Fincantieri Group.

RECRUITMENT POLICIES, MANAGEMENT AND ENHANCEMENT OF HUMAN CAPITAL

As enshrined in the Code of Conduct, Fincantieri operates with due regard to diversity and equal opportunities and does not permit any kind of discrimination, from personnel selection and throughout the entire employment relationship. All the companies in the Group work in accordance with these principles, as defined in the respective guidelines or corporate policies. In order to meet the needs arising from the development of the business in terms of internationalism, diversification and strong growth, the Fincantieri Group adopts **recruiting** and **employer branding** strategies aimed at identifying and recruiting the best talent on the market.

Each year the Company maintains and improves its employer market position, at both national and international level. This growth can be seen among students and professionals and it is the result of targeted actions that are being developed including thought the main web and social network platforms.

Fincantieri Marine Group and VARD have a structured system of **internal job posting**, which gives employees the opportunity to apply for job vacancies, and therefore making themselves the prime movers of their own career paths.

In 2018, over 20,000 job applications were received through the company web portal "Work with us" alone (around 6% more than in 2017). Fincantieri recruited 529 people and organized around 280 internships, approximately 40% of which resulted in employment contracts. Across the Group 2,612 people were recruited.

Fincantieri is an integral part of the production fabric in Italy and abroad and it is fully aware of the need to strengthen the skills available on the market through

offers that are devised, implemented and promoted in close synergy with the stakeholders operating in the world of work and training.

Fincantieri has therefore adopted policies and strategies aimed at enhancing the knowledge and professional skills available in the territories in which it operates. In particular, it has further developed its connection with the main national and international Universities and with Maritime Academies, owing to its growing presence at career days and the promotion of specific career guidance, training and recruitments days - called Meet Fincantieri - in Universities. The Group continues to cooperate with Secondary Education Institutions (known as High Schools and Technical Schools abroad) in Italy, particularly with the Work-Study schemes (Law No. 107/2015), with public (local and regional) institutions through career guidance and recruitment days and tours around its shipyards.

Fincantieri consciously aims to be a guiding element for strategies aimed at building a **synergistic network** between public and private institutions, companies and districts in the shipbuilding industry. In practical terms, Fincantieri established working groups with the main national and local educational institutions in 2018 to identify the potential evolution of the training plans and study programmes in order to bring them closer to the needs of companies. This pro-active cooperation led to projects with the Central Office for Labour, Training, Education and Family of the Friuli Venezia Giulia region and with the Liguria region. These initiatives have culminated in the setting up of a Regional Labour Agency Desk in the Monfalcone shipyard which has facilitated the meeting of employment demand and supply in the shipbuilding industry and, in Liguria, with the creation

of a “virtual desk” on the Formazionelavoro platform which identifies and manages job vacancies in the shipbuilding industry. To support development of the whole shipbuilding industry, Fincantieri has also expressed the need to train and prepare technical career profiles that are not easily available in the market. This led to an important cooperation with the Ministry of Education, Universities and Research (MIUR) which resulted in the **Memorandum of Understanding** signed on 20 November 2018. The MoU aims to promote and encourage the development of study paths at Istituti Tecnici Superiori (ITS - Higher Technical Colleges) throughout Italy, and mainly in the areas in which Fincantieri operates, to train specialist technical roles in line with the profiles sought. Fincantieri and MIUR have agreed on the fact that ITSs are the most efficient means to meet the demands of the employment market, particularly as regards the highly specialized profiles needed in the sector. Among the initiatives implemented, an important role is played by the launching

of the first ITS Ship Design course in Italy, developed by the Adriatic Nautical Academy in partnership with Fincantieri, which is also the Founding Partner and member of the Steering Committee and the Executive Committee.

To promote the Fincantieri brand on the employment markets of the Countries in which the Group operates, solid cooperations have been implemented with the main Universities which have established Naval Engineering courses, including through participation in career guidance and Meet Fincantieri days.

TRAINING AND DEVELOPMENT

In the Group’s **Talent Management** process, training and development play a key role in the enhancing human capital. People are actively involved in their own career development paths, from the perspective of responsibility, defining career goals and awareness of training needs.

In 2018, the Group invested over 4 million euros to meet training needs, with 34.3 average hours of training per capita.

The training programmes provided by the **Fincantieri Corporate University**, the Company’s management training school, have been updated in terms of content and delivery methods in order to better respond to business needs and the prospects related to order backlog.

Numerous editions of the Academy programme have taken place. This programme is dedicated to young people who have recently been hired by the Company and aims to encourage integration into the company environment, providing them with training on cross-functional issues and facilitate an aptitude to manage change.

Further training paths have been implemented to accompany employees’ development towards managerial positions and to increase, from an integrated business view, the relational and methodological skills of recently appointed managers.

The Project Management Academy has been introduced in the institutional training programmes offered by the Fincantieri Corporate University. This modular training programme aims to accelerate the placement of people in Project Management Team and to strengthen the specific knowledge and skills required of them.

As evidence of the importance given to **sustainability issues**, an objective that envisages the development of the subject in the Corporate University’s training programmes has been included in the 2018-2022 Sustainability Plan.

The training provided aims to strengthen and maintain technical and specialist skills and a key role is played by the **Integrated Ship Design & Manufacturing** (ISDM) project, which envisages the development of new technical and managerial tools to support product design and development. The training activities

already launched will have a significant impact in coming years as well.

Technical training is also one of the priorities for subsidiaries, in both Italy and abroad, and it has been especially focused on the issues of production, design, new technological solutions, augmented reality, after-sales service, with the aim of improving the quality of services and products supplied to the customer.

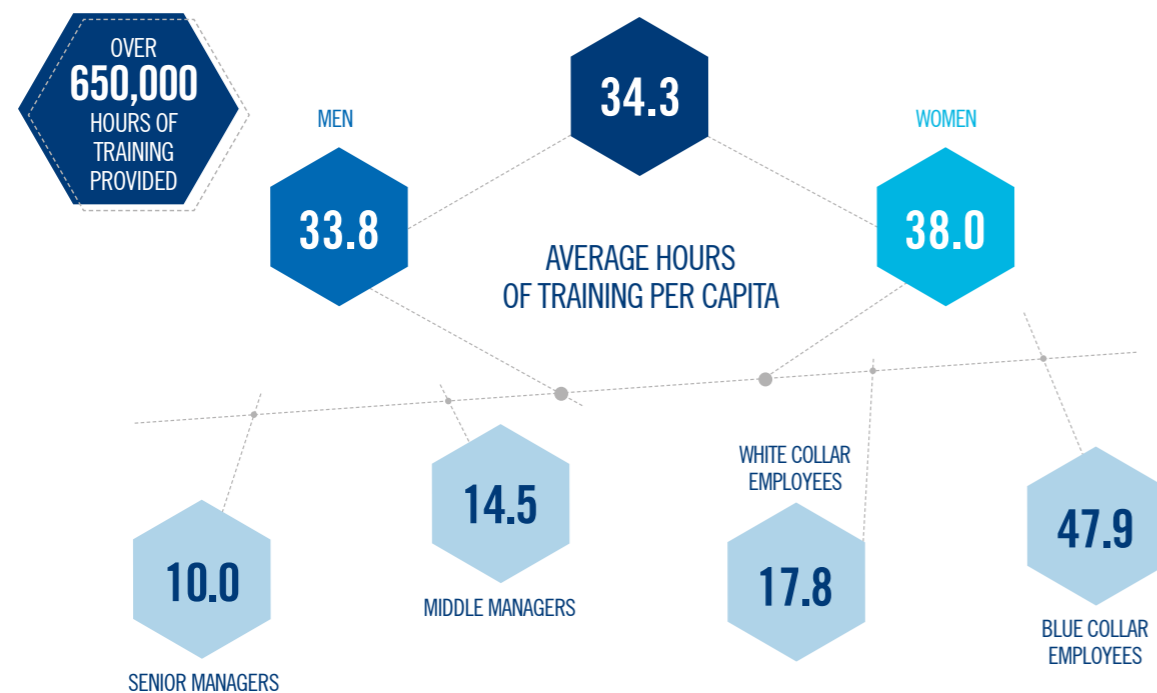
The Quality Improvement programme of the Merchant Shipping Division continued; at training level it was delivered in the **Training for Quality** project, a broad range of technical-operational courses aimed at manual workers and production supervisors within the Group and those working in contractors. In 2018, over 26,500 hours of training were delivered to Fincantieri employees and, as part of life long learning, the project will continue in 2019.

To keep attention focused on quality issues, the Naval Shipping Division also developed a specific course for new hires on the current procedures in the naval and after-sales areas, while VARD delivered more training courses aimed at product quality standards during the year.

A special training course was dedicated to production supervisors and managers of the production and design areas. It was aimed at strengthening the necessary managerial and relational skills to effectively guide their teams towards the corporate objectives.

Similarly, over the year, Fincantieri Marine Group and VARD developed a training path on leadership for supervisors and staff in technical roles, aimed at facilitating development into the team leaders.

Globalization and the broadening of the business scenarios in which the Group operates from day to day have intensified, in line with the Company Language Policy, the demand for and provision of training to improve language skills across the board.



The data refer to the entire Fincantieri Group.



Fincantieri's increasing presence in international scenarios and the need to protect the people working abroad have been the basis for relaunching the **Travel Security** course. In 2019, more information was developed for all employees to raise awareness of the risks associated with travel abroad and to provide them with consequent indications on how to behave.

The introduction of the new European Regulation on Data Protection (GDPR) entailed a significant training commitment in order to fulfil the legal obligations and give substance to the internal procedures. With the same purposes, the Parent Company has promoted training and information activities with regards to Listed Companies, Enterprise Risk Management, IT Security, Organizational Model and the administrative responsibility of legal entities under Legislative Decree No. 231.

From the perspective of continuity with the path of cultural growth and resource involvement that the Group has undertaken for some time, various training and information activities on **health and safety** at work and the environment were promoted in 2018, in addition to and in furtherance of that required by law. The hours of training delivered on these issues accounted for 23.1% of the total hours of training.

Performance appraisal

As part of the policies to enhance and protect human capital, Fincantieri adopts a variety of tools to evaluate its resources with the aim of facilitating their growth and enabling them to perform at their best.

Among these, **performance appraisal** is the systematic and consolidated process in Italy that enables the core competencies of all employees, from manual workers to managers, to be measured on an annual basis. The value added of the process is represented by the feedback interview that each manager carries out individually with their collaborators in order to share the results of the appraisal and define future targets. The foreign subsidiaries have also adopted advanced appraisal systems that measure the performance attained compared to the assigned objectives, allowing job rotation and professional growth opportunities to be assessed.

In 2018, the Parent Company launched the **360° assessment**, a development tool that enables a full appraisal of the resource to be obtained by comparing self-assessment and assessment by others. The multiple feedback perspectives collected (self-assessment, appraisal by the manager, by colleagues and by collaborators) are shared and discussed in a feedback interview which aims to develop in employees a greater awareness of their strengths and areas

for improvement. An individual development plan is prepared after the feedback which collects the support actions aimed at strengthening the most critical competencies. Appraisals of performance and potential are the drivers that guide the people review activities in the Fincantieri Group. These help identify resources with greater potential and usefulness in the Company and the development actions needed to accompany their growth. In fact, **potential appraisal** weighs the maturity of each individual resource's cognitive, realization, relational and coordination skills and examines the potential for the resource to hold more complex positions, including those far outside their usual perimeter of activity. Individual career paths are identified and defined on these bases and aim to put in place the steps needed to accrue the experience and essential skills through job rotation, classroom and on-the-job training and coaching paths. The people review activity also helps **succession plans** to be set up, with an essential tool for identifying managers who, in the future, could take on positions of strategic importance for the business, thus ensuring the availability of potential "successors" for key roles in the short and medium term. With the same aim, Fincantieri Marine Group has introduced a policy aimed at inter-generational cooperation, also through mentoring and training activities from senior to junior workers.

DIVERSITY AND EQUAL OPPORTUNITIES

Fincantieri respects the dignity of each person and offers equal opportunities to all its employees, avoiding any form of discrimination in terms of differences in gender, age, health, nationality, political opinions or religious beliefs. Fincantieri recognizes, at all levels, diversity as a value to be cultivated in the organization in order to consolidate the aim to "put people

at the core" and better address the challenges posed by the global market. The Company promotes and encourages cooperation and interaction between people who have acquired experience in different socio-cultural contexts, so that, with their contribution, they can fuel a corporate culture that is increasingly open. Fincantieri recognizes the value of the international and multicultural context in which it operates and it nourishes it with recruiting and job rotation policies aimed at promoting the sharing of know-how and best practices, as well as the integration and inclusion of people. Fincantieri's capacity and willingness to involve and integrate female and male workers of different nationalities, religions, customs and traditions into a participatory model is seen daily in all the production sites. The US companies, Fincantieri Marine Group and Fincantieri Marine Systems North America Inc., and the VARD group have organized specific **training activities** aimed at creating greater awareness of and sensitivity to diversity issues and preventing discrimination to ensure respect for equal opportunities. Some significant data are given below which reflect the Company's commitment to gender diversity. In Fincantieri, the presence of women, which is constantly increasing in absolute value, achieved a growth rate over the last year that is significantly higher than that of the overall population (+13.3% vs. +4.3%). More emblematic is the data related to the hiring of women, which is 24.7% higher than the previous year. The Company's focus on **work-life balance** is put into practice through various initiatives, in addition to those that are part of the welfare system, which aim to increase workers' satisfaction and commitment towards the Company. There are special arrangements with day care centres, seaside or mountain resorts during the summer, daytime summer camps and after-school activities for the children of employees.

Human rights

Fincantieri operates within the reference framework of the UN's Universal Declaration of Human Rights, the fundamental Conventions of the International Labour Organization (ILO) and the Guidelines of the Organisation for Economic Co-Operation and Development (OECD) for Multinational Enterprises.

Fincantieri undertakes to ensure that the company policy is designed to create and maintain the skills and competences of each employee, recognizing merits, respecting equal opportunities and protecting human rights.

Even in countries with the greatest risk for human rights such as Vietnam and Brazil, the Company constantly monitors these issues. In particular, the Vietnamese shipyard has SA 8000 certification, a system that guarantees respect for these rights and envisages specific training for all new hires.



HEALTH AND SAFETY

OUR POLICY

Safety

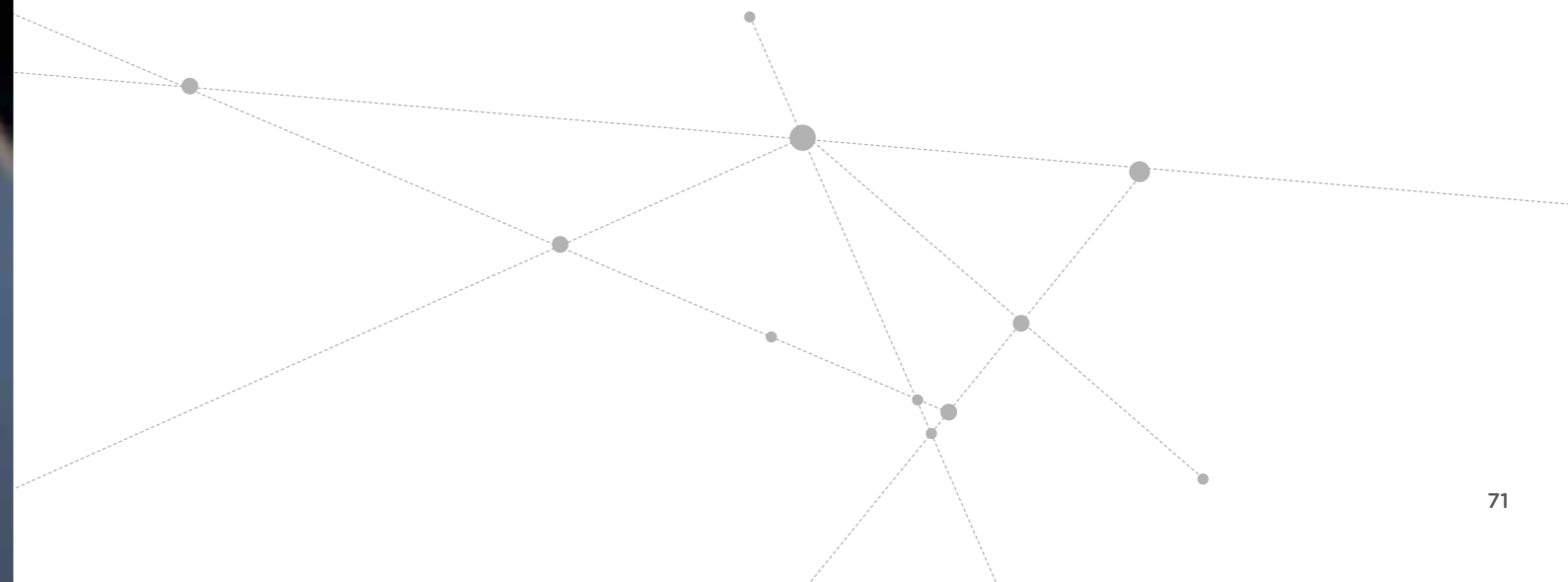
- It is of fundamental importance for the Fincantieri Group and the priority in all the choices our Company has made.
- It is a necessary condition both for our present and for the future we are building.
- It means all sharing the same example to follow - for our top management and for each one of us.
- It means growth for our Company, in terms of efficiency and quality.
- It means training and information: more knowledge, more safety.
- It means cultural change.

This is the only way to achieve our “Zero Accidents” target, our one and only top priority.

Giuseppe Bono

GIUSEPPE BONO
Chief Executive Officer of FINCANTIERI S.p.A.

Safety at work, workers' health, the maintenance and improvement of work environments have always been the main drivers of the Company's policies, in a vision that considers safety a strategic and development factor for the Company. In this light, the continued implementation of tools associated with the certification of the Company's systems for managing health and safety at work, according to the requirements of OHSAS 18001, has resulted in the broadening of the work population involved, facilitating dissemination of corporate culture growth paths. This result is monitored through the systematic implementation of internal audits connected to the certification of management systems and it has been further supported by the various initiatives implemented as part of the **Towards Zero Accidents** project. Owing to the more frequent and widespread presence of employees who travel or are on secondment abroad, the **Travel Security** programme has developed an ongoing mapping of risks in foreign countries to guarantee the security of travelling employees and the sustainability of the locations associated with business operations. Through the coordination of a Crisis Management system, the contingency plans related to the most important sites have been drafted and updated and the monitoring of over 12,000 travel routes has been guaranteed.



TRAVEL SECURITY IS IMPORTANT, FIND OUT WHY



Code of Conduct
When travelling for Fincantieri, employees undertake to promote the Group's interests. Employees must follow the laws, customs and regulations of the host country and behave in a manner that does not harm the interests of the Company.

The tips included in this guide can help you travel safely: this is our goal! Also remember to keep in mind your colleagues travelling with you. If someone has a problem, but hesitates to ask for help, contact Fincantieri Corporate Security, which is always there to lend a hand.



Prepare for travel
Before leaving, remember to read carefully the directions provided by the Travel Security office. They will help you better understand the situation you are about to face. Learn about customs, laws and local culture by consulting the T.R.I.S. company platform, Travel Security section, available on the company intranet. Do not forget that it is better to avoid discussing politics, religion or personal beliefs in public and that in some countries the consumption of alcohol and/or drugs is strictly prohibited.

Attention to frauds
Once you arrive at your destination, do not rely on unofficial services. Be extremely careful when someone offers to help you. Do not accept lifts from strangers or improvised taxis.



Protect company information
Remember not to talk out loud about business matters: someone might be listening!
Do not forget that using free Wi-Fi can be extremely dangerous: do not use open networks, they are not secure! (e.g. at hotels or airports).
If you are carrying company assets (mobile phone, laptop, etc.), do not leave them unattended; they contain confidential data



Keep your eyes open
Pay attention to what is happening around you. Criminals could take advantage of your carelessness; do not help them. Do not go to isolated areas, especially if you are alone. Try to vary your routine and the route from home/hotel to the office.

Make a copy of your documents
Losing documents is a common problem, so keep a copy in a safe place. Do not show your passport/identity card unless requested by a public authority.



Behave appropriately
As a Fincantieri employee, you must always behave in compliance with the laws of the country you are visiting. Remember that Fincantieri is committed to fighting corruption and inappropriate behaviour.



Your health is important
When you're abroad, always try to drink bottled water. Eat cooked food. Wash/disinfect your hands often: this simple routine helps avoid illness. Before leaving, consult the occupational physician and/or the Health and Safety Department Manager of your office if you have health problems or would like more information on the health aspects of travelling.

Towards Zero Accidents project

For several years the Towards Zero Accidents project has involved all the resources concerned with the Company's production process within a structured plan of initiatives. In 2018, a series of activities were carried out that were aimed at employees and suppliers and at contractors' employees.

To consolidate good practices and the constant monitoring of the production dynamics, careful attention has been paid to coordination meetings on safety and the environment which, scheduled at least every two weeks, are carried out directly in the production areas with the participation of all the supervisors involved in processing and the workers' safety representatives. At the level of individual production unit, Fincantieri has established the **Quality and Safety Committees** with the aim of monitoring the production processes within their different complexities. The Quality

and Safety Committees meet regularly, are supervised by the Management of the production unit and are composed of all those reporting to the management and by the quality, health, safety and environment managers. Workers are represented in these Committees through their safety and environment representatives.

The documented analysis of accidents and near misses at the individual sites, made with the use of a computerized format, is shared among all the organizational units and has made the involvement of the entire Company systematic, particularly detailed and timely.

The **Active Safety** project involves training/information provision beyond that required by law and is carried out on a monthly basis during working hours and directly at the workplace. The new element relates to the direct and simultaneous involvement of supervisors (production managers for Fincantieri, site managers for external

companies) in the training and information of their respective employees and in the sharing of the same issue and common illustrative material. In 2018, 10 different editions were carried out with a duration of 30 minutes.

Over the year, the **supplier evaluation** process has received a significant boost as regards safety issues. Contractors are already subject to evaluation from a financial, quality, contractual and production perspective and they have been assessed using a predefined format and **scorecards** focused on health, safety and environment issues, also by the various shipyards, with the direct involvement of the managers of the relative areas. The assessments have led to the calculation of the overall performances of the companies and will be subject to permanent monitoring within Supplier Oversight.

The **Training for Quality** initiative aims to verify and strengthen the technical and operational know-how of production supervisors and skilled workers (in both Fincantieri and contractors) and it has been extended to all Italian shipyards. As part of this initiative, those skills that have a direct impact on product quality have been analysed along with the consequent identification of any training needs, including elements directly concerning safety, such as the proper use

of equipment and work tools, the use of personal protective equipment and keeping the work station clean and tidy.

The VARD group, similarly to Towards Zero Accidents, has further developed its **Vision Zero** project, the results of which confirm a positive trend.

Multiple initiatives have been carried out with the aim of preventing any type of accident to people and the environment:

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

The US subsidiaries have maintained a high commitment to safety and the environment and have received numerous awards for excellence.



While Fincantieri Bay Shipbuilding won the **Shipbuilders Council of America Excellence in Safety Award** for the fourth year running, Fincantieri Marinette Marine and Fincantieri Bay Shipbuilding have been awarded the **Excellence in Safety Award** by the Shipbuilders Council of America. Fincantieri Ace Marine has developed the SLAM (Stop, Look, Assess, Manage) programme that involves the employees and intends to promote a pro-active vision of health and safety in the workplace.

Together in Safety project

A new tool has been made available and operational in all Italian shipyards since January 2018. It is aimed at protecting human resources and promoting correct behaviour, including from an environmental perspective: Together in Safety.

This is a multimedia training video, with a duration of over three hours, aimed at employees of subcontractors (a user catchment of around 30,000 people), and it must be watched in the classroom when

people enter the Group’s production sites for the first time.

The aim is to represent and simplify the main risks present in the shipyard and the correct operational methods, also in order to prevent and minimize the interference risks of certain stages in which several activities are carried out.

The Together in Safety video focuses on 35 risk situations and describes over 180 recommended prevention and protection measures to inform and make the worker aware of the risk situations present in the workplace.

The video has been developed in the 10 languages most used in Fincantieri sites and, in the context of each of the Italian production units, with a first part customized to the logistics of each shipyard.

certifying its management system over the course of the year, aims to achieve certification of compliance with the requirements of the standard by 2019. The US site of Fincantieri Marinette Marine maintained the certification of its health and safety at work management system, in compliance with the requirements of OHSAS 18001.

The VARD group maintained OHSAS 18001 certification for the VARD Braila and VARD Tulcea (Romania) shipyards, as well as the VARD Vung Tau (Vietnam) shipyard. All VARD shipyards are aligned with SA 8000 standards, which are based on the International Labour Organization (ILO) conventions and the Universal Declaration of Human Rights (Vung Tau is also certified).

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

the **Social Bonus**, is used on an annual basis and exclusively on welfare services and is a management element that is consolidated within the Company. Moreover, workers can convert variable awards linked to the achievement of assigned objectives into welfare entitlements. The Company also adds a further increase of 10% to the value converted for employees who decide to use this opportunity, thereby strengthening the connection between the achievement of production objectives and consolidation of the overall welfare system.

Welfare is also extended to the other Italian subsidiaries and/or associates that fall within the scope of the national collective bargaining agreements.

On this point, particular attention has been paid to transport issues. In 2018, the **reimbursement of public transport costs** was included among the convertible services. With this benefit the employee can request the total or partial reimbursement of public transport costs for themselves and/or for their dependent family members.

Confirming the validity of the welfare model it has adopted, Fincantieri won the **Welfare Awards 2018** for the best plan in application of the National Collective Bargaining Agreement for Steelworkers, and a special Welfare Awards 2018 award for welfare policies aimed at blue collar employees.

In the same vein, the spread of **corporate car pooling** (namely two or more people sharing a private car for the commute to and from work) continued and in 2019 it will be extended to all companies in the Group. To respond to the increasing need for a work/life balance, in addition to envisaging greater working hour flexibility as regards the times for arriving and leaving the workplace, the Company has launched an initial trial of the **smart working** tool. In relation to **supplementary health care**, an agreement was defined with the

COMPANY WELFARE

With the 2016 cooperate agreement Fincantieri laid the foundations for a welfare model able to seize on the employment and enterprise market dynamics, translating them into a modern and efficient management of the available resources.

The **welfare system** is available to employees in general, including part time and fixed term employees, and is also recognized for the employees of Italian subsidiaries and/or associates falling under the application of the supplementary labour agreement (Isotta Fraschini Motori S.p.A., CETENA S.p.A. and Orizzonte Sistemi Navali S.p.A.).

Employees can access a wide range of goods, and services through a special portal. The options most used by employees are welfare vouchers (40%), services for families (21%) and supplementary pensions (15%). Part of the performance bonus, also called

MAIN HEALTH AND SAFETY INDICATORS	2017	2018
Severity index	0.3	0.3
Rate of occupational disease	0.1	0.1
Rate of absenteeism	3.6	3.6
Injury rate	10.5	10.3
Number of injuries	383	366
- of which in the workplace	343	301
- of which while travelling	40	65
Number of injuries in the workplace - fatalities	0	1
Number of injuries - women	39	19

The data refer to the entire Fincantieri Group.

OHSAS 18001 and SA 8000 certifications

During 2018, Fincantieri continued implementing and consolidating the occupational health and safety management systems in its operating units, with the aim of supporting the implementation of the

related policy adopted by the Company. The sites that have already been certified continued to be monitored by the RINA certification body to ensure certification maintenance or renewal. The Palermo shipyard, which had started

national trade unions for the new Health Plan, which has guaranteed a considerable increase in the level of services provided to employees and a further extension to family members covered with the contribution paid by the Company. Health services were provided both directly, through the facilities contracted by the operator and in the form of reimbursement and access to them was facilitated by assistance for Group employees only.

The agreement also confirmed the opportunity for pensioners, under the operator's most favourable conditions, to continue to make use of the supplementary health care benefits with a contribution paid for by them.

Fincantieri Marine Group provides benefits to all employees working at least 30 hours a week. Benefits include subscription to the Group Health Medical Plan, which covers various services: a medical coverage plan, a dental coverage plan and vision coverage plan for eye health. The costs are borne partly by the Company and partly by the worker. In addition, there are other benefits not included in the above plans, such as the on-site clinic, vacation and holiday pay, the policy on short-long term disability, life insurance for accidental death & dismemberment, the retirement plan and the employee assistance programme.

The VARD group provides its employees, using different methods depending on the location, with medical assistance, internal catering services, food cards, training incentives and support for transport to and from home.

INDUSTRIAL RELATIONS

Industrial relations in Fincantieri are based on a very advanced participatory model and are developed through the activities of various commissions and specific bodies,

which in some cases, in addition to trade unions, include workers. This is the case of the Bilateral Joint Technical Body which continued to operate in all the company sites in 2018. Its purpose is to increase the motivation and participation of employees in the innovation processes, combing the necessary increases in efficiency and productivity with the improvement of life and work quality.

On a national level, work continued in the various joint commissions and special attention was given to further developing training issues, the structuring of a plan of initiatives for the prevention and containment of accidents and protection of the environment with the constant and increasing involvement of the supply chain.

Solidarity leave was established during the year. It offers employees the option of passing their own holiday and leave entitlements to colleagues in serious need and it was extended with the trade union agreement to the Sestri Ponente shipyard. Employees are guaranteed **freedom of association** throughout the Group. In 2018, 52% of employees are registered with trade unions.

Specific information procedures are envisaged for any **restructuring processes** which involve trade union organizations. The restructuring methods (e.g. early retirement, reduction of working hours, retraining, etc.) are subject to different structuring depending on the context in which they are used.

The VARD group signed **five collective bargaining agreements** for foreign subsidiaries in 2018.

REMUNERATION

The remuneration of employees, whether manual workers or office staff, is defined in relation to the relevant labour market and in accordance with the provisions of the National Collective Bargaining Agreement and company level contracts.



Remuneration consists of a fixed component, aimed at fairly rewarding the work performed, and a variable component, linked to predetermined and measurable performance objectives, mostly in the form of welfare and non-monetary benefits. In general, the fixed component remunerates the role and responsibilities assigned to each employee, taking account of the level of experience, the quality of the contribution that each employee brings to the attainment of the business results, as well as the level

of excellence with respect to the duties assigned.

This component is sufficient to remunerate the services performed, including in the event of no payment or only partial payment of the variable components, where envisaged. The fixed component is also such as to ensure a suitably competitive position with respect to the level of salary paid by the market for the specific position.

The variable component, on the other hand, remunerates the results achieved in the short and long term and is aimed at translating company strategies into a series of individual and Group objectives, capable of decisively influencing the performance of the people involved.

The variable component also focuses people's attention and commitment on strategic objectives, though not necessarily economic ones, such as those related to sustainability, in line with the Sustainability Plan approved in December 2018, which also includes objectives on quality, safety at work, the environment and anti-corruption, among others.

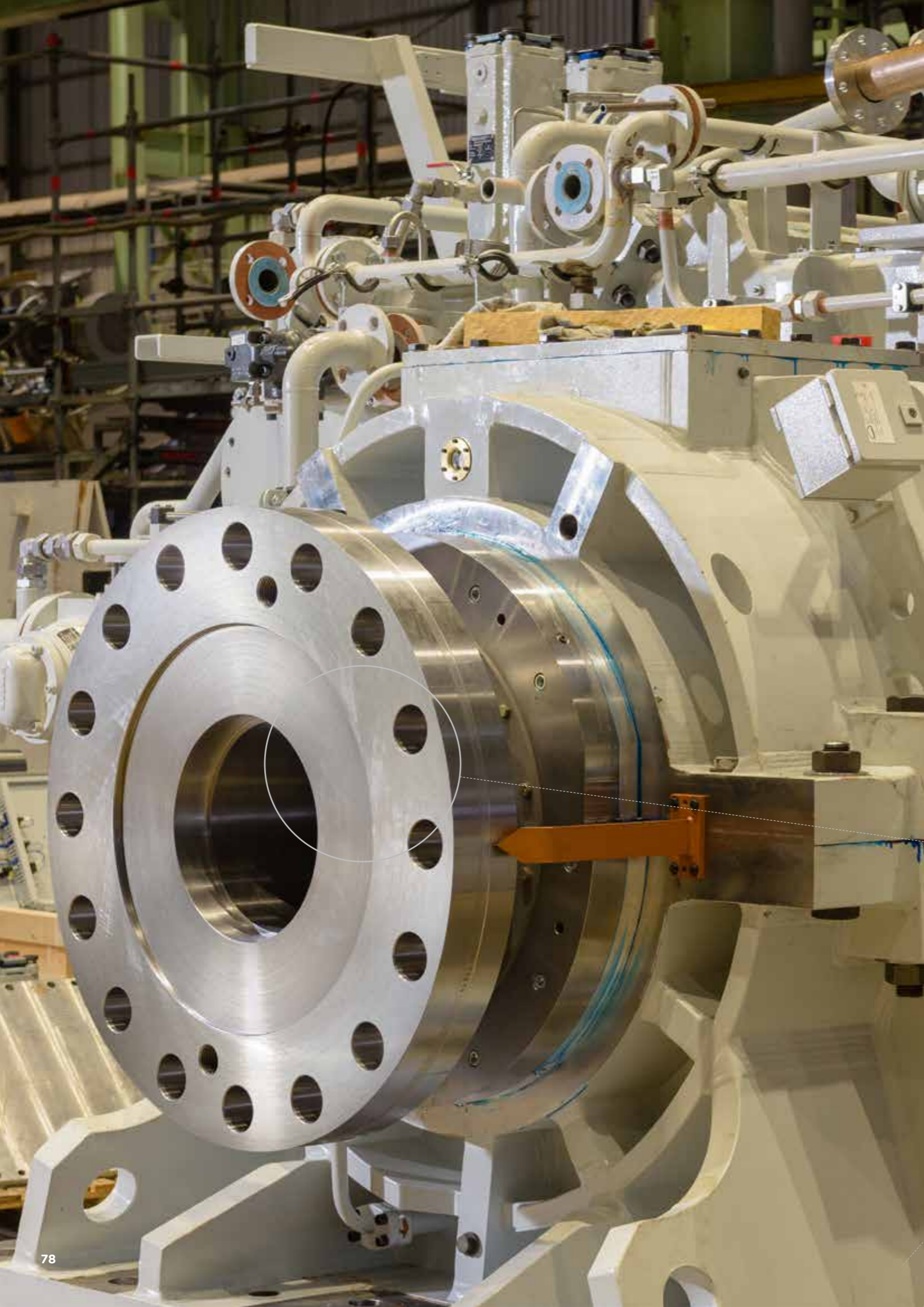
RATIO BETWEEN WOMEN'S BASIC REMUNERATION AND AVERAGE REMUNERATION

	2018			
	SENIOR MANAGERS	MIDDLE MANAGERS	WHITE COLLAR EMPLOYEES	BLUE COLLAR EMPLOYEES
FINCANTIERI	0.9	0.9	0.9	0.9
VARD	0.3	n.a.*	0.4	0.3
FMG	1.2	0.9	0.8	0.9
FMSNA	0.0	0.0	1.1	0.0

RATIO BETWEEN WOMEN'S GLOBAL REMUNERATION AND AVERAGE REMUNERATION

	2018			
	SENIOR MANAGERS	MIDDLE MANAGERS	WHITE COLLAR EMPLOYEES	BLUE COLLAR EMPLOYEES
FINCANTIERI	0.9	0.9	0.9	0.9
VARD	0.3	n.a.*	0.5	0.3
FMG	1.2	0.9	0.8	0.9
FMSNA	0.0	0.1	1.1	0.0

* Data for the VARD group is not available given that it is incomplete.



RESEARCH AND INNOVATION

- A CLEAR VISION FOR 2030
- STRUCTURED PROCESSES FOR INNOVATION
- THE ROLE OF CETENA
- WIDESPREAD NETWORK
- MAIN PROJECTS



Innovation is growth and Fincantieri never ceases to innovate

Fincantieri aims to maintain its position as world leader in all shipbuilding segments that require advanced, high value-added solutions. Fincantieri technological leadership is based on our high capacity to innovate and on our system integrator know-how; it is an essential target that we aim at by considering technological development and continuous improvement as the key goals of every action, project, initiative and decision made by the Group.

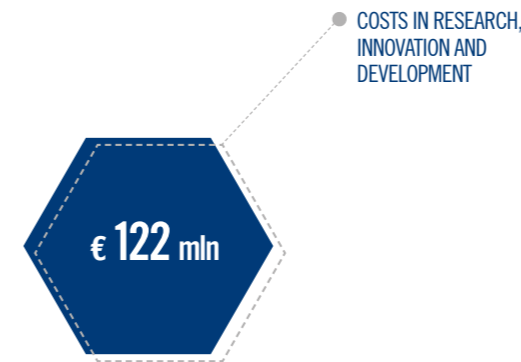
A business subject to cyclical trends over time, such as the naval one, requires considerable flexibility in order for any company to enter new market segments. This flexibility can only be guaranteed by carefully managing innovation strategies. A recent example of the Group's flexibility is VARD's development of new projects that build on its experience, acquired in the offshore segment, and in the production of vessels capable of operating in extreme conditions. Product and process innovation is one of the fundamental values of Fincantieri that have led to it being one of the most competitive players in its business globally. In this sense, the capacity to seize on the promising synergies in terms of innovation at international level characterizes the Group's actions and makes it gradually more integrated with and sensitive to market dynamics.

A CLEAR VISION FOR 2030

Consolidating a shared path with its European partners in research and innovation in the shipbuilding industry is one of the Group's most ambitious objectives

that it intends to pursue in the coming years, and one from which it intends to channel its actions. It has been possible, as a result of collaboration with other Italian and French shipbuilders and through the relative associations (ASSONAVE and GICAN), to establish a collective development vision for civil and naval technological innovation. The ASSONAVE-GICAN roadmap is built on five pillars, called Visions, associated with the technological objectives that need to be achieved in order to ensure their success. These pillars, which are the core direction of Fincantieri's Research and Innovation process, are the eco-sustainability and energy efficiency of ships (**Green Ships**), their digitalization (**Smart Ships**), their automation (**Autonomous Ships**), the development of more efficient, safe and sustainable production facilities and processes (**Smart Yards**) and the introduction of innovative solutions for Blue Economy growth (**Smart Offshore Infrastructures**). The importance of this vision is attested by the inclusion of these pillars in the 2018-2022 Sustainability Plan. Fincantieri actively supports and promotes its roadmap towards innovation with the relevant organizations at national level (the national technology clusters Trasporti Italia 2020 and Blue Italian Growth) and European level (the WATERBORNE technology platform and the Sea Europe association) in the conviction that they represent the dynamics of technological development in the medium- to long-term which are needed in order to bolster competitiveness of the European shipbuilding industry. Innovation is a key element for the operating segment to continue to maintain a global leadership position, demonstrating that it is fully able to handle the greatest technological and environmental challenges of our time.

STRUCTURED PROCESSES FOR INNOVATION

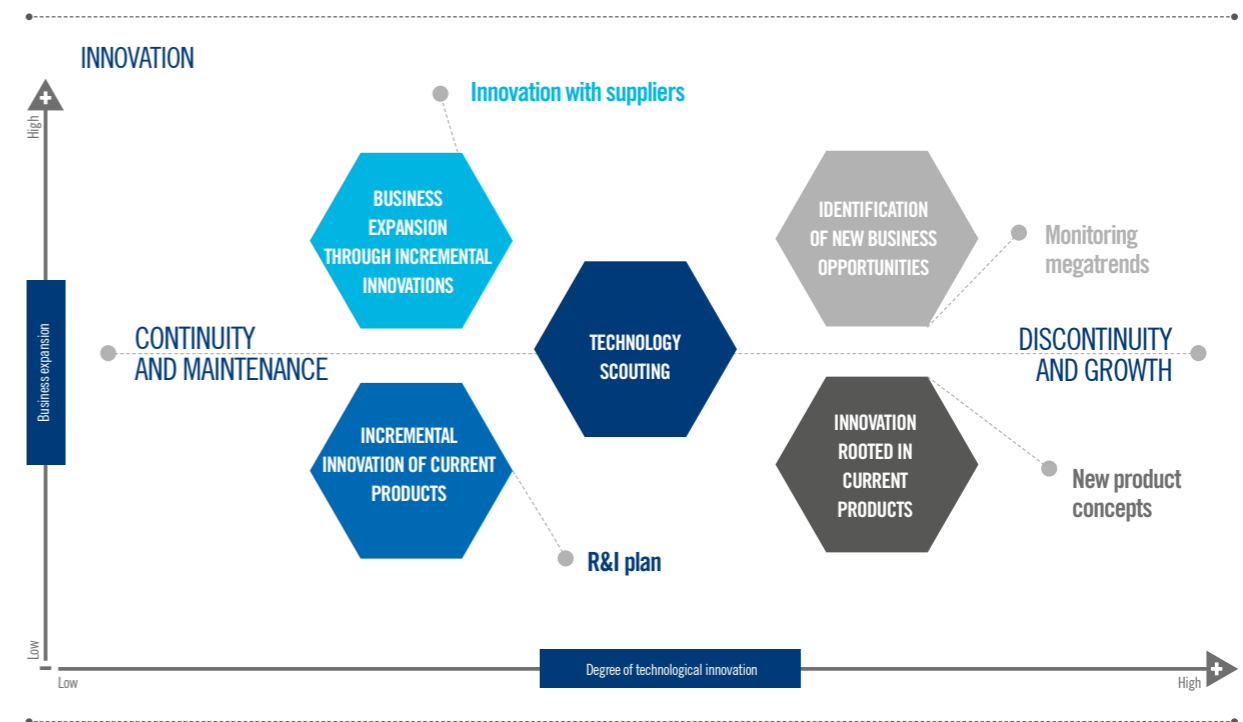


The Group's R&D activities are steered in three main directions:

- **development of technologies and innovation applied to the order**, i.e. activities aimed at developing technological solutions, materials and innovative systems that are carried out during the design of ships and necessary to meet the specific needs of shipowners;
- **off-the-shelf innovation**, i.e. activities aimed

at developing specific design solutions that are not directly applicable to orders, but are necessary to anticipate customer needs, for example in areas such as energy efficiency and reduction of operating costs, maximizing payload - the typical profitability indicator for naval products -, and perceived quality, and improving safety;

- **long-term innovation**, i.e. activities aimed at developing the Group's technologies also in order to support entry into new sectors.

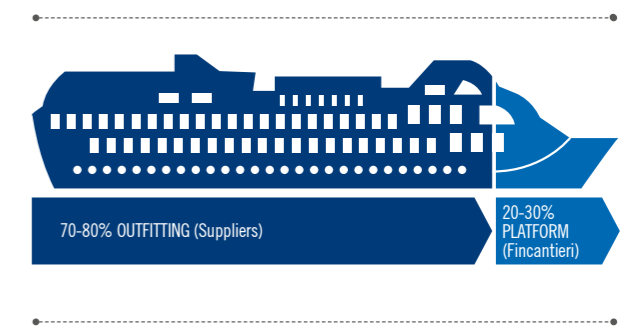


Fincantieri has defined a structured and articulated process for preparing the **Research and Innovation Plan (R&I Plan)**. The R&I Plan represents the operational tool that the Group uses to gain greater competitiveness on the international market, allowing it to generate and maintain a competitive edge against its competitors. It is redefined annually in order to maintain consistency between developed activities, corporate objectives and market needs. The Group also continuously studies **new concepts**, promoting the generation of innovations within its business perimeter, collaborates with suppliers to produce innovative solutions that also lead to a possible business expansion, and constantly monitors technological **megatrends** to

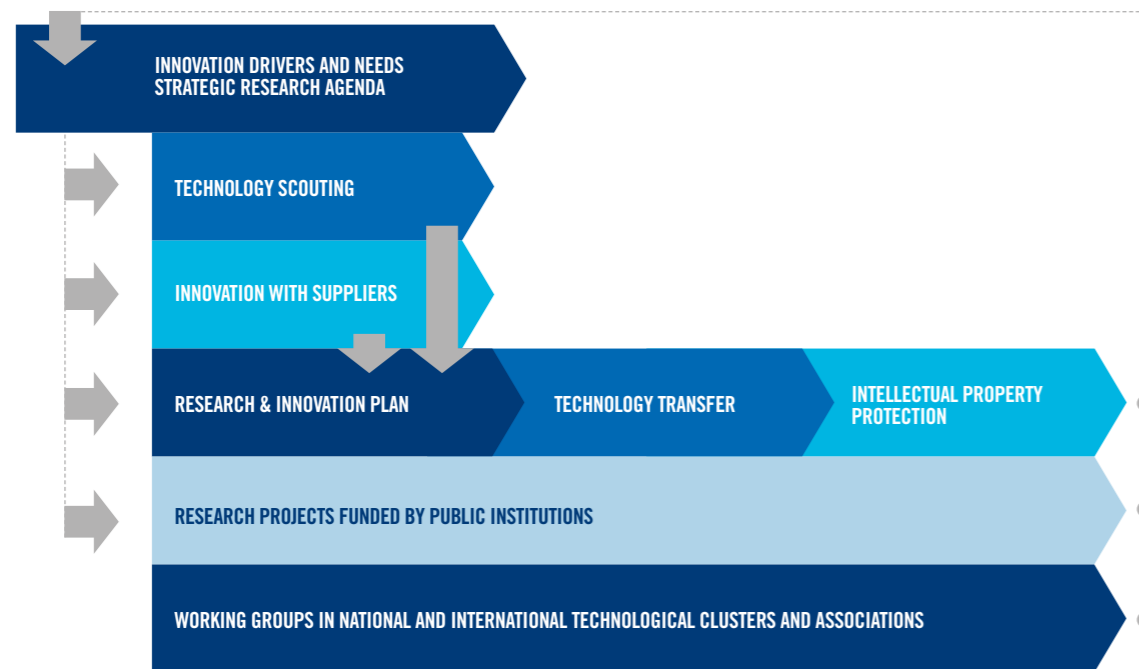
anticipate market trends. These different processes are supported by **Technology Scouting**, aimed at identifying the emerging technologies, including in sectors far removed from the world of shipping. The Technology Scouting and **innovation activities with suppliers** help to fuel and contaminate the R&I Plan with ideas from abroad, always guaranteeing a long-term vision on the most recent technologies. The processes are structured to maximize the impact on the final product of the studies and results of various projects. In particular, competitive advantage is maximized by not overlooking both the technological transfer aspects - facilitating the application of new discoveries on board - and the intellectual property aspects.

Protecting intellectual property enables Fincantieri to get the greatest possible benefit from the results of the research and innovation activities, from its know-how - accrued and consolidated over the years - and from the design solutions that have enabled it to acquire leadership in its market sectors. For example, in 2018 a patent was granted for an innovated radar system which enables a 360-degree view contemporaneously, various models of the design of details of the hulls and superstructures of cruise ships, and patent for a Smart Cabin system which enables home automation solutions to be applied to cabins.

in terms of type and geographical location. The role of system integrator played by Fincantieri requires the creation of long-lasting relationships that enable the implementation of cooperative development programmes in order to pursue the development of new technologies, continuous improvement of current ones - in terms of quality, efficiency and costs - and the reduction of risks.



OUR CORE PROCESSES ARE DESIGNED TO DRIVE INNOVATION FORWARD



THE ROLE OF CETENA

The Research and Innovation processes are supported by CETENA, the Research Centre that is the key element of the Group's pre-competitive research. Since 1962, CETENA (Centro per gli studi di Tecnica Navale) has carried out research and consultancy in the naval and maritime field, at both national and international level, to support shipyards, shipowners, navies and maritime operators. CETENA's main tasks concern purely naval areas including fluid dynamics, innovative structures and materials, energy efficiency and control of emissions, safety and tools for decision support, development of manoeuvre and navigation simulators and testing activities at sea and in the laboratory.

In this way the Group has given substance to the paradigm of open innovation, a model of cooperation between firms and research facilities, creating a network of extensive and widespread collaborations at international level. In order to ensure the integration of internal and external innovation processes, the R&I Plan takes into consideration the various stakeholders:

- **Suppliers:** suppliers are involved in numerous projects in the Research and Innovation Plan and in various open collaborations of which the Group is part. They are also a principal element of the Innovation with Suppliers process that envisages the identification of the main technological systems of the ship product and the relative development roadmap. The main partners for building a common strategy of joint technological development aimed at pursuing the objectives defined in the roadmap are identified based on this analysis.

WIDESPREAD NETWORK

The complexity of its products has driven Fincantieri to think about its own innovation processes, founding them on both internal skills and on the creation of partnerships with various external stakeholders that differ

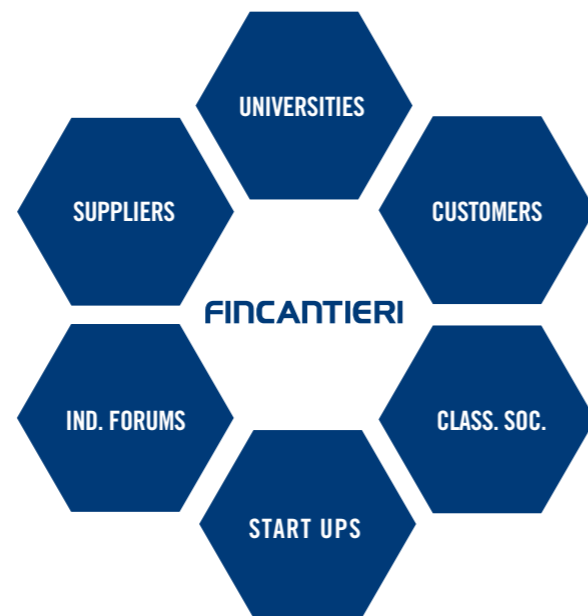
• **Network of Universities and research**

Institutions: the Group collaborates systematically with the main universities and research centres, developing important international partnerships. The methods of cooperation are different and range from joint participation in collaborative projects and direct collaboration on specific topics to developing innovative ideas to transfer onto the product through Innovation Challenges.

• **Classification Societies:** responsible for certifying the consistency of the product and the production methods applied to the product, they are a significant partner throughout the entire production chain. The Group cooperates with Classification Societies on a day-to-day basis in the development of new prototypes. It also shares activities in various collaborative projects and recently entered into several specific agreements to facilitate research activities and collaborative development.

• **Customers:** the Group always seeks to anticipate customer needs. Therefore various activities are implemented in order to identify the technological priorities to be developed in the short, medium and long term. These include a careful analysis of the progress of the requests formalized in the technical specifications, direct contacts, market surveys and Voice of the Customer (VoC) analyses.

• **Trade associations and industry forums:** represent an important area for exchanging ideas and a hothouse for the cultivation of fruitful partnerships aimed at consolidating a shared vision on the main research and development issues.



Italy: National Technology Clusters and Regional Technological Districts

To systematize the activities carried out by the different actors nationally, Fincantieri actively participates in the activities performed by the National Technology Clusters (NTC) and by the relevant Regional Technology Districts, that are driving economic growth in the regions and the national economic system as a whole. Since 2016, NTCs perform, for their respective areas of competence, the function of soft governance at the meeting-point between scientific research and industry. The purpose of the clusters is to mobilise the industrial system, research system and Public Administration to jointly create extensive national partnerships that address shared priorities. Moreover, they fuel strategies for research, development and training of human resources, and the relative implementation plans to maximize the impact on the economic system, in line

with the need for innovation and increased competitiveness emerging from companies in the country. 2018 saw a continuation of the activities of the Trasporti Italia 2020 NTC and the formation of the Blue Italian Growth NTC.

Trasporti Italia 2020 NTC: Fincantieri participates in the maritime Working Group of the Trasporti Italia 2020 NTC. The objective of Trasporti Italia 2020 is to create synergy between the various supply chains and to identify future research and innovation trajectories for the surface transportation industry. In 2018, the Trasporti Italia 2020 NTC worked to maintain important dialogue with the Ministry of Economic Development (MiSE) and the Ministry of Economy and Finance (MEF) aimed at steering actions in support of firms with particular focus on the issue of automatic incentives (R&D, Training 4.0, etc.) and producing an impact analysis of the Stability Law on the above issues.



Blue Italian Growth NTC: Fincantieri actively took part in launching the activities of the Blue Italian Growth (NTC BIG), including through direct participation with two members on the Scientific and Technical Committee and two members on the Steering Committee. In 2018, the NTC BIG continued with consultation and coordination actions with the main players in the public and private research system on the topic of Blue Growth aimed at defining its own Three-Year Action Plan.

Regional technological districts: at a regional level, the cluster policy has strengthened the roles of the districts; Fincantieri works with five technology districts located in the areas of its shipyards.

- The **Friuli Venezia Giulia Maritime Technology Cluster** (MareTC FVG), which has the objective of promoting and developing scientific and applied research, technological development and training, as well as the communication of results, the stimulus for innovative activities, the exchange of knowledge and experience, technology transfer, sharing and dissemination of information between companies and research organizations. Furthermore, it aims to encourage internationalization and to promote the growth of the intangible value of the Friuli Venezia Giulia region maritime technology system.
- The **Liguria District for Marine Technology** (DLTM), focused on the development of new solutions for marine systems for naval and leisure marine industry, for vessel systems for defence and security, and for monitoring, reclamation and safety of the marine environment.
- The **Liguria Technology District for Integrated Intelligent Systems** (SIIT), created for the development of virtual reality, simulation and support tools for the automation of processes and logistics.

- The **Polymeric and Composite Materials and Structures Engineering District** (IMAST) in the Campania region, founded for the development of cutting-edge skills in innovative materials for the aerospace, maritime, automotive, bio-medical, polymer electronics and construction industries.
- **Sicily Technology District for Naval Transport** (NAVTEC), focused on improving the skills of the network of strategic suppliers within the field of ship repair and conversion in Sicily.

The objective of the districts is also to integrate the skills present in the research system and the business world, and to allow suppliers, universities and research centres to interact in close contact with the Group for the development of technological solutions.

Norway: the main partnerships

The Group, through the subsidiaries of VARD group, regularly cooperates with the Norwegian academic and research world. In particular we are regularly involved in activities carried out in partnership with the NTNU - the Norwegian University of Science and Technology - and the SINTEF - The Foundation for Industrial and Technical Research - one of the main independent research centres in northern Europe. This close cooperation has driven to the establishment of two centres for research-based Innovation (SFI), within a framework initiative established by the Research Council of Norway. These temporary centres (established for the period 2015-2023) aim to improve the ability to innovate in a specific industrial sector by creating close partnerships between companies and research groups, focused on medium- to long-term research goals. In particular, the Group operates through the following three segments:

- the **Smart Marine SFI:** the centre aims to improve the positioning of the Norwegian maritime sector in the segment of sustainable waterborne transport;
- the **Move SFI:** the centre is focused on improving operations in maritime and develops IT knowledge, methods and tools.

Europe: the main partnerships

During 2018, European stakeholders in the maritime sector were strongly committed, in line with the initiatives launched in previous years, to relaunching the WATERBORNE European Technology Platform, changing the membership procedures by opening up to a wider range of private entities and strengthening communication skills and strategic collaborations with other European entities. The WATERBORNE European Technology Platform is the most important strategic partner of the European Commission in identifying the research priorities in the maritime, naval, port, logistics and blue growth fields, consolidating widespread consensus among the many stakeholders in the sector. Fincantieri recognizes the importance of participating in the industry consultation processes needed to define the European guidelines for research and technological innovation and is therefore an active participant in WATERBORNE and fully involved in its relaunch. In 2018, Fincantieri participated in the work of numerous working groups, contributing significantly to the preparation of the platform's visions and missions, appropriately integrated in a Strategic Research Agenda for the sector at European level. This document aims to help the process for identifying the industry priorities in terms of research and innovation, also with reference to the issue of mobility, by European institutions, identifying a long-term technological development path capable of strengthening global competitiveness in the sector.

In the European context, Fincantieri continues its cooperation, through ASSONAVE, with Sea Europe - the European association of shipyards and producers of naval systems - and, through CETENA, with the European Council For Maritime Applied R&D (ECMAR), which aims to develop a common strategy for European research in the maritime sector in line with the EU funded research, innovation and development priorities. Moreover, the Group participates intensely in the activities of the Cooperative Research Ships (CRS), a consortium of over 25 members concerned with obtaining data on the hydrodynamic behaviour of large ships. Fincantieri also participates in Hydrogen Europe, the European association representing the industry and research for the development of hydrogen technologies and fuel cells, which cooperates with the European Commission on the Fuel Cells and Hydrogen Joint Undertaking (FCH JU) innovation programme. This is a unique public-private partnership that supports research and technological development activities with the aim of accelerating the market introduction of hydrogen technologies to realize a low-carbon emission energy system.

United States: the National Shipbuilding Research Program

The American subsidiary Marinette Marine carries out most of the research and innovation initiatives in collaboration with research centres and universities, through the National Shipbuilding Research Program (NSRP) funded by the US Government. NSRP was founded in collaboration with U.S. Shipyards, which studies and develops new processes and designs to improve ship production in the United States and make it more efficient. This project allowed Marinette Marine to launch collaboration initiatives for the development of research projects and innovations. The activities carried out in this

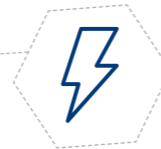
context range from welding techniques to “design for maintenance” concepts, via the study of strategies to reduce ship weight.

MAIN PROJECTS

With the identification of a clear innovation vision the Company is able to focus on research activities and projects to pursue well-defined trajectories. Often, given the complexity of the issues covered, projects are cooperative in nature in order to maximize effectiveness by exchanging knowledge with various actors who are leaders in their respective sectors. The Group operates through its own resources, with over 90 projects, and through programmes funded at European, national and regional level. In accordance with the sector trajectories mentioned above, it is possible to highlight the main activities conducted in 2018.

Green Ship

Greening has been steering innovation and markets for years now and, today, it represents an important issue in the eyes of public opinion. CLIA, the Cruise Lines International Association, recently announced its formal commitment to reducing carbon emissions by 40% by 2030 on all cruise ships, pursuing the International Maritime Organization’s (IMO) objective to reach zero carbon emissions throughout the whole naval industry by the end of this century. Fincantieri considers Green Ship as a milestone of its vision. The activities in 2018 confirm this commitment. Recent contracts, whether they are related to the sectors of new builds or refitting, feature the use of advanced technologies, such as Liquefied Natural gas (LNG), batteries, modern pollutant reducing and energy saving systems.



Fincantieri aims to continually improve ship energy efficiency and emissions using a holistic approach able to cover all the on-board sub-systems. Future activities will be focused on reducing emissions to air and water, greater innovation of on-board waste management and disposal systems and reducing noise and vibrations. Furthermore, Fincantieri supports the Green Fuel Switch, also by harnessing renewable energy, and it believes in developing new technologies for de-carbonization such as Fuel Cells, encouraging the introduction of high performance materials and promoting eco-design ideas (e.g. design for eco-compatibility, evaluation of the life cycle, etc.).

The main projects active in 2018 and related to these issues are:

- **High efficiency:** a project conducted in cooperation with the Consiglio Nazionale delle Ricerche (CNR, National Research Council) and the University of Trieste, funded by the Italian Ministry of Infrastructures and Transport. The aim of the project was to develop innovative systems solutions for energy recovery (mainly thermal) and to increase the overall energy efficiency of the systems on board.
- **On-board waste-to-energy platform:** a project conducted in cooperation with the CNR and the Universities of Genoa and Trieste, funded by the Italian Ministry of Infrastructures and Transport. The aim of the project was to evaluate various options to convert the waste produced on board ship into energy, in compliance with applicable environmental regulations.
- **Innovative electricity generation:** a project conducted in cooperation with the CNR and the Universities of Genoa and Trieste, funded by the Italian Ministry of Infrastructures and Transport. The aim of the research was to develop a preliminary system design



for a cruise ship powered by a Fuel Cell, evaluating the technology's limits for use on board.

- **Technologies with low environmental impact:** a project conducted in cooperation with the CNR and the Universities of Genoa, Naples and Palermo, funded by the Italian Ministry of Economic Development. The project sets out to realize a laboratory ship approximately 25 metres long to study power generation technologies with low environmental impact.

- **BEN - Criteria for energy efficiency and optimization of the ship's electrical balance to reduce environmental impact:** the project is funded by the Liguria region and sets out to develop, in close cooperation with the University of Genoa, criteria to improve energy efficiency and optimize the electrical balance so as to reduce the ship's environmental impact.

- **Sustainable Ship Design Program:** the project aims to create and validate a holistic approach to energy efficiency and emission reduction in ship design, also through a careful control of EEDI (Energy Efficiency Design Index).

- **New Generation Stabilizers:** the project aims to evaluate precisely the influence of the different opening arrangements of the fin stabilizers on the vessel's total drag, thus increasing the ship's energy efficiency while in operation. Moreover, the development of a special software tool will ensure the possibility of obtaining accurate energy performance forecasts of the different arrangements.



● **Smart Ship and Autonomous Vessel**

IoT (Internet of Things) and smart devices are pervasive across all industrial sectors and ships are not exempt from this "intelligent" revolution.

The development of sensors, monitoring systems, support systems for navigation and

the on-board activities help increase the value added of the whole ship product and improve their global safety.

The study of pre-accident measures, i.e. design and operational solutions to reduce the frequency of accidents, in addition to measures that improve the resilience capacity of ships, i.e. the capacity of a ship to survive accidents, will increase safety across the board. Furthermore, implementing technologically advanced solutions will enable process optimization and automation, and will reduce the associated operating costs.

One of the most interesting challenges for the shipbuilding industry is to develop autonomous ships of a significant size for use in any operational scenario, including in busy port areas. The key technological factors that drive this trend are the implementation of new technologies that, based on the integration of different systems, are able to track ship operations and allow it to manoeuvre autonomously. Moreover, each highly smart or autonomous ship will require highly advanced cybersecurity studies to avoid any type of hacker attack.

The main projects active, or in advanced stage of launch, in 2018 and related to these issues are:

- **E-Cabin:** a project conducted in cooperation with the Consiglio Nazionale delle Ricerche (CNR, National Research Council) and the University of Trieste, funded by the Italian Ministry of Infrastructures and Transport. The aim of the project was to develop technological solutions to enable passengers to use digital devices on board cruise ships, enabling new features and improving the cruise experience.

- **E-Navigation:** a project conducted in cooperation with the CNR and the University of Genoa, funded by the Italian Ministry



of Infrastructures and Transport. The aim of the project was to develop and utilize augmented reality tools to improve the speed of evaluating the operational scenario by bridge personnel.

- **Secure Platform:** a project conducted in cooperation with the CNR and the Universities of Trieste and Rome La Sapienza, funded by the Italian Ministry of Infrastructures and Transport. The aim of the project was to design and build equipment and tools to increase physical safety on board ship. In particular, a system for automatically detecting any risk situations on board ship (unauthorized access, abandoned items, people falling overboard) and a system for locating and automatically recovering any person who fell overboard have been developed.

- **OCEAN2020 - Open Cooperation for European mAritime awareNess:** the project is funded by the European Defence Agency (EDA) and its purpose is the integration of unmanned systems in addition to the introduction and use of situational awareness concepts in the maritime environment. The project envisages the cooperation of over 40 international partners.

- **Integrated Bridge (SeaQ Bridge):** this innovative solution allows the integration of a wide selection of navigation and communication solutions in a system controllable from the vessel's bridge. This allows a considerable simplification of on-board operations and a consequent increase in security.

- **Cyber:** project funded by the Liguria region and aimed at studying different cyber security aspects for critical infrastructures.

● Smart Yard

Fincantieri has identified various areas of interest for improving the design and production stages of future smart yards. The main aims are related to improving

safety and productivity. Computer models, virtual product methodologies, additive manufacture, cobotics, logistics and quality control procedures will drive the evolution of the shipyard within Industry 4.0. In the coming years, ships will be designed and produced by considering the life cycle perspective more, from design to decommissioning. Moreover, innovative and cost-effective production techniques and methods will be developed, with particular focus on welding and joining procedures.

- **RAMSSES - Realisation and Demonstration of Advanced Material Solutions for Sustainable and Efficient Ships:** a European cooperation project, funded under the Horizon 2020 programme, involving 36 international partners. The project aims to widen the application of advanced materials in the European maritime industry, carefully studying aspects related to industrial methods. In particular, the project sets out to analyse the different applications of special steel and composites on board.

- **SIDRAN - Immersive Design Review in the Naval Sector:** the project, funded by the Friuli Venezia Giulia region, aims to revolutionize the design review experience also thanks to cooperation with the University of Trieste. The study enabled the use of immersive virtual reality to visualize, including remotely, three-dimensional technical drawings developed with CAD, making the morphology and details of the designed areas immediately legible to the various actors involved in the process.

- **MAESTRI - Accommodation Macro-Modules and Integrated Structures for cruise ships:** a cooperation project, funded by the Friuli Venezia Giulia region, that sets out to overcome existing design and technological obstacles in order to build cruise ships with a higher cabin/tonnage ratio. The value proposition is

to increase the number of passenger cabins without increasing tonnage. This objective will be achieved by developing new accommodation module solutions, enabling the addition of more cabins without increasing ship volume.

- **ISDM - Data process model for the intelligent production of ships:** the project, funded by the Italian Ministry of Economic Development, sets out to increase efficiency, effectiveness and integration of the design process, encouraging the link with downstream activities (supply chain, procurement, production and after sales). It also aims to modernize the supporting technical systems.

- **VISTA - Virtual sea trial by simulating complex marine operations:** the project, funded by the Research Council of Norway, aims to improve the ship design and verification process through development of methods and models that make it possible to perform a realistic simulation of the ships' performance while operating.

● Smart Offshore Infrastructure

The offshore world is evolving rapidly and Fincantieri wants to lead the change. The evolution is steered by new business models and by the need to more efficiently harness the maritime environment, also thanks to structures that can be adapted to different uses, such as work and life at sea. Multipurpose platforms will be able to support different activities at the same time, such as aquaculture, energy production and the extraction of raw materials and hydrocarbons. Furthermore, the platforms will be used to store products (energy and materials) during operation. Their modular construction will enable the infrastructure to be modified during its life cycle by adding or dismantling individual modules, and thus meeting requirements that have changed over time. This will increase the

overall efficiency of offshore operations. The increase of offshore activities, and their gradual displacement to ever remote areas, will require support infrastructures, particularly those related to transferring people and materials to and from land. The main projects active in 2018 and related to these issues are:

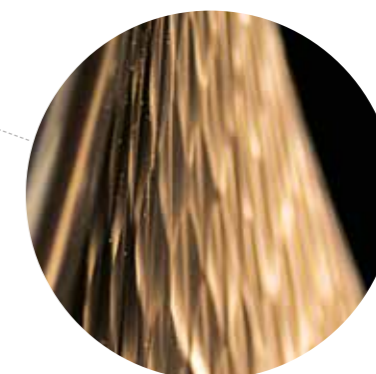
- **Modular Production Platform:** the project aims to develop a concept of modular floating platform for offshore operations, particularly for the initial stage of oil and gas exploitation.

- **Deep Sea Mining:** a project aimed at assessing the commercial potential and possible strategic options for entry into the market of mining in deep-sea or remote areas.



CUSTOMERS AND PRODUCTS

- OUR CUSTOMERS
- PRODUCT PORTFOLIO
- ECO-SUSTAINABLE DESIGN
- QUALITY POLICY AND ASSURANCE
- CUSTOMER SATISFACTION AND RETENTION



The Fincantieri Group always looks ahead, ready to face new challenges in building the ships that will write the shipping history of tomorrow

Technological development is increasingly important for Fincantieri because it means market competitiveness and economic growth.

As regards products, with a pool of resources dedicated to ship research and design, the Company focuses on maximizing energy savings, reducing emissions to air and water and limiting noise pollution. These measures are extremely important in that they allow ships to access protected marine areas with due regard to the delicate ecosystems. Fincantieri has led important joint projects associated with sustainability at international level, such as Breakthrough in European Ship and Shipbuilding Technologies (BESST). In its strategies, the Fincantieri Group has embraced the objectives of the International Maritime Organization, summarized in the slogan **“Safe, secure and efficient transport on clean oceans”**.

OUR CUSTOMERS

One of the keys to Fincantieri’s success is its highly diversified activities in terms of final market, geographical area and customer portfolio.



CRUISE CUSTOMERS

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

The customers who purchase the products of the Naval Vessels Division of Fincantieri S.p.A. and Fincantieri Marine Group are government entities, both Italian and foreign, including the Ministry of Defence, the Navy, the Coastguard and all entities appointed to make acquisitions in the Defence sector.

NAVAL CUSTOMERS

FERRY CUSTOMERS

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

The mega yachts designed by Fincantieri are intended for private customers who fall into the category of ultra high net worth individuals.

MEGA YACHT CUSTOMERS

REPAIR AND NAVAL CONVERSION CUSTOMERS

The customer portfolio for repair and transformation services includes:

- cruise ship owners;
- shipowners from the offshore segment with vessels operating in the Mediterranean area and West Africa;
- shipowners for ferries and other types of vessels;
- private owners of mega yachts with vessels moored in the Mediterranean area;
- shipowners active in the merchant sector working with ships in the Mediterranean and the Great Lakes area.

The main operators of the Group’s offshore division are shipowners and charter companies that provide logistical support and services for the establishment and operation of offshore facilities for companies active in the Oil & Gas industry. These also include large contractors specializing in offering turnkey services for the commissioning of large projects and offshore infrastructure, as well as the main drilling contractors specializing in the management of semi-submersible drilling vessels and platforms.

In addition to the design and production of offshore support units, VARD also supports the production of special vessels such as ferries powered by liquefied natural gas (LNG) or hybrid (battery) systems, mainly for shipowners in Northern Europe, and vessels used by customers active in the aquaculture sector and icebreakers.

OFFSHORE CUSTOMERS

SYSTEMS AND COMPONENTS CUSTOMERS

The Group offers its naval systems and components to the internal captive market and to other shipbuilders and industrial operators (such as, for example, engineering companies active in the installation of power plants as well as companies responsible for carrying out complex projects, for instance in the Oil & Gas sector). The main customers of these systems and components include the customers of each of the other business sectors, both civilian (owners of passenger ships) and military (i.e. Italian Navy, US Navy, etc.). In addition, the main customers include shipbuilders such as the Meyer Werft and Naval Group and industrial operators such as Saipem among the EPC contractors, and Cofely, Vinci Construction and Atzwanger among the industrial operators.

The table summarizes the major customers by main business area.

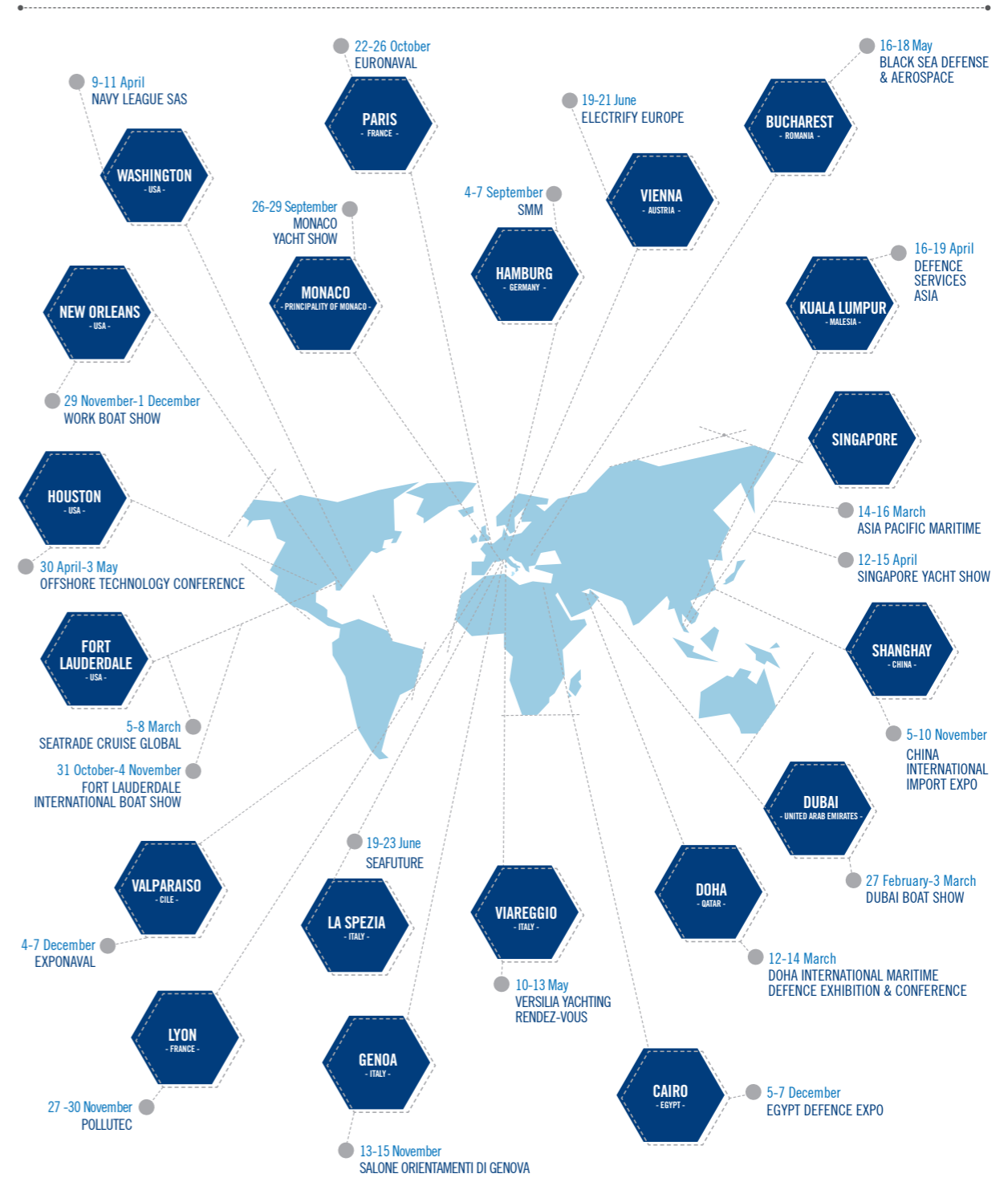


Source: Company Information at 31.12.2018.
¹ As of December 31, 2018.
² One cruise ship below 10,00 Gross Ton.
³ Through Manitowac Marine Group (now Fincantieri Marine Group).
⁴ DCF includes: DOF, DOF Subsea, Norskan Offshore, DOF Deepwater, Techdof Brasil and Dofcon Navegação.
⁵ Ferry operator.

Participation in exhibitions

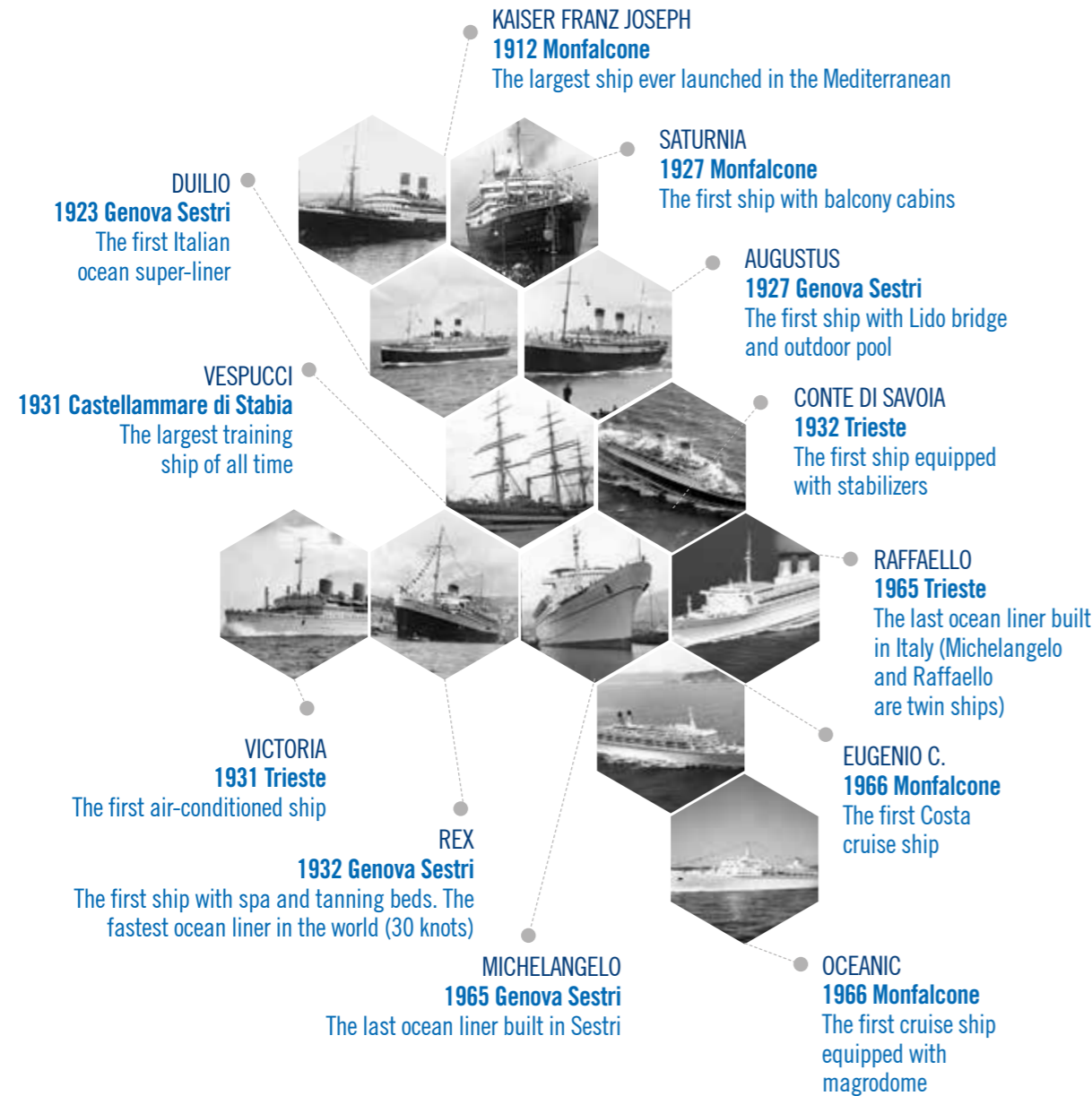
Participation in trade shows is a very important activity for the Group as it provides direct contact with customers and suppliers, reinforces the consolidation of the

brand in the reference markets, and can be an opportunity to communicate the launch of new products. Fincantieri S.p.A took part in 22 exhibitions in 2018.



PRODUCT PORTFOLIO

Our historic ships

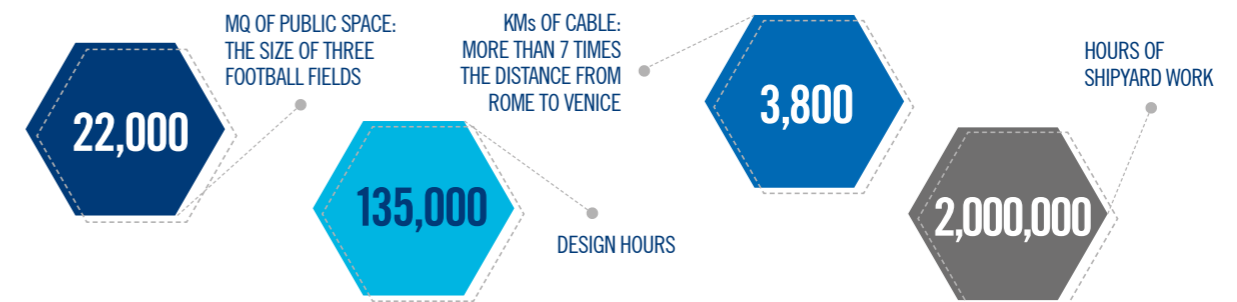


Cruise ships

A cruise ship is an ideal and self-sufficient floating city in constant communication with land. It is designed, built and managed to safeguard the health and life of those temporarily living there for work or fun, thousands of people from different countries and cultures, who live together and adhere to its rules of governance. For this reason, the Group has an active and proactive role in the development of international safety regulations. Fincantieri is an accredited representative with the **International Maritime Organization** (IMO), the specialized United Nations Agency for protecting the safety of human life at sea and the

environment. The activities of the Group, which is directly involved in the development of international regulations, are carried out in close collaboration with the Italian Flag Agency, Classification Bodies, the sector's Industrial Associations, Shipping Companies and the main international research bodies. Monitoring of regulatory developments is therefore a fundamental element, at a strategic and technological level, in the early identification of possible trends in the market and being able to anticipate the emergence of new needs by proposing solutions that are innovative, competitive and comply with the technical and economic feasibility standards at product and process level.

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



The cruise ship industry is highly committed to adopting policies to minimize environmental impact, this is a joint effort implemented by cruise lines and shipbuilders. The regulatory framework, with regulations

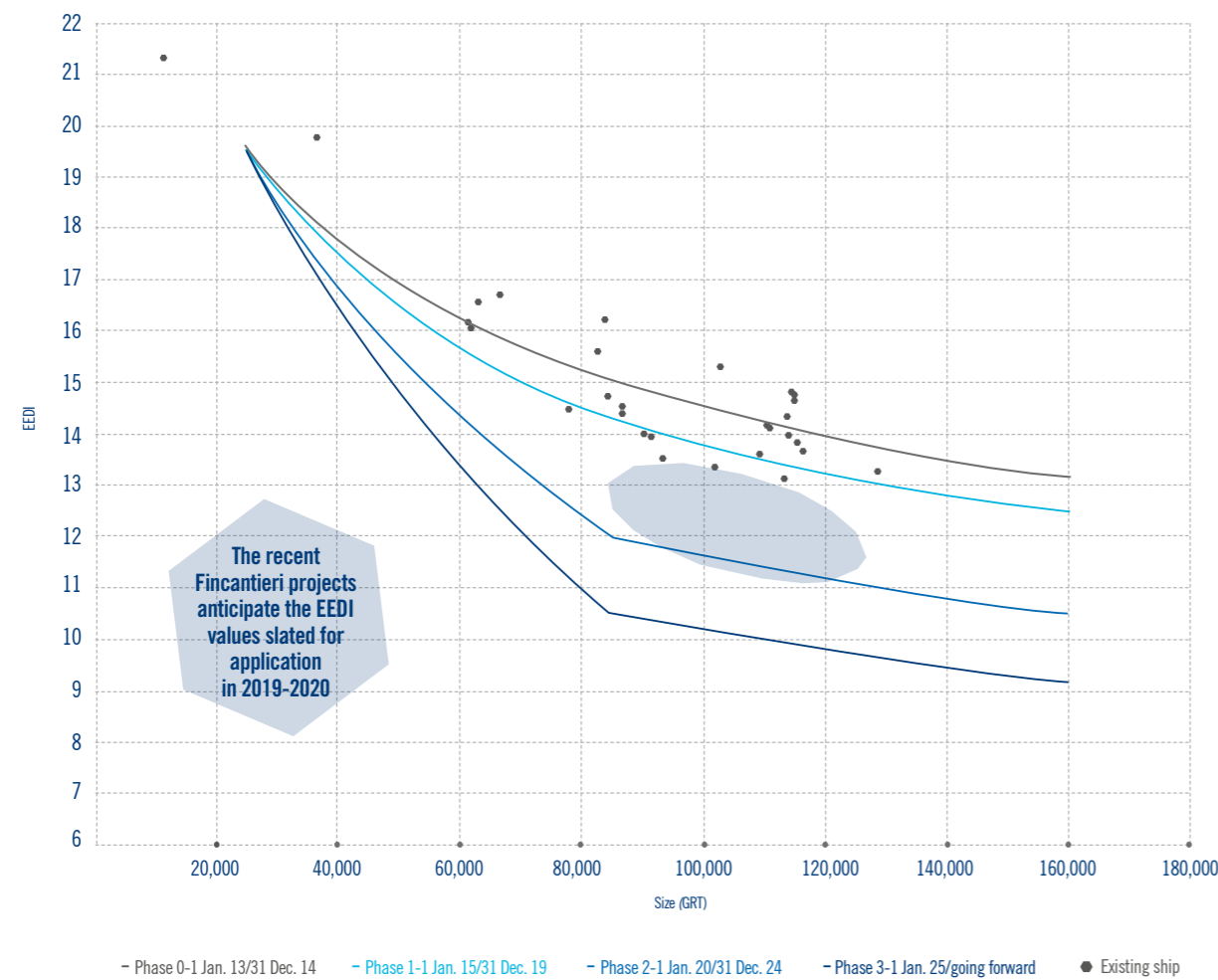
at a global and local level, requires a rapid reduction of emissions into the air and water. The reduction of environmental impact has become one of the most important drivers for design and innovation in the field of cruise ships.

Fincantieri ships represent a technological benchmark at the European and global level. They feature the most advanced technologies, with technical solutions that provide **energy savings, emission reduction, high performance and high quality**, guaranteeing very high standards of comfort on board.

I. Energy saving and reduction of carbon dioxide emissions (CO₂)

The Energy Efficiency Design Index (EEDI) is the main regulatory reference for measuring energy efficiency. Lower values of the index correspond to greater energy efficiency. Regulations impose a decrease in values over time.

Below is a graph that represents the provisions of the regulations on the index values, divided into time phases by type of ship.



The regulations impose decreasing EEDI values over time.



Fincantieri has developed, validated and applied on its ships more than 100 initiatives aimed at:

- improving hydrodynamic and propulsive efficiency;
- exploiting waste heat (fumes and cooling water) with recovery and cogeneration systems;
- systematically reducing the energy needs of users on board.

ENERGY SAVING SOLUTIONS

SOME EXAMPLES OF ENERGY SAVING SOLUTIONS

REDUCED CONSUMPTION PER SHIP BY CA 130,000 GRT (t fuel/year)

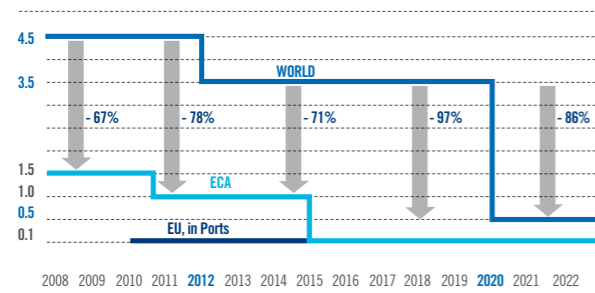
Fan coil installation in cabins	290 t/year
Fan coil installation in public areas	160 t/year
Variable speed adjustment systems for electric motors	220 t/year
Heat recovery system optimization	270 t/year
Recalibration of drinking water generation system	48 t/year
Increase of electric motor energy class	75 t/year
LED and high efficiency lighting and automatic lighting control	130 t/year

II. Reduction of harmful air emissions

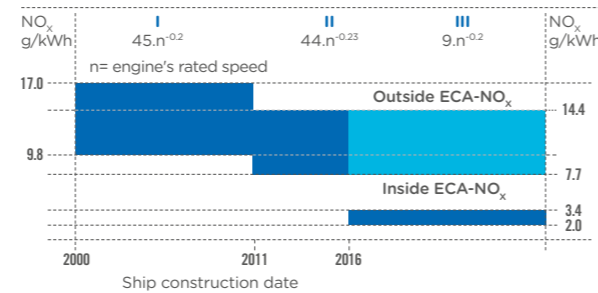
The International Convention for the Prevention of Pollution from Ships (MARPOL) requires a progressive reduction in emissions of harmful gases, in particular sulphur oxides (SOx) and nitrogen oxides (NOx). The constraints are growing over time, and they are particularly stringent in

Emission Control Areas (ECA), where the most stringent values for reducing harmful emissions are applied, and which coincide with the main operating areas of the cruise industry. European legislation (Directive 2012/33/EU) sets further emission limits, particularly in port areas.

% SO_x EMISSIONS



% NO_x EMISSIONS



The currently most common configuration for emissions reduction is based on **latest generation diesel engines** combined with the installation of fume purification systems in the exhaust systems.

Another method which is gradually being established is the substitution of traditional fuels with **liquefied natural gas (LNG)** in view of the indisputable benefits in terms of emission impact.

SOLUTIONS TO REDUCE HARMFUL AIR EMISSIONS

EMISSION IMPACT BY TYPE OF POWER SUPPLY

SOLUTIONS TO REDUCE HARMFUL AIR EMISSIONS	EMISSION IMPACT BY TYPE OF POWER SUPPLY		
	EMISSIONS (diesel cycle)	HEAVY FUEL OIL	LNG
NO_x reduction: Catalytic muffler , in which the nitrogen oxides are made to react with urea in a high-temperature process, obtaining pure nitrogen (N ₂) and water vapour	CO ₂ (g/KWh)	500	417
SO_x reduction: Scrubbers , i.e. fume scrubbers	SO _x (g/KWh)	11	0.08
	NO _x (g/KWh)	12.91	1.8

Fincantieri has already built a special ferry for Canada and in 2018 it achieved some important milestones for LNG cruise ships:

vessels equipped with **electric batteries** to cover all or part of the energy requirements:

- Tui Cruises (joint venture between TUI AG and Royal Caribbean Cruises) ordered 2 new-generation cruise ships with a gross tonnage of approximately 161,000 and powered by gas. Energy efficiency is a focal element of the project, with the dual objective of containing consumption under operation and minimizing environmental impact;
- Princess Cruises, the Carnival group brand, signed a Memorandum of Agreement with Fincantieri for the construction of 2 cruise ships with a gross tonnage of 175,000. The vessels will house approximately 4,300 passengers and will be based on a new-generation project, becoming the first of the Princess Cruises fleet to be powered mainly by liquefied natural gas.

- VARD is delivering two ferries to the Norwegian operator Torghatten Nord and a dual-powered electric hybrid cruise ship with icebreaker features, equipped with high capacity batteries and LNG storage on board;
- VARD will deliver the first electric self-driving container ship in 2020. It will reduce human intervention over the two years from delivery until reaching complete autonomy in 2022. The 80-metre by 15-metre vessel will operate in Norway, guaranteeing a transport capacity of 120 TEU, replacing 40,000 TIR journeys a year. The vessel will reduce nitrogen oxide (NOx) and carbon dioxide (CO₂) emissions and improve road safety in a highly populated urban area.

Another solution for reducing emissions is to build electric or hybrid vessels. The Norwegian subsidiary VARD has contracts and offers for various small/medium-sized



USE OF BATTERY MODULES

To cover the entire load on board

Supplementation of the electric power supplied by the batteries with a traditional generation system (as in hybrid cars).
The energy supplied by the batteries is used:

- exclusively in particular situations (for example in port), or
- supplemented by the on-board diesel engines at times of maximum power demand (e.g. maximum speed navigation).

However, there are critical issues related to the new technologies. In general, the technologies/systems added for the protection of the environment occupy volumes previously intended for the payload. In the case of LNG, accommodating the tanks on board (in addition to the liquid fuel tanks) and installing the related operating and safety systems entails a significant reduction of the useful space on board.

The development of a logistics system capable of ensuring the availability of LNG (including intermediate storage and bunkering systems) in all major cruise destinations is still at an embryonic stage, consequently limiting the area of operation on new ships.

The future lies in the application of **fuel cells**, electrochemical conversion devices that generate electricity and heat by combining a fuel (typically hydrogen, methanol or methane) and a comburent (oxygen), in the absence of combustion. In this way, no polluting substances are actually produced. After the initial development phase, linked to space exploration and the naval field (submarines), terrestrial applications for the generation of electricity and propulsion (for example prototype trains fuelled by fuel cells) are spreading. Studies and research are being carried out on their application for generating energy for cruise ships.

III. Complete treatment and storage of liquid and solid waste

Waste treatment is regulated by MARPOL (Annexes I, IV, V). The increasingly stringent regulations in force in areas with a strong cruise vocation, such as Alaska, determine the characteristics of the latest generation cruise ships.

Only bacteriologically and chemically pure water can be discharged into the sea (under certain conditions). Any other residue must be stored on board and unloaded in port for further treatment.

WASTE TREATMENT

Solid Waste



- collection, dehumidification, kitchen waste treatment;
- sorting and recycling of hotel waste;
- compaction and/or incineration (where permitted) of solid waste;
- pelletizing, storage of waste for subsequent unloading in port.

Liquid Waste



- physical and biological treatment (in line with the best land standards) of all on-board wastewater (sewage, grey water, kitchen effluents and laundries);
- storage of purified water;
- thickening and drying of residual sludge for subsequent unloading in port.

IV. Ballast water treatment

The ballast water treatment regulations, International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM 2004), require ships to sterilize ballast water before discharging it, to avoid contamination with species from different ecosystems.

for the safe and environmentally friendly recycling of ships, contains information on potentially hazardous materials used in the construction of the ship, its equipment and its systems. This document is updated by the shipowner after maintenance and refitting activities which could alter the state of the ship.

BALLAST WATER TREATMENT



- Latest generation of ballast water treatment systems, based on the pre-filtering of plankton and subsequent sterilization with ultraviolet rays.

Naval vessels

The naval vessel construction business is strongly influenced by the continual demand to increase efficiency standards in the international defense segment and is one of the most demanding challenges. Fincantieri is a reference player for many Navies and it rises to meet the challenge with its consolidated experience in the design sector; since 1990, Fincantieri has delivered over 100 naval vessels to ten different nations.

Its consolidated experience has enabled it to combine the development of platforms with high operational performance with the development of solutions aimed at containing environmental impacts.

Fincantieri follows all the international best practices to minimize a ship's environmental impact over its life cycle.

All ships are delivered with **Green Passport** and **Clean Design Notation** certification. Clean Design Notation certification indicates that the ship was designed to pollute as little as possible for its entire life cycle while Green Passport, in accordance with the provisions of the Hong Kong International Convention



Thanks to the adoption of an eco-sustainable design process and the increased sensitivity towards ecological issues shown by Navies, Fincantieri has been able to operate in various fields, adopting solutions aimed at reducing environmental impact.

Fincantieri has collaborated with the Italian Navy for many years, focusing on environmental impact issues right from the preliminary project. The new vessels, some of which are already in service, feature design choices aimed at containing environmental impact in terms of emissions to air, fuel consumption, wastewater treatment, use of special treatments to preserve the hull and the possibility, for certain vessels to be delivered shortly, to contain an area of sea that is polluted, with the possibility of collecting and storing the pollutants on board.

I. Reduction of carbon dioxide (CO₂) and nitrogen oxide (NO_x) emissions

This issue is dealt with by introducing energy savings criteria developed mainly in ship architecture, namely by selecting endothermic engines (both propulsion engines and power generation engines) with appropriate technological solutions and by selecting high energy efficiency materials or materials with high efficiency heat transfer.

AREAS OF INTERVENTION TO REDUCE EMISSIONS	EMISSIONS REDUCTION OF NAVAL FIGHTING VESSELS WITH A DISPLACEMENT FROM 6,000 TONS (*)	
	CO ₂ [t/year]	NO _x [t/year]
Optimization of hull lines		
Introduction of LED lights		
Painting of superstructures with low sun absorption paints	~ 2,000	~ 40
Optimized insulation of internal areas		

* Use profile: 50,000 nautical miles/year.

On the other hand, the special characteristics of naval vessels and the consequent system solutions optimized to deliver mission performance currently do not enable the introduction of energy recovery systems.

II. Treatment and storage of solid waste

The technological solutions adopted are entrusted to the converters. The use of these machines enables waste to be dried and sterilized. The reduction in volume and weight and subsequent automatic vacuum storage allow on-board retention to be increased. The modern converters adopted enable a volume reduction of 70% and weight reduction of 30%.

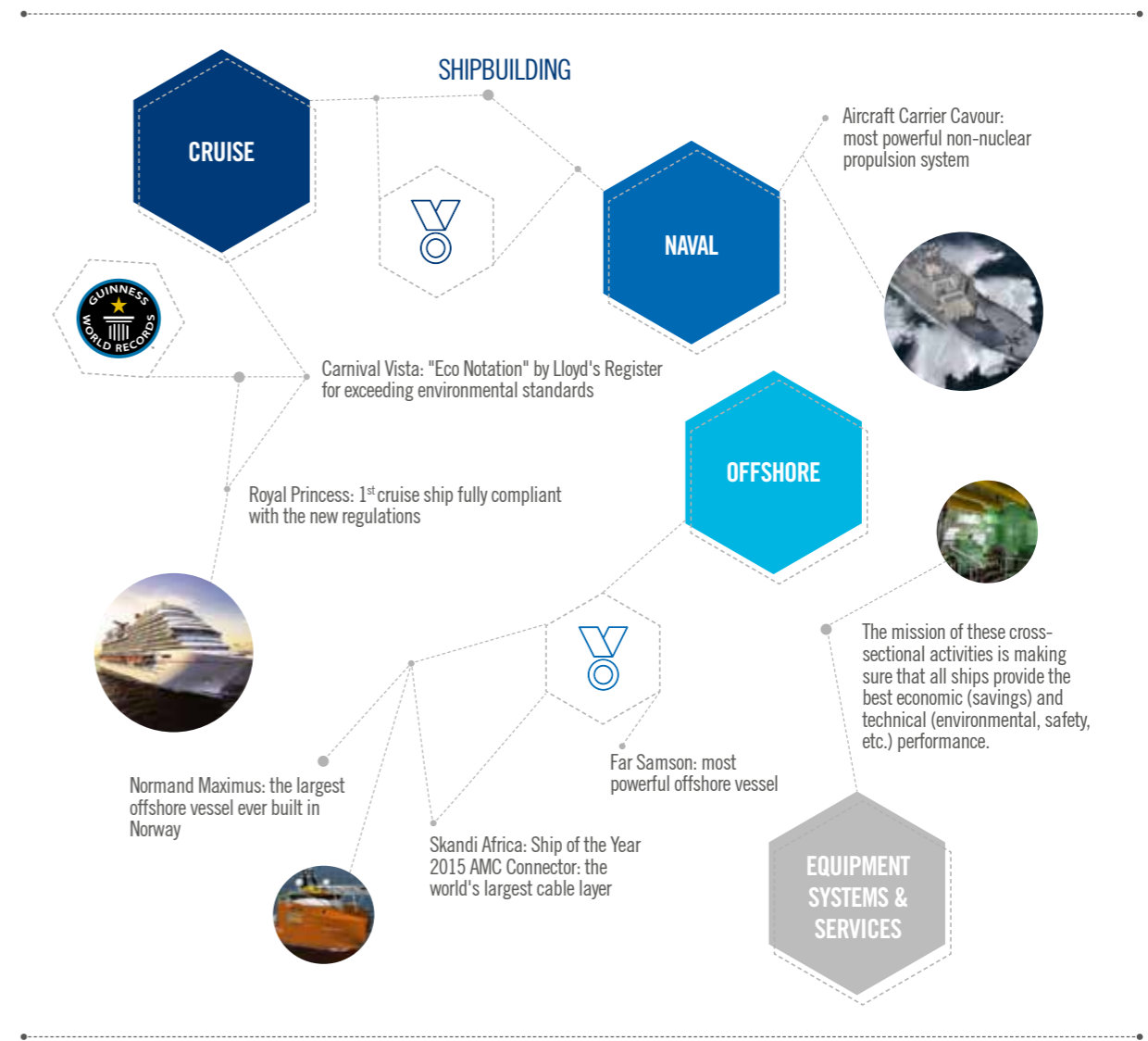
III. Treatment of liquid waste

In this area, technological solutions have been adopted that are in line with the international regulations already used for merchant vessels:

- IMO MEPC 227 (62) for grey water and sewage treatment;
- IMO MEPC 107 (49) for bilge water treatment.

Grey water and sewage are collected into appropriate physical and chemical treatment units which macerate the suspended solids and reduce the contents of the Total Suspended Solids (TSS), Biochemical Oxygen Demand (BOD) and Chemical Oxygen Demand (COD) using aerobic processes. The process also envisages disinfection using UV systems. The systems adopted are able to achieve BOD values of 25 mg/l and COD values of 125 mg/l. Bilge water is treated using units that separate the pollutants caused by accidental spills. The system is based on physical

processes for viscosity reduction and then absorption using coalescent filters. Separation enables the level of pollutants in the treated water to be kept under control, guaranteeing a maximum concentration of 15 ppm. As regards end of life, all naval vessels are also delivered with a **Green Passport**. This document is the inventory of materials to be monitored during the ship's life cycle and it is used to ensure that it is scrapped safely and in an environmentally friendly way. Below is a summary of the main awards obtained by the ships produced by Fincantieri.

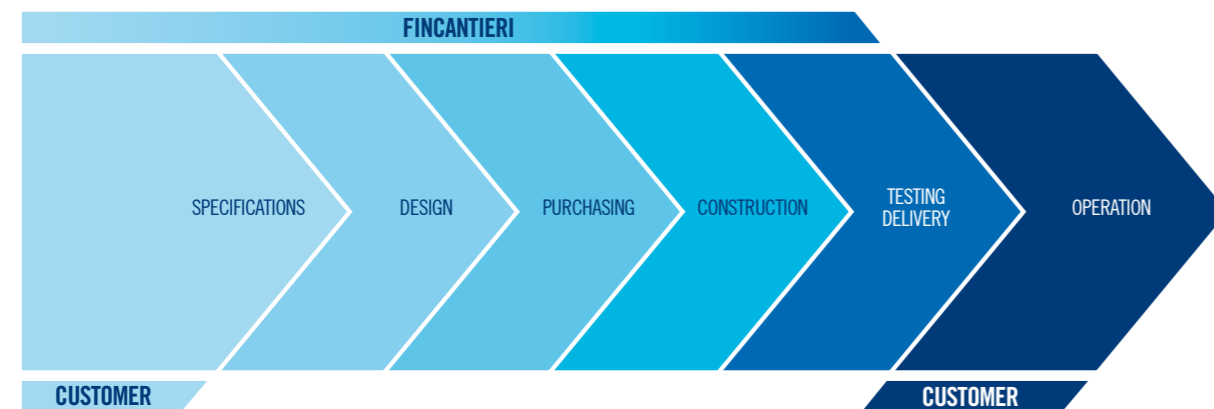


ECO-SUSTAINABLE DESIGN

In line with Fincantieri's Environmental Policy, the design processes aim to contain environmental impact throughout the product's life cycle. On this premise, the Company firstly implemented a specific corporate procedure that establishes the basis principles and logic for eco-sustainable design related to the Design functions of the Naval Shipping Division and subsequently, with the necessary adjustments associated with the product types, it extended the scope of application to the Design functions in the Merchant Shipping Division. The eco-sustainable design criteria apply in the following areas:

- product development/construction;
- management of the product over its operational life;
- management of the product's disposal at the end of its life.

As part of the product's development and construction, all the process management decisions (that can be independent of the product) and design decisions (associated with the product) can have an impact on the purchase of materials/systems, on the construction and testing of the product, on the production unit (factory) where the product is manufactured and on the surrounding area.

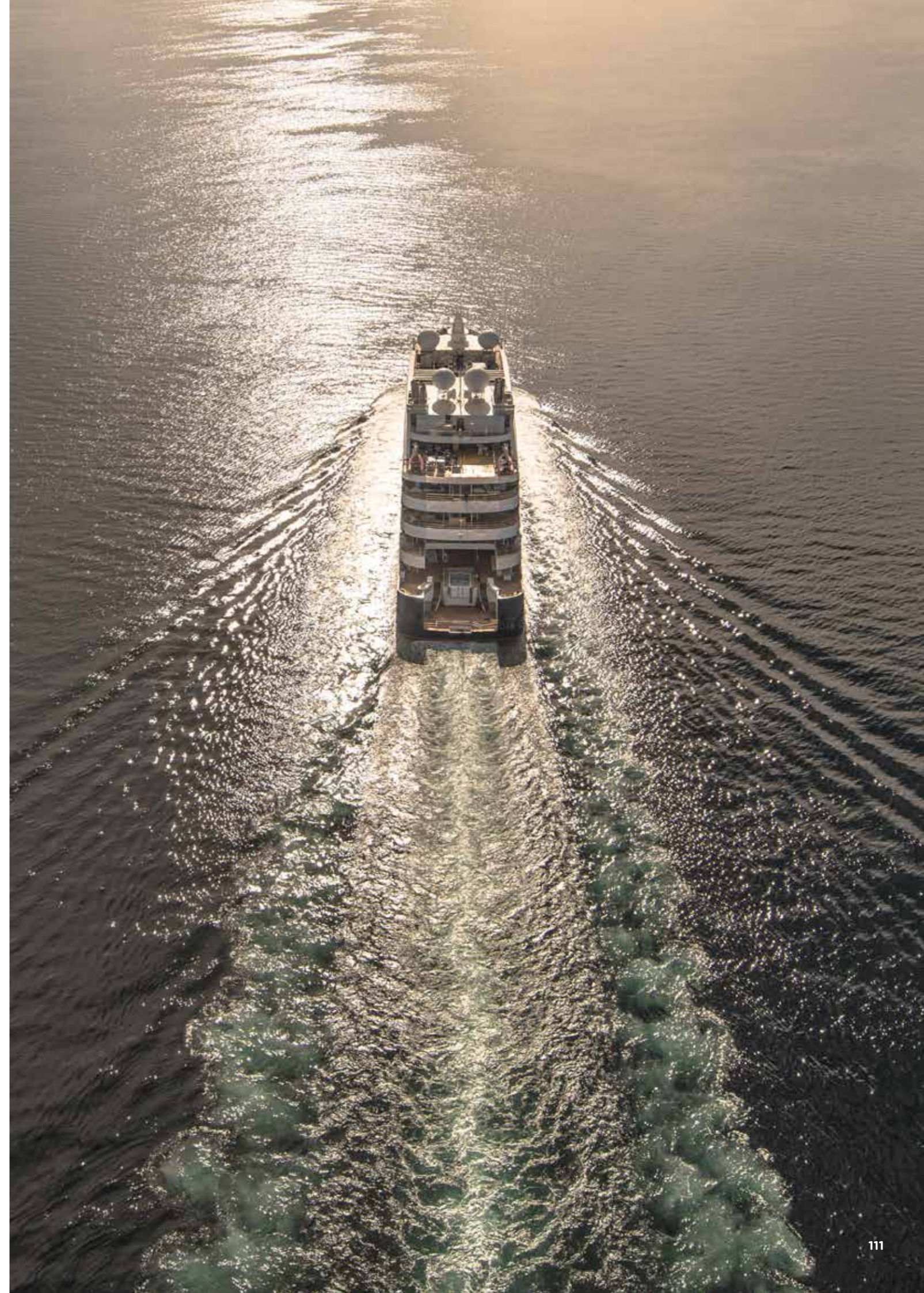


During the design stage, the criteria adopted are aimed at identifying:

- solutions that reduce the environmental impact of the material introduced in the production unit for construction;
- solutions that reduce air emissions;
- solutions that reduce production of waste, particularly waste that has greater environmental impact;
- solutions that give rise to a reduction in energy consumption.

The design decisions, depending on the

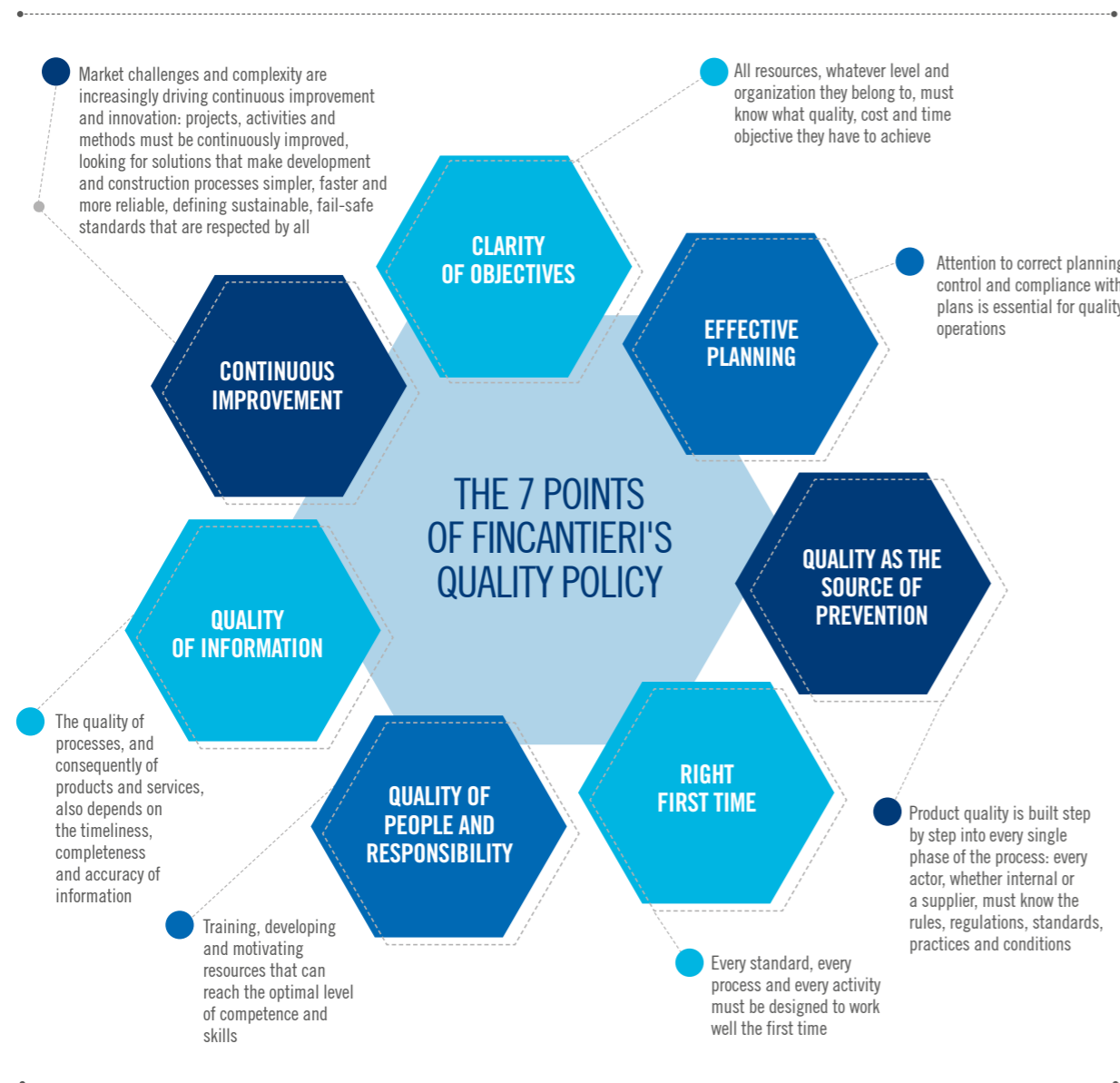
product's management over its operational life, consider the aspects related to energy consumption and interaction with the surrounding environment, also take similar products and those considered "best in class" in the market as a reference. The design decisions also take into account the containment of any environmental impact during the product's de-commissioning. Therefore, action is taken in the choice of materials/components/systems with characteristics that contain environmental impact during disposal operations.



QUALITY POLICY AND ASSURANCE

Aware that the complexity of its business requires high standards in terms of quality, cost and time of products and services offered, Fincantieri has adopted a Quality Policy able to convey the commitment of the Group's resources on specific key points. The goal is to achieve and maintain an excellent level of quality in strategic choices, business processes and every activity. Every Company or Division adopts a Quality Management System (QMS), certified

according to the ISO 9001 standard, which ensures compliance with the best standards. Quality assurance at each stage of the process, from the acquisition of the contract to the design and procurement, down to the production or provision of the services, is entrusted to each process owner. The **Quality Policy** defines Fincantieri's mission to achieve and maintain an excellent level of quality in all its activities, incorporating the following 7 points of the corporate Quality Policy into the strategic choices and business processes at the various levels.



The Quality Policy is available on the website www.fincantieri.com/en/sustainability/quality-and-research/quality-policy-and-assurance

In 2018, all the certified Italian organizations have completed their migration to the new version of ISO 9001:2015.

As regards the US subsidiaries, Fincantieri Marine Systems North America Inc. and the Fincantieri Marine Group's shipyards Marinette and Green Bay have achieved ISO 9001:2015 certification.

The subsidiary VARD carries out its operations in compliance with the Group's Health, Safety, Environment and Quality (HSEQ) Manual and the Policy, the principles and strategies of which are based on the ISO standards. VARD's efforts are aimed at ensuring that safety is achieved at all times and in all areas. Its production sites all have ISO 9001:2015 certification.

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

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

Quality monitoring

In Italy, the Quality Management System is also applied to job orders, whether they be naval or other products, through the Job Quality Plan (QP).

The QP is a set of documents and Control Plans attached to the contract and governs all aspects related to quality assurance, control and monitoring valid for the job in question. It guides the operating structures in the correct design, construction and testing of the product.

The Job Quality Plan is structured as follows:

- object of the project;
- main characteristics of the job;
- applicable documents:
 - for the project;
 - rules, laws and regulations;
 - quality system standards and procedures;
 - standard to be applied;
- organizational aspects:
 - organization and resources for the job;
 - interfaces and communications;
- control and inspection plans.

When designing and building complex products and systems, such as cruise ships, military submarines or industrial diesel engines, there is always the possibility that the process may be subject to deviations from standards, design changes, unexpected events and supply or execution errors. These "non-quality" events are normally detected and tracked by internal structures, by the customer's inspection staff and by the Classification Bodies, or more rarely after delivery, with interventions in the guarantee and after sales period.

The remedial actions follow the industrial practice that involves increasing costs/times to adjust, repair, redo and replace in order to minimize the impact for the customer. The quantitative and qualitative analysis of these events, appropriately recorded and classified, gives rise to mechanisms for reviewing the projects; in the case of shipbuilding, the analyses trigger the processes of continuous improvement, in order to ensure that the same errors are not repeated in subsequent jobs. A closing report/booklet is produced, with the main lessons learned, in order to communicate the countermeasures to the error causes identified and make the consequent prevention and improvement actions possible, including in other operating sites. Fincantieri regularly monitors quality indicators, at a divisional level (for homogeneous business areas) and at production level:

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

The VARD group also uses the Quality Plan for its projects.

The quality indicators and the achievement of the related annual objectives constitute a fundamental part of the incentive programmes of the entire Fincantieri organization.

From 1996 to 2018, the Group’s divisions and companies were subjected to **official audits** by the RINA certification body, with consistently improving results in terms of the main findings. RINA conducted 12 audits in 2018 on the Quality Systems of Fincantieri’s Italian organizations certified as compliant with ISO 9001:2015, all resulting in satisfactory outcomes.

Regarding the management of military orders, during 2018 four audits were carried out by the Government Quality Assurance (AQG) or technical offices of the Italian Navy, which involved the FREMM Programme and the Multi-Purpose Patrol Vessel (PPA), Logistic Support Ship (LSS) and Landing Helicopter Dock (LHD) jobs recently ordered by the Italian Navy.

CUSTOMER SATISFACTION AND RETENTION

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

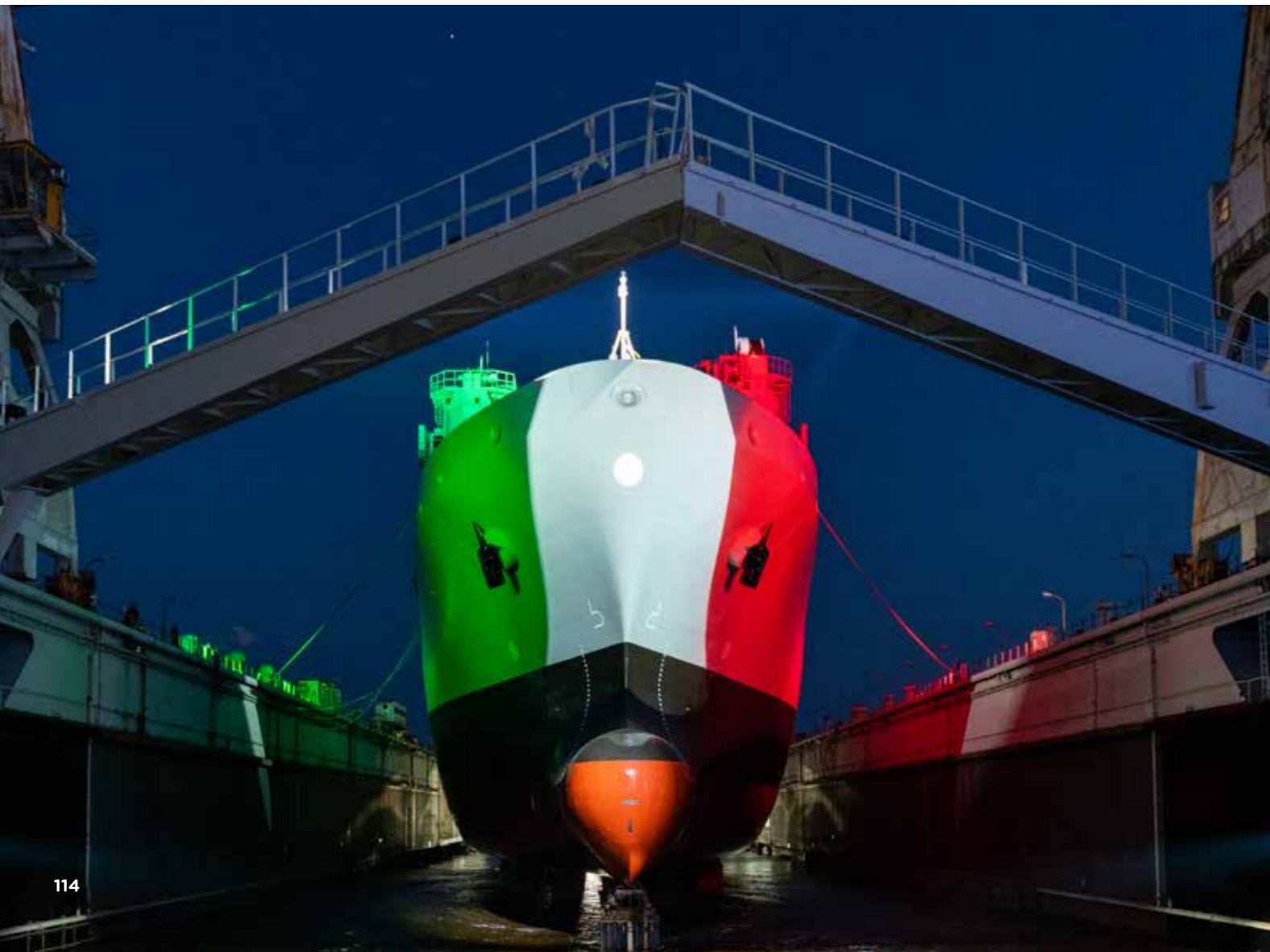
In Italy, 7 new ships were delivered in 2018. 1 naval vessel, 1 oceanographic vessel and 5 cruise ships. For 3 of these (FREMM Martinengo, Viking Orion and MSC Seaview), the impressive “zero defects” result was achieved, a significant recognition by the respective customers. Delivery of the 8th frigate in the FREMM programme was accompanied by a letter of congratulations from the customer OCCAR (Organisation for Joint Armament Co-operation).

Furthermore, the new memorandum of understanding signed with the shipowner MSC for the construction of 4 new ships in the ultra-luxury segment, which follows the deliveries of Seaside and Seaview with zero defects, clearly shows the customer’s satisfaction.

In order to constantly and effectively pursue customer satisfaction, development of the Customer Satisfaction Index (CSI) was started in 2018, harmonized for all the companies in the Fincantieri Group, based on shared principles and guidelines - yet flexible for customization to each company - that are necessary for each product/market. The importance of this vision is demonstrated by the inclusion of this objective in the 2018-2022 Sustainability Plan.

Fincantieri Marine Group surveys customer satisfaction three times a year through meetings with representatives of Lockheed Martin and the US Navy. These sessions cover the following areas: technical, testing, planning, quality, after sales and Integrated Logistics Support (ILS). During these sessions, the Company receives feedback on the degree of customer satisfaction and on any problems. The corrective actions are defined at that time, with subsequent follow-up.

In VARD, customers’ requirements and expectations are defined during contract negotiations and are maintained and developed throughout all the project stages. Customer satisfaction is monitored periodically and continuously, both during the production stage and during the guarantee and after-sales period. Each product is subject to voluntary feedback by customers. Customers also provide the company with voluntary testimonials. Unsurprisingly, the company’s slogan is “Built on Trust”.





S SUPPLY CHAIN

- CHARACTERISTICS OF THE SUPPLY CHAIN
- SUPPLY CHAIN MANAGEMENT
- CHARACTERISTICS AND MANAGEMENT OF THE SUPPLY CHAIN OF FOREIGN COMPANIES



Fincantieri promotes a responsible and sustainable supply chain based on long-lasting relationships founded on integrity, transparency and respect

Development of a responsible and sustainable supply chain is part of a broader corporate vision that actively enhances and protects social and environmental responsibility, fully

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

The core aspects of our Purchasing Policy are:



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

The importance of the relationship with suppliers is underlined by the fact that the product manufactured by Fincantieri is highly customized, since it is designed and engineered to the specific needs of the individual customer.

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

CHARACTERISTICS OF THE SUPPLY CHAIN

Approximately 80% of the finished product is made with the contribution of suppliers: Fincantieri works as de facto system integrator, taking responsibility for the shipbuilding project as a whole.

Awareness of the supply chain's strategic nature and the need to coordinate a vast and varied network of suppliers lead the Group to seek long-term partner relationships that are based on transparency, collaboration and mutual respect.

FINCANTIERI SUPPLY CHAIN



SUPPLY CHAIN MANAGEMENT

Fincantieri believes above all that close cooperation with the supply chain is essential in order to achieve high levels of quality in the finished product and in the entire production process.

In 2018, Isotta Fraschini Motori S.p.A., a subsidiary of Fincantieri, was awarded **Best Italian Client 2017** in the Lloyd's Register

Awards for having promoted an innovative approach between company and supply chain through the Supplier Qualification project realized together with Lloyd's Register. With a view to establishing a stable and long-lasting relationship, based on transparency and collaboration, the Company is actively committed to **promoting dialogue** with its suppliers through periodic meetings to share information.

To this end, two discussion meetings were held with strategic suppliers in 2018 to share guidelines, initiatives, projects under development and to collect feedback and proposals for improvements to supply chain management. Fincantieri monitors the supply chain using a life cycle management approach to reduce the environmental and social impact of a product or service over its entire lifetime

to a minimum. In particular, sensitivity towards and respect for the environment is spread along the whole production chain, and this has led to increasing exchanges of information and documents with suppliers. In this sense, the **collection of environmental and social information** is active during the prequalification stage, e.g. possession of environmental, health, work safety and social responsibility certifications.

PRODUCTION WITH PROCEDURES - ENVIRONMENTAL CRITERIA
CONSIDERATIONS ON ENVIRONMENTAL CRITERIA - GREEN ALONG THE SUPPLY CHAIN

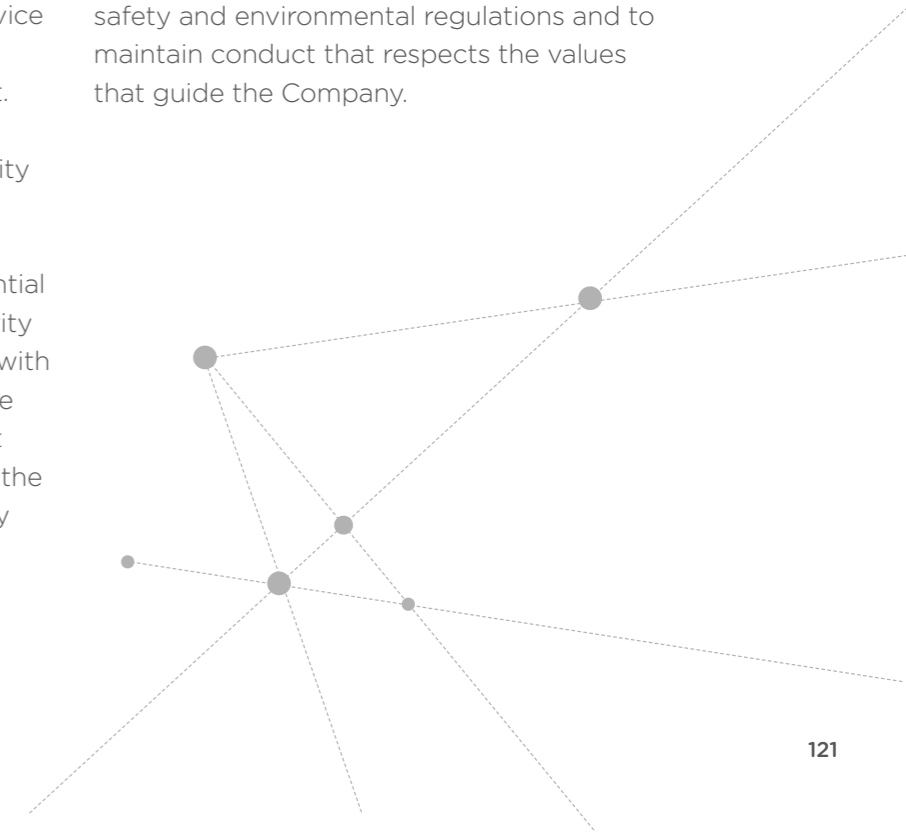


For Fincantieri it is essential to have relationships based on fairness and transparency, respecting the legitimate interests of all stakeholders. In this sense, it is extremely important that suppliers accept the **Code of Conduct** that the Company has implemented, which contains the principles and rules that must be observed. From this point of view, therefore, suppliers are asked to comply with certain requirements:

- Innovation**
Innovation is at the centre of entrepreneurial activity: a distinctive feature of the ships we build is the high technological content. The continuous adaptation to new conditions and the constant search for better solutions for our customers are the values that guide the Company and its suppliers in their everyday work.
- Quality**
Suppliers are selected on the basis of a strict qualification process, aimed at guaranteeing product quality, safety and environmental protection, compliance with timetables, achievement of economic objectives, customer satisfaction, and the image of the Company. The assessment parameters concern the technical, productive and service capabilities, financial soundness, quality business systems and safety management. The supplier must ensure that the entire value chain is subject to an adequate quality management system (QMS).
- Health and safety**
Occupational health and safety is an essential value for the Fincantieri Group and a priority in corporate decisions also in its relations with suppliers. These must in turn play an active role in the field of protection and safety at work and they must commit to spreading the culture of safety at every level and in every corporate setting. This commitment must

have a concrete effect on the workplace in managing safely the activities of the human resources employed to carry them out, as well as complying with the regulations governing behaviour also within the Fincantieri plants.

- Environment**
Fincantieri recognizes a policy of choices aimed at environmental protection as a priority in compliance with national, international and industry regulations, and for this reason it adopts a preventive approach, requiring its suppliers to adopt attitudes and choices that are equally responsible along the entire supply chain.
- Responsibilities**
Fincantieri's guiding principle is that of acquiring the necessary goods/services with the best quality/price ratio to meet the objective of containing costs and ensuring quality and service levels appropriate to the satisfaction of the end customer. It must also take into account operational risks and comply with general guidelines on the environment, occupational safety and the overall sustainability of its choices in terms of social impact. Fincantieri expects suppliers and subcontractors to assume their responsibilities throughout the entire end-to-end supply chain, from manufacturer to supplier to end-user, to comply with safety and environmental regulations and to maintain conduct that respects the values that guide the Company.



Supplier qualification and monitoring process

Development and efficiency of Fincantieri's supply chain start immediately at the supplier selection phase, which follows a documented procedure in order to guarantee impartiality and equal opportunities for all the parties involved. All suppliers can ask to participate in the selection process regarding Italy by registering on the **Fincantieri Suppliers portal (www.fincantieri-suppliers.com)**, following clear and precise rules. The system is used for:

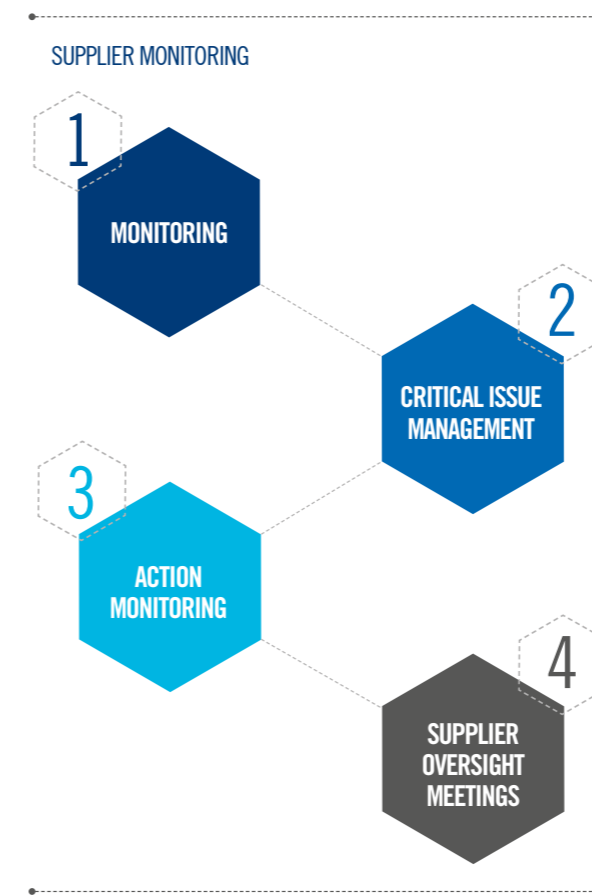
- requests for offers, which are made available to selected suppliers in digital format, to which they can respond by sending their economic and technical offers on the same platform;
- purchase contracts, which are digitally signed and made available electronically to suppliers, who in turn can accept them directly on the system without printing and sending paper documents to Fincantieri.

Using the e-procurement system saves a lot of time, transport costs (and related emissions of CO₂), printing and use of paper throughout the procurement process. Fincantieri's purchasing office provides suppliers with constant technical support for all activities related to the selection and qualification process, including those concerning sustainability. Management and the continuous improvement of a pool of trusted and innovative suppliers is essential in order to achieve the goals that the Group has set itself in economic and sustainability terms.

Fincantieri recognises that the supplier base is a significant asset for the entire company, and as such it should be valued and protected. This is why we have developed a stringent **qualification** and performance **monitoring** process for strategic suppliers, based on the evaluation of economic, technical, reputational, social and environmental aspects.



A stringent performance monitoring process is carried out so that suppliers can maintain their qualified status and to promptly manage any critical issues. A supplier remains qualified as long as the reasons for its inclusion in the Register of Suppliers continue to exist and until the monitoring of its performance is considered critical to the point of expulsion.



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



Of the 744 qualified strategic suppliers at the end of 2018, 96% were subject to an evaluation, with the following results:

- 91% satisfactory;
- 8% with some gaps that can be resolved by themselves;
- 1% with serious issues, requiring an improvement plan or replacement.



Moreover, the main problems are examined through cross-involvement within **Supplier Oversight**, the body that gathers the different functions and business units of the Company and takes decisions resulting based on examination of these critical issues. Specific focus is given to issues related to **safety and protection at work** during both the qualification and the monitoring phases. These values are essential for the whole Group and are a priority in all company decisions, including those relating to the pool of suppliers.

Evaluation of certain fundamental aspects, such as the technical/professional suitability of the Company, the regularity of contributions and remuneration of employees, and the existence of a structure dedicated to safety at work, takes place during both the prequalification document collection phase and the quality inspection phase at the supplier's premises, as well as during entry in our shipyards.

Fincantieri makes business integrity and

the ethical and reputational aspects that accompany it a constant guideline. Fincantieri is aware that corporate reputation is a strategic asset that should be valued and protected, also so as not to compromise the trust placed in it by its stakeholders. Therefore, Fincantieri uses a risk intelligence based strategy to ensure that its supply chain leans towards more extensive compliance with regard to anti-money laundering, counter-terrorism, anti-corruption and sanctions at international level.

Furthermore, in order to prevent any possible infiltration of organized crime in the contract award phase, in capital expenditure and in production activities, the Group has established a stronger cooperation with the local competent Prefectures, stipulating **Legality and Transparency Protocols**, which since 2017 have merged into a National Protocol.

Data on qualification and monitoring activities in 2017 and 2018 are given below.

QUALIFICATION AND MONITORING ACTIVITIES	2017	2018
Total number of suppliers registered on the portal	2,993	3,387
Total number of qualified suppliers (strategic in the register)	823	744
Total number of qualified suppliers in the year	268	385
No. of new suppliers qualified in the year	50	82
% orders run through the portal	82.0%	88.0%
No. of audit visits carried out during the year	65	51

The data refer to Fincantieri S.p.A.



Fincantieri periodically schedules **audits** at its suppliers, the importance of the inspection visits is also recognized with regards to sustainability. For this reason, a specific objective has been inserted in the 2018-2022 Sustainability Plan concerning annual audits to assess and monitor the most critical suppliers in terms of human rights, health and safety and the environment.

Supply chain numbers

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

The Company supports a large network of

highly specialized Italian SMEs in various macro-sectors (furniture suppliers, air conditioning systems, electrical/electronic systems, etc.).

In particular, Fincantieri, through its shipyards, is able to contribute to the maintenance and development of the industrial system of the regions in which it operates.



The following tables given the numbers on suppliers and purchase orders by product category and geographical area.

SUPPLIERS BY PRODUCT CATEGORY

	No. OF SUPPLIERS		VALUE OF ORDERS ISSUED BY CATEGORY IN THOUSANDS OF €	
	2017	2018	2017	2018
Turnkey	391	300	2,754,114	1,663,864
Supply	2,940	2,524	1,264,615	1,334,825
Contracts	294	331	402,096	439,691
Services	1,522	2,324	337,227	425,427
Investments	364	333	71,816	183,488
Engineering	113	64	35,851	38,610
Total	5,624	5,876	4,865,719*	4,085,905**

SUPPLIERS BY GEOGRAPHICAL AREA

	No. OF SUPPLIERS		VALUE OF ORDERS ISSUED BY CATEGORY IN THOUSANDS OF €	
	2017	2018	2017	2018
Italy	4,869	4,965	4,156,268	3,257,747
Rest of Europe	624	826	637,697	697,283
North America	92	25	56,098	786
Asia	30	40	12,914	2,075
Oceania	5	7	2,251	127,996
South America	2	8	376	4
Africa	2	5	115	14
Total	5,624	5,876	4,865,719*	4,085,905**

* Intercompany Value 2017: 469,245 thousands of euros.
 ** Intercompany Value 2018: 415,169 thousands of euros.
 The data refer to Fincantieri S.p.A. and to the Italian subsidiaries.

In 2018, the growth trend in purchasing volumes was confirmed, despite relative stability in the docks employment programme. This shows a 7% increase compared to the previous year, excluding the strong impact of last year's non-cruise multi-year contract which was carried out in collaboration with Leonardo, for which about half of the value of the entire programme in terms of order intake has already been issued.

Management of contracting companies

The participation of the resources involved in company business processes and the sharing of common principles, behaviours and objectives are fundamental for achieving continuous improvement in the production Fincantieri model.

In this regard, the consolidation of the relationship with suppliers and, as a result, a joint commitment to continuity is of primary importance, including through the use of new aggregation formulae. This context covers initiatives aimed at promoting the association of several production chain

suppliers within an Enterprise Network which helps companies to better understand and share the processes of change, to refine the relational dynamics and consequently align their behaviours and the similar opportunity it provides workers involved in the tender activities. This objective was shared at the trade union level and implemented in the most recent company agreements. However, the prospect of stabilizing the supplier base by pursuing long-term partnerships and continuity in terms of worker presence in the areas involved at individual production sites, also meets the expectations formulated by some institutional stakeholders, who see in these elements the prerequisite for a better scaling of infrastructures and social services, as well as for identifying appropriate integration policies.

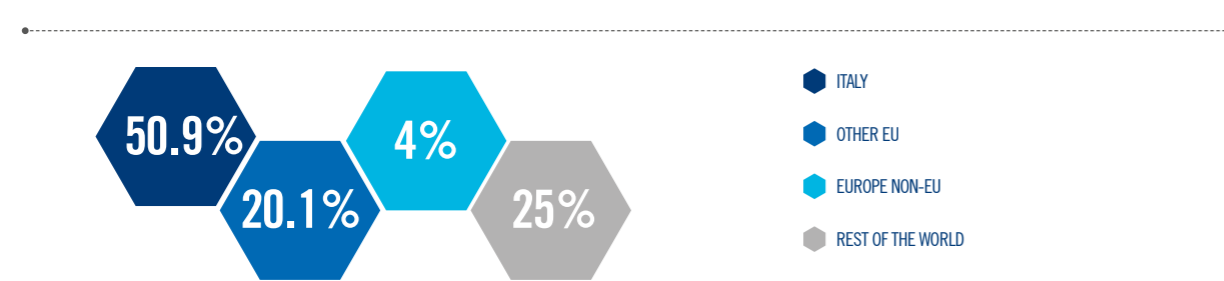
Here are some data on the dynamics in the world of supply: from January to December 2018, 2,180 companies entered the Company's Italian shipyards, of which 991 were not present at the beginning of the year.

PERIOD	No. OF COMPANIES PRESENT IN ITALIAN SHIPYARDS IN THE MONTH	No. OF OTHER COMPANIES THAT ENTERED IN THE SUBSEQUENT MONTHS	No. COMPANIES THAT ENTERED ITALIAN YARDS IN 2018
January 2018	1,189 (A)	-	2,180 (A+B)
February-December 2018	-	991 (B)	-

The data refer to Fincantieri S.p.A.

In the same period, the shipyards hosted **37,248** employees of contracted companies,

mainly Italian nationals (50.9%) or coming from EU countries (20.1%).



In the field of employment relationships, permanent contracts accounted for 42.8%,

fixed-term contracts accounted for 38% and agency staff contracts accounted for 11.2%.

NUMBER OF CONTRACTING COMPANY WORKERS				
PERMANENT	FIXED TERM	AGENCY STAFF	OTHER TYPES	TOTAL
15,927	14,149	4,229	2,943	37,248
42.8%	38%	11.2%	8%	100%

The most prevalent ethnic groups (excluding Italians) were Bengalis (17.7%) and Romanians (15.3%).

CHARACTERISTICS AND MANAGEMENT OF THE SUPPLY CHAIN OF FOREIGN COMPANIES

Fincantieri Marine Group: supply chain

Fincantieri Marine Group (FMG) is one of the leading manufacturers of medium-sized ships in the United States and operates for civilian customers and government agencies. The US Government is the main customer of Fincantieri Marine Marinette (FMM) and requires high quality, high performance goods and services provided by suppliers with proven experience. In order to fulfil the objectives of Congress, the company supports small and medium enterprises in selecting its suppliers, in particular those run by women, economically and socially disadvantaged individuals, veterans, and companies that are part of the Historically Underutilized Business Zone Program (HUB zones). Founded in 1997, the HUBZone Program aims to promote economic development and employment growth in disadvantaged areas, helping small businesses located in these areas through privileged access to opportunities in the public procurement sector. In 2018, 889 suppliers received a purchase order from FMM, almost 100% of which are situated in the United States, with almost 30% in Wisconsin and over 61% small businesses.

With the exception of indirect purchases, almost all purchases are managed directly with the manufacturer, unless it is necessary to go through an agent or there is a cost advantage in resorting to a wholesaler or distributor. All suppliers working in the government programme are required to sign a specific Non-Disclosure Agreement (NDA) and are selected according to a **specific procedure** for selection and evaluation which defines the process and the methods to guarantee the selection of suppliers based on criteria of quality, technical capability, delivery times and continuous improvement. The goal is to select a supplier able to sustain the programme, seeking the best compromise in terms of price and quality, in order to support the business and satisfy the customer. In accordance with the procedure, specific **audits** are carried out on suppliers, which are also subjected to reassessments. In particular, when a supplier does not maintain the capabilities and qualities that led to its enrolment in the register and becomes critical to the FMM business, it is expelled from the list of usable suppliers. In particular, 18 audits were carried out on suppliers in 2018. The purchase process is defined through various procedures that describe all the steps that must be followed to issue a purchase

order according to the needs of FMM. Suppliers are selected according to **various criteria**, starting from their experience in the marine sector and their observance of US law in **social** and **environmental areas**. Other additional factors that are considered include: estimated cost, purchase frequency, size, position, shipowner's recommendations, customers, other suppliers, recorded non-conformities and visits to production sites, if required before starting the work. An **orientation course** is provided to suppliers performing services in shipyards before the works begin, to verify that they meet certain insurance requirements. They also carry out shipyard safety training courses and are familiarized with the correct contact representatives within the Company, in order to ensure an appropriate communication flow. The procedure followed for requests for offers/quotations begins with the development of a list of suppliers that are able to guarantee the supply and meet all the working, environmental and government requirements as per FMG's terms and conditions. For complex systems or larger services, the supplier subscribes and accepts the supply purpose and certain technical specifications. The data on the number of suppliers and the value of orders issued in 2018 are given below.

SUPPLIERS BY PRODUCT CATEGORY

	2018	
	No. OF SUPPLIERS	VALUE OF ORDERS ISSUED BY CATEGORY IN THOUSANDS OF €
Turnkey	61	37,811
Supply	518	80,004
Contracts	194	53,656
Services	70	2,449
Investments	28	4,614
Engineering	18	1,555
Total	889	180,089

SUPPLIERS BY GEOGRAPHICAL AREA

	2018	
	No. OF SUPPLIERS	VALUE OF ORDERS ISSUED BY CATEGORY IN THOUSANDS OF €
Italy	0	0
Rest of Europe	8	644
North America	880	179,430
Asia	1	15
Oceania	0	0
South America	0	0
Africa	0	0
Total	889	180,089

The data refer to Fincantieri Marine Group.

VARD group: Supply chain

Approximately 29% of VARD group suppliers are located in Norway and another 49% in the rest of Europe. The remaining 22% is distributed mainly between South America and Asia. The **selection criteria** used are based on the maker list, but also on the supply history and previous purchasing experiences. Turnkey contracts are the most commonly used type of purchase orders, followed by materials and equipment. Together they represent 73% of the total orders issued by the group. Purchasing management is entrusted to the Alesund headquarters, while purchase plans

are managed by the procurement teams of the various sites. Goods and services are purchased from suppliers who can guarantee specific quality levels. Suppliers must be selected from those that have been registered as approved suppliers (maker list) through a direct evaluation or an evaluation by other companies within the group. During the supplier selection process, **preferential requirements** include possession of certification concerning health, safety, anti-corruption and the environment. For activities relating to the cruise sector, a new market segment for VARD, the central

purchasing management team also uses qualified suppliers approved by the Parent Company.

Suppliers who work for VARD first receive **safety and training courses**, available in 5 different languages.

The acquisition of goods and services is based on technical and commercial information. Requests for proposals are sent to the possible suppliers, and after the technical and commercial approval, a winning supplier is selected. A contract/ agreement is then signed and a purchase order is issued.

Purchase orders are issued on two complementary systems, through which the entire procurement process is managed:

production specifications, order approval processes, delivery times and payment conditions.

Audit activities are carried out periodically through the yard health, safety, environment and quality (HSEQ) managers accompanied by the central purchasing function to check compliance with the contractual requirements agreed for the jobs. In 2018, 81 audits were carried out on suppliers. In particular, VARD Vung Tau, which has SA 8000 certification, carried out 32 audits based on environmental and social criteria on its suppliers in 2018, two of which failed to meet the social criteria. The data on the number of suppliers and the value of orders issued in 2018 are given below.

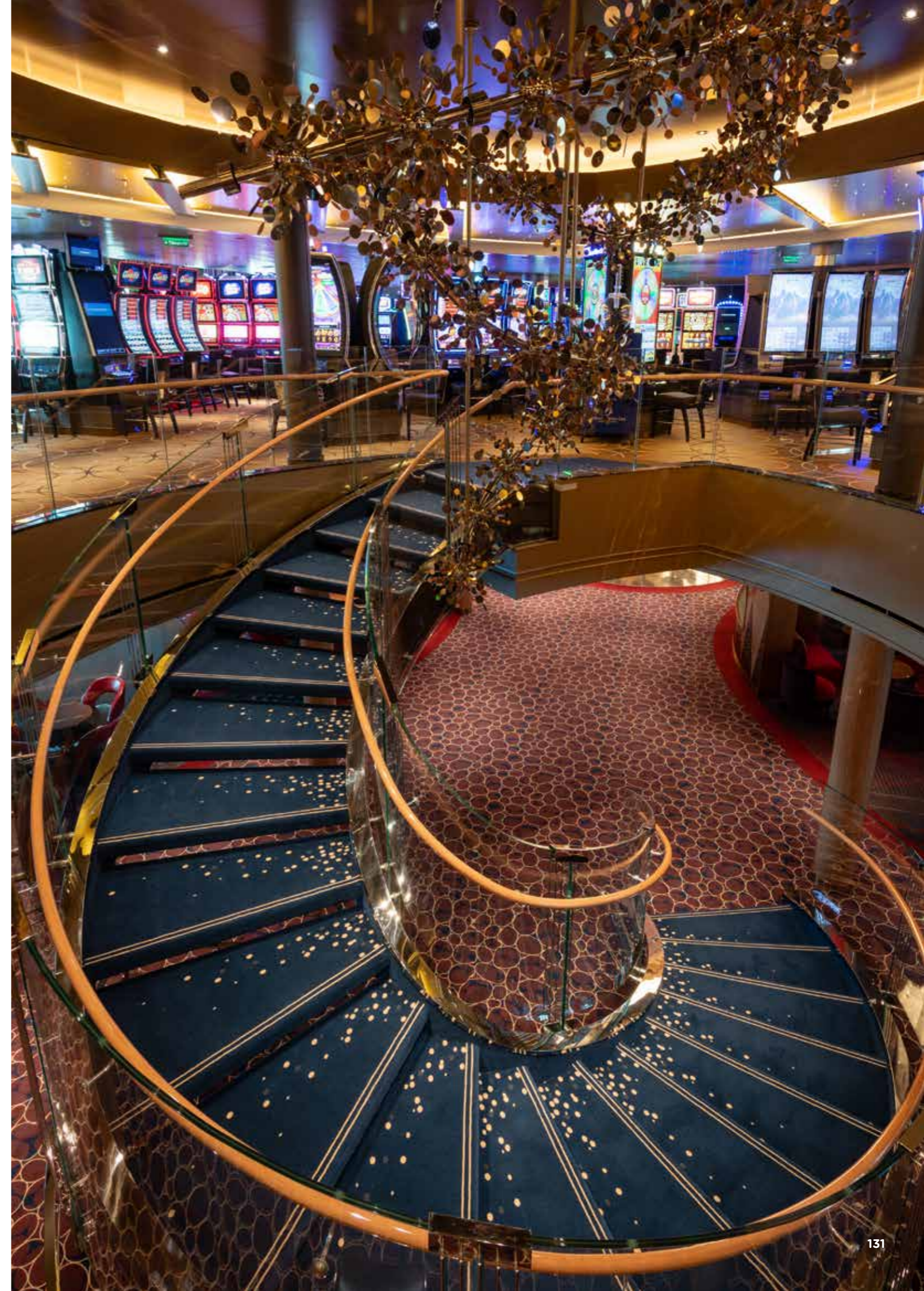
● SUPPLIERS BY PRODUCT CATEGORY

	2018	
	No. OF SUPPLIERS	VALUE OF ORDERS ISSUED BY CATEGORY IN THOUSANDS OF €
Turnkey	262	546,680
Supply	3,384	451,644
Contracts	318	155,532
Services	2,476	122,754
Investments	148	14,273
Engineering	69	62,381
Total	6,657	1,353,263*

● SUPPLIERS BY GEOGRAPHICAL AREA

	2018	
	No. OF SUPPLIERS	VALUE OF ORDERS ISSUED BY CATEGORY IN THOUSANDS OF €
Norway	1,940	632,229
Rest of Europe	3,272	604,898
North America	17	4,002
Asia	408	73,967
Oceania	7	129
South America	1,013	38,038
Africa	0	0
Total	6,657	1,353,263*

* Intra-group value 2018: estimated in approx. 427,600 thousands of euros. The data refer to the VARD group.

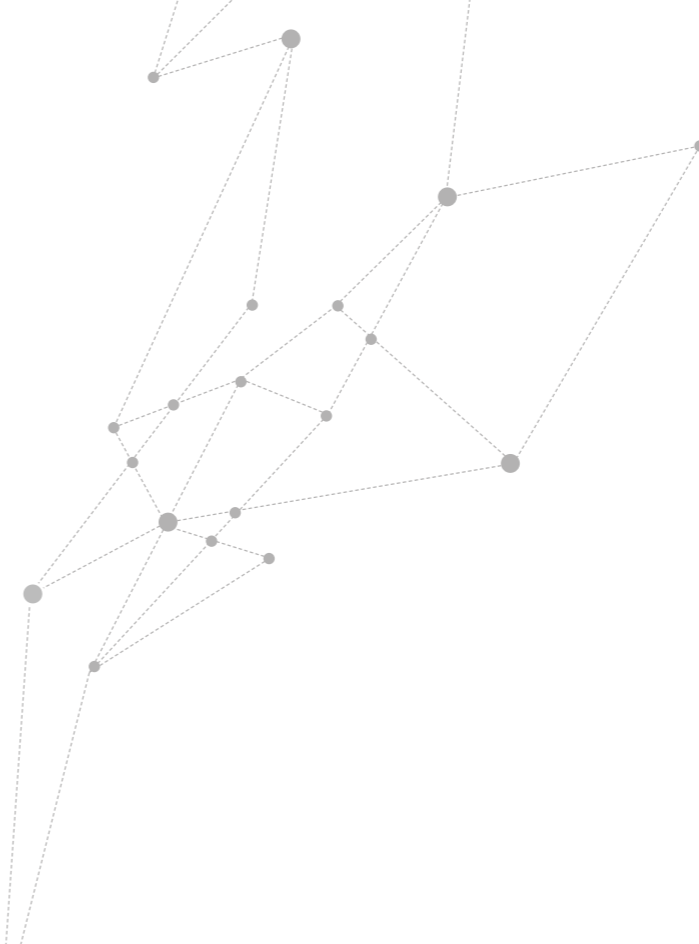




C COMMUNITIES



- OUR INITIATIVES
- FINCANTIERI FOUNDATION



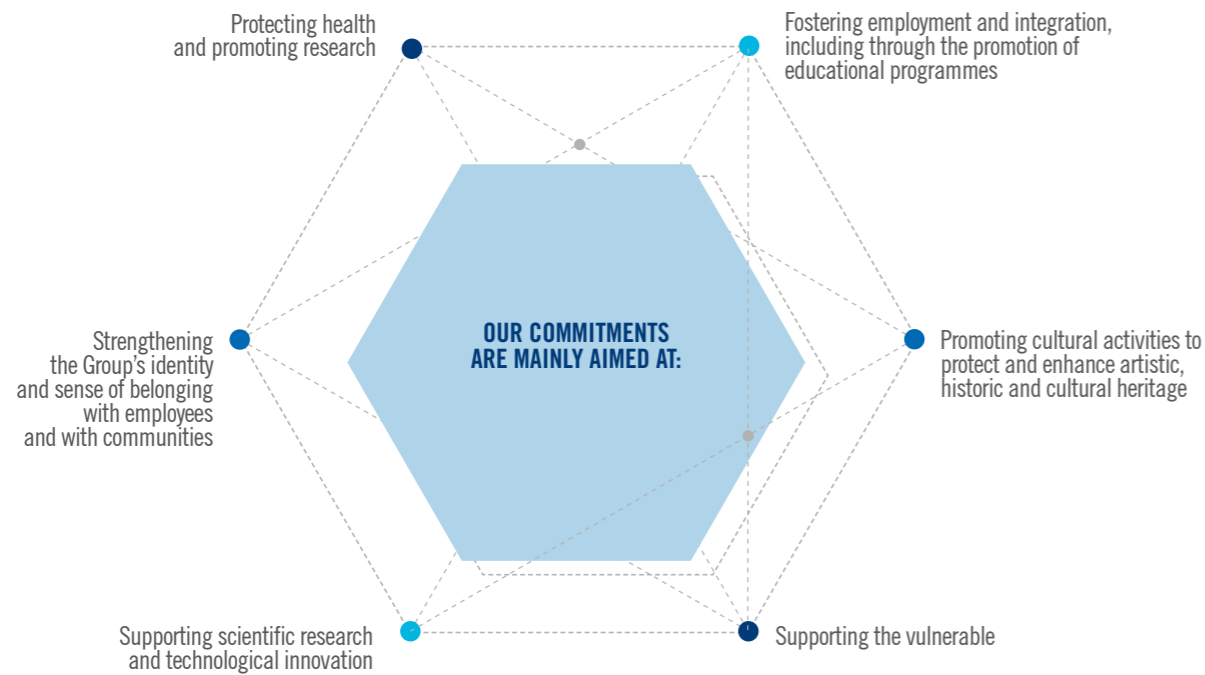
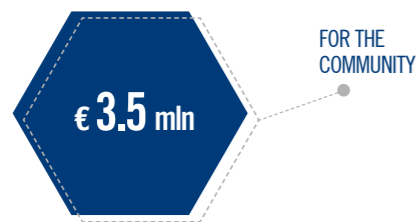
The initiatives and commitment of Fincantieri in support of communities help people and contribute to the socio-economic development of those areas where the Group is present

Establishing responsible relationships with communities is a priority for the Group, and dialogue and supporting them through social, cultural and educational initiatives is one of the commitments in Fincantieri's Sustainability Plan. The Group is an important reference point in the areas in which it is present, and over time it has managed to build a solid cooperation relationship with the shared goal of creating long-term value and opportunities for growth and development.

Our presence throughout the world implies dialogue with very different realities and requires in-depth knowledge of the territory and the needs of stakeholders in order to effectively respond to demands and define the priorities.

The issue of the relationship with local communities is managed at Parent Company level through the Central and Local Administration Relations function works closely with Public Administrations, associations and committees in order to channel the requests from and to the local areas.

The Group's activities are spread over various areas, from social and recreational to cultural and sporting. In 2018, Fincantieri allocated approximately 3.5 million euros to initiatives supporting communities.



OUR INITIATIVES

The Group supports and involves local communities via numerous social projects, whether through donations or through direct involvement in the activities carried out.

The main initiatives that the Group supported in 2018 with financial contributions are listed below.

PROTECTING HEALTH AND PROMOTING RESEARCH

ITALY

FINCArdiogen research project

- which involves the University of Trieste, through the Department of Medical, Surgical and Health Sciences, the Cardiothoracic and Vascular Department A.S.U.I., the Cardiology Hub of Cattinara Hospital (Trieste). The research intends to develop customized cardiological medicine in order to optimize diagnoses and develop targeted therapies, with obvious benefits for patients.

Gaslini Onlus Association

- supports the work of the Istituto Giannina Gaslini Hospital by funding research on paediatric tumors, technological improvement of the hospital, supporting its primary and most urgent needs in order to help children suffering from rare disease or disease that are difficult to cure.

Cystic Fibrosis Research Onlus Foundation

- since 2002 the Foundation has funded 336 projects, 4 services useful for the entire Italian research network, 700 researchers and 200 research groups and institutes, 400 contracts and research grants. Moreover, it has invested 24 million euros, produced 500 publications on international scientific journals and given 550 conference presentations.



FOSTERING EMPLOYMENT AND INTEGRATION, INCLUDING THROUGH THE PROMOTION OF EDUCATIONAL PROGRAMMES

ITALY

City of Monfalcone

- supporting an initiative aimed at helping all the children living in the area get proper education by covering some school fees and costs associated with taking school transport to reach the facilities.

Peschiere University Student Accommodation Foundation

(Genoa) - a charitable trust that pursues educational and research aims. It provides training, research, study orientation and volunteer activities and awards scholarships to particularly deserving students with limited economic resources.

NORWAY

YoungShip Møre

- an organization created in 2007 as a meeting place for young people who work in various areas of the maritime sector (ship design, production, supply chain, finance, etc.).

UNITED STATES

Support to various after-school educational programmes (e.g. workshops) and activities aimed at raising students' awareness of the manufacturing and shipbuilding industries and the opportunities for work and professional growth. These projects are carried out at numerous schools and associations in the area: Sturgeon Bay High School, Sevastopol High School, Southern Door High School, Gibraltar High School, TJ Walker Middle School, Saint John Bosco Elementary School, Boys and Girls Club in Sturgeon Bay.



PROMOTING CULTURAL ACTIVITIES TO PROTECT AND ENHANCE ARTISTIC, HISTORIC AND CULTURAL HERITAGE

Culture is a key factor for sustainable and long lasting social and economic growth over time.

Fincantieri has contributed financially to support several initiatives aimed at restoring the historic, artistic and cultural heritage in the territories in which it is present.

ITALY

Giuseppe Verdi Opera House Foundation (Trieste)

- one of the 14 opera/symphonic foundations entrusted the tasks of conservation, enhancement and promotion of opera and symphonic music.

Demanio Marittimo Association. KM-278 (Ancona)

- promotion and enhancement of the Marche territory, including the city of Ancona and the port area.

ROMANIA

“Days and Nights of European Theatre” Braila Theatre Festival

- an event that has reached its 4th edition and dedicated to the promotion of theatrical performances from the Balkan states of south east Europe.

“Johnny Raducanu” Jazz Festival 2018 edition

- an event recognized worldwide and organized each year in the city of Braila by the “Centrul de Creație Brăila”.

EUROFLORA (Genoa)

- this event is an effective opportunity for local promotion and marketing and to enhance talent and production excellence. It embraced highly topical issues such as safeguarding artistic and cultural heritage, respect for the environment, soil protection and promotion of sustainability, all within a broader redevelopment project of the Liguria region.



SUPPORTING THE VULNERABLE

Helping people in difficulty and supporting volunteer initiatives for disadvantaged communities and people in order to transform their lives for the better is an issue that Fincantieri feels strongly about and dedicates numerous initiatives to it.

ITALY

Ricrearti Project

- a training and job placement project for unemployed or disadvantaged people that makes gadgets by reusing Fincantieri's promotional materials that are no longer usable and are otherwise destined for disposal.

Fincantieri, together with Ricrearti, wanted to combine art and ingenuity in social and environmental terms, in line with the Company's own sustainability policy. This recycling activity in 2018 created 400 folders, 200 pouches and 500 keychains for Fincantieri.

UNITED STATES

American Red Cross Association, United Way, Rainbow House, Abundant Life Missions, Saint Vincent De Paul and the Salvation Army, Toys for Kids Campaign

- supporting multiple associations that aim to help and assist people in difficult situations.

Food Bank Agreement

- in 2018, Fincantieri signed a cooperation agreement with the Food Bank of Liguria and companies providing catering services in the canteens of the Sestri Ponente and Riva Trigoso (Genoa) shipyards to donate the food surpluses for social solidarity purposes. The Food Bank redistributes foodstuffs to charities that support and help the poor and, more generally, people in need. The Group intends to expand this charitable initiative to all its canteens in the near future.



SUPPORTING SCIENTIFIC RESEARCH AND TECHNOLOGICAL INNOVATION

Supporting scientific research and technological innovation means giving further opportunities for a sustainable future. With this aim Fincantieri participates and sponsors many activities to disseminate research and innovation through the development of scientific and educational projects and open dialogue with experts in the field.

ITALY

Science Festival

- an event organized in Genoa which has reached its 16th edition with the aim to promote, enhance and disseminate scientific and technological culture, with a particular focus on the resources in the Liguria region.

Trieste Next - Festival of Scientific Research

- an event that has reached its 7th edition and promotes dialogue and debate among the most representative personalities in the field of scientific and applied research.

ATENA

- Italian Association of Naval Technology that pursues

scientific, technical, industrial and training activities in the field of naval and marine technologies. ATENA organizes NAV, the International Conference on Ship & Maritime Research, which is held every three years and is the only Italian scientific event on maritime technologies.

AIDI

- Italian Association of Lecturers on Industrial Facilities which deals with the development and dissemination of scientific and technical know-how, from the design of industrial facilities to their decommissioning, with the aim of promoting socio-economic well-being and sustainable development.

Seafuture & Maritime Technologies 2018

- an event organized in the Navy Base in La Spezia which includes conferences and seminars on issues related to technology, exhibitions of cutting edge products and projects, B2B meetings with foreign Navies, at NATO and international level.

Projects with Universities

- Fincantieri has an ongoing relationship with multiple University faculties, it awards scholarships to the most deserving students on Master's degree courses related to areas of major interest for the Group and it contributes directly and indirectly in the preparation of many theses. Furthermore, in 2018 Fincantieri directly funded a doctorate fellowship in Mathematical Analysis, Models and Applications awarded by the School for Advanced Studies in Trieste. The fellowship is aimed at conducting a joint research project to create a new, faster and more precise way to make the necessary calculations to get the go-ahead for naval projects.

NORWAY

Tallinn Technical University (TTU)

- the subsidiary CDP Technology actively cooperates with the Tallinn Technical University, representatives from the company hold lectures and cooperate with students in realizing projects of common interest.

UNITED STATES

University of British Columbia

- Vard Electro Canada, Vard Marine Canada and Vard Marine USA support courses on subjects related to the maritime sector in order to encourage engineering students to consider the sector as a genuine work opportunity.

STRENGTHENING THE GROUP'S IDENTITY AND SENSE OF BELONGING WITH EMPLOYEES AND WITH COMMUNITIES

The Group organizes numerous events for both employees and for the communities of the areas in which it operates. These events are particularly significant and they are an important opportunity for the Company to open itself to the outside.

Family Day

- this type of event promotes dialogue between employees' work life and private life. In this way each employee can spend time in the areas they normally only share with their colleagues with their families and explain what their job involves.

Workers' Visit

- before delivery, all the cruise ships are opened up to workers for a visit. These are opportunities to celebrate the completion of a job that lasted many months, and in addition to the employees, these events are also shared with the suppliers and the community. In 2018, 5 cruise ships were delivered by the Italian shipyards and, thanks to the Workers' Visit, thousands of people were able to spend a couple of hours on board these splendid jewels of the sea.

Bimbi a Bordo

(Children on Board)
- where possible this event is organized on board cruise ships. The event was dedicated to all the children

of employees from Fincantieri and the external companies aged between 4 and 10, allowing them to board and see the ship built by their family members. A theatre show was also offered by the shipowner and created expressly for them.

Marinette Logging and Heritage Festival Parade

- each year the subsidiary Fincantieri Marinette Marine participates in the parade with a LCS model designed and built by one of the employees in the shipyard. All colleagues actively participate in the organization of this parade.

Company Clubs

- employees and retired former employees can engage

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

In 2018, more than 17,000 registered members benefited from the activities of the 9 company clubs at national level, of which approximately 8,000 were current and retired Fincantieri employees.

Organization of visits to the shipyards

- in Italy and in Norway the shipyards host school children and university students and groups to show and explain the naval production process.



ITALY-BARCOLANA

In the sports area, Fincantieri has, yet again, celebrated its connection with the **Barcolana** and with the city by sponsoring this sailing regatta.

The Barcolana has been held for the last 50 years in the Gulf of Trieste and attracts over 200,000 people. It focuses a lot of attention on Trieste and Friuli Venezia Giulia and has become a natural driver for promoting the local area.

Sport itself entails a huge responsibility, particularly towards young people. Sport is founded on values such as solidarity, healthy competition and merit and is supported by the Fincantieri Group.

FINCANTIERI FOUNDATION

Founded in 2008, the Fincantieri Foundation aims to promote the reclaiming and safeguarding of the Company's corporate heritage, in the shape of historical documents about naval and merchant shipbuilding, as well as industrial archaeological items. It also promotes and actively participates in cultural and artistic initiatives, in the broadest sense, of local, national and international relevance.

The Foundation intends to support business culture in a continuous, systematic and authoritative way, giving continuity to a history, to a collective memory. The Foundation has become a link with the social fabric and it establishes a socially responsible, equitable and virtuous relationship with local territories, demonstrating its focus on the communities of which Fincantieri is now structural part. By managing and enhancing the Group's Historical Archive, the Foundation has retrieved tens of thousands of publications, technical drawings and images relating to the industrial output of shipbuilding, documents produced in Italian shipyards since the end of the nineteenth century. Moreover, by participating in conventions, exhibitions and conferences it contributes to disseminating and promoting Fincantieri's historical heritage, giving it a symbolic

position between the world of culture and the world of business.

During 2018, the Fincantieri Foundation continued to give further impetus to its institutional activities by carrying out the following activities:

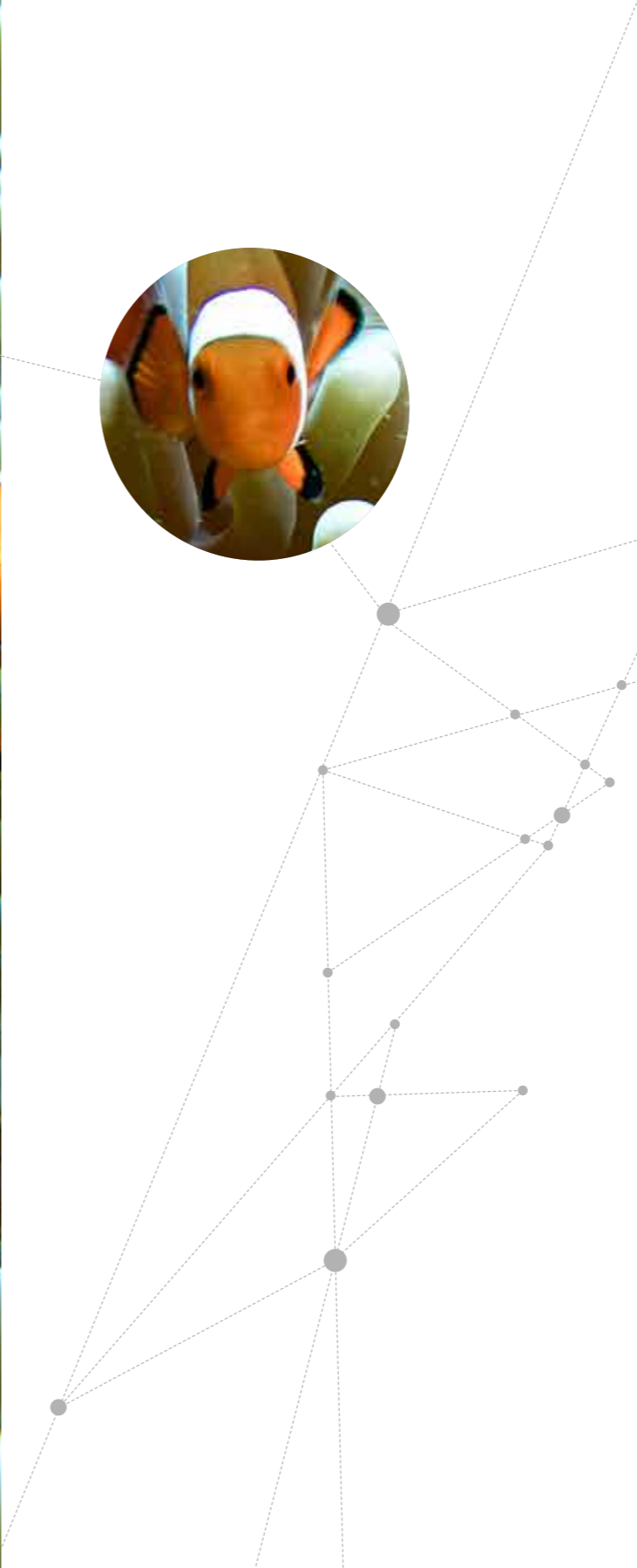
- contribution to the organization of the art exhibition on motor vessels held by the City of Monfalcone in the MuCa.
- As part of Palermo, Italian capital of Culture in 2018, a contribution to the exhibition on the History, present and future of rail transport.
- Management of guided tours at the Monfalcone and Palermo shipyards for groups organized by Universities, high schools, sailing schools, the Coast Guard and the City of Monfalcone.
- Assistance to students, associations and public entities with regard to historical research on the shipbuilding world and Fincantieri.
- Identification and making safe the photographic archive of the Marghera and Palermo shipyards.



ENVIRONMENT AND CLIMATE CHANGE



- ENVIRONMENTAL MANAGEMENT SYSTEM
- ENVIRONMENTAL ASPECTS
- ENVIRONMENTAL INVESTMENTS



Natural resources are assets that should be respected: Fincantieri believes in sustainable, environmentally friendly and safe growth

In a world where natural resources are, by their nature, limited, where people are highly mobile and that is subject to climate change, companies are forced to implement appropriate mitigation and adjustment methods in order to address these phenomena and create value in the long term.

The aspects linked to climate change are both a source of risk and an opportunity. For this reason, Fincantieri seeks to monitor them constantly and to analyse them with the dual purpose of, on the one hand, identifying all the risks for which mitigation and/or adaptation measures must be adopted and, on the other, exploiting opportunities to develop the business and improve efficiency. Aspects such as the use of energy resources are accompanied by risks such as energy cost variations, and they create an opportunity to decrease emissions to air or improve processes by reducing wastage and waste.

For this reason, Fincantieri, aware of its environmental responsibility, is committed to offering value to its stakeholders by exploiting the opportunities and managing the risks that arise from the changing economic, social and environmental context. As proof of its environmental commitment, in 2016 the Group joined the **CDP Climate Change Programme**, a prestigious British organization whose goal is to improve the management of environmental risks by leveraging information transparency.

ENVIRONMENTAL MANAGEMENT SYSTEM

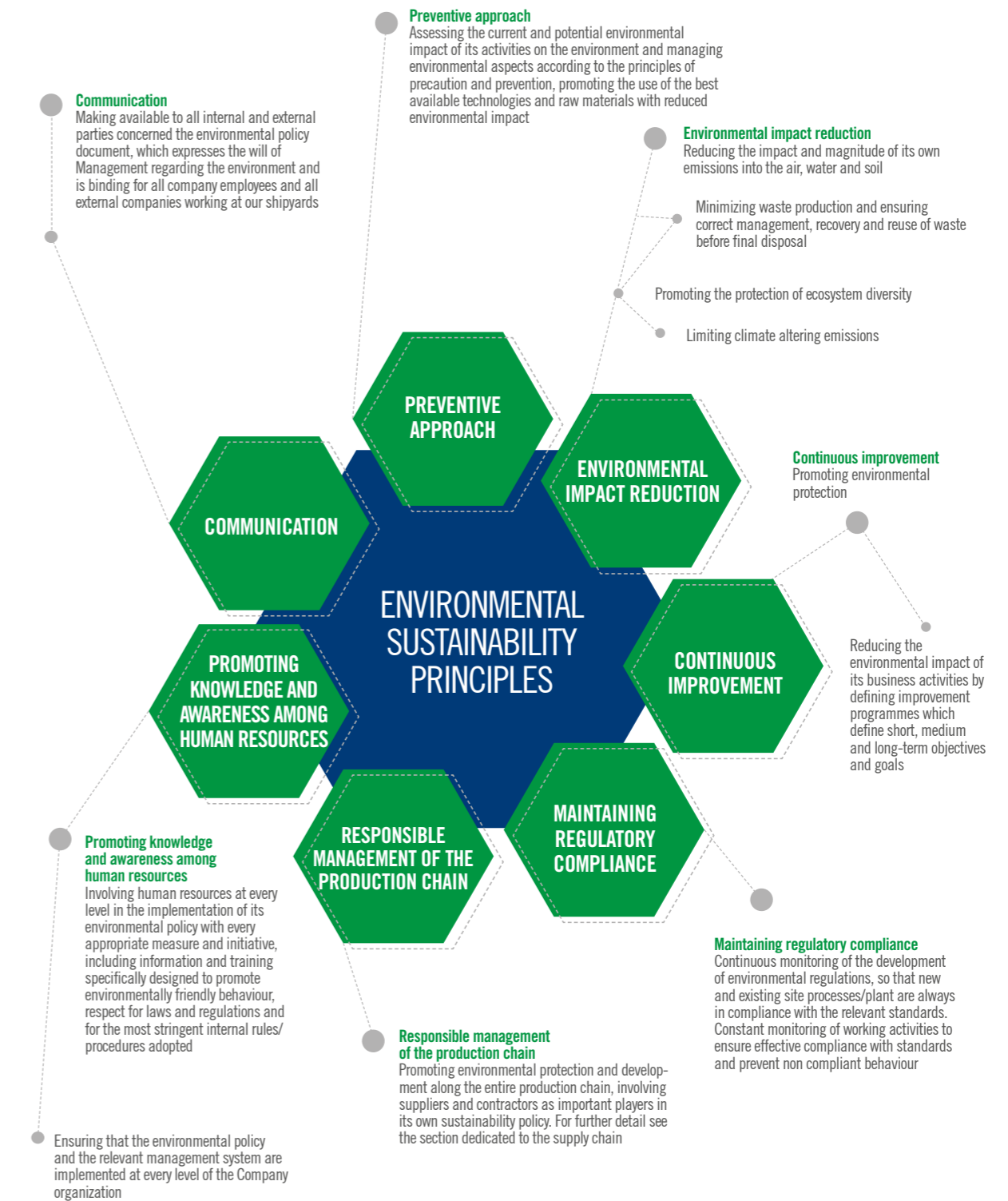
Environmental Policy

Fincantieri is aware that its level of responsibility is judged by its ability to combine, in its work, professionalism and quality with strict respect for laws and consideration for the needs and expectations of the community in relation to the protection of public goods. The Company wants to represent a model of excellence also in terms of maximum environmental protection. To manage the more significant environmental aspects associated with its business, Fincantieri is committed to implementing and maintaining an Environmental Management System, certified in accordance with international standard ISO 14001, with the aim of supporting the policy adopted by the Company and give coherence to the production model. All the Italian sites have been certified and have completed transition to ISO 14001:2015, while the Palermo shipyard alone is currently in the interim stages which should lead to certification by 2019. The Marinette yard in the US also maintained certification for its environmental management system, in compliance with the standard. For the VARD group, the shipyards Braila and Tulcea in Romania and the Vung Tau shipyard in Vietnam have confirmed their ISO 14001 certification.

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

Environmental audits are constantly carried out in all the sites, as an integral part of the Vision Zero programme, by the specific internal structures and all the reports of environmental near-misses are collected and managed systematically.

Fincantieri's **Environmental Policy** acts on various fronts and it consists of the following principles.



 The Environmental Policy is available on the website www.fincantieri.com/en/sustainability/environmental

ENVIRONMENTAL ASPECTS

The Group is also bound by laws and regulations to protect the environment and people's health by imposing limits on atmospheric emissions, discharges into water and soil and setting rules for the treatment of hazardous waste and the reclamation of any polluted sites. No significant environmental accidents occurred in the Group's production sites in 2018.

Energy

In line with the improvement goals laid down, the Company worked, by streamlining its activities, to reduce greenhouse gas emissions and achieve a sustainable use of energy and natural resources. Energy consumption was concentrated at the production units and electricity was used to power not just the plants and production lines but also the ancillary activities and general services. The Parent Company produces an **energy diagnosis** each year for each production unit. This diagnosis is aimed at identifying energy inefficiencies and to plan improvements and

energy saving initiatives. The replacement of traditional lights with **LED lights** was extended to the Castellammare di Stabia, Marghera and Muggiano sites in 2018. Further work to improve energy efficiency has involved the compressed air generation plants at the Ancona, Castellammare di Stabia and Riva Trigoso sites. The Ancona site carried out a pilot project to implement a **remote control** and **automatic switch-off system** for the mobile aspirators for welding fumes, the energy consumption of which is a not insignificant item in the energy balance of each production unit. To improve the quality of data in the diagnoses and identify the consequent improvement actions, the prompt implementation of more **advanced systems to measure** energy consumption has continued. In 2018, the subsidiary VARD has purchased electricity entirely from **renewable sources** in all its Norwegian sites, for a proportion of around 8% of the electricity consumed by the whole Group. In other countries the purchase and production of energy from renewable sources was not significant.

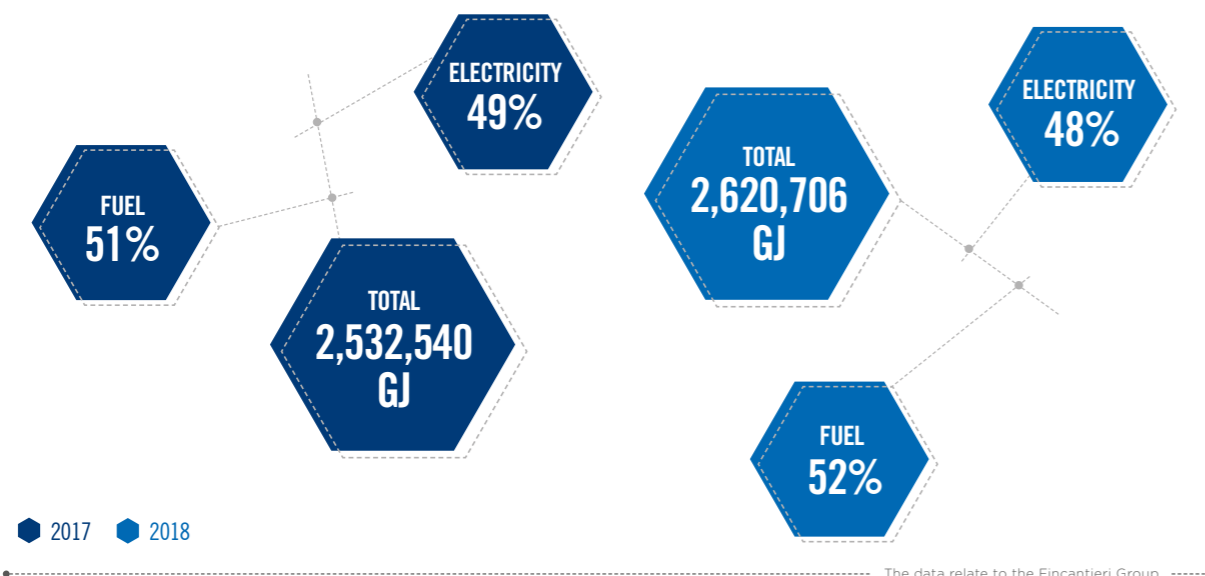
Consumption has increased compared to the previous year, due to increased production volumes. Owing to the importance of energy, Fincantieri has introduced the objective to obtain ISO 50001 certification for the Parent Company's Energy Management System by 2021 in the 2018-2022 Sustainability Plan.

Water

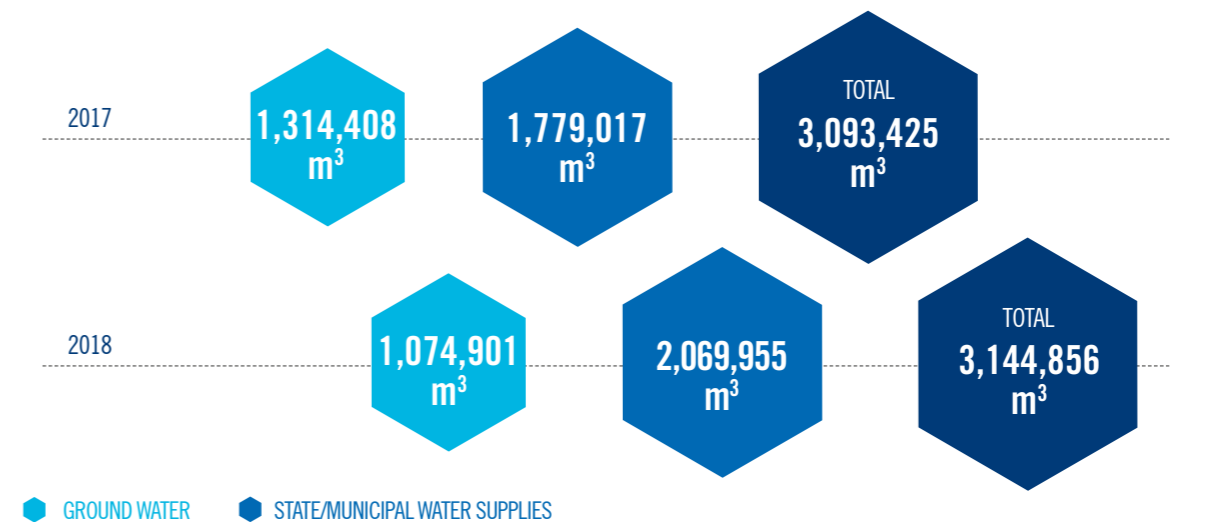
Water is a precious natural resource whose availability is increasingly limited owing to

climate change, therefore safeguarding it is one of the main commitments in Fincantieri's Environmental Policy. The Group constantly monitors its consumption of water during the production cycle and provides for initiatives to promote virtuous and eco-sustainable behaviour also in the offices, with everyday actions. In 2018, similarly as has happened in previous years, activities have been carried out to reduce leaks in the shipyard water networks.

ENERGY CONSUMPTION (GJ)



WATER WITHDRAWAL



As regards water discharges, in accordance with the authorization profiles (AIA - Integrated Environmental Authorization, AUA - Single Environmental Authorization) of the different shipyards, sampling and laboratory analysis have been conducted which guarantee that the limits laid down by the law for analytes which are subject to monitoring, including the presence of heavy metals. The monitoring process falls under the actions envisaged by the Environmental Management System which is certified by a third party entity.

Raw materials






Procurement of raw materials has a strategic role for the Company. In recent years more significance has been given to the selection of materials in order to reduce their environmental impact as much as possible. As best described in the chapter on eco-design, even while preparing specific contractual techniques, and consequently those needed for the procurement process, materials for the interiors are identified that, though possessing the same technical, qualitative

and compliance characteristics, are also environmentally compatible.

The main raw materials present in the Group's production cycle are:

- steel for the hull;
- copper for the electric wiring and automation;
- steel, iron, plastics and other iron and non-iron alloys for the piping installed on board;
- welding materials;
- paint products.

As regards paint products, low solvent paint products have been introduced, in particular, for the vessels built by the Naval Division. The Merchant Division is working in the same direction and is involving its main commercial partners in a broader project.

TYPE OF MATERIAL	MEASUREMENT UNIT	2017	2018
 Carbon dioxide	t	14,001	15,984
 Argon	m ³	522,988	702,493
 Nitrogen	m ³	604,115	557,401
 Oxygen	m ³	5,070,424	5,677,634
 Paints	l	1,636,211	1,882,573

The 2017 data refer to Fincantieri S.p.A. while the 2018 data include Fincantieri S.p.A. and Fincantieri Marine Group.

In Italy the project to centralize delivery planning (**Control Tower**), launched in 2014, has the goal of managing the shipyards' delivery requests in order to reduce transport costs, improve reliability and timeliness of deliveries and reduce environmental impact.

In particular, this project has enabled polluting emissions to be reduced by:

- planning deliveries using the outgoing and return formula;
- increasing vehicle saturation (combing multiple delivery requests into a single carrier).

The project led to the reduction of 210 heavy road vehicles in 2018 and a reduction of 69,300 kg of carbon dioxide (CO₂), equal to the average CO₂ absorbed in one year by around 11 hectares of forest.

Waste

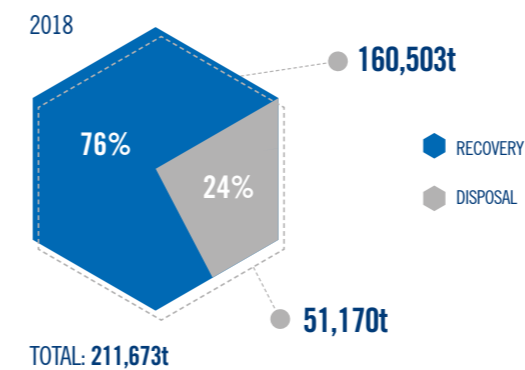
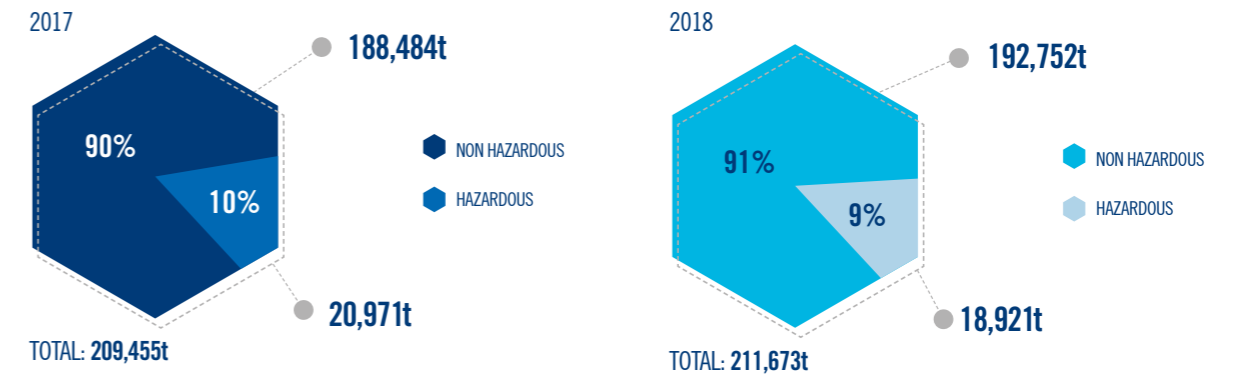
The Company has identified criteria for the collection of machining residues and waste disposal and they are included in a special procedure that defines the guidelines on responsibilities and procedures.

In Italian sites the percentage of **waste recovery** over 2018 was about 70%. In line with an internal waste management regulation introduced in 2011 that identifies **recovery activities** as a priority goal, the VARD group recorded a significant improvement in terms of results: in 2018, waste recovery was above 90%, compared to 65% in 2012.

In the United States, Fincantieri Marine Group has specific waste management policies and procedures and aims to continuously improve its waste management processes. By monitoring the waste produced, the organization is able to ensure that all the material is collected and managed, constantly seeking innovative solutions for recovery, which in 2018 reached around 80%.

The subsidiary Fincantieri Marinette Marine is also reviewing the waste management process in order to reduce the quantity for disposal, aiming to increase the quantity of waste treated through **energy recovery** processes.

WASTE BY DISPOSAL METHOD



The data refer to the entire Fincantieri Group.

Corporate mobility

Fincantieri aims to reduce greenhouse gas (GHG) emissions including through the sustainable management of mobility. Company policy promotes the use of **public transport** whenever this is possible and does not create excessive difficulties for travel, thus avoiding recourse to car use. The Company is investing in new technologies to reduce employees' travel, promoting the use of video and teleconferencing. In 2018, a pilot project was implemented with regard to the Merchant Shipping Division; following an initial assessment to identify the methods used to travel to and from work, an **internal communication campaign** was launched to enhance sustainable mobility initiatives, including the start of internal car-pooling. In the same vein, there is the agreement with

the provider of welfare services, which allows for the **reimbursement of season tickets** issued for use on public transport.

The gradual replacement of the service vehicle pool with vehicles that use hybrid technology is significant and it has involved, among other things, the installation of **electrical charging points** in all production sites, and their use has been made gradually available to employees. In the United States, the company Fincantieri Marinette Marine has confirmed the **car pooling policy** to encourage the shared use of means of transport, facilitating travel needs. In the same vein and as an alternative to using cars, areas have been made available to park bikes and, consequently, the use of company vehicles inside the shipyards has been limited.

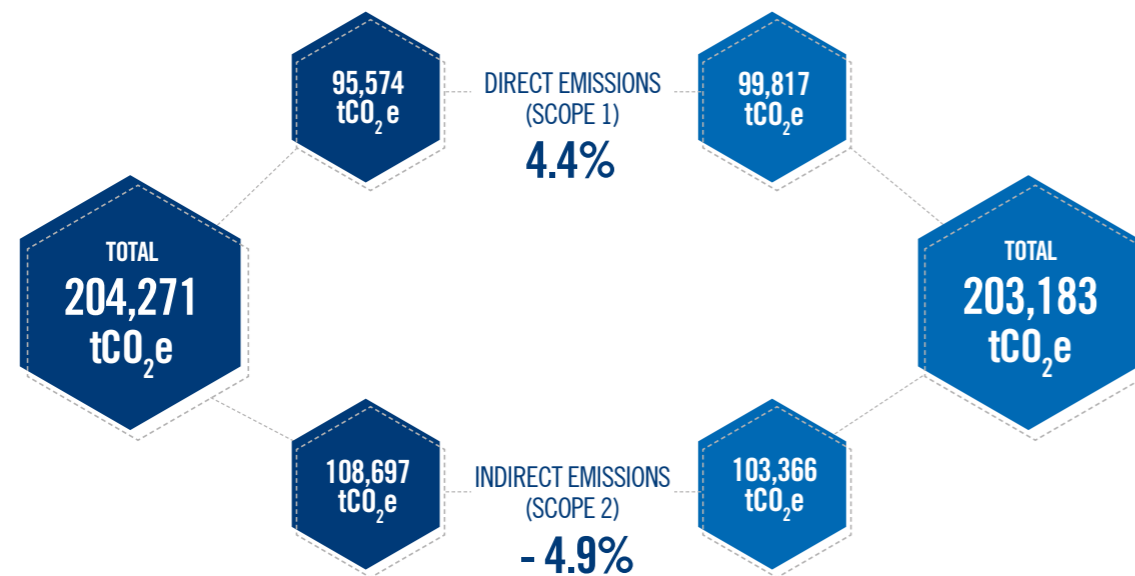
Greenhouse gas emissions

The Company monitors emissions of greenhouse gases (GHG) with the aim of continuously improving performance in terms of impact. In view of this, work has been carried out to reduce leaks in the carbon dioxide distribution networks (used in welding). Moreover, with the aim of containing the need to produce energy with the on-board systems, new electrical points were realized - as an alternative to diesel generators - for ships under construction or maintenance.

The new 50/60 Hz frequency conversion systems to supply ships in the Ancona, Muggiano and Sestri Ponente shipyards have been put into operation. The VARD group has completed commissioning of similar systems at the Norwegian Brattvaag, Langsten and Aukra shipyards.

The direct emissions of GHG from sources owned by or under the direct control of the Company, fuels for site heating, petrol for the company fleet and refrigerant gases (**Scope 1**) and indirect emissions from electricity consumption (**Scope 2**) are shown below.

GHG EMISSIONS FROM SCOPE 1 AND SCOPE 2



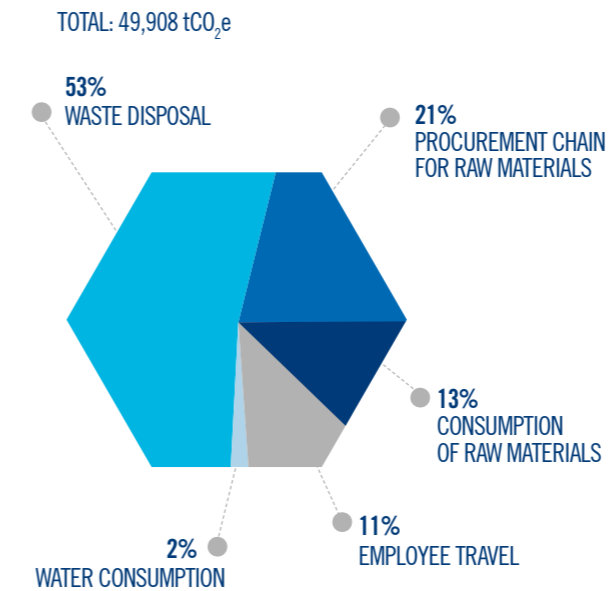
2017 2018 Scope 1: Direct emissions, from sources owned by or under the control of the Group. Scope 2: Indirect emissions from electricity consumption. The data refer to the entire Fincantieri Group.

The Group's commitment to the fight against climate change is demonstrated by the inclusion of the objective to reduce

Scope 2 emissions by 20% by 2020 (compared to 2017) in the 2018-2022 Sustainability Plan.

The other indirect (**Scope 3**) emissions have also been partially calculated in 2018. These concern emissions connected with employee travel, consumption of raw materials, water consumption, waste disposal and the procurement chain for raw materials. These emissions reached 49,908 tCO₂e.

GHG EMISSIONS FROM SCOPE 3



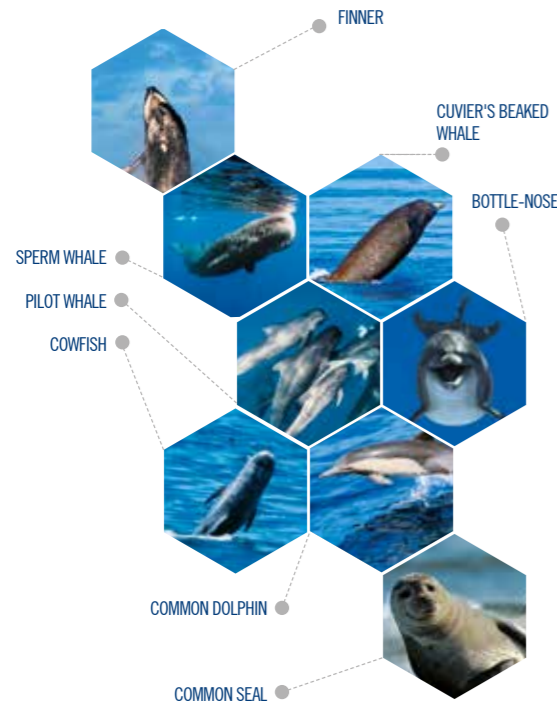
Other emissions of polluting gases

The gradual conversion of all the heating networks in the Italian shipyards has involved the elimination of heavy combustibles and the introduction of methane systems, resulting in negligible sulphur oxide (SO_x) emissions. The **SO_x emissions** of the VARD group and Fincantieri Marine Group amounted to 0.13 tSO_x in 2017 and 0.74 tSO_x in 2018. With a view to continuous improvement, the Norwegian group is focused on researching new approaches to contain and minimize the impact of emissions resulting from industrial activities. The group's commitment is also

demonstrated by its participation, since 2008, in the Confederation of Norwegian Enterprises' NO_x-Fund, whose primary objective is to reduce emissions of nitrogen oxides (NO_x). The group's **NO_x emissions**, associated solely with natural gas combustion, in 2017 amounted to 18.2 tNO_x and in 2018 24.5 tNO_x.

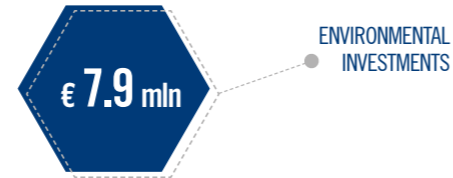
Biodiversity

Fincantieri considers the need to safeguard the natural value of the areas involved in its shipyard activities is particularly important. To protect these places, specific and special precautions are put in place in accordance with local legislation and activities that could directly or indirectly concern the protected area are carefully monitored. The production sites in Muggiano (surface area of 147,000 m²), Riva Trigoso (surface area 173,000 m²) and Sestri Ponente (surface area 237,500 m²) are inside an International Marine Protected Area - Marine Mammal Sanctuary. The protected area was introduced with the aim of protecting various marine mammals. The production site at Marghera (surface area 370,000 m²), which is on the Venetian lagoon, is also considered part of the UNESCO site - Venice and its Lagoon. In the United States Fincantieri Marinette Marine is positioned next to the Menomonee, in Wisconsin (for a surface area of 21,315 m²). The river in question is an area to be protected, especially due to the quality of the waters, the marshland and the ecosystem of aquatic flora and fauna. As regards the VARD group, the Tulcea shipyard, in Romania, occupies a surface area of about 750,000 m², adjacent to the Danube Delta, an area protected by UNESCO.



ENVIRONMENTAL INVESTMENTS

In 2018 the Fincantieri Group invested 7.9 million euros in environmental protection.



In particular, the Parent Company launched initiatives to both improve environmental impact and to reduce direct and indirect atmospheric emissions. The works carried out in the Monfalcone shipyard, in line with the improvement programme set up with the issue of Autorizzazione Integrata Ambientale (AIA, Integrated Environmental Authorization) in 2017, are of particular importance. The main ones involved the systems for collecting and treating rainwater, noise containment measures related to production and systems for extracting and treating welding fumes. The Sestri Ponente, Muggiano, Marghera and Riva Trigoso shipyards have also carried out work on their systems for extracting and treating welding fumes. While the Arsenale Triestino San Marco shipyard, as part of its water management, has built a collection system for draining the industrial waste produced in the dry dock into the public network. As regards product, the Group committed to various projects with the aim of containing environmental impact throughout the ship's life cycle. These initiatives are described in more details in the chapters on Customers and Products and Research and Innovation.

The ISO 14001 certification, obtained in 2012, certifies the presence of the precautions required to safeguard the site. VARD Promar, in Brazil, occupies a surface area of about 800,000 m² and part of it (250,000 m²) is adjacent to the mangrove forest, considered by WWF to be a biome, that is, one of the fourteen major types of habitat into which the Earth is divided. Also in this case, specific and special precautions are put in place in accordance with local legislation.





ANNEXES

- METHODOLOGICAL NOTE
- DESCRIPTION OF MATERIAL TOPICS
- GRI CONTENT INDEX
- INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT



METHODOLOGICAL NOTE

The second Sustainability Report of the Fincantieri Group, approved by the Board of Directors on 25 February 2019, is a communication tool that describes, in a transparent and structured manner, the economic, social and environmental results achieved, and demonstrates the Group's commitment to sustainable development, with the aim of creating value not only for the Company, but also for its stakeholders. The Report represents the **Consolidated Non-Financial Statement of the Fincantieri Group** prepared in accordance with Articles 3 and 4 of Legislative Decree No. 254/16, with reference to the 2018 financial year (from 1 January to 31 December 2018). This document reports, to the extent necessary to ensure an understanding of the activities of the company, its progress, its results and its impact, in relation to the areas considered important and required by Article 3 of the Decree. As required by Article 5 of the Decree this document is a **distinct report** with the appropriate wording to identify it as the Consolidated Non-Financial Statement (NFS) required by the regulation. The contents of the Report have been prepared in accordance with the GRI Sustainability Reporting Standards (2016) of the Global Reporting Initiative and opting for "in accordance-core". For further detail on the information required by the Standards and the indicators reported, please refer to the table shown in the annex to this document. Sustainability reporting is preceded annually by the analysis and identification

of **material topics** (Materiality matrix p. 32), i.e. those which reflect the significant impacts for the organization from an economic, social and environmental viewpoint, and which substantially influence stakeholders' assessments and decisions, and by the mapping and risk management methods. It was also considered useful to provide, as part of this analysis, a comparison of relevant areas emerging from the materiality matrix with the best national and international practices facing the Company. As required by the Decree, for each theme evidence is given on its materiality in relation to Group activities, the risks connected with it, the Company's policies and commitments and the results obtained and monitored using ad hoc indicators capable of representing the results in terms of management. With reference to the requirements of Article 3, paragraph 2 of Legislative Decree 254/16, some information not considered relevant for an understanding of the company, its progress, results and impact has been excluded. It should be noted that in 2018 Fincantieri defined its **Sustainability Plan**, approved by the Board of Directors, which highlights and strengthens the intention to be a responsible Group. The Plan addresses some global challenges (such as the **UN's Sustainability Development Goals**) and details the commitments undertaken by the Group and breaks them down into qualitative and quantitative targets that can be measured over time and subjects them to constant monitoring.



The process of collecting data and information and drafting the Report is coordinated and managed by the Sustainability Unit, in cooperation with the multifunctional Working Group. The Report's contents have been defined according to the principles of accuracy, balance, clarity, comparability, reliability and timeliness. The Sustainability Report has been prepared in accordance with a specific **internal procedure** that defines the roles, responsibilities and operating methods that the Parent Company's and subsidiaries' staff must follow in order to guarantee the proper management of all the data required to prepare the document. The reporting process is based on the current information systems used by the main company units are have been integrated using specific data collection sheets and supported by operating manuals in which the methods for collecting the indicators have been defined. The data were processed and validated by the various function managers. To enable data and information comparability over time and assess the Group's performance, comparison with the previous year is given where possible. Furthermore, in order to correctly show performance and guarantee the reliability of the data, the use of estimates was limited to the minimum possible and, if present, these are based on the best methods available and appropriately described. The document seeks to present the positive and negative aspects in an equal light and, where considered appropriate, a comment on the results has been provided. The economic values are expressed in euros (thousands and/or millions of euros). Sometimes the data are rounded to one decimal point or to a round number, and therefore their sum may not coincide exactly with the total value.

The **reporting boundary** of the data presented in the Report relates to the Companies fully consolidated (using the line-by-line method) in the consolidation area used for the consolidated financial statements. The main organizational changes that occurred during year concerned the VARD group, which de-listed from the Singapore Stock Market on 2 November 2018. After the de-listing, Fincantieri holds a 97.22% interest. Any limitations to the reporting boundary specified above are indicated in the relevant sections of the document.

In particular, as regards the subdivision of workforce, the 2017 data have been revised to include the 11 employees from minor foreign companies for which the data were not available.

The indicators related to energy consumption (302-1) have been revised for comparison purposes following completion of the identification and measurement of the energy sources used, and the calorific values for all the energy types have been updated. As regards raw materials (301-1), the 2018 perimeter has been extended to include Fincantieri Marine Group.

The emissions of direct (Scope 1) and indirect (Scope 2) greenhouse gases (GHG) have been recalculated for the year 2017 due to the use of more specific and up-to-date emission factors and emissions from refrigerant gas and the company fleet have been included in Scope 1.







With regard to the analysis and description of the main indirect economic impacts

associated with outsourcing of the production chain (203-2), Fincantieri has used an econometric model developed by Censis (a Foundation recognized with Decree of the President of the Republic No. 712/1973). Based on this model, a better estimate was produced to represent the multiplier effects that Fincantieri is able to produce within the national economic system, based on the specific production and business model developed and pursued in recent years and the structure of the supply chain, with the relative levels of integration upstream of the production cycle for naval vessels.

The document was also the subject of a **limited assurance engagement** according to the criteria indicated in the revised ISAE 3000 standard involving the independent auditors PwC S.p.A. who, at the end of their work, issued the report required under Legislative Decree 254/16 and Consob Regulation 20267 of 2018 concerning the compliance of the information supplied in the Sustainability Report - Consolidated Non-Financial Statement prepared by Fincantieri under Legislative Decree 254/16 and in accordance with the reporting standard adopted.

The Sustainability Report is required to be published **annually**. The document is also available on the website (www.fincantieri.com), in the Sustainability section. For any further information it is possible to contact the Sustainability unit at the email address sustainability@fincantieri.it

MATERIAL ASPECTS

MATERIAL ASPECTS FOR FINCANTIERI		GRI STANDARD TOPICS	BOUNDARY OF ASPECT	
MACRO AREA	MATERIAL TOPIC		INTERNAL	EXTERNAL
 Governance	Governance and business integrity	Organizational profile; Ethics and integrity; Governance; Stakeholder engagement; Indirect economic impacts; Anti-corruption; Anti-competitive behaviour	Group	Supply chain; Customers; Community
	Economic and financial sustainability	Economic and financial performance	Group	Supply chain; Customers; Community
 Economic resp.	Procurement activities	Procurement practices; Supplier environmental and social assessment	Group	Supply chain
	Employment protection and trade union relations	Market presence; Employment; Work/Industrial relations; Freedom of association and collective bargaining	Group	Community
 Human resources resp.	Training and education	Training and education	Group	
	Company welfare	Employment	Group	
	Diversity and equal opportunity	Diversity and equal opportunity	Group	
	Health and safety in the workplace	Occupational health and safety	Group	
 Social resp.	Local communities and relations with the local area	Local communities; Public policy	Group	Community
	Human rights	Supplier social assessment	Group	Supply chain; Community
 Product resp.	Product quality and compliance with technical regulations and standards	Customer health and safety; Customer privacy; Socio-economic compliance	Group	Customers
	Innovation, research and development	Stakeholder engagement; Customer health and safety; Emissions	Group	Supply chain; Customers
	Customer satisfaction	Stakeholder engagement	Group	Customers
 Environmental resp.	Climate change	Emissions	Group	Community; Environment
	Environmental management	Materials; Energy; Water; Biodiversity; Emissions; Effluents and waste; Environmental compliance	Group	Community; Environment
	Environmental impact of products and services	Emissions	Group	Environment

DESCRIPTION OF MATERIAL TOPICS

Governance and business integrity

Business integrity is the capacity to develop the business fairly and transparently and is a key factor characterizing the identity of the Group, as well as an important element in its reputation.

Responsible governance ensures fair and transparent conditions in the conduct of business affairs and the related company activities, protecting the company image and reputation, meeting the expectations of stakeholders and safeguarding the work of employees.

Economic and financial sustainability

The Company is committed to increasingly sustainable and responsible performance, creating the conditions for development which meets the needs and expectations of all its stakeholders.

Innovation, research and development

Technological excellence is a key element of the Group's entrepreneurial approach, which allows it to maintain and strengthen its competitiveness and leading position in complex, markets with high potential.

Employment protection and trade union relations

People are the key assets of the Group and their protection generates wealth for the company. Individual growth comes with constant collaboration and cooperation, factoring in common ideas and practice, skills and actions, international exchange and comparison and a multidisciplinary approach.

Industrial relations in Fincantieri are based on a participative model which values and enhances the role of trade unions and workers, also through the establishment of appropriate joint committees.

Procurement activities

A significant portion of the overall value of each ship depends on materials, parts, components and turnkey systems supplied by third parties. The Group actively manages its make-or-buy procurement strategies and therefore the size of the contribution of third party suppliers to the overall value of the project, also through rigorous qualification processes.

Product quality and compliance with technical standards

Excellent levels of quality are in the DNA of the Group, because the complexity of its business requires high standards in terms of quality and compliance with technical regulations and standards, at each stage of the production process. Responsibility for ensuring quality is widespread and shared.

Customer satisfaction

Customers and their satisfaction are at the centre of the Group's interest; customer satisfaction is pursued by constantly involving the customer at the execution stage, in the continuous monitoring of quality and through the offer of innovative products.

Climate change

The Group is bound by laws and regulations to protect the environment and people's health which impose limits on emissions.

The control of emissions is reflected in a commitment to continue carrying out research into new methods to improve practices and minimize the emissions resulting from industrial activities.

Environmental management

Environmental protection is at the centre of the activities of the Company, which must commit itself, in carrying out its activities, to making the principles of environmental sustainability its own, both in its strategic

choices and in its business processes. To this end it must commit itself to improving energy efficiency and saving, proper management of water resources and correct disposal of waste and effluent.

Safeguarding the natural value of the areas affected by shipyard activities is also important. To protect these delicate places, specific and special precautions are put in place in accordance with local legislation.

Environmental impact of products and services

The Group operates with a "life cycle" approach, aiming to minimize the environmental and social impact of a product or service over its life cycle, departing therefore from a model which sees the impact on the environment and society of only production activities, and broadening the analysis of possible negative external effects to all the links in the value chain.

Diversity and equal opportunity

Diversity allows all the transformations and changes currently taking place to be embraced and represents an open, flexible and helpful relational approach.

With regard to equal opportunities, significant commitment has been given to increasing the presence of women in the Company.

Company welfare

This is an innovative tool which permits efficient management of resources and provides an alternative to traditional pay and incentive mechanisms.

The ultimate aim is to improve the quality of life and wellbeing of employees and their families.

Health and safety in the workplace

Safety at work is a condition for the performance of work without exposure to the risk of accidents or occupational disease. Historically Fincantieri has dedicated significant

effort to the protection of health and safety; over the years it has promoted a profound change in safety culture, as a first step towards further development. The key element is personnel training as a tool for risk prevention.

Training and education

Investment in staff training and development is of strategic importance in terms of restoring a high level of skill and know-how in the field, at all levels.

Accordingly the training on offer has been expanded with new technical and managerial training programmes.

Local communities and relations with the local area

Local development is directly linked both with business activities and with the ability to systematically involve local players, showing awareness of the impact on the community. In terms of business activities, networks of small and medium-sized enterprises (SME), highly specialized in various macro-sectors, are engaged.

In addition, initiatives to promote the development of local communities are stimulated and encouraged, with the aim of creating shared value.

Human rights

The Company has a strong commitment to ensuring that the skills and competencies of each employee are developed and maintained, both through recognition of merit and respect for equal opportunities, with the aim of safeguarding the human rights sanctioned by the Universal Declaration of the UN. Moreover the Group has always paid the maximum attention to ensuring transparency and observance of agreements and laws governing the contracting (tendering) system, a key element in its own development capacity and competitiveness in the relevant markets.

GRI CONTENT INDEX

“In accordance - core” option

Key:
 FC: FINCANTIERI S.p.A., Italian and minor foreign subsidiaries
 VARD: VARD Group
 FMG: Fincantieri Marine Group
 FMSNA: Fincantieri Marine System North America Inc.

GENERAL STANDARD DISCLOSURES

CODE	INDICATOR DESCRIPTION	PAGE
ORGANIZATIONAL PROFILE		
102-1	Name of the organization	FINCANTIERI S.p.A.
102-2	Primary brands, products, and services	6
102-3	Location of the organization's headquarters	10
102-4	Number of countries where the organization operates, and the name of countries where it has significant operations and/or that are relevant to the sustainability topics covered in the Report	6
102-5	Nature of ownership and legal form	10
102-6	Markets served	6
102-7	Scale of the organization	6
102-8	Total number of employees by type, employment contract, region and gender	63

EMPLOYEES BY GEOGRAPHICAL AREA

	2017		2018	
	EMPLOYEES NUMBER		EMPLOYEES NUMBER	
Italy	8,314	42.5%	8,662	44.9%
Rest of Europe	6,919	35.4%	7,459	38.7%
North America	2,158	11.0%	2,060	10.7%
South America	1,345	6.9%	308	1.6%
Africa	0	-	0	-
Asia	805	4.1%	784	4.1%
Oceania	4	0.0%	1	0.0%
Total	19,545	100%	19,274	100%

Workforce has decreased from 19,545 to 19,274, mainly due to the reduction of the workforce at the VARD group's Brazilian shipyard.

EMPLOYEES BY TYPE OF CONTRACT

	PERMANENT				FIXED TERM				TOTAL	
	FULL TIME		PART TIME		FULL TIME		PART TIME		2017	2018
	2017	2018	2017	2018	2017	2018	2017	2018		
FC	7,992	8,304	138	160	186	204	1	3	8,317	8,671
VARD	7,829	7,357	42	50	1,301	1,227	0	30	9,172	8,664
FMG	1,994	1,881	2	2	0	0	0	0	1,996	1,883
FMSNA	60	56	0	0	0	0	0	0	60	56
Total	17,875	17,598	182	212	1,487	1,431	1	33	19,545	19,274
% incidence	91.5%	91.3%	0.9%	1.1%	7.6%	7.4%	0.0%	0.2%	100%	100%

CODE	INDICATOR DESCRIPTION								PAGE			
EMPLOYEES BY TYPE OF CONTRACT - WOMEN												
					PERMANENT		FIXED TERM		TOTAL			
					FULL TIME		PART TIME					
					2017	2018	2017	2018	2017	2018		
FC	556		625		121	141	37	41	1	3	715	810
VARD	1,079		1,175		23	24	106	106	0	4	1,208	1,309
FMG	257		256		1	1	0	0	0	0	258	257
FMSNA	10		9		0	0	0	0	0	0	10	9
Total	1,902		2,065		145	166	143	147	1	7	2,191	2,385
% incidence	86.8%	86.5%	6.6%	7.0%	6.6%	6.2%	0.0%	0.3%	100%	100%		

The data refer to the entire Fincantieri Group. Other collaborators (interns, apprentices, agency workers) are not included which in 2018 numbered 791, of whom 72 women, as they are not part of the workforce establishment.

102-9	Description of the organization's supply chain	118-130
102-10	Significant changes to the organization's size, structure, ownership or supply chain during the reporting period	14-15
102-11	Explanation of how the precautionary approach is applied	33; 51
102-12	Subscription to or endorsement of externally developed economic, environmental and social charters, principles, or other initiatives	22; 80; 83-93
102-13	Memberships of national or international industry associations	22

STRATEGY

102-14	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy for addressing sustainability	4
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ETHICS AND INTEGRITY

102-16	Organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	16
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GOVERNANCE

102-18	Governance structure of the organization, including committees of the highest governance body and any committees responsible for decision-making on economic, environmental and social impacts	26; 44-47
102-35	Remuneration policies	49-50

STAKEHOLDER ENGAGEMENT

102-40	List of stakeholder groups engaged by the organization	28-29
102-41	Percentage of employees covered by collective bargaining agreements	76

The percentage of employees covered by collective bargaining agreements is 100% in Fincantieri S.p.A. and its Italian subsidiaries compared to 66% for Fincantieri Marine Group, 0% for Fincantieri Marine System North America Inc. and a variable coverage in the countries worked in by the VARD group (0% Canada, United States, Poland, Chile, Croatia, India, Scotland, Singapore, Estonia, 89% Norway, 100% Vietnam, Brazil, Italy, Romania).

102-42	Basis for identification and selection of stakeholders with whom to engage	28-29
102-43	Approach to stakeholder engagement, specifying frequency of engagement by type and by stakeholder group	28-29
102-44	Report key topics and concerns raised through stakeholder engagement, description of how the organization has responded to those concerns	28-29

CODE	INDICATOR DESCRIPTION	PAGE								
MATERIAL ASPECTS AND BOUNDARIES										
102-45	List of all entities included in the organization's consolidated financial statements or equivalent documents and those not included in the Report	6; 156-159								
102-46	Process for defining the Report content	156-159								
102-47	List of the material topics identified in the process for defining report content	32								
102-48	The effects of any restatements of information given in previous reports and reasons for such restatements	156-159								
102-49	Significant changes from previous reporting period	156-159								
102-50	Reporting period	156-159								
102-51	Date of most recent previous report	156-159								
102-52	Reporting cycle	156-159								
102-53	Contacts and addresses for questions regarding the report or its contents	156-159								
102-54 102-55	GRI Content Index and "in accordance" option chosen	162								
102-56	External assurance for the report	174								
SPECIFIC STANDARD DISCLOSURES										
CODE	INDICATOR DESCRIPTION	PAGE								
CATEGORY: ECONOMIC										
ECONOMIC PERFORMANCE										
103-1 103-2 103-3	Management approach	19								
201-1	Direct economic value generated and distributed	19								
RECONCILIATION OF THE INCOME STATEMENT FROM THE ANNUAL REPORT AND THE ECONOMIC VALUE TABLE IN THE SUSTAINABILITY REPORT										
(euro/thousand)										
	a) Revenue	b) Finance income	c) Capital gains/losses on business profits	a) Operating costs	b) Cost of personnel	c) Dividends	d) Interest paid and financial costs	e) Duties and taxes	f) Donations to associations	
Items in economic value table from the Sustainability Report	5,473,801	39,672	(489)	4,088,591	951,615	16,874	140,566	64,441	3,530	
Values from Annual Report										
Operating revenue	5,368,896	5,368,896								
Other revenue and income	105,124	104,905	219							
Materials, services and other costs	(4,104,050)		708	4,088,591				11,221	3,530	
Personnel costs	(951,615)			951,615						
Depreciation, amortization and impairment	(136,359)									

CODE	INDICATOR DESCRIPTION	PAGE							
RECONCILIATION OF THE INCOME STATEMENT FROM THE ANNUAL REPORT AND THE ECONOMIC VALUE TABLE IN THE SUSTAINABILITY REPORT									
(euro/thousand)									
	a) Revenue	b) Finance income	c) Capital gains/losses on business profits	a) Operating costs	b) Cost of personnel	c) Dividends	d) Interest paid and financial costs	e) Duties and taxes	f) Donations to associations
Provisions	(58,759)								
Finance income	36,635	36,635							
Finance costs	(140,566)						140,566		
Income/(expense) from investments	5,942	5,942							
Share of profit/(loss) of investments accounted for using the equity method	(2,905)	(2,905)							
Income taxes	(53,220)							53,220	
PROFIT/(LOSS) FOR THE YEAR (A)	69,123								
Dividends paid in 2018						16,874			
MARKET PRESENCE									
103-1 103-2 103-3	Management approach								65
202-2	Proportion of senior management hired from local community								65
As regards the recruitment policies for senior management, the majority of those recruited (over 70%) are found to be from local profiles and candidates.									
INDIRECT ECONOMIC IMPACTS									
103-1 103-2 103-3	Management approach								20
203-2	Analysis and description of the main indirect economic impacts, including the extent of impacts								20
For the analysis and description of the main indirect economic impacts, Fincantieri has used an econometric model developed by Censis (a Foundation recognized with Decree of the President of the Republic 712/1973). The impact measures were calculated using the analysis and calculation methodology based on Leontief input-output tables, although this model was substantially modified to adapt it to the specific Fincantieri production and company structure. The estimates can be considered sufficiently robust proxies for the multiplier effects that Fincantieri is able to produce within the national economic system, given its specific production model, the business model that the Company has built in recent years and the structure of the supply chain, with the relative levels of integration upstream of the production cycle for naval vessels.									

CODE	INDICATOR DESCRIPTION	PAGE	
PROCUREMENT ACTIVITIES			
103-1 103-2 103-3	Management approach	118	
204-1	Proportion of spending on local suppliers at significant locations of operation	125; 127; 129	
ANTI-CORRUPTION			
103-1 103-2 103-3	Management approach	54-57	
205-2	Communication and training on the anti-corruption procedures and policies	56-57	
205-3	Confirmed incidents of corruption and actions taken	57	
ANTI-COMPETITIVE BEHAVIOUR			
103-1 103-2 103-3	Management approach	54-57	
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices		
No fines or sanctions have been received for actions referred to the reporting period.			
CATEGORY: ENVIRONMENTAL			
103-1 103-2 103-3	Management approach	144-145	
Fincantieri is aware that its level of responsibility is judged by its ability to combine, in its work, professionalism and quality with strict respect for laws and consideration for the needs and expectations of the community in relation to the protection of public goods. Fincantieri wants to represent a model of excellence also in terms of maximum environmental protection. To manage the more significant environmental aspects and prevent its business having an environmental impact, Fincantieri is committed to implementing and maintaining an Environmental Management System and obtaining the relevant certification in accordance with international standard ISO 14001 at its sites. 7 grievances regarding environmental impacts were filed in 2018, of which 1 referred to previous years and was resolved during the year.			
MATERIALS			
301-1	Materials used by weight or volume	147	
ENERGY			
302-1	Energy consumption within the organization	146-147	
TYPE	MEASUREMENT UNIT	2017	2018
Acetylene	GJ	15,997	16,769
Natural gas	GJ	428,591	430,935
Diesel	GJ	641,139	634,912
LPG	GJ	20,297	22,761
LNG	GJ	0	4
Fuel oil	GJ	189,804	256,615
Total fuel	GJ	1,295,828	1,361,996
Total self-generated thermal energy	GJ	35	587
Total electricity	GJ	1,236,676	1,258,122
of which from renewable sources	GJ	86,571	106,376
Total energy	GJ	2,532,540	2,620,706

The data refer to the entire Fincantieri Group. The 2017 data for the VARD group (LPG) and Fincantieri Marine Group (electricity) have been revised for comparison purposes following completion of the identification and measurement of the energy sources used, and the calorific values for all the energy types have been updated.

CODE	INDICATOR DESCRIPTION	PAGE				
302-4	Reduction of energy consumption	146-147				
INITIATIVE	MEASUREMENT UNIT	BASELINE	CONSUMPTION	BASELINE CONSUMPTION	SAVING OBTAINED	% SAVING OBTAINED
Raising efficiency of compressors - Ancona	kWh	Sep-Dec 2017	627,520	722,151	94,631	13.1%
Raising efficiency of compressors - Castellammare di Stabia	kWh	Apr-Dec 2017	917,443	1,023,964	106,521	10.4%
Raising efficiency of compressors - Riva Trigoso	kWh	Oct-Dec 2017	394,820	436,894	42,074	9.6%
Remote control of mobile aspirators for welding fumes - Ancona	kWh	2017	2,134,660	2,883,021	748,361	26.0%
Replacing lighting systems of outdoor areas with LED technology - Marghera	kWh	Apr-Dec 2017	88,013	511,920	423,907	82.8%
Replacing lighting systems of outdoor areas with LED technology - Muggiano	kWh	May-Dec 2017	69,167	198,566	129,399	65.2%
Total			4,231,623	5,776,516	1,544,893	26.7%
The data refer to Fincantieri S.p.A., while the subsidiaries have not implemented significant improvement actions during the year.						
WATER						
303-1	Volume of water withdrawn by source of supply					147
TYPE OF WITHDRAWAL	MEASUREMENT UNIT	2017	2018			
State/municipal water supplies	m ³	1,779,017	2,069,955			
Ground water	m ³	1,314,408	1,074,901			
Rainwater	m ³	0	0			
Surface water (streams, rivers, lakes, etc.)	m ³	0	0			
Total	m³	3,093,425	3,144,856			
The data refer to the entire Fincantieri Group. The 2017 data have been reclassified for comparison purposes following the application of a definition that is common to the whole Group.						
BIODIVERSITY						
304-1	Operational sites in, or adjacent to, protected areas and areas of high biodiversity value					151-152
EMISSIONS						
305-1	Direct greenhouse gas emissions (Scope 1)					149-150
The data refer to the entire Fincantieri Group. The emissions have been estimated following the guidelines of the Greenhouse Gas (GHG) Protocol. 2017 emissions have been recalculated using more up-to-date emission factors and including emissions from refrigerant gas and the company fleet. The sources of emission factors are ISPRA and DEFRA for fuels and transport fuels, while they are DEFRA and IPCC for refrigerant gases.						
305-2	Indirect greenhouse gas emissions (Scope 2)					149-150
The data refer to the entire Fincantieri Group. The emissions have been estimated following the guidelines of the Greenhouse Gas (GHG) Protocol. 2017 CO ₂ e emissions have been recalculated using more up-to-date emission factors. The sources of emission factors are ISPRA for Italy and TERN International Comparisons 214 for abroad. Emissions from Scope 2 for the Norwegian sites of the subsidiary VARD have been calculated using the market-based methodology which attributes a conversion factor of zero (0) for energy consumption from renewable sources.						
305-3	Other indirect greenhouse gas emissions (Scope 3)					151
Emissions from water and waste refer to the whole Fincantieri Group, those deriving from the consumption of raw materials and procurement of materials refer to Fincantieri S.p.A. (56% of inventory) and Fincantieri Marine Group, those related to employee mobility refer to Fincantieri, Fincantieri Marine Group and the VARD Group. The emissions have been estimated following the guidelines of the Greenhouse Gas (GHG) Protocol. The sources of the emission factors are DEFRA, EPA and Greenhouse Gas (GHG) Protocol.						
305-7	NOx, SOx, VOC and other significant air emissions					151

CODE	INDICATOR DESCRIPTION	PAGE																																																															
EFFLUENTS AND WASTE																																																																	
306-2	Total weight of waste by type and disposal method	148-149																																																															
ENVIRONMENTAL COMPLIANCE																																																																	
307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	144-146																																																															
In 2018, Fincantieri Marine Group received and resolved two non-monetary sanctions.																																																																	
SUPPLIER ENVIRONMENTAL ASSESSMENT																																																																	
103-1 103-2 103-3	Management approach	118-119																																																															
308-1	New suppliers screened using environmental criteria	124-125																																																															
308-2	Number of negative audits performed during the year that do not meet the environmental criteria	125; 127; 130																																																															
CATEGORY: SOCIAL																																																																	
103-1 103-2 103-3	Management approach	62-66																																																															
The Group has staff policies that are characterized by enhancement, professional growth, protection of rights and respect for corporate values. The fundamental principles and rights recognized to workers are detailed in the Code of Conduct. Fincantieri operates within the reference framework of the UN's Universal Declaration of Human Rights, the fundamental Conventions of the International Labour Organization (ILO) and the OECD Guidelines for Multinational Enterprises. Staff are hired with a proper written contract. Worker exploitation, forced, compulsory or child labour of any kind is not permitted. Employees are recognized the rights to freedom of association, to establish workers' representatives and to perform the related duties (including the right to collective bargaining), in accordance with the regulations and practices in force in the different countries. Lastly, benefits of various kinds, in addition to remuneration, are envisaged for the employees. During 2018, 201 grievances were filed related to impacts concerning employment, of which 38 were resolved in the reporting period, while 10 grievances related human rights violations were filed. Furthermore, 588 employment disputes are reported relating to employees and former employees for a value of over 190 million euros including the asbestos-related cases dating back to the past.																																																																	
EMPLOYMENT																																																																	
401-1	Total number and rates of new employee hires and employee turnover by age group, gender and region	65																																																															
HIRES																																																																	
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The data refer to the entire Fincantieri Group and do not include intra-group movements.																																																																	
In 2018, 2,612 people were hired, including 451 women, and there were 2,799 leavers, including 252 women. The rate of new employee hires was 13.6% (18.9% for women) while the turnover was 14.5% (10.6% for women).																																																																	
401-2	Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation	75																																																															
LABOUR/INDUSTRIAL RELATIONS																																																																	
402-1	Minimum notice periods regarding operational changes, including whether these are specified in collective labour agreements	76																																																															
In the case of business reorganization, the Group applies, in Italy and abroad, the instruments provided for by national collective bargaining agreements and contracts and supplementary company contracts. The minimum notice period in Italy varies depending on the national contracts and for Fincantieri S.p.A. is 25 days while for the Italian subsidiaries either none is provided for or it varies from between 5 and 25 days, for Companies in the VARD group it varies depending on the country (90 days in Scotland, 42 days in Estonia, 30 days in Brazil, Chile, Croatia, India, Norway, Poland, Romania and Singapore, 25 days in Italy, 15 days in Canada, the United States, 3 days in Vietnam). The indicator is not applicable for the American companies Fincantieri Marine Group and Fincantieri Marine System North America Inc. as it is not provided for within contracts.																																																																	
OCCUPATIONAL HEALTH AND SAFETY																																																																	
103-1 103-2 103-3	Management approach	71-75																																																															
403-1	Percentage of workers represented in the Health and Safety Committee	72																																																															
The percentage of employees represented in the Health and Safety Committees at Group level is 49%.																																																																	
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	74																																																															

CODE	INDICATOR DESCRIPTION										PAGE
HEALTH AND SAFETY INDICATORS											
	2017					2018					
	FC	VARD	FMG	FMSNA	TOTAL	FC	VARD	FMG	FMSNA	TOTAL	
Severity index	0.5	0.1	0.5	0	0.3	0.6	0.1	0.1	0	0.3	
Rate of occupational disease	0.2	0	0	0	0.1	0.2	0.1	0	0	0.1	
Rate of absenteeism	4.0	3.3	3.7	0	3.6	4.1	3.4	3.3	0	3.6	
Injury rate	17.9	5.3	10.0	17.6	10.5	18.7	3.9	7.9	17.7	10.3	
Number of injuries	244	99	38	2	383	267	69	28	2	366	
- of which in the workplace	208	96	38	1	343	211	60	28	2	301	
- of which while travelling	36	3	0	1	40	56	9	0	0	65	
Number of injuries in the workplace - fatalities	0	0	0	0	0	0	1	0	0	1	

HEALTH AND SAFETY INDICATORS - WOMEN											
	2017					2018					
	FC	VARD	FMG	FMSNA	TOTAL	FC	VARD	FMG	FMSNA	TOTAL	
Severity index	0.1	0.2	0.4	0	0.2	0.1	0.1	0.2	0	0.1	
Rate of occupational disease	0	0	0	0	0	0	0	0	0	0	
Rate of absenteeism	2.9	5.3	4.0	0	4.4	2.7	4.7	3.7	0	3.9	
Injury rate	4.9	15.0	6.1	0	10.9	6.0	2.6	12.4	0	4.7	
Number of injuries	5	31	3	0	39	7	6	6	0	19	
- of which in the workplace	1	30	3	0	34	2	4	6	0	12	
- which while travelling	4	1	0	0	5	5	2	0	0	7	
Number of injuries in the workplace - fatalities	0	0	0	0	0	0	0	0	0	0	

The data refer to the entire Fincantieri Group.
The 2017 data for Fincantieri S.p.A. and its Italian subsidiaries and Fincantieri Marine Group have been revised for comparison purposes following the application of a definition that is common to the whole Group.

As regards injuries involving non-employee staff in 2018, 724 injuries were recorded in the workplace at Group level, of which 2 were fatalities.

TRAINING AND EDUCATION											
103-1 103-2 103-3	Management approach										66-69
404-1	Average hours of training per year per employee by gender, and by employee category										66

CODE	INDICATOR DESCRIPTION			PAGE
HOURS OF TRAINING				
	2017	2018	VAR 2018/2017	
Senior managers	3,572	3,770	5.6%	
Middle managers	20,167	16,783	-16.8%	
White collar employees	165,626	123,778	-25.3%	
Blue collar employees	369,804	516,102	39.6%	
Total	559,168	660,432	18.1%	
HOURS OF TRAINING - WOMEN				
	2017	2018	VAR 2018/2017	
Senior managers	232	252	8.5%	
Middle managers	2,032	1,639	-19.3%	
White collar employees	27,157	22,521	-17.1%	
Blue collar employees	36,402	65,882	81.0%	
Total	65,823	90,294	37.2%	

The data refer to the entire Fincantieri Group.

DIVERSITY AND EQUAL OPPORTUNITY											
103-1 103-2 103-3	Management approach										69-70
405-1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity										45; 48; 64

EMPLOYEES BY CATEGORY										
	SENIOR MANAGERS		MIDDLE MANAGERS		WHITE COLLAR EMPLOYEES		BLUE COLLAR EMPLOYEES		TOTAL	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
FC	241	255	434	467	4,187	4,544	3,455	3,405	8,317	8,671
VARD	86	90	536	549	2,023	1,978	6,527	6,047	9,172	8,664
FMG	28	31	127	141	411	411	1,430	1,300	1,996	1,883
FMSNA	1	1	8	8	16	16	35	31	60	56
Total	356	377	1,105	1,165	6,637	6,949	11,447	10,783	19,545	19,274
% Incidence on total workforce	1.8%	2.0%	5.7%	6.0%	34.0%	36.1%	58.5%	55.9%	100%	100%

EMPLOYEES BY CATEGORY - WOMEN										
	SENIOR MANAGERS		MIDDLE MANAGERS		WHITE COLLAR EMPLOYEES		BLUE COLLAR EMPLOYEES		TOTAL	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
FC	10	12	45	50	653	740	7	8	715	810
VARD	9	10	55	72	592	633	552	594	1,208	1,309
FMG	2	3	16	21	128	124	112	109	258	257
FMSNA	0	0	1	1	9	8	0	0	10	9
Total	21	25	117	144	1,382	1,505	671	711	2,191	2,385
% Incidence on total category	5.9%	6.6%	10.6%	12.4%	20.8%	21.7%	5.9%	6.6%	11.2%	12.4%

CODE	INDICATOR DESCRIPTION								PAGE
DIVERSITY AND EQUAL OPPORTUNITY									
EMPLOYEES BY AGE GROUP									
	≤ 30		30-50		≥ 50		TOTAL		
	2017	2018	2017	2018	2017	2018	2017	2018	
FC	390	543	6,256	5,870	1,671	2,258	8,317	8,671	
VARD	1,895	1,789	5,575	4,688	1,702	2,187	9,172	8,664	
FMG	318	330	929	805	749	748	1,996	1,883	
FMSNA	8	9	30	27	22	20	60	56	
Total	2,611	2,671	12,790	11,390	4,144	5,213	19,545	19,274	
% Incidence	13.4%	13.9%	65.4%	59.1%	21.2%	27.0%	100%	100%	
EMPLOYEES BY AGE GROUP - WOMEN									
	2018								
	≤ 30		30-50		≥ 50		TOTAL		
FC	147		499		164		810		
VARD	246		686		377		1,309		
FMG	50		109		98		257		
FMSNA	1		7		1		9		
Total	444		1,301		640		2,385		
% Incidence	18.6%		54.5%		26.9%		100%		
PERCENTAGE OF EMPLOYEES BELONGING TO PROTECTED CATEGORIES									
	TOTAL		OF WHICH WOMEN		OF WHICH WITH DISABILITIES				
	2017	2018	2017	2018	2017	2018			
FC	4.6%	4.6%	8.2%	7.7%	3.6%	3.5%			
VARD	0.1%	0.5%	0%	0.5%	0%	0.5%			
FMG*	67.1%	64.7%	66.7%	66.1%	3.9%	3.7%			
FMSNA	16.7%	16.1%	10.0%	0.0%	5.0%	7.1%			
Total	8.9%	8.6%	10.6%	10.0%	1.9%	2.2%			
* According to US law, protected categories include: over 40s, minorities, people with disabilities and veterans. The data refer to the entire Fincantieri Group. The 2017 data for the VARD group have been revised for comparison purposes following changes to the collection criteria.									
405-2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation								77
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING									
407-1	Freedom of association and collective bargaining								76
LOCAL COMMUNITIES									
103-1 103-2 103-3	Management approach								134
No grievances were filed in the reporting period regarding negative impacts of the Company on the local community.									
413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs								134
Establishing responsible relationships with communities is a priority for the Fincantieri Group, and dialogue and supporting them through social, cultural and educational initiatives is one of the commitments in the Sustainability Plan, therefore all the areas of operation have implemented local community engagement programmes.									

CODE	INDICATOR DESCRIPTION		PAGE
SUPPLIER SOCIAL ASSESSMENT			
103-1 103-2 103-3	Management approach		118-119
414-1	Percentage of new suppliers that were screened using labour practices criteria		123-124
414-2	Number of negative audits performed during the year that do not meet the social criteria		125; 127; 130
PUBLIC POLICY			
103-1 103-2 103-3	Management approach		54-57
415-1	Total value of political contributions by country and recipient/beneficiary		
Fincantieri Marine Group made a contribution of 50,381 euros to the Political Action Committee.			
CUSTOMER HEALTH AND SAFETY			
103-1 103-2 103-3	Management approach		112-113
416-1	Product and service categories for which health and safety impacts are assessed for improvement		88-93; 110-115
CUSTOMER PRIVACY			
103-1 103-2 103-3	Management approach		58-59
418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		
No grievances were filed in the reporting period.			
SOCIO-ECONOMIC COMPLIANCE			
103-1 103-2 103-3	Management approach		54-57
419-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		
No significant fines were in the reporting period.			



Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018

To the Board of Directors of Fincantieri SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have been engaged to carry out a limited assurance engagement on the consolidated non-financial statement of Fincantieri SpA and its subsidiaries (hereafter the "Group") for the year ended 31 December 2018 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 25 February 2019 (hereafter the "NFS").

Responsibilities of the Directors and of the Board of Statutory Auditors for the NFS

The directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "GRI - Sustainability Reporting Standards" defined in 2016 (hereafter the "GRI Standards"), set out in the paragraph "Methodological note" of the NFS, identified by them as the reporting standard.

The directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (hereafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with the information reported in the Fincantieri Group's consolidated financial statements;
4. understanding of the following matters:
 - business and organisational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
 - policies adopted by the company with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - main risks, generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;



5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In detail, we held meetings and interviews with the personnel of Fincantieri Head Office, the Marghera site (Fincantieri SpA), Vard Group AS, Fincantieri Marine Group LLC , Fincantieri Marine Systems North America Inc and Marine Interiors SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a Group level, as for the parent company Fincantieri SpA and Vard Group AS,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the following companies, divisions and sites: Fincantieri SpA - Marghera site, Vard Group AS - registered office and Brattvaag site (Norway) and Marine Interiors SpA - registered office and site at Pordenone, which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Fincantieri Group as of 31 December 2018 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards.

Trieste, 13 March 2019

PricewaterhouseCoopers SpA

Signed by

Maria Cristina Landro
(Partner)

Signed by

Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any control on the NFS 2018 translation.



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FINCANTIERI
The sea ahead

