



# REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

pursuant to Article 123-*bis* of Legislative Decree No. 58 of 24 February 1998  
Approved by the Board of Directors on 25<sup>th</sup> February 2019



**FINCANTIERI**  
The sea ahead



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## GLOSSARY

### Director in charge of the ICRMS

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

### Borsa Italiana

Borsa Italiana S.p.A.

### Sustainability Budget

The statement on non-financial information drawn up under Legislative Decree No. 254 of 30 December 2016 approved by the Board of Directors

### Corporate Governance Code or Code

The Corporate Governance Code of listed companies approved by the Corporate Governance Committee in July 2018 and drafted by Borsa Italiana S.p.A. (Italian Stock Exchange), ABI, ANIA, Assogestioni, Assonime and Confindustria

### Code of Conduct

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

### Control and Risk Committee

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

### Corporate Governance Committee

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

### Remuneration Committee

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

### Sustainability Committee

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

### Nomination Committee

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

### Committee for Related Party Transactions or RPT Committee

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

### Board of Directors or Board

The Board of Directors of Fincantieri

### Officer in Charge

The Officer in Charge of drafting the accounting documents of the Company under Law No. 262/2005

### Fincantieri or the Company

FINCANTIERI S.p.A.

### Group

Fincantieri and its subsidiaries pursuant to Article 93 of the Consolidated Law on Finance (TUF)

### Organisation System

The Organisation System adopted by the Company pursuant to Legislative Decree No. 231 of 8 June 2001

### Offering Circular

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

### CONSOB Regulation on Related Party Transactions

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

### Issuers' Regulations

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

### Corporate Governance Report or Report

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

### Head of Internal Auditing

The Head of the Internal Auditing Department appointed pursuant to Article 7.1 of the Corporate Governance Code

### By-laws

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

### Italian Consolidated Law on Finance (TUF)

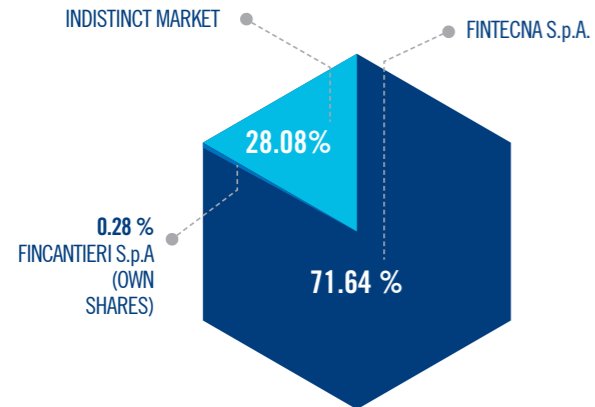
Legislative Decree No. 58 of 24 February 1998, as amended

## EXECUTIVE SUMMARY

### SHAREHOLDERS

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

#### SHAREHOLDERS STRUCTURE



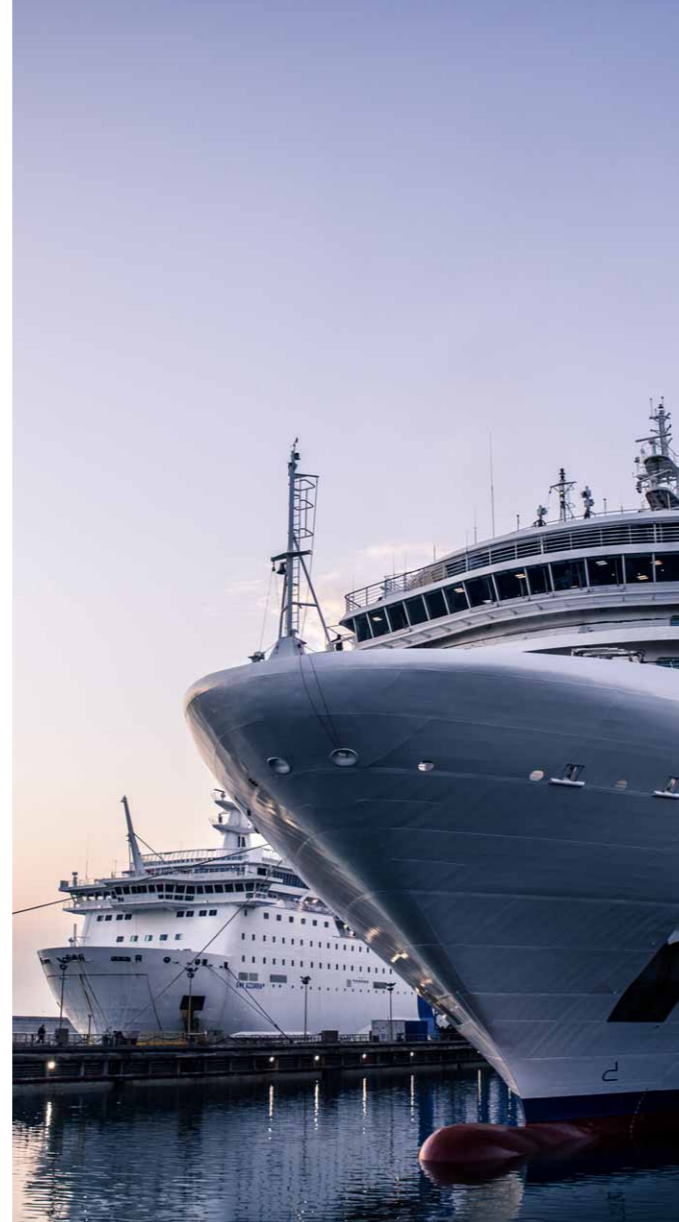
#### CHARACTERISTICS OF THE SHAREHOLDER STRUCTURE

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

#### COMPOSITION OF THE BOARD OF DIRECTORS ON THE DATE OF THE REPORT

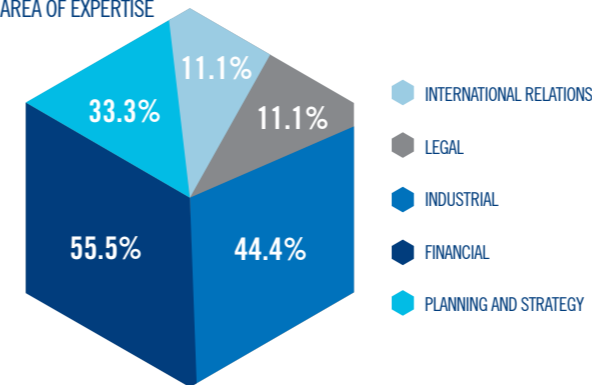
DIRECTOR	OFFICE	EXPIRY OF TERM	ROLE	INDIP. BY LOW	INDIP. BY CODE	CRC	RC	NC	SC
Giampiero Massolo	Chairperson	Sh. meeting to approve financial statements 2018	Executive	-	-	-	-	-	-
Giuseppe Bono	CEO	Sh. meeting to approve financial statements 2018	Executive	-	-	-	-	-	-
Gianfranco Agostinetti	Director	Sh. meeting to approve financial statements 2018	Non-executive	✓	✓	X <sup>1</sup>	-	-	C
Simone Anichini	Director	Sh. meeting to approve financial statements 2018	Non-executive	✓	✓	-	-	X	X
Massimiliano Cesare	Director	Sh. meeting to approve financial statements 2018	Non-executive	✓	✓	C	-	-	X
Nicoletta Giadrossi	Director	Sh. meeting to approve financial statements 2018	Non-executive	✓	✓	X	-	-	X
Paola Muratorio	Director	Sh. meeting to approve financial statements 2018	Non-executive	✓	✓	-	C	-	-
Fabrizio Palermo	Director	Sh. meeting to approve financial statements 2018	Non-executive	-	-	X	X	X	-
Donatella Treu	Director	Sh. meeting to approve financial statements 2018	Non-executive	✓	✓	-	X	C	-

<sup>1</sup> Member of the Control and Risk Committee to replace Director Palermo when the Committee - meeting as the RPT Committee - examines the most significant related party transactions  
 CRC: Control and Risk Committee  
 RC: Remuneration Committee  
 NC: Nomination Committee  
 SC: Sustainability Committee  
 C: Chairperson of the Committee  
 ✓: Satisfies the requirements  
 -: Not applicable  
 X: Member of the Committee

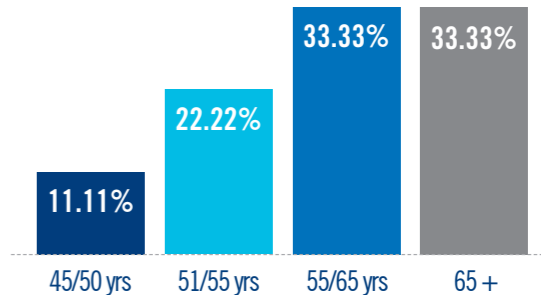


#### CHARACTERISTICS OF BOARD OF DIRECTORS MEMBERS

##### AREA OF EXPERTISE



##### AGE



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

MEMBERS	ROLE	EXPIRY OF TERM
Gianluca Ferrero	Chairperson	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

#### OTHER INFORMATION ON THE BOARD OF DIRECTORS, COMMITTEES AND BOARD OF STATUTORY AUDITORS\*

	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. 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%
No. of CRC meetings	7 <sup>1</sup>	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 of Directors, of its internal Committees and 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, remunerations and comply-or-explain (year 2018)" of 25 January 2019  
<sup>1</sup> Of which one as the RPT Committee

**OTHER INFORMATION ON THE BOARD OF DIRECTORS, COMMITTEES AND 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 Directors, of its internal Committees and of the Board of Statutory Auditors during 2018

\*\* Latest available data taken from the Assonime - Emittenti Titoli Sp.A. report: "Corporate Governance in Italy: corporate governance, remunerations and comply-or-explain (year 2018)" of 25 January 2019

**INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

BODY/DEPARTMENT	COORDINATOR	NOTES
Director in charge of the ICRMS of the ICRMS	Chairperson of the Board of Directors	-
Internal Auditing Department	-	Inside the Company
Head of Internal Auditing	Stefano Dentilli	Reports to the Board of Directors
Risk Officer	Stefano Dentilli	-
Officer in Charge	Felice Bonavolontà <sup>1</sup>	Group Accounting and Administration Manager
Supervisory Body	Guido Zanardi (Chairperson)	External member
	Giorgio Pani	External member
	Stefano Dentilli	Internal member
Board of Statutory Auditors	Gianluca Ferrero (Chairperson)	
	Roberto Spada Fioranna Vittoria Negri	
External auditors	PricewaterhouseCoopers S.p.A.	Expiry of term: Sh. Meeting to approve financial statements 2021

<sup>1</sup> 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.

**INTRODUCTION**

This Report contains the information required by Article 123-bis of the Italian Consolidated Law on Finance (TUF) and by the regulatory provisions in force applicable to the corporate governance system adopted by the Company and the associated ownership structure. In line with the recommendations of the Corporate Governance Code<sup>2</sup>, which the Company observes, this Report also contains complete and accurate information on the manner in which the Company complies with the principles and criteria of the Code, indicating (as relevant) any specific recommendations that the Company has not in fact adhered to.

**COMPANY PROFILE**

Fincantieri is one of the most important shipbuilding groups in the world and the first of its kind for diversification and innovation. It focuses on high value-added segments, with a high level of engineering know-how and a high unitary vessel output value, holding, in all of these segments, a position of excellence. The Fincantieri Group is a world leader in designing and constructing cruise ships and is the point of reference for all areas of high-tech shipbuilding, from offshore military support vessels (OPV), special ships and highly complex ferries to mega-yachts, ship repairs and conversions, producing marine systems and components and in providing after sales services. Specifically, as regards the military, the Fincantieri Group offers a wide range of products that include military combat, auxiliary and special vessels, including submarines, while as regards offshore, it is specialised in the design and construction of high range offshore support vessels. In the context of the abovementioned operations, Fincantieri operates through three operating segments: Shipbuilding, Offshore and Systems, Equipment and Services.

<sup>2</sup> Available on the Corporate Governance Committee's website, in its various editions: <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

The Shipbuilding operating segment includes the design and construction of cruise ships, ferries, naval vessels and mega-yachts. Production takes place at the Group's Italian, European and US shipyards. The Offshore operating segment includes the design and construction of high-end offshore support vessels, expedition cruise vessels, specialised vessels, offshore wind farm and offshore aquaculture vessels, as well as the offer of innovative products in the vessels and semi-submersible drilling platform industry. The Fincantieri Group operates in this industry through FINCANTIERI S.p.A., Fincantieri Oil&Gas S.p.A. and the VARD Group. Finally, the Systems, equipment and services operating segment includes the design and manufacturing of systems, components, cabins as well as the provision of repair and transformation services and after-sales services for naval production. These activities are performed by Fincantieri and its subsidiaries Isotta Fraschini Motori S.p.A., Delfi S.r.l., Seastema S.p.A., Marine Interiors S.p.A., Fincantieri SI S.p.A, Fincantieri Infrastructure S.p.A. and FMSNA Inc. The Fincantieri Group, based in Trieste, has approximately 19,340 employees, of whom approximately 8,720 are in Italy, and it is operating in 25 countries on 5 different continents (Europe, North America, South America, Asia and Oceania). Fincantieri has 74 subsidiaries, of which 19 are Italian and 55 foreign; the main subsidiaries are: Orizzonte Sistemi Navali S.p.A., Isotta Fraschini Motori S.p.A., Fincantieri Marine Systems North America Inc., Fincantieri Marine Group LLC, CETENA S.p.A. and VARD, a group with operating headquarters in Norway.

## INFORMATION ON THE OWNERSHIP STRUCTURE

### 1. Ownership structure

#### 1.1 Structure of the share capital

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

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

As of 31 December 2018, Fincantieri's share capital amounted to Euro 862,980,725.70 consisting of 1,692,119,070 shares. This figure is also confirmed as of the date of this Report (for further information, see paragraph 1.7 below). The Company's shares are listed on the Italian Electronic Stock Market (MTA) organised and managed by Borsa Italiana.

#### 1.2 Significant shareholdings and shareholders' agreements

Fincantieri's shareholders' register, reports to CONSOB received by the Company and other information available to the Company reveal that, as of the date of this Report, no person, with the exception of the controlling shareholder (see below), holds a shareholding in Fincantieri that exceeds 3%, nor are there any known shareholders' agreements pursuant to Article 122 of the Consolidated Law on Finance (TUF) involving the Company's shares. 71.6% of the Company's share capital is held indirectly by Cassa Depositi e Prestiti S.p.A. (the Bank for Deposits and Loans, a company controlled by the Italian Ministry of the Economy and Finance) through its subsidiary Fintecna S.p.A. ("Fintecna").

MAIN SHAREHOLDERS		% SHARE CAPITAL FINCANTIERI
Indirect	Direct	
Cassa depositi e prestiti S.p.A.	Fintecna S.p.A.	<b>71.64%</b>

The Company is not subject to direction and coordination under Articles 2497 *et seq.* of the Italian Civil Code by Fintecna. Consequently Fincantieri: (i) operates in full independence in its dealings with clients and suppliers and is not subject to any outside interference; (ii) independently prepares the Company's and the Group's strategic, industrial, financial and/or budget plans; (iii) is not subject to rules issued by Fintecna; (iv) has not entered into cash agreements with Fintecna and has not assigned to Fintecna any financial assistance or coordination tasks; and (v) does not receive directives or instructions from Fintecna on financial or lending matters, on the implementation of extraordinary transactions or on business strategies.

#### 1.3 Limits on shareholdings and on voting rights

Pursuant to Article 3 of Law Decree No. 332 of 31 May 1994, converted with amendments into Law No. 474 of 30 July 1994, ("Law on Privatisations"), Article 6-*bis* of the Company's By-laws provides that no person or entity other than the Italian State or public bodies or entities controlled by it may, on any basis whatsoever, hold shares in Fincantieri representing more than 5% of its share capital unless permitted by applicable legislative and regulatory provisions. This equity interest ceiling is calculated also by taking into account the overall shareholding held by the controlling party, whether it be a natural or legal person or entity, by all direct and indirect subsidiaries, as well as by companies controlled by a single controlling entity, by affiliate entities and also by natural persons who are associated by family or kinship relations up to the second degree or by marriage, provided that the spouse in question is not legally separated. In calculating the abovementioned 5% ceiling, account is also taken of shares held through trust companies and/or indirectly through intermediaries in general.

Voting rights and other rights unrelated to economic rights may not be exercised for shares held over and above this 5% limit, and the voting rights that would be exercisable by each of the parties subject to the shareholding ceiling shall be proportionately reduced, unless otherwise collectively indicated by the shareholders concerned. If the above rules are infringed, the shareholders' resolution may be challenged pursuant to Article 2377 of the Italian Civil Code if the required majority would not have been achieved without the votes that exceeded the maximum ceiling. Shares for which the voting rights may not be exercised are still taken into account, however, for purposes of determining whether the Shareholders' Meeting was duly constituted. However, the Law on Privatisations dictates that the By-laws clause that limits shareholdings and voting rights will not apply if the 5% limit is exceeded following a public tender offer as a result of which the offer or acquires an equity interest amounting to at least 75% of the share capital with rights to vote on resolutions related to the appointment and removal of Directors.

#### 1.4 Special powers of the Italian State

By virtue of the type of activities carried out, the Company is subject to the provisions of Article 1 of Law Decree No. 21 of 15 March 2012 ("Law Decree No. 21/2012"), converted with amendments into Law No.56 of 11 May 2012 ("Law No. 56/2012") on the Italian State's special powers concerning defence and national security ("golden powers"). Specifically, Article 1 specifies that, with reference to companies that engage in "*activities of strategic importance for the defence and national security system*", the Italian State, in the event of a serious threat to its key national defence and national security interests, and irrespective of any relevant provisions contained in the Company's By-laws<sup>3</sup>, may:

a) impose specific conditions on the security of procurements, on the security of information, on technological transfers, on controls of exports where shareholdings are purchased (on any basis whatsoever) in enterprises that engage in business operations of strategic importance to national defence or national security interests;

b) prohibit the adoption of resolutions by the Shareholders' Meeting or management bodies of an enterprise referred to in letter a) related to the merger or demerger of the Company, transfer of the Company or business units thereof or of subsidiaries, transfer abroad of the Company registered office, amendment of the corporate purpose, dissolution of the Company, amendment of any provisions of the Company By-laws adopted pursuant to Article 2351, paragraph 3, of the Italian Civil Code or introduced pursuant to Article 3, paragraph 1, of Law Decree No. 332 of 31 May 1994<sup>4</sup>, sale of in rem rights or rights of use related to tangible or intangible assets or acceptance of constraints on their use; and

c) oppose the purchase, on any basis whatsoever, of equity interests in a company referred to in letter a) by an entity other than the Italian State, Italian public entities or entities controlled by the same, if the purchaser comes to hold, directly or indirectly, including through subsequent acquisitions, through intermediaries or otherwise affiliated entities, equity interests with voting rights to an extent that could compromise national defence and national security interests in specific cases. To this end, the above rules apply to any shareholding held by third parties with whom the purchaser has entered into any of the agreements referred to in Article 122 of the Consolidated Law on Finance (TUF) or those referred to in Article 2341-*bis* of the Italian Civil Code.

In implementing Law Decree No. 21/2012, "*activities of strategic importance for the*

<sup>3</sup> These powers are exercised by Decree of the President of the Council of Ministers adopted based a resolution of the Council of Ministers to be transmitted simultaneously to the competent Parliamentary Commissions.

<sup>4</sup> As most recently amended pursuant to Article 3 of Law Decree No. 21/2012.

*defence and national security system*” have been identified by Decree No. 253 of the President of the Council of Ministers of 30 November 2012, (“DPCM No. 253/2012”), subsequently repealed and replaced by Decree No. 108 of the President of the Council of Ministers of 6 June 2014 (“DPCM No. 108/2014”).

#### **1.4.1 The Italian State’s veto power over certain corporate resolutions**

As described above, the Italian State has veto powers over resolutions adopted by the Fincantieri Shareholders’ Meeting or Board of Directors, in the areas referred to in Article 1, paragraph 1, letter b) of Law Decree No. 21/2012 (see letter b) of paragraph 1.4 above). The Italian government, in assessing the possibility that key defence and national security interests could be adversely affected as a result of such resolutions, pursuant to Article 1, paragraph 2, of Law Decree No. 21/2012, takes into account - while also considering the resolution’s subject matter - the strategic importance of the assets or enterprises being transferred, the ability of the structure that results from the resolution or from the transaction to guarantee the integrity of the national defence and national security system, the security of military defence information, the State’s international interests, the protection of the national territory, critical and strategic infrastructures and borders, as well as any other elements that need to be evaluated in the event that equity interests are purchased in the situations referred to in paragraph 1.4.2. below.

In accordance with the provisions of Article 1, paragraph 4, of Law Decree No. 21/2012, for the purposes of the potential exercise of the veto power, Fincantieri shall provide the President of the Council of Ministers with complete information on the resolution or act to be adopted - prior to adopting a resolution or other act on

the abovementioned matters - and the President of the Council of Ministers will take any necessary decisions and notify them to Fincantieri in accordance with the procedures and deadlines envisaged by Law Decree No. 21/2012 and by Presidential Decree No. 35 of 19 February 2014 (“DPR No. 35/2014”). More specifically, the President of the Council of Ministers must notify his veto (if any) no later than fifteen business days from the abovementioned notification, and this term may be extended by an additional ten business days if a request for additional information is made. If there is no veto by the time this deadline expires, the transaction may be implemented (silence implying consent). This veto power may also take the form of specific requirements or conditions being imposed, provided this can ensure that the country’s key defence and national security interests are safeguarded.

Resolutions or acts adopted in breach of the abovementioned veto power shall be null and void. The Government may also require the Company and the counterparty in question to reinstate the *status quo ante* at their expense. Law Decree No. 21/2012, unless the even constitutes an offence, imposes fines if these provisions as well as the reporting requirements are infringed, up to twice the value of the operation but no less than 1% of the enterprises’ cumulative turnover in the most recent financial year for which the financial statements were approved.

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

Pursuant to Article 1, paragraph 5, of Law Decree No. 21/2012, any person - except for the Italian State, Italian public entities or entities controlled by them - that acquires a shareholding in the Company that exceeds the threshold provided under Article 120, paragraph 2, of the Consolidated Law on

Finance (TUF) or a shareholding that exceeds the thresholds of 3%, 5%, 10%, 15%, 20% and 25%, shall, no later than ten days from such acquisition, inform the President of the Council of Ministers of the same. Following such notification, the Italian State may impose specific conditions in accordance with Article 1, paragraph 1, letter a) of Law Decree No. 21/2012 (see the above letter a) of paragraph 1.4 above) or oppose the acquisition of the shareholding in accordance with Article 1, paragraph 1, letter c), of Law Decree No. 21/2012 (see letter c) of paragraph 1.4 above), if it considers that the State’s key national defence and national security interests are adversely affected as a result of such acquisition.

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

a) the adequacy (also considering the manner in which the acquisition is financed) of the purchaser’s economic, financial, technical and organisational capabilities and of the industrial plan, related to the regular continuance of operations, to ensure the maintenance of technological assets, including key strategic assets, the security and continuity of procurements, as well as the prompt implementation of contractual obligations that the company, whose shareholding is being acquired, entered into with public and government entities, whether directly or indirectly, specifically in relation to obligations associated with national defence, public order and national security; and

b) the existence (taking due account of the official positions of the European Union) of objective reasons that suggest that links exist between the purchaser and third countries that do not recognise principles of democracy or the rule of law, or do not honour rules of international law or have engaged in conduct threatening to the international community inferable from the nature of their alliances, or that have dealings with criminal or terrorist organisations or with persons or entities related to such organisations.

Under Article 1, paragraph 5 of Law Decree No. 21/2012, decisions involving the possible imposition of conditions or the exercise of the power of opposition are taken by the President of the Council and notified to the purchaser in accordance with the procedures and deadlines envisaged by Law Decree No. 21/2012 and Presidential Decree No. 35/2014. More specifically, no later than fifteen business days from the notification (which may be extended by an additional ten business days if a request for further information is made), the President of the Council of Ministers shall communicate the imposition of conditions or the exercise of the power of opposition. Up to the expiry of the deadline for the imposition of conditions or for the exercise of the power of opposition, voting rights and rights unrelated to economic rights associated with the shares representing the relevant shareholding, are suspended. If the President of the Council of Ministers exercises the power to impose conditions, and if the conditions imposed upon the purchaser are infringed or not complied with (and for as long as any such infringement or non-compliance continues), the voting rights and rights, unrelated to the economic rights associated with the shares representing the relevant shareholding, are suspended. Any resolutions that are adopted with the casting vote of such shares or quotas, as



well as resolutions, agreements or actions adopted in breach of the conditions imposed, shall be null and void. A purchaser failing to honour the conditions imposed will - unless the relevant conduct constitutes a criminal offence - be fined an amount equal to twice the value of the transaction, but no less than 1% of the turnover generated in the most recent financial year for which the financial statements were approved.

Unless the event constitutes an offence, and without prejudice to the invalidity provided by law, any person that does not comply with the reporting requirements under Article 1 of Decree Law No. 21/2012 will be fined a monetary amount of up to twice the value of the transaction, but no less than 1% of the combined turnover generated by the enterprises involved in the most recent financial year for which the financial statements were approved.

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

Therefore, without prejudice to the mandatory ceilings on shareholdings envisaged by Article 6-bis of the Company's By-laws (see paragraph 1.3 above), any party - with the exception of the Italian State, Italian public entities or entities controlled by them - acquiring shareholdings that exceed the thresholds provided for by Article 1, paragraph 5, of Law Decree No. 21/2012, will be subject to the procedure

of notification to the President of the Council of Ministers to enable the Italian State to exercise its special powers if necessary, and this may in specific circumstances lead to the State imposing conditions on or opposing the acquisition of corporate shareholdings in the Company by third parties.

Moreover, note that under Article 3, paragraph 1, of Law Decree No. 21/2012, subject to the power to oppose the acquisition (referred to in Article 1, paragraph 1, letter c) of Law Decree No. 21/2012), any type of acquisition by a non-EU party<sup>5</sup> of shareholdings in Fincantieri is permitted on condition of reciprocity, in accordance with international agreements signed by Italy or the European Union.

#### 1.5 Employee shareholdings: mechanisms for exercising voting rights

Under Article 137, paragraph 3 of the Consolidated Law on Finance (TUF), the By-laws of listed companies may contain provisions aimed to facilitate proxy voting by shareholders who are employees.

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

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

In relation to employee-held shareholdings, note that the Shareholders' meetings of 19 May 2017 and 11 May 2018 approved share incentive plans called respectively "Performance Share Plan 2016-2018" and "Performance Share Plan

2019-2021" - which assign shares free of charge to certain categories of employees. The plans do not limit the exercise of voting rights for shares granted.

For more information on the plans, please refer to the Information Documents prepared pursuant to Article 114-bis of the Italian Consolidated Law on Finance (TUF) and Article 84-bis of the Issuers' Regulations, available on the Company's website [www.fincantieri.com](http://www.fincantieri.com), in the section relating to the Shareholders' Meetings ("*Ethics & Governance - Shareholders' Meeting - Shareholders' Meetings Archive - Shareholders' Meeting 2017*" and "*Ethics & Governance - Shareholders' Meetings - Shareholders' Meetings Archive - Shareholders' Meeting 2018*").

#### 1.6 Appointment and replacement of Directors and amendments to the Company's By-laws

The laws and regulations and provisions of the By-laws that govern the appointment and replacement of the Company's Directors are described in paragraph 2.2.4 of this Report. Amendments to the By-laws are adopted by the extraordinary Shareholders' Meeting, observing the quora envisaged by applicable rules.

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

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

#### 1.7 Authorisations to increase the share capital and to issue equity securities or purchase treasury shares

As of the date of this report, the Board of Directors has not been granted any powers to increase the share capital, pursuant to Article 2443 of the Italian Civil Code.

On 19 May 2017, the extraordinary Shareholders' Meeting resolved to issue in several tranches no later than the deadline of 31 December 2021 up to 50,000,000 ordinary shares, without nominal value and having the same characteristics as the outstanding ordinary shares, to service the "Performance Share Plan 2016-2018", to be granted free of charge, in accordance with Article 2349 of the Italian Civil Code, to the beneficiaries of the plan, without increasing the share capital. Similar approval for the issue, also in several tranches, within 31 December 2024, of maximum amount of 25,000,000 new ordinary shares to service the "Performance Share Plan 2019-2021" was resolved by the extraordinary Shareholders' Meeting of 11 May 2018.

During the 2018 financial year, the purchase of own shares was approved in accordance with Article 2357 of the Italian Civil Code by virtue of the resolutions of the ordinary Shareholders' Meeting of 19 May 2017 and the ordinary Shareholders' Meeting of 11 May 2018 (the latter subject to revocation of the previous approval). The approval resolved by the Shareholders' Meeting of 11 May 2018 was granted for a period of eighteen months from the relevant date, and it is therefore still valid. The maximum number shares to be purchased is the maximum number permitted by law. For further information please refer to the Explanatory Report of the Board of Directors, available on the Company's website at [www.fincantieri.com](http://www.fincantieri.com), in the Section "*Ethics & Governance - Shareholders' Meetings - Shareholders' Meetings Archive - Shareholders' Meeting 2018*").

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

Another similar authorisation will be submitted to the Shareholders' Meeting convened to approve the financial statements for the 2018 financial year, subject to revocation of the authorisation issued by the 2018 Shareholders' Meeting, for the purposes, within the limits and conditions set out in the Explanatory Report of the Board of Directors available on the Company's website at [www.fincantieri.com](http://www.fincantieri.com), in the Section "*Ethics & Governance - Shareholders' Meetings - Shareholders' Meeting 2019*".

The maximum number of own shares held by the Company at the end of the financial year amounted to 4,706,890 equal to 0.28% of the share capital.

### 1.8 Change of control clauses

#### A) Construction Loan

On 17 December 2018, a pool of banks composed of Intesa SanPaolo S.p.A., Cassa Depositi e Prestiti S.p.A. and Unicredit S.p.A., with Banca IMI S.p.A. as agent, granted a secured short-term credit line to Fincantieri lasting 17 months, maturing on 15 May 2020 and for a maximum amount of EUR 300 million, to be used on the basis of work progress certifications and to finance the working capital needs that may be required during the last months of construction of cruise ship No. 6287 intended for the ship-owner VC SHIP ONE LIMITED worth EUR 655 million for delivery scheduled on 15 February 2020.

Under this loan, the lenders are entitled, in the event of a change of control, to request the total prepayment of the loan amount used. The agreement defines change of control as an event or circumstance in which one or more parties other than the Italian Republic, its Ministries and/or entities or companies that are directly or indirectly controlled by the Italian Republic or its Ministries, have the power to (a) exercise or control the exercise of more than half of the votes that can be cast in

Fincantieri's ordinary Shareholders' Meeting; or (b) appoint or remove (as a result of exercising dominant influence under Article 2359, paragraph 1, points 2 and 3 of the Italian Civil Code or otherwise), all or the majority of the members of Fincantieri's Board of Directors; or (c) issue binding instructions to Fincantieri's Board of Directors with reference to guidelines with a financial and operational direction. As a precaution to take into account the potential developments of the prospective cooperation between Fincantieri and Naval Group and between Italy and France in the military shipbuilding sector, of which Fincantieri has informed the market, it has been provided that assuming powers under points (a), (b) and (c) by the French Republic, its Ministries or entities directly or indirectly controlled by them will not amount to change of control. In the event that a change of control occurs, a period of fifteen business days for consultation has been provided during which the banks and Fincantieri can agree on the continuation of their relationship. If no agreement has been reached within said fifteen business days, the banks are entitled to cancel the credit line. In such event, Fincantieri would be obligated to repay all amounts disbursed in advance, including interest accrued up to that time and any other charges provided.

#### B) BNP Paribas S.A. Receivables Purchase Agreement

On 25 July 2018, Fincantieri and BNP Paribas, - Italian Branch - Milan entered into a Receivables Purchase Agreement intended to permit the assignment of the receivables, subject to final payment, in favour of Fincantieri deriving from cruise ship construction contracts intended for the *Carnival Group*.

The uncommitted agreement provides for a maximum amount of EUR 150 million.

In the agreement, a change of control is defined as the event or circumstance where

one or more persons other than the Italian Republic (or a Ministry) and/or any other company directly or indirectly controlled thereby or by its Ministries ("Qualified Italian Owner") acting in concert with one another in the case of a corporation or a partnership, they will hold: (i) the power to (a) exercise or control the exercise of more than half of the votes that could be cast at the Ordinary Shareholders' Meeting of Fincantieri or (b) appoint or remove (as a result of the exercise of dominant influence under Article 2359, paragraph 1, Nos. 2 and 3, of the Italian Civil Code) all or a majority of the members of the Board of Directors of Fincantieri, or (c) issue binding instructions to the Board of Directors of Fincantieri concerning guidelines with a financial and operational direction; or (ii) exercise a dominant influence under Article 2359, paragraph 1, Nos. 2 and 3, of the Italian Civil Code on Fincantieri or on its parent company.

However, cases are not considered a change of control where, as a result of reorganisation, Fincantieri becomes, directly or indirectly, jointly owned by a Qualified Italian Owner and by a similar public body of Germany, France, Norway, Spain, the Netherlands, Finland and the United Kingdom or another foreign government agency approved by the lending bank ("*Qualified non-Italian Owner*"), provided that the financial and operational strategic decisions are taken with the consent of the Qualified Italian Owner. The very broad scope of the clause is due to the fact that the agreement is a framework agreement, which does not have a pre-established expiry, and to the impossibility of anticipating political agreements that could result in companies controlled by some western states entering Fincantieri's capital. In these hypothetical situations, the above agreements may be put in place without the lender being able to request the mandatory prepayment of the loan.

In the event of a change in control there will be a period of thirty days of consultation where the bank and Fincantieri may arrange for the continuation of the relationship.

After thirty days without an agreement being reached, BNP Paribas has the right to terminate the agreement, in which case the credit line granted would be cancelled and Fincantieri would be bound to pay back any amounts disbursed in advance, including interest up to the last business day of the current month.

#### C) Revolving Credit Facilities

As of 31 December 2018, Fincantieri has the following existing committed revolving credit lines ("RCF"), although unused:

- RCF granted by Banca Nazionale del Lavoro S.p.A., as of 25 July 2018, lasting 18 months less one day (expiring on 24 January 2020) for a maximum amount of EUR 80 million;
- RCF granted by Mediobanca - Banca di Credito Finanziario S.p.A., as of 14 February 2018, lasting 24 months (expiring on 14 February 2020) for a maximum amount of EUR 50 million;
- RCF granted by Banco BPM Milano S.p.A., as of 26 February 2018, lasting 24 months (expiring on 26 February 2020) for a maximum amount of EUR 100 million; on 28 November 2018, with a deed of amendment, the credit line was extended by one year (26 February 2021);
- RCF granted by Intesa SanPaolo S.p.A. in pool with Cassa Depositi e Prestiti S.p.A., as of 21 March 2018, lasting 24 months (expiring on 21 March 2020) for a maximum amount of EUR 200 million.
- RCF granted by Unicredit S.p.A., as of 17 April 2018, lasting 18 months (expiring on 17 October 2019) for a maximum amount of EUR 50 million.

Fincantieri took out these credit lines to meet its general financial needs, including those related to carrying out its current activities. The lines may be used in one or more payments within the RCF's validity period and each use may last, at Fincantieri's choice, for one or more weeks or one or more months (up to six maximum). On the expiration of the chosen period, the amounts used must be repaid together with the interest accrued and they may be reused again up to the final expiration date.

Change of control clauses are included in all individual agreements that, where triggered, could allow the financing bank to terminate the agreement and cancel the credit line. These clauses are identical in all the above agreements and may be summarised as follows:

The change of control is defined as the event or circumstance under which one or more entities other than the Italian State or its Ministries and/or other entity or company directly or indirectly controlled by it or its Ministries, acting in conjunction with one another, have (i) the power to (a) exercise or control the exercise of more than half of the votes that can be cast in Fincantieri's ordinary Shareholders' Meeting, or (b) appoint or remove (as a result of exercising dominant influence under Article 2359, paragraph 1, points 2 and 3 of the Italian Civil Code) all or the majority of the members of Fincantieri's Board of Directors, or (c) issue binding instructions to Fincantieri's Board of Directors with reference to financial and operational guidelines and directions, or (ii) the ability to exercise a dominant influence over Fincantieri or Fincantieri's parent company within the meaning of Article 2359, paragraph 1, points 2 and 3 of the Italian Civil Code.

As a precaution to take into account the potential developments of the prospective cooperation between Fincantieri and Naval Group and between Italy and France in

the military shipbuilding sector, of which Fincantieri has informed the market, it has been provided that assuming powers under points (i) and (ii) by the French Republic, its Ministries or entities directly or indirectly controlled by them will not amount to change of control.

Furthermore, there is also a further existing RCF for a maximum amount of EUR 40 million granted by Banco Santander S.A., Milan Branch on 20 December 2017 with an initial duration of 18 months (expiring on 20 June 2019) and extended until 20 June 2020 on 10 December 2018, also containing a change of control clause which differs from the others in that it only provides for the Italian Republic (and its Ministries, entities, etc.) as an entity Qualified to exercise the clause.

Also the change of control clause in these agreements provides for a period (from fifteen to thirty business days) during which the parties may meet to discuss potentially adopting the contractual amendments necessary to maintain the RCF.

In case of failure to reach an agreement in this regard, Fincantieri will be required to repay in advance all the amounts used, plus interest accrued and any other amounts due within the set deadline (from five to thirty business days) with the consequent cancellation of the relevant credit line.

#### D) *Medium-long term loans and Schuldschein loans*

In 2018, four medium-long term loans were entered into with an equal number of banks, and more precisely with:

- Banca Nazionale del Lavoro S.p.A., as of 25 July 2018, lasting 5 years (expiring on 25 July 2023) for an amount of EUR 100 million disbursed on 27 July 2018 and to be repaid in a single instalment on the maturity date;
- Intesa SanPaolo S.p.A., as of 30 July 2018, lasting 5 years (expiring on 30 July 2023)

for an amount of EUR 100 million disbursed on 1 August 2018 and to be repaid in a single instalment on the maturity date;

- BPER Banca S.p.A., as of 2 August 2018, lasting 5 years (expiring on 2 August 2023) for an amount of EUR 50 million disbursed upon execution of the agreement; the agreement provides for a two-year pre-amortisation period and constant capital repayments over the following 3 years in 6 six-monthly instalments;
- Bayerische Landesbank – Munich, as of 7 September 2018, lasting 5 years (expiring on 7 September 2023) for an amount of EUR 75 million disbursed on 27 September 2018 and to be repaid in a single instalment at maturity.

On 8 November 2018, two Schuldschein loans were finalised with Bayerische Landesbank as Arranger and Paying Agent. The first loan is for EUR 29 million, lasting 3 years (expiring on 15 November 2021) and the second is for EUR 71 million, lasting 5 years (expiring on 15 November 2023). Both loans were disbursed on 15 November 2018 and will be repaid in a single instalment at the respective maturities. Schuldschein loans are debt financing instruments that are privately placed by an arranger bank with professional investors. Unlike a normal syndicated loan, this type of financing is securitised in a note (the "schuldschein") which is then transferred to investors.

Both the medium and long-term loans and the Schuldschein loans provide for change of control clauses which, if activated, could permit the lender to cancel the relevant credit line and, consequently, obtain prepayment of the amount disbursed within a specified period (from ten to thirty days), plus interest accrued and any charges provided.

These clauses are the same as those contained in the RCFs executed in 2018.

Also in this case a period is provided (from fifteen to forty-five business days) during

which the parties may meet to discuss potentially adopting contractual amendments necessary to maintain the loan.

#### E) *Participation Agreement for the issuance of guarantees for P&O AUSTRALIA - Hull 6272*

On 19 July 2016 a Guarantee Facilities and Participation Agreement was signed between Fincantieri, BNP Paribas Italian Branch and UniCredit to facilitate the issuance of the guarantees provided for by the commercial contract for the "P&O AUSTRALIA - Hull 6272" project, for a maximum of EUR 142 million (entirely used) expiring on 14 February 2021, but which will be cancelled, together with the underlying guarantees, within two weeks from the delivery of the ship scheduled for 31 October 2019.

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

In the event that a change of control occurs, this agreement allows the banks to request Fincantieri (i) for release from the commitment no later than 60 business days there from, by cancelling the guarantees issued if the bank reasonably finds that the change of control could adversely affect Fincantieri's ability to meet its payment obligations; (ii) if the release does not occur by the abovementioned 60-day deadline, and if, in the banks reasonably find the change in control could adversely affect Fincantieri's ability to meet its payment obligations, then Fincantieri shall establish - no later than the following 10 business days - an escrow account for BNP Paribas to cover the outstanding secured debts.

#### F) *Facility Indemnity and Agreement First Bank of Abu Dhabi for the issuance of guarantees*

On 6 November 2012 a Guarantee Facility Indemnity and Agreement was signed between Fincantieri and First Bank of

Abu Dhabi (the former national bank of Abu Dhabi) to facilitate the issuance of guarantees envisaged for Fincantieri's commercial contracts, for a maximum of EUR 35.41 million (used at time of writing for approximately EUR 24.55 million). Since this is an uncommitted credit facility, there is no expiration date.

This agreement provides that if a change of control occurs, the banks will be able to request either: (i) no later than 90 days, the issuance of one or more counter-guarantees in their favour, to cover the outstanding amounts; (ii) an escrow account for the bank on the portion of the commitment not secured by counter-guarantees as collateral acceptable to the bank.

G) *Guarantee Issuance and Indemnity Agreement - Qatar*

On 12 July 2017, a Guarantee Issuance and Indemnity Agreement was signed between Fincantieri, UniCredit, SACE, Intesa Sanpaolo and Deutsche Bank to facilitate the issuance of the guarantees provided for by the commercial contract N GHQ/3/CA/003/16 of 16 June 2016 between Qatar's Armed Forces and Fincantieri S.p.A. for a credit line with a maximum of EUR 1,140 million (currently EUR 1,070.81 million) expiring on 14 January 2025. The agreement serves as a credit line and indemnity document for all guarantees issued by UniCredit and counter-guaranteed by SACE for EUR 380 million (currently EUR 356.94 million), Intesa Sanpaolo for EUR 285 million (currently EUR 267.70 million) and Deutsche Bank for EUR 95 million (currently EUR 89.23 million), distributed in proportion to the value of the same guarantees. In the event that a change of control occurs, after a negotiation period intended to keep the existing agreements unchanged, this agreement allows the banks to request Fincantieri no later than 30 business days (i) for release from the commitment, by

cancelling the guarantees issued; (ii) where the foregoing is not possible, to provide a counter-guarantee; and (iii) where this is not possible, to establish an escrow account to cover the outstanding secured debts.

H) *BLB Uncommitted Bond Issuance Facility Agreement*

On 18 December 2017, an Uncommitted Bond Issuance Facility Agreement was signed between Fincantieri and Bayerische Landesbank to facilitate the issuance of the guarantees provided for by Fincantieri's commercial contracts, for a maximum of EUR 150 million (currently used for EUR 17.93 million). Since this is an uncommitted credit facility, there is no expiration date.

In the event that a change of control occurs, the bank will be able to request: (i) the cancellation of the guarantees in force; or (ii) where the foregoing is not possible, the issuance of one or more counter-guarantees to cover the commitment in force; or where this latter is not possible, (iii) to establish an escrow account to cover the outstanding secured debts.

I) *Establishment of the joint venture in China - CSSC - Fincantieri Cruise Industry Development Ltd.*

On 4 July 2016, a joint venture agreement to establish the company CSSC - Fincantieri Cruise Industry Development Ltd. (the "JVPC") in Hong Kong was signed by Fincantieri (with a 40% stake) and CSSC Cruise Technology Development Co. Ltd. (with a 60% stake) as shareholders, to design, to develop, to market and to sell cruise ships intended for the Chinese market to be constructed at one of the shipyards of CSSC Cruise Technology Development Co. Ltd. ("CSSC").

On 17 July 2017, after meeting the relevant conditions precedent, the agreement became enforceable.

The agreement envisages a change of control, in respect of which, in the event that a transaction on Fincantieri's shareholding results in a change of control in favour of a competitor that designs and develops or constructs cruise ships in Asia (as defined in the agreement) (i) the other shareholder may exercise the option to acquire the defaulting shareholder's stake and require it to sell such stake, or (ii) the company will be wound up. A further consequence of the change of control will be to terminate (i) the Technology Licence and Consultancy Services Agreement entered into by Fincantieri and JVPC, and (ii) the Technology Licence and Consultancy Services Agreement and the Supply Chain Management Services Agreement entered into by Fincantieri and Shanghai Waigaoqiao Shipbuilding Co. Ltd., the local shipbuilder previously chosen by CSSC to construct the cruise ships covered by the joint venture.

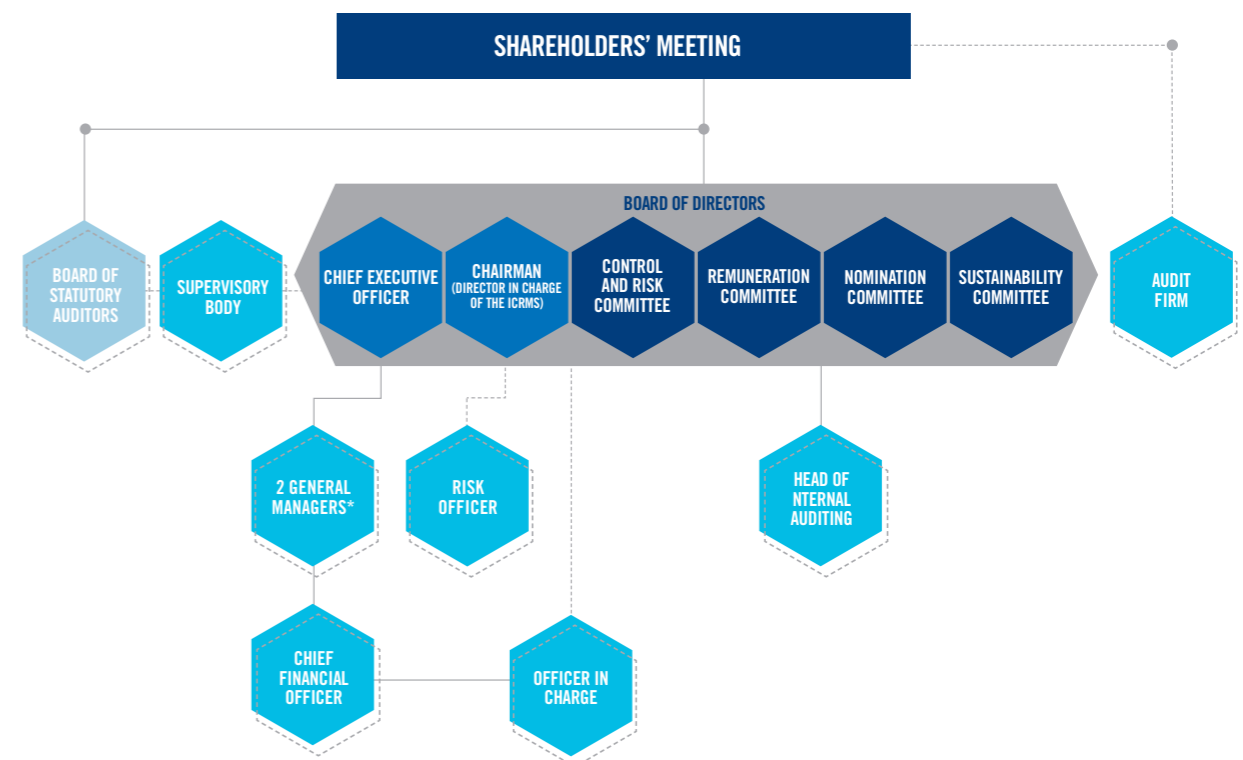
**1.9 Directors' allowances for early cessation, also following a public tender offer**

For a description of the allowances payable in the event of early termination of the relationship, see paragraphs 2.3.6 (Section I) and 5 (Section II) of the Remuneration Report approved by the Board of Directors on 25 February 2019 pursuant to Article 123-ter of the Consolidated Law on Finance (TUF) and available on the Company's website at [www.fincantieri.com](http://www.fincantieri.com), in the Section "Ethics & Governance - Remuneration" and in the Section "Ethics & Governance - Shareholders' Meetings - Shareholders' Meetings 2019".

**INFORMATION ON CORPORATE GOVERNANCE**

**2. Corporate Governance System**

Fincantieri's Corporate Governance system 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.

## 2.1 Shareholders' Meeting

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

At the Shareholders' Meeting called to approved the 2018 financial statements, the Board of Directors will report on activities that were planned and implemented, and will ensure that the Shareholders are given adequate information on matters necessary to enable them to take informed and considered decisions.

### 2.1.1 Powers and quorum

The Shareholders' Meeting resolves upon all matters reserved to it by law or the By-laws. The ordinary Shareholders' Meeting is therefore competent to resolve upon the following (among other things): (i) approval of the financial statements and allocation of profits; (ii) appointment and remunerations of the corporate bodies; (iii) removal/dismissal of corporate bodies and officers, and liability actions; (iv) appointment of the independent auditor; (v) purchase of treasury shares; and (vi) approval of the Shareholders' Meeting Regulations.

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

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

Article 29 of the By-laws requires specific majorities for related party transactions where the Shareholders' Meeting is called to adopt resolutions (i) in urgent cases associated with

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

### 2.1.2 Procedures for calling Shareholders' Meetings

Ordinary and extraordinary Shareholders' Meetings are normally held on single call, pursuant to Article 13.2 of the By-laws. The Board of Directors may decide, however, that ordinary and/or extraordinary Shareholders' Meetings should be held in more than one single call, if it considers this appropriate. The ordinary Shareholders' Meeting must be called at least once a year to approve the financial statements, and no later than one hundred eighty days from the end of the financial year.

The Shareholders' Meeting is convened by a notice of call formulated in accordance with law and published at least thirty days prior to the scheduled date of the Shareholders' Meeting in accordance with the procedures envisaged by applicable regulatory provisions<sup>6</sup>. The deadline is brought forward by forty days in the event that the Shareholders' Meeting is called to appoint the corporate bodies.

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

### 2.1.3 Eligibility to attend Shareholders' Meetings and voting procedures

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

Pursuant to Article 15 of the By-laws, each Shareholder entitled to attend the Shareholders' Meeting may be represented by a proxy - given in written or electronic form - pursuant to applicable regulatory provisions. The Company may be notified of the voting proxy by certified electronic mail or through the relevant section of its website, as specified from time to time in the meeting call notice. Furthermore, to facilitate the process of obtaining proxies from Shareholders who are employees of the Company and its subsidiaries associated with associations of Shareholders that satisfy the requirements of applicable regulatory provisions, the By-laws provide that areas should be made available to such

associations for communications purposes and for collecting proxies, in accordance with the terms agreed from time to time with their legal representatives.

The Company may also - for each Shareholders' Meeting - appoint a person to whom shareholders may grant proxies with voting instructions in relation to all or some of the items on the agenda, as envisaged by applicable regulatory provisions. In such cases, the proxy will not be valid for agenda items for which no voting instructions were given. Pursuant to the By-laws, the notice of call may also provide, on a case-by-case basis, that shareholders with voting rights may (i) attend Shareholders' Meetings using telecommunications means, and/or (ii) exercise their voting rights by correspondence and/or electronically, in accordance with applicable regulatory provisions.

### 2.1.4 Shareholders' rights

Pursuant to applicable regulatory provisions:

- shareholders who represent (individually or collectively) at least one fortieth of the share capital may - no later than ten days from the date when the Shareholders' Meeting call notice is published (except on matters which the Shareholders' Meeting decides based on a proposal from Directors or based on plans or reports prepared by them): (i) request that specific items be added to the agenda, specifying the proposed additional items in this request, and (ii) submit draft resolutions on matters already on the agenda; and
- shareholders with voting rights may ask questions on the items on the agenda even before the Shareholders' Meeting, no later than the deadline indicated in the call notice. Replies will be given to these questions - at the latest - during the Shareholders' Meeting.

In any case, shareholders with voting rights will also be entitled to submit questions or draft

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

resolutions - individually or otherwise - during the Shareholders' Meeting.

### 2.1.5 Shareholders' Meeting Proceedings

Pursuant to Article 16 the By-laws, the Shareholders' Meeting is chaired by the Chairperson of the Board of Directors or, where the latter is absent or indisposed, by the Deputy Chairperson if appointed; if the latter is absent or indisposed, the meeting will be chaired by another person delegated by the Board of Directors. If this other person is not present, the Shareholders' Meeting will elect its own Chairperson. The Shareholders' Meeting appoints a Secretary, who need not be a shareholder, and it may appoint one or more scrutineers from among the meeting's attendees.

On 5 May 2014, the ordinary Shareholders' Meeting of the Company approved the Shareholders' Meetings Regulations with effect from the start of trading of Fincantieri shares on the Electronic Stock Market (MTA). These Regulations (among other things) regulate the procedures for ascertaining shareholder eligibility to attend Shareholders' Meetings, access to Shareholders' Meeting venues, voting procedures, the role of the Shareholders' Meeting Chairperson - who is also responsible for directing the meeting's proceedings, ensuring that fair procedures are followed for the meeting discussions and for ensuring that attendees' rights are respected. Accordingly, the Chairperson of the Shareholders' Meeting - upon opening the meeting's proceedings - sets the maximum duration of each attendee's contribution, which should not generally exceed fifteen minutes. A shareholder may request the Chair for permission to address the meeting on specific agenda items, after the Shareholders' Meeting has been validly constituted but before the Chairperson has actually opened discussions on each specific agenda item. Each participant may make only one contribution for each item

on the agenda. After discussions are closed, only brief voting declarations are allowed. The Chairperson and the Secretary draw up and sign the minutes of Shareholders' Meetings. A Notary Public must draw up the minutes of extraordinary Shareholders' Meetings. All the provisions of the Shareholders' Meeting Regulations are given in the full text published on the Company website [www.fincantieri.com](http://www.fincantieri.com), in the Section "*Ethics & Governance - Shareholders' Meetings - Tasks and Regulations*".

## 2.2 Board of Directors

### 2.2.1 Composition of the Board

Pursuant to Article 19 of the By-laws, the Board of Directors has seven or more members, up to a maximum of thirteen members, appointed by the Shareholders' Meeting in accordance with the procedures described in paragraph 2.2.4 below. The Shareholders' Meeting determines the number of Board members from time to time, subject to the abovementioned limits. The acting Board of Directors, whose term of office will expire at the meeting to approve the financial statements for the year ended on 31 December 2018, consists of: Giampiero Massolo (Chairperson), Giuseppe Bono (CEO)<sup>7</sup>, Gianfranco Agostinetti, Simone Anichini, Massimiliano Cesare, Nicoletta Giadrossi, Paola Muratorio, Fabrizio Palermo and Donatella Treu. The Board of Directors was appointed by the ordinary Shareholders' Meeting held on 19 May 2016 for the years 2016, 2017 and 2018. This appointment complied with Article 19 of the Company's By-laws<sup>8</sup>. Therefore the Board of Directors has nine members, two of who (the CEO and the Chairperson of the Board of Directors) are executive Directors. The remaining Directors are non-executive; six of these are independent pursuant to law and the Corporate Governance Code<sup>9</sup>. The Directors' curricula vitae are attached to

this Report, which detail the key personal and professional information demonstrating their expertise and experience in the corporate management area (see **Annex 1**).

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

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

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

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

According to Article 19.6 of the Company's By-laws, the failure to satisfy the abovementioned requirements results in ineligibility for office or in the automatic forfeiture of office; where a Director forfeits his/her office, he/she will not be entitled to compensation for damages. Directors who during their term of office no longer satisfy the abovementioned integrity

requirements shall immediately notify the Board of Directors of this.

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

Where particular cases/facts fall within the jurisdiction of foreign legal systems, the Board of Directors shall ascertain the existence of the situations described above by conducting an assessment of substantial equivalence. In addition to the foregoing, pursuant to Article 19.4 of the By-laws and the Decree of the President of the Council of Ministers of 25 May 2012, on the "*Criteria, conditions and procedures for adopting the ownership separation model for SNAM S.p.A. pursuant to Article 15 of Law No. 27 of 24 March 2012*", the Company's Directors may not hold office in the governing or audit bodies of, or perform executive tasks at, Eni S.p.A. or its subsidiaries, or be involved in any direct or indirect professional or economic capacity with those companies.

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

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

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

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

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

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

In this context, the term “large companies” means:

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

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

- 1) for the acting CEO and for the executive Directors (with specifically delegated management powers) of Fincantieri: (i) no person may as a general rule - unless expressly warranted and justified by the Board of Directors - act as CEO in the companies indicated in letter a) above; (ii) holding a maximum of 3 offices as Director (as executive director with specifically delegated management powers or as non-executive director) and/or as Standing Auditor is allowed in the companies indicated in paragraph (i)

above; (iii) holding a maximum of 5 offices as Director (as executive director with specifically delegated management powers or as non-executive director) and/or in a supervisory body is allowed in the companies indicated in letters b) and c) above.

In any case, unless otherwise expressly warranted and justified by the Board of Directors, Fincantieri’s CEO may not act as a director in any of the companies indicated in letter a) above that do not belong to the Fincantieri Group and whose CEO is a Director of Fincantieri;

2) for Fincantieri’s Directors other than the CEO and the executive Directors (with specifically delegated management powers), the number of offices held in the management or audit/supervisory bodies of other companies referred to in letters a), b) and c) may not exceed 5.

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

Without prejudice to the foregoing, the Board of Directors may grant exemptions (temporary or otherwise) from the parameters specified in paragraphs 1) and 2) above, based upon the total number of offices held by the relevant Directors in the governing and audit/supervisory bodies of other large companies. In granting such exemptions, the Board of Directors takes the following factors into consideration: (i) the specific characteristics of the offices held by the person in question, also taking into account the nature and size of the company in which such offices are held; (ii) the commitment demanded by any additional professional activities in which that person engages and by any offices in associations which he/she holds; and (iii)

the commitment demanded from that person in the Board of Directors (particularly where a non-executive Director is involved who is not a member of any Committee).

Based upon information that the Directors gave the Company - verified by the Secretary of the Board of Directors and by the Nomination Committee, and submitted for review by the Board of Statutory Auditors on 22 January 2019 - the number of offices currently held by Fincantieri’s Directors in the management and audit/supervisory bodies of other large companies is in line with the policy indicated above.

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

#### **2.2.4 Appointment and replacement of Directors**

Directors are appointed by the ordinary Shareholders’ Meeting in accordance with the procedures described below, for a term not to exceed three financial years, and they may be re-elected after their mandate expires. The appointment of Directors is regulated by Article 19 of the By-laws, which provide a full description of the relevant provisions<sup>10</sup>.

#### **Slate voting**

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

#### **Entitlement to submit slates**

Each Shareholder may submit or contribute to the submission of only one slate. Shareholders are entitled to submit slates only if they represent - individually or collectively with other Shareholders - at least 1% of the share

capital or such other percentage, if lower, that is established by CONSOB in the CONSOB Regulation.

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

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

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

#### **Composition and filing of slates**

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

Candidates must be listed in sequential order in the slates.

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

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

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

The professional curricula vitae of the candidates and the declarations by which they accept their candidature and state - accepting full responsibility - that no causes of ineligibility or incompatibility exist and declare that they satisfy the integrity requirements envisaged by applicable rules and by the By-laws (see paragraph 2.2.2 above), and the declaration (as relevant) that they satisfy the independence requirements laid down by law and/or by the

<sup>10</sup> The Bylaws may be consulted on the Company website at [www.fincantieri.com](http://www.fincantieri.com), in the section “Ethics & Governance–Corporate Governance System”.

Corporate Governance Code (see paragraph 2.2.10 below) must also be filed at the Company's headquarters with each slate.

### Appointment procedures

Directors are elected as follows:

a) the following are taken from the slate that obtains the majority of votes, in the sequential order in which they are listed on that slate:

- two-thirds of the Directors, with fractions being rounded down to the next lower integer, where the Board consists of 9 members at most;
- 7 Directors, if the Board consists of 10 members;
- 8 Directors, if the Board consists of 11 members;
- 9 Directors, if the Board consists of 12 members; and
- 10 Directors, if the Board consists of 13 members;

b) the remaining Directors are drawn from the other slates (subject to applicable regulations protecting minority shareholders), which are not associated in any way, even indirectly, with shareholders who submitted or voted for the slate that obtained the highest number of votes. Accordingly, the votes obtained from these slates are subsequently divided by one, two or three, depending upon the number of Directors to be elected. The ratios thus obtained are assigned in sequential order to the candidates of each of these slates, in the order respectively envisaged by each. The ratios thus assigned to the candidates on the various slates are then arranged in a single descending ranking. Candidates who obtain the highest ratios are elected;

Where more than one candidate has obtained the same ratio, the candidate elected will be the candidate from the slate that has not yet elected a Director or that has elected the lesser

number of Directors. If none of these slates has elected a Director or if all have elected the same number of Directors, the candidate elected will be the candidate from the slate that has obtained the highest number of votes. In the event of a tie in slate votes and in circumstances where the ratios are tied, the Shareholders' Meeting will vote again - subject to legally applicable majorities - from among candidates who attained the same ratio from the slates that elected the same number of Directors (or no Director) and obtained the same number of votes;

c) if, following the application of this procedure, the minimum number of independent Directors required by applicable rules has not been elected (see paragraph 2.2.10 below), the ratio of votes attributable to each candidate drawn from the slates is calculated, by dividing the number of votes obtained from each slate by the ranking number of each of the candidates, thus forming a single ranking in descending order; candidates who do not satisfy applicable independence requirements and who obtain the lowest ratios among the candidates taken from all of the slates will be replaced - beginning from the last and until the minimum number of independent Directors required under applicable rules has been achieved - by independent candidates indicated on the same slate as the replaced candidate (following the order in which they are indicated) or by persons who satisfy the relevant independence criteria and who are appointed in accordance with the procedure referred to in letter e) of Article 19.9 of the By-laws.

If candidates on different slates achieve the same ratio, the candidate to be replaced is the candidate from the slate from which the highest number of Directors has been drawn or, if the same number of Directors are elected, the candidate from the slate that has obtained the lowest number of votes or, in the event of a tie, the candidate who obtains fewer votes in a special vote of the Shareholders' Meeting

(subject to the legally-required quorums) from among all of the candidates who obtained the same ratio from slates that elected the same number of Directors and obtained the same number of votes;

d) if the application of the procedure described in letters a) and b) above fails to ensure compliance with applicable rules on gender balance, the ratio of votes to be assigned to each candidate drawn from the slates comprised of at least three candidates is calculated by dividing the number of votes obtained from each slate by the ranking number of each of these candidates, thus forming a single ranking in descending order; candidates of the better represented gender who have the lowest ratios among the candidates taken from the above mentioned slates are replaced - until the number of Directors is achieved that ensures compliance with applicable gender balance rules and subject to the minimum required number of independent Directors - by the candidate of the less represented gender who is (as relevant) indicated (with the next lowest slate ranking number) on the same slate as the candidate who is replaced.

If candidates on more than one of the abovementioned slates have achieved the same ratio, the candidate to be replaced is the candidate from the slate from which the highest number of Directors has been drawn or, if the same number of Directors are elected, the candidate from the slate that has obtained the lowest number of votes or, in the event of a tie, the candidate who obtains fewer votes in a special vote of the Shareholders' Meeting (subject to the legally required quorums) from among all of the candidates who obtained the same ratio from slates that elected the same number of Directors and obtained the same number of votes.

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

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

### Replacement

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

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

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

### 2.2.5 Tasks of the Board

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

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

- may delegate all or some of its powers - except those that cannot be delegated by law



- to one or more of its members and/or to an executive committee;
- appoints a Secretary of the Board of Directors, who need not be a company member;
- defines the Company's strategic and organisational lines by approving industrial plans and annual budgets, and determines the nature and level of risk compatible with the objectives of those strategic and organisational lines, including in its assessments all risks which may prove significant in the context of medium to long term sustainability;
- convenes ordinary and extraordinary Shareholders' Meetings in compliance with the procedures and deadlines envisaged by applicable regulatory provisions, ensuring that the Shareholders are provided with detailed knowledge and information that enables them to adequately participate in such meetings;
- establishes Committees within the Board of Directors with powers of consultation and powers to propose draft resolutions, as recommended by the Corporate Governance Code, appointing its members and determining their duties and the associated operational rules and, as relevant, approving associated remunerations and budgets;
- as to internal control and risk management:
  - appoints from within it one or more Directors to set up and maintain an effective ICRMS, as well as an Internal Control and Risk Committee tasked with supporting (by adequate investigative proposition and consultation activities) the Board of Directors in its assessments and decisions related to the ICRMS and related to the approval of periodic reports;
  - establishes guidelines for the internal control and risk management system (ICRMS), subject to the opinion of the Control and Risk Committee;
  - appoints the Head of Internal Auditing, ensuring that he/she has adequate resources

- to fulfil his or her responsibilities, determining his/her remunerations in line with Company policy - on a proposal of the Director in charge of the ICRMS, and after having received approval from the Control and Risk Committee and consulted with the Board of Statutory Auditors;
- assesses annually - subject to the Control and Risk Committee's opinion - the extent to which the ICRMS is adequate to the nature and risk profile of the Company, and also to assess its effectiveness;
- approves annually the work program prepared by the Head of Internal Auditing, after consulting with the Control and Risk Committee and with the Board of Statutory Auditors, and with the Director in charge of the ICRMS;
- describes the key characteristics of the ICRMS and the coordination procedures for the persons involved, in the Report, after having received the opinion of the Internal Control and Risk Management Committee, giving an assessment of its adequacy;
- assesses the results presented by the independent auditor in the letter of suggestions, if any, and in the report on key issues arising during the audit, subject to the Control and Risk Committee's opinion and after having consulted with the Board of Statutory Auditors;
- appoints the Officer in Charge, after having received the mandatory opinion of the Board of Statutory Auditors, such appointment to last at least for the duration of the Board's term of office and for no more than six financial years, determining the term of office and the duties, powers and remunerations; it may also revoke this appointment if necessary;
- approves the Organisation, Management and Control System pursuant to Legislative Decree No. 231 of 8 June 2001 ("Legislative Decree 231/2001");
- determines the composition of the Supervisory Body and appoint its members

and determine their remunerations, on a proposal from the CEO;

- determines the remunerations policy for Directors, General Manager, Executives with Strategic Responsibilities and for the other Key Executives, on a proposal from the Remuneration Committee;
- assesses whether or not to adopt a plan for the succession of executive Directors;
- sets out its position - on a proposal from the Nomination Committee - on the maximum number of offices as director or auditor in large companies that may be considered compatible with the effective performance by Directors of their duties inside the Company;
- approves the sustainability model, the sustainability charter and the sustainability plan of the Company after consulting the Sustainability Committee, and approves the Sustainability Budget published each year subject to the Sustainability Committee's investigations;
- adopts company procedures for the internal management and outbound communication of information on the Company, particularly with reference to inside information;
- determines rules that ensure the transparency and substantive and procedural propriety of related party transactions;
- has reserved for itself responsibilities in the following areas:
  - engaging in strategically relevant agreements;
  - incorporating companies, associations or entities and purchasing and selling shareholdings, enterprises or business units;
  - drawing up, amending and cancelling binding letters of intent or contracts (if not already included in those letters of intent) for the supply of goods or services by the Company for amounts in excess of EUR 500 million per contract;
  - purchasing, exchanging and selling real

- estate, establishing other in rem rights and leases exceeding 9 years for amounts in excess of EUR 40 million;
- engaging in medium/long-term lending/borrowing transactions for amounts in excess of EUR 500 million per transaction;
- issuing guarantees for amounts exceeding EUR 500 million per transaction; however, the CEO will be authorised to issue same if urgently required;
- hiring, appointing and revoking the appointment of General Managers;
- granting assignments for professional services for amounts in excess of EUR 100,000 (individually or collectively) in the case of natural persons and EUR 500,000 in the case of professional associations or legal persons, excluding assignments granted to: (i) natural persons enrolled in professional rolls or registers; (ii) professional associations between such natural persons; and (iii) legal persons of national and international standing.

In accordance with the foregoing, the Board of Directors during 2018:

- appointed the members of the Supervisory Body for the 2018-2020 three-year period;
- approved Fincantieri's 2018 corporate events calendar;
- after investigation by the Nomination Committee, ascertained that the independence and integrity requirements applicable to members of the Board of Directors were duly satisfied, and that there was no basis for their incompatibility, ineligibility or lapse;
- after investigation by the Nomination Committee, verified that the number of offices held by Directors and Auditors complied with policy on the maximum number of offices as director or auditor that can be held in large companies consistently with the proper performance of the office of Director of the

Company, adopted by the Board of Directors on 19 December 2014;

- examined the report on the Board of Directors' self-assessment relating to the financial year 2017, prepared by the Nomination Committee;
- after investigation by the Nomination Committee, confirmed the decision adopted previously, related to the Company's non-adoption of succession plans for the executive Directors, given the nature of the Company's shareholder structure and the fact that Directors are appointed by the Shareholders' Meeting based on slates submitted by Shareholders, in accordance with law and with the Company's By-laws;
- after investigation by the Nomination Committee, examined the recommendations contained in the annual report on the issuers' implementation of the Corporate Governance Code (the "CG Report"), drawn up by the Italian Corporate Governance Committee (the "CG Committee") and the cover letter drawn up by the Chairperson of the CG Committee and sent to the Chairpersons of Italian listed companies on 13 December 2017. Specifically, the Board analysed in detail the most relevant points of the CG Report and the improvements that the CG Committee counted on, considering that the Company is substantially compliant with the issues pointed out in the CG Report and that it is carrying out improvements concerning the thoroughness of the pre-board meeting documentation;
- after receiving the Nomination Committee's views, decided not to adopt any diversity policy for the members of the Board of Directors and the Board of Statutory Auditors, in consideration of the nature and composition of Fincantieri's current shareholding structure and in accordance with the assessments of the Company's Board of Directors regarding it not adopting a succession plan for Executive Directors. The Board confirmed that, notwithstanding the foregoing, with regard

to the composition of the management and control bodies, the laws, regulations and By-laws in force are nevertheless applicable as well as the recommendations of the Corporate Governance Code, which require that Directors and Statutory Auditors have the requirements of integrity, professionalism, ability and independence, as well as an appropriate representation of both genders, which are considered sufficient to ensure a suitable composition of the governing bodies;

- upon proposal of the Remuneration Committee, approved the Remuneration Policy for the Directors, the general manager, executives with strategic responsibilities and for the other key executives for the 2018 and 2019 financial years, only with respect to the medium-long term variable component provided under the Performance Share Plan 2019-2021;
- upon proposal of the Remuneration Committee, approved the Remuneration Report pursuant to Article 123-ter of the Italian Consolidated Law on Finance (TUF);
- after receiving the Remuneration Committee's views, approved the Information Document relating to the Performance Share Plan 2019-2021, submitted for approval by the Shareholders' Meeting on 11 May 2018;
- after examination by the Control and Risk Committee, studied the Head of Auditing's periodic report for 2017, also containing the assessment on the adequacy of internal controls and risk management;
- after receiving the Control and Risk Committee's views, considered the ICRMS adequate with respect to the characteristics of the enterprise and the risk profile undertaken;
- after having consulted with the Director in charge of the ICRMS and received the Control and Risk Committee's approval and consulted with the Board of Statutory Auditors, ascertained that the Head of Internal Auditing has adequate means and resources to carry out the relevant responsibilities;

- after receiving the Control and Risk Committee's views and after consultation with the Board of Statutory Auditors and with the Director in charge of the ICRMS, approved the annual Audit plan for 2018 prepared by the Head of Internal Auditing;
- after investigation by the Control and Risk Committee, assessed the adequacy of the organisational, administrative and accounting structure of the Company and of the main subsidiaries, also ascertaining that the Officer in Charge has adequate powers and resources to perform the duties assigned to him/her, and overseeing said Manager's actual compliance with administrative and accounting procedures;
- examined the periodic reports by the ICRMS and the Supervisory Body;
- after receiving the Control and Risk Committee's views, acknowledged that there had been no changes to the impairment test procedure approved by the Board of Directors meeting held on 9 March 2017, which was therefore reconfirmed, and approved the relevant results;
- after investigation by the Control and Risk Committee, approved the draft financial statements and consolidated financial statements as at 31 December 2017;
- after investigation by the Control and Risk Committee, approved the proposal for profit allocation as per the financial statements as at 31 December 2017;
- approved the 2017 reporting package for Cassa Depositi e Prestiti S.p.A.;
- after receiving the Control and Risk Committee's views, approved the Corporate Governance Report for 2017;
- approved Fincantieri's 2018-2022 Business Plan;
- after receiving the Control and Risk Committee's views, approved the periodic financial reports, positively acknowledging the absence of observations and compliance with the relevant legislation in drafting them;

- based on a proposal from the Remuneration Committee, reported the 2017 operating results related to the short-term variable incentive plan ("MBO") of the Chairperson and the CEO;
- based on a proposal from the Remuneration Committee, defined the 2018 MBO performance objectives of the Chairperson and the CEO;
- after receiving the Control and Risk Committee's views, acknowledged the tests in accordance with Law No. 262/2005 and approved the relevant results;
- after receiving the Sustainability Committee's views, based on an analysis of context and materiality, it approved Fincantieri's Sustainability model, the sustainability charter, as well as the Fincantieri Sustainability Plan, also involving a multifunctional team;
- after the Sustainability Committee's examinations, approved the 2017 Sustainability Budget;
- approved the adoption of the Personal Data Processing Register and the delegation system for the exercise of the powers of the data controller, in accordance with Regulation (EU) 2016/679.
- appointed the Officer in Charge of preparing the company's accounting documents in accordance with Article 154-bis of Legislative Decree No. 58/98;
- after the Remuneration Committee's investigations, approved the Company's proposals regarding the identification of objectives and the recipients of the third cycle of the Performance Share Plan 2016-2018 as well as those regarding the determination of criteria for calculating the number of rights to assign to each of them;
- after consulting the Control and Risk Committee, examined the ERM - Risk Assessment Report as at 31 December 2017 and 31 June 2018;
- verified compliance with administrative and accounting procedures pursuant to Law No. 262/2005;

- after obtaining the favourable opinion of the Board of Statutory Auditors, approved the participation of Fincantieri in the procedure started and coordinated by the parent company Cassa Depositi e Prestiti S.p.A. and aimed at choosing a single auditor for the group (i.e. the group of companies included in the scope of consolidation of Cassa Depositi e Prestiti S.p.A.), considering that participating in the procedure satisfies the need to preserve the principle of single group auditor, recognised as best market practice and capable of resulting in significant benefits in terms of effectiveness, efficiency and cost-effectiveness of auditing;
- after receiving the views of the Committee for Transactions with Related Parties, expressed its favourable opinion on the adequacy and effectiveness of the Company's regulations on transactions with related parties;
- after receiving the Nomination Committee's views, resolved to entrust the board evaluation process for the year 2018 to the Nomination Committee, with the support of the Company Secretariat;

During the first months of 2019, the Board of Directors:

- approved Fincantieri's 2019 corporate events calendar;
- after investigation by the Nomination Committee, ascertained that the independence and integrity requirements applicable to members of the Board of Directors were duly satisfied, and that there was no basis for their incompatibility, ineligibility or lapse;
- after investigation by the Nomination Committee, verified that the number of offices held by Directors and Auditors complied with policy on the maximum number of offices as director or auditor that can be held in large companies consistently with the proper performance of the office of Director of the Company, adopted by the Board of Directors on 19 December 2014;

- after investigation by the Nomination Committee, examined the recommendations set out in the annual report on the implementation by the issuers of the Corporate Governance Code (the "CG Report"), drafted by the Italian Corporate Governance Committee (the "CG Committee") and the cover letter drafted by the Chairperson of the CG Committee and sent to the Chairpersons of Italian listed companies on 21 December 2018. Specifically, the Board analysed in detail the most relevant points of the CG Report and the improvements that the CG Committee expected, considering that also in light of the results of self-assessment process by the Board of Directors and the Board Committees for 2018, the Company is substantially compliant with the issues pointed out in the CG Report also in consideration of the constant implementation of improvements concerning the pre-board meeting documentation;
- examined the report on the Board of Directors' self-assessment relating to the 2018 financial year, prepared by the Nomination Committee;
- after receiving the Nomination Committee's views, confirmed that considering the nature and composition of Fincantieri's current shareholding structure and the circumstance that pursuant to the law and the Bylaws the Directors and Statutory Auditors are appointed on the basis of slates submitted by Shareholders and voted at the Shareholders' Meeting, as well as taking into account the experience gained during the past appointments and consistently with the assessments of the Board of Directors of previous years, there appears to be no need to adopt a succession plan for executive directors and a diversity policy in relation to the composition of management and supervisory bodies. With regard to the latter, it has been noted that the composition of Fincantieri's Board of Directors, which reflects the presence

- of a controlling shareholder, already integrates different profiles, ensuring that different experiences and skills complement each other, together with diversity of gender and age groups of the Directors;
- after receiving the Control and Risk Committee's views, approved the updates to the 231 Organisational System;
- after receiving the Control and Risk Committee's views, examined the periodic report of the Head of Internal Auditing for 2018, which also contains an assessment of adequacy of the ICRMS.
- after receiving the Control and Risk Committee's views, considered the ICRMS adequate with respect to the characteristics of the enterprise and the risk profile undertaken;
- after having consulted with the Director in charge of the ICRMS and received the Control and Risk Committee's approval and consulted with the Board of Statutory Auditors, ascertained that the Head of Internal Auditing has adequate means and resources to carry out the relevant responsibilities;
- after receiving the Control and Risk Committee's views and after consultation with the Board of Statutory Auditors and with the Director in charge of the ICRMS, approved the annual Audit plan for 2019 prepared by the Head of Internal Auditing;
- after receiving the Control and Risk Committee's views, approved the impairment tests applied to shareholders' equity and goodwill on 31 December 2018, and related results;
- after investigation by the Control and Risk Committee, assessed the adequacy of the organisational, administrative and accounting structure of the Company and of the main subsidiaries, also ascertaining that the Officer in Charge has adequate powers and resources to perform the duties assigned to him/her, and overseeing said Officer's actual compliance with administrative and accounting procedures;

- examined the periodic report of the Control and Risk Committee;
- after investigation by the Control and Risk Committee, approved the draft financial statements and consolidated financial statements as at 31 December 2018;
- after investigation by the Control and Risk Committee, approved the proposal for profit allocation as per the financial statements as at 31 December 2018;
- approved the 2018 reporting package for Cassa Depositi e Prestiti S.p.A.;
- after receiving the Control and Risk Committee's views, acknowledged the tests in accordance with Law No. 262/2005 and approved the relevant results;
- upon proposal of the Remuneration Committee, approved the Remuneration Policy for the Directors, the General Manager, Executives with Strategic Responsibilities and for the other Key Executives for the 2019 financial year, to be submitted for consultative vote by the Shareholders' Meeting convened to approve the 2018 financial statements;
- based on a proposal from the Remuneration Committee, approved the Remuneration Report pursuant to Article 123-ter of the Italian Consolidated Law on Finance (TUF);
- after the Sustainability Committee's examinations, approved the Sustainability Budget for 2018;
- after consulting the Control and Risk Committee, examined the ERM - Risk Assessment Report as at 31 December 2018;
- examined the periodic report transmitted by the Supervisory Body;
- after consulting the Control and Risk Committee, approved this Corporate Governance Report for 2018.

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

### 2.2.6 Meetings and functioning of the Board

The Board of Directors met ten times in 2018, and the average meeting lasted approximately two hours and a half. The meetings were attended by an average of 95.5% of Directors and by an average of 98.3% of independent Directors.

The meetings were regularly attended by members of the Board of Statutory Auditors and also, at the Chairperson's invitation, by the heads of the corporate Departments whose purview extended from time to time to the individual items on the agenda.

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

Thirteen meetings so far (as of the date of this Report) are scheduled for 2019, of which three have already been held earlier this year. The tables attached to this Report indicate the attendance record (as a percentage) of each Director at meetings of the Board of Directors and associated Committees.

During 2018 and the first months of 2019, the Company - through the Chairperson of the Board of Directors who played a coordinating role - promoted Directors' and Auditors' participation in initiatives to develop knowledge of Fincantieri's sectors of activity and its strategies, and to promote knowledge of topics related to the Company's organization and of the main elements of the regulatory framework for listed companies (known as board induction).

Trainers with competence in the abovementioned sectors, including the Heads of the various Departments, provided training programs supported by specific

documentation provided by Directors and Auditors.

### 2.2.7 Chairperson of the Board of Directors

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

- representing the Company before institutions, entities, national and international organisations with a view to promoting the Company's image and activities, subject to the CEO's responsibility for the Company's administration and management;
- contributing to the definition of international strategies and to the internationalisation activities of the Company, with particular reference to the military, civilian and offshore sectors;
- supervising and coordinating the ICRMS of the Company and its subsidiaries, the continuous improvement of its effectiveness and efficiency, and the implementation of specific resolutions on internal control adopted by the Board of Directors, based on a mandate from the Board;
- supervising and coordinating the development and management of the Company's security system aimed at safeguarding its tangible and intangible assets and resources, including the assets referred to in Articles 12 *et seq.* of Decree of the President of the Council of Ministers No. 4 of 22 July 2011 on the administrative protection

of State secrecy and classified information and the management of relations in the area of industrial safety with the National Safety Authority.

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

### 2.2.8 CEO

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

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

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

- to represent the Company as claimant or defendant before any administrative, tax or judicial authority and to appoint lawyers and general and special and special attorneys *ad litem*;

- to represent the Company before public and private, national and international bodies, entities and operators;
- to issue third parties - including state administrations, banks and lending institutions - with guarantees for a maximum of EUR 500 million per transaction/operation as collateral for obligations undertaken and to be undertaken towards any party, including by Fincantieri's subsidiaries or any other company in which Fincantieri may have an interest, according to terms and conditions that may be sought and, in cases of urgency, guarantees for over EUR 500 million, subject to the duty to report same to the Directors at the next Board meeting;
- to enter into any lending/borrowing transaction for amounts not exceeding EUR 500 million per transaction/operation, including loans, undertaking the necessary commitments and implementing the necessary formalities;
- to draw up, sign, amend and terminate any act, deed or contract related to the corporate purpose; also to establish, renew, reduce, subordinate and cancel mortgages and liens on ships or other products under construction or already built by the Company including for third parties, settling any disputes in which the Company may be involved;
- to represent the Company - for this purpose delegating other persons as necessary - before entities and companies in which Fincantieri holds equity interests, units, shares or shareholdings or represents and, therefore, also in ordinary and extraordinary Shareholders' Meetings of such entities and companies, exercising all other rights pertaining to such shares or interests;
- to determine the corporate organisation, after informing the Board of Directors;
- to recruit, appoint and revoke the appointment of personnel at all levels including managers, but excluding General Managers; to engage in personnel management at all levels without limitation, also altering contract and

remunerations terms and conditions contained in employment agreements and settling any related disputes;

- to grant assignments for professional services where total remunerations are less than EUR 100,000 (individually or collectively) in the case of natural persons and EUR 500,000 in the case of professional associations or legal persons, subject to the power to grant assignments for remunerations exceeding those limits if granted to: (i) natural persons enrolled in professional rolls or registers; (ii) professional associations between such natural persons; and (iii) legal persons of national and international standing.

The CEO may - in the context of the abovementioned delegated powers - issue and revoke general and special powers of attorney for individual acts or transactions or for categories of acts or transactions to/from employees of the Company and to third parties, including those not intended to be temporary. The CEO ensures that the Company's organisational and accounting structure is adequate to the nature and dimensions of the Company, and this figure reports at least on a quarterly basis to the Board of Directors and to the Board of Statutory Auditors on the Company's operating performance, on its anticipated development, on any significant transactions and on the exercise of the delegated powers.

### 2.2.9 Non-executive Directors

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

The number, competence, and availability of non-executive Directors (who represent

the majority of the Board) ensure that their judgement has a significant influence on Board decisions.

### 2.2.10 Independent Directors

Pursuant to Article 147-ter, paragraph 4, of the Consolidated Law on Finance (TUF), at least two members of the Board of Directors - when it has over seven members - must satisfy the independence requirements required for auditors by Article 148, paragraph 3, of the Consolidated Law on Finance (TUF). Article 3 of the Corporate Governance Code also recommends that an adequate number of non-executive Directors should be independent, in the sense that they do not have dealings or have not had recent dealings - direct or otherwise - with the issuer or with persons/entities associated with the issuer, which could compromise their independence of judgment. The Code also recommends that the number and the expertise of independent Directors should be adequate to the size of the Board and to the activities of the issuer, and should also facilitate the establishment of Committees within the Board.

The Board of Directors assesses the independence of its non-executive members by paying more attention to substance rather than form, while noting that a Director does not generally satisfy independence criteria in the cases (not exhaustive) described in Article 3.C.1 of the Corporate Governance Code. In accordance with the foregoing, the Company's Board of Directors has an adequate number of independent Directors, who contribute significantly to the Board through their independent and unbiased judgement on the matters for discussion and decision, and the presence of independent Directors ensures that the Board Committees have a composition that reflects the recommendations of the Corporate Governance Code.

More Specifically, the Board of Directors in office on the date of this Report consists of six

independent Directors pursuant to law and the Corporate Governance Code.

These Directors submitted special declarations testifying to their independence at the time of their appointment. After investigation by the Nomination Committee, the verification procedure was repeated at the Board of Directors' meeting of 22 January 2019, where the criteria referred to in the abovementioned Article 3.C.1 of the Corporate Governance Code were applied. At this meeting, the Board also ascertained that the independence requirements provided for by Articles 147-ter, paragraph 4, and 148, paragraph 3, of the Italian Consolidated Law on Finance (TUF) and also required by the Corporate Governance Code were satisfied by the Directors Gianfranco Agostinetti, Simone Anichini, Massimiliano Cesare, Nicoletta Giadrossi, Paola Muratorio and Donatella Treu. Here, the Board examined the position of the Director Massimiliano Cesare and, having evaluated the circumstances referred to in Article 3.C.1, letter d) of the Corporate Governance Code and taken due account of his declaration, concluded that he satisfies the independence requirements demanded by the Corporate Governance Code.

At the meeting of 22 January 2019, the Board of Statutory Auditors verified the proper application of the verification criteria and procedures adopted by the Board to assess the independence of its members. The Board of Directors did not designate a lead independent director, given that the conditions for such appointment envisaged by the Corporate Governance Code were not met. The Chairperson of the Board of Directors is not, in fact, the key person responsible for managing the Company, nor does he hold a controlling stake in the Company. The independent Directors met on 25 January 2018, on 14 February 2018 and on 8 November 2018 to agree on the operational guidelines for their office in the Company's

Board of Directors. Here, the Independent Directors also discussed the effectiveness of the Board, broken down into its various Committees, including information flows of the items on the Board meetings' agenda and increasing meetings with the top management, relationships with related parties, specifically as regards the controlling Shareholder, and the functioning of the Board's Committees.

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

The "board review" procedure commenced during the second half of 2018 on the initiative of the Nomination Committee, concluded in early 2019.

The Board of Directors acknowledged the results of the Board evaluation activities at the meeting of 14 February 2019.

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

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

The analysis was an important opportunity to gain greater in-depth knowledge of the performance and effectiveness of the Board of Directors. Specifically, some observations made in the Report, together with the information given by several Committee Chairpersons during individual interviews, showed a significant improvement in the working of the Board of Directors both compared to the previous financial year and, even more clearly, compared to the first year of office.

More specifically, the Directors expressed considerable satisfaction with meetings

between the Board and the top management, considering them to be a key aspect of the process of improvement and articulating the reporting on the Company activities and recommending that they be continued to ensure increasingly more detailed and exhaustive information to the Board and to provide it with immediate feedback on the company's governance.

A sense has emerged of a growing commitment by the Company to provide the Directors with the necessary elements to make reasoned decisions on the matters submitted to their attention, while being aware that the process of improving efficiency is still under way. In light of the foregoing, the use of informal comparison tools in preparation of the board meetings has been particularly appreciated.

Finally, the relations between the Board of Directors and the Board Committees continue to be considered particularly positively, which suggests that it could be useful to provide the Committees with even more tools to carry out their investigation activities, diversified according to the scope of application of the specific Committee.

### 2.2.12 Remuneration

Directors' remunerations are established by the Ordinary Shareholders' Meeting at the time of appointment. The remunerations of Directors vested with the particular tasks referred to in Article 2389, paragraph 3, of the Italian Civil Code is, on the other hand, established by the Board of Directors in compliance with applicable regulatory provisions.

More information on the remunerations of Directors, of the general manager and of other executives with strategic responsibilities and of key executives is provided in the Remuneration Report drawn up by the Company pursuant to Article 123-ter of the Italian Consolidated Law on Finance (TUF)

and available on the Company's website at [www.fincantieri.com](http://www.fincantieri.com) inside the Section "Ethics & Governance - Remunerations" and the Section "Ethics & Governance - Shareholders' Meetings - Shareholders' Meeting 2019".

### 2.3 Board Committees

The Board of Directors has set up four internal Committees with proactive proposal and consultation tasks, namely: the Control and Risk Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee<sup>11</sup>.

The composition, duties and operating procedures of the Committees, and also their powers and resources, are governed by special regulations approved by the Board of Directors at the time when those Committees were established, which were subsequently amended based on periodic changes made to the Corporate Governance Code.

After those amendments were made, the Company's Board of Directors updated the regulations of the Board Committees to adapt them to applicable regulatory provisions in force. The Control and Risk Committee, the Remuneration Committee and the Nomination Committee consist of three Directors, while the Sustainability Committee consists of four Directors. All Committee members are non-executive Directors, the majority are independent and their powers and competences enable them to carry out the tasks entrusted to them. Moreover, at least one member of the Control and Risk Committee must have adequate knowledge and experience in financial and accounting areas or in the risk management area, while the Remuneration Committee must include at least one member with adequate knowledge and experience in the financial or remunerations policy area. The Chairperson of each Committee is appointed by the Board of Directors and informs the next Board of Directors meeting of

the items discussed at the relevant meetings. The Secretary of the Board of Directors acts as Secretary of the various Committees; this figure draws up the minutes of meetings. The Committees meet with the frequency required to perform their tasks. Meetings are convened by the Chairperson of the Committee, or if requested by at least two committee members, to discuss a specific matter considered to be of particular importance. The notice of call is transmitted by the Secretary at the Committee Chairperson's request, in general at least three days before the meeting. The Secretary provides the committee members with any available documentation related to the items on the agenda, usually to accompany the notice of call.

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

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

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

#### 2.3.1 Control and Risk Committee

##### Composition

Control and Risk Committee consists of the Directors Massimiliano Cesare (non-executive and independent), Nicoletta Giadrossi (non-executive and independent) and Fabrizio

Palermo (non-executive and independent), appointed by the Board of Directors on 8 June 2016. The Director Massimiliano Cesare was made Chairperson at the same Board of Directors' meeting.

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

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

##### Tasks

The Control and Risk Committee tasked with supporting the Board of Directors - by adequate investigative activities including consultative and proposal powers - in its assessments and decisions related to the ICRMS and related to the approval of periodic

<sup>11</sup> The Sustainability Committee was established by the Board of Directors on 8 June 2016, and the Control and Risk Committee and the Nomination Committee were established by the Board of Directors on 5 May 2014, to come into effect only after the commencement of trading of the Company's shares on the Electronic Share Market (MTA) managed by Borsa Italiana. The Compensation Committee had already been established. The composition of the Committees - in conformity with the Corporate Governance Code's recommendations - was thus determined for the first time by the Board of Directors at its meeting held on 21 July 2014.

financial reports. The Committee submits its opinion in advance to the Board, on the following:

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

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

- to assess - together with the Officer in Charge and after having consulted with the external auditors and the Board of Statutory Auditors - the proper application of accounting standards and their uniformity for the purposes of drawing up periodic financial reports;
- to give its views on specific matters pertaining to the key risks to which the Company is exposed;
- to examine the periodic reports assessing

the ICRMS, and key reports drawn up by the Internal Auditing Department;

- to monitor the independence, adequacy, effectiveness and efficiency of the Internal Auditing Department;
- to request the Internal Auditing Department to carry out checks on specific operating areas, simultaneously notifying this to the Chairperson of the Board of Statutory Auditors and the Director in charge of the ICRMS, except where the subject-matter of the request relates to the activities of these persons;
- to report to the Board on the activities carried out and also on the adequacy of the ICRMS at least every six months, and no later than the deadline for approving the annual financial statements and the half-year financial report, at the Board meeting indicated by the Chairperson of the Board of Directors;
- to support (with adequate investigative activities) the Board's assessments and decisions related to the management of risks deriving from adverse events that have come to the Board's attention.

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

#### Activities during 2018

The Control and Risk Committee met <sup>712</sup> times in 2018, and the average meeting lasted approximately 69 minutes. The meetings were attended by an average of 88.88% of its members. The meetings were regularly attended by all the members of the Board of Statutory Auditors. The meetings were all duly convened by the

Committee Chairperson, with at least three days advance notice. The members were provided with documentation on the items on the agenda by the same deadline.

The Secretary wrote the minutes for all the meetings.

Following the amendments to the Corporate Governance Code of July 2015, the Committee Chairperson reports on the Committee's activities and presents the Committee's periodic report at each Board of Directors meeting.

For 2019, the Committee decided to make its meetings coincide as a rule with Board of Directors meetings.

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

During the meetings held in 2018, the Committee:

- assessed the results of audit activities during 2017 and presented by the Head of the Internal Auditing Department;
- received and examined the periodic report of the Head of Internal Auditing for 2017, which also contained an assessment of adequacy of the ICRMS;
- gave its approval to the Board of Directors on the assessments regarding the approval of the annual Audit plan for 2018 prepared by the Head of the Internal Auditing Department;
- received and examined the periodic reports of the Head of Internal Auditing relating to the progress of activities in 2018;
- assessed the adequacy of the organisational, administrative and accounting structure of the Company and of the main subsidiaries, also ascertaining that the Officer in Charge of preparing the Company's accounting records has adequate powers and resources to perform the duties assigned to him/her, and overseeing the Officer in Charge's compliance with administrative and accounting procedures;
- after consulting with the Director in charge

of the ICRMS, gave the Board of Directors its views to the effect that the Head of Internal Auditing has adequate resources to carry out the relevant duties;

- judged the ICRMS to be adequate and effective considering the nature of the Company and its risk profile, giving the Board of Directors its views and monitoring the independence, adequacy, effectiveness and efficiency of the Internal Auditing Department;
- gave the Board of Directors its views on the impairment tests applied by the Company to shareholders equity and goodwill up to 31 December 2017, and related results;
- reported to the Board of Directors, semi-annually, on the activities carried out, also by presenting the relevant reports;
- gave the Board of Directors its views on the external auditors' findings indicated in the letter of suggestions and in the report on key issues arising during the statutory audit;
- assisted the Board of Directors by evaluating - together with the Officer in Charge and after having consulted with the external auditors and the Board of Statutory Auditors - the proper application of the accounting principles and their uniformity for the purposes of drawing up periodic financial reports;
- examined the draft financial statements and consolidated financial statements at 31 December 2017;
- submitted to the Board of Directors its proposal on the allocation of profits as per the financial statements as at 31 December 2017;
- acknowledged the analyses carried out by the Board of Statutory Auditors on the report of the external auditors prepared in accordance with Article 11 of EU Regulation 537/2014 for the financial year ended 31 December 2017;
- examined the presentation on main risks for the company with reference to the analysis carried out in 2017;
- gave the Board of Directors its favourable opinion on the approval of the 2017 Corporate Governance Report;

<sup>12</sup> Of which one as the RPT committee.

- verified compliance with the administrative and accounting procedures under Law No. 262/2005 and expressed its approval of the 2018 version of the relevant Handbook;
- received the reporting from the Company's top management concerning management procedures for work orders;
- received the reporting on the SoD ("Segregation of Duties") remediation and on the progress of the SoD project;
- received the reporting on the progress of the project for Risk Management of work orders;
- gave its approval on the ERM - Risk Assessment Report as at 31 December 2017 and as at 30 June 2018;
- supported the Board of Directors in assessments and decisions relating to the approval of periodic financial reports.

The Control and Risk Committee also met once in 2018 as Committee for Transactions with Related Parties to express its favourable opinion on the adequacy and effectiveness of Fincantieri's regulations on transactions with related parties.

In the first months of 2019, the Committee:

- expressed its favourable views on the updates to the 231 Organisational System;
- assessed the results of the audit activities implemented in 2018 and presented by the Head of the Internal Auditing Department;
- received and examined the periodic report of the Head of Internal Auditing for 2018, which also contains an assessment of adequacy of the internal control and risk management system;
- examined the ERM - Risk Assessment Report as at 31 December 2018;
- judged the organisational, administrative and accounting structure of the Company and of the main subsidiaries to be adequate, also ascertaining that the Officer in Charge has adequate powers and resources to perform the duties assigned to him/her, and overseeing

- compliance with the administrative and accounting procedures by said Officer;
- gave the Board of Directors its views on the approval of the annual Audit plan for 2019, drawn up by the Head of Internal Auditing;
- after consulting with the Director in charge of the ICRMS, expressed its views to the Board of Directors to the effect that the Head of Internal Auditing has adequate resources to carry out the relevant duties;
- judged the ICRMS to be adequate and effective considering the nature of the Company and its risk profile, giving the Board of Directors its views and monitoring the independence, adequacy, effectiveness and efficiency of the Internal Auditing Department;
- gave the Board of Directors its views on the impairment tests applied to the shareholders equity and goodwill up to 31 December 2018, and related results;
- verified compliance with the administrative and accounting procedures pursuant to Law No. 262/2005 and expressed its favourable views on the 2019 version of the relevant Handbook;
- reported to the Board of Directors on the activities carried out during the 2018 financial year;
- gave the Board of Directors its views on the external auditors' findings indicated in the letter of suggestions and in the report on key issues arising during the statutory audit;
- assisted the Board of Directors by evaluating - together with the Officer in Charge and after having consulted with the external auditors and the Board of Statutory Auditors - the proper application of the accounting principles and their uniformity for the purposes of drawing up periodic financial reports;
- examined the draft financial statements and consolidated financial statements at 31 December 2018;
- submitted to the Board of Directors its proposal on the allocation of profits as per the financial statements as at 31 December 2018;

- examined the presentation on main risks for the company with reference to the analysis carried out in 2018;
- gave the Board of Directors its favourable opinion on the approval of the 2018 Corporate Governance Report;

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

### 2.3.2 Remuneration Committee

#### Composition

The Control and Risk Committee consists of Directors Paola Muratorio (non-executive and independent), Donatella Treu (non-executive and independent) and Fabrizio Palermo (non-executive and non-independent), appointed by the Board of Directors on 8 June 2016. Director Paola Muratorio was made Chairperson at the same Board of Directors' meeting. At the time of appointment, the Board acknowledged that all Committee members satisfied at least one of the following requirements: (i) adequate knowledge and experience in the financial area; and (ii) adequate knowledge and experience in the remunerations policy area.

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

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

#### Tasks

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

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

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

#### Activities during 2018

During 2018 the Remuneration Committee met 5 times, for an average of about 54 minutes. All of the Committee meetings were attended



by 100% of its members and by at least one member of the Board of Statutory Auditors. The meetings were all duly convened by the Committee Chairperson, with at least three days advance notice. The members were provided with documentation on the items on the agenda by the same deadline.

The Secretary took the minutes for all the meetings.

Following the amendments to the Corporate Governance Code of July 2015, the Committee Chairperson reports on the Committee's activities to each Board of Directors meeting. For 2019, the Committee decided to make its meetings coincide with Board of Directors meetings as a rule.

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

During 2018, the Remuneration Committee met on several occasions in order to:

- propose to the Board of Directors the Remunerations Policy for the Directors, the General Manager, Executives with Strategic Responsibilities and for the other Key Executives for 2018 and 2019 only with respect to the medium-long term variable component provided under the Performance Share Plan 2019-2021, submitted to consultative vote by the Shareholders' Meeting of 11 May 2018;
- examine the Remuneration Report pursuant to Article 123-ter of the Italian Consolidated Law on Finance (TUF);
- examine the Information Document concerning the Performance Share Plan 2019-2021;
- give its views on the calculation of the Chairperson's and the CEO's final results for the Company for 2017;
- define the performance objectives for 2018 associated with the variable short-term incentive plans ("MBO") for the Chairperson and the CEO;
- approve the Company's proposals regarding

the identification of objectives and the recipients of the third cycle of the Performance Share Plan 2016 - 2018 and the number of rights to assign to the same;

In the first months of 2019, the Committee met in order to:

- formulate a new Remunerations Policy for the Directors, the General Manager, Executives with Strategic Responsibilities and for the other Key Executives, to be submitted for approval by the Board of Directors for 2019;
- gave its opinion on the Remuneration Policy of the Directors, the Chief Executive Officer, Executives with Strategic Responsibilities and other Key Executives for the approval of the Board of Directors for the year 2018;
- gave its opinion on the Remuneration Report under Article 123-ter of the Consolidated Law on Finance (TUF).

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

### 2.3.3 Nomination Committee

#### Composition

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

The Board of Directors appointed Director Donatella Treu to act as Chairperson.

The meetings of the Nomination Committee may be attended by the Chairperson of the Board of Directors, the CEO and - for matters within the purview of the Board of Statutory Auditors - the Chairperson of the Board of Statutory Auditors or a Standing Auditor

designated by the latter. The other Auditors and - at the Committee's invitation - other persons, including other members of the Board or people belonging to the company structure, may also attend these meetings, to provide information on and to assess (within their respective competencies) the individual items on the agenda.

#### Tasks

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

- provides opinions for the Board on the size and composition of the Board of Directors, and makes recommendations about the professional offices that should be represented on the Board;
- provides opinions for the Board of Directors upon its reappointment, when it presents a slate of candidates for the office of Director;
- proposes candidates to the Board for the office of Director in the event of co-optation, or where Independent Directors need to be replaced;
- proposes to the Board a policy on the maximum number of directorships or auditorships that a Director may hold, and conducts the relevant periodic investigations and assessments, to be submitted to the Board;
- if the Shareholders' Meeting authorises, in general, prior exemptions from the prohibition on competition provided for by Article 2390 of the Italian Civil Code, the Committee formulates observations for the Board on any Directors' activities that are in competition with the Company's activities;
- supervises the annual self-assessment of the Board and of its Committees and, taking into account the results of that assessment, makes its views known to the Board about the size and composition of the Board and its Committees, and also about the general competences and professional offices

considered desirable to have on the Board or the Committees to ensure that the Board can make its position known to Shareholders before the new Board is appointed;

- investigates the annual assessments of the Directors' independence and integrity, based on applicable criteria, and of whether or not a basis exists for their incompatibility, ineligibility or lapse;
- reports on the actions taken at each Board meeting.

#### Activities during 2018

During 2018 the Remuneration Committee met 3 times, for an average of about 77 minutes. All of the Committee meetings were attended by an average of 70% of its members and the participation of at least one member of the Board of Statutory Auditors.

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

The Secretary took the minutes for all the meetings.

Following the amendments to the Corporate Governance Code of July 2015, the Committee Chairperson reports on the Committee's activities to each Board of Directors meeting. For 2019, the Committee decided to make its meetings coincide with Board of Directors meetings as a rule.

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

During the meetings held in 2018, the Committee:

- supported the Board of Directors in investigating assessments of the Directors' independence and integrity, based on applicable criteria, and of whether or not a basis exists for their incompatibility, ineligibility or lapse;

- supported the Board of Directors in investigating assessments of the number of offices held by Directors and Auditors, in connection with the policy on the maximum number of directorships or auditorships in large companies that can be considered compatible with the effective performance of the Company Director's duties, adopted by the Directors on 19 December 2014;
- carried out tasks involving the board evaluation of the Board of Directors for 2017, including: (i) drafting, with the support of the Secretary of the Board of Directors, a questionnaire for all members of the Board of Directors; (ii) examination of the findings of the abovementioned questionnaire; (iii) interviews with Board Committee members; (iv) drafting a report containing the results of the abovementioned board evaluation; and (v) presenting the report to the Board of Directors;
- carried out investigation activities on whether or not it would be in the Company's interest to adopt succession plans for executive Directors;
- examined the recommendations set out in the annual report on the implementation by the issuers of the Corporate Governance Code (the "CG Report"), drafted by the Italian Corporate Governance Committee (the "CG Committee") and the cover letter drafted by the Chairperson of the CG Committee and sent to the Chairpersons of Italian listed companies on 13 December 2017. Specifically, the Board analysed in detail the most relevant points of the CG Report and the improvements that the CG Committee counted on, considering that the Company is substantially compliant with the issues pointed out in the CG Report and that it is carrying out improvements concerning the thoroughness of the pre-board meeting documentation;
- gave its opinion on the decision not to adopt any diversity policy for the members of the Board of Directors and the Board of Statutory Auditors, in consideration of the nature and composition of Fincantieri's

current shareholding structure, and in accordance with the assessments of the Company's Board of Directors regarding it not adopting a succession plan for Executive Directors. The Board pointed out that, notwithstanding the foregoing, with regard to the composition of the management and control bodies, the laws, regulations and By-laws in force are nevertheless applicable as are the recommendations of the Corporate Governance Code, which require that Directors and Statutory Auditors have the requirements of integrity, professionalism, ability and independence, as well as an appropriate representation of both genders, which are considered sufficient to ensure a suitable composition of the governing bodies;

- analysed the activities carried out by the Board of Directors following suggestions that materialised from the 2017 board evaluation;
- approved the expediency of continuing with conducting the annual internal self-assessment process on the functioning of the Board of Directors and of the Committees for 2018, with the support of the Company Secretary.

In the first months of 2019, the Committee:

- supported the Board of Directors in investigating assessments of the Directors' independence and integrity, based on applicable criteria, and of whether or not a basis exists for their incompatibility, ineligibility or lapse;
- supported the Board of Directors in investigating assessments of the number of offices held by Directors and Auditors, in connection with the policy on the maximum number of offices as director or auditor in large companies that can be considered compatible with the effective performance of the Company Director's duties, adopted by the Board of Directors on 19 December 2014;
- completed tasks involving the board evaluation of the Board of Directors for 2018,

including: (i) drafting, with the support of the Secretary of the Board of Directors, a questionnaire for all members of the Board of Directors; (ii) examination of the findings of the abovementioned questionnaire; (iii) interviews with Board Committee Chairpersons; (iv) drafting a report containing the results of the abovementioned board evaluation; and (v) presenting the report to the Board of Directors;

- examined the recommendations set out in the annual report on the implementation by the issuers of the Corporate Governance Code (the "CG Report"), drafted by the Italian Corporate Governance Committee (the "CG Committee") and the cover letter drafted by the Chairperson of the CG Committee and sent to the Chairpersons of Italian listed companies on 21 December 2018. Specifically, the Board analysed in detail the most relevant points of the CG Report and the improvements that the CG Committee expected, considering that also in light of the results of self-assessment process by the Board of Directors and the Board Committees for 2018, the Company is carrying out improvements concerning the thoroughness of the pre-board meeting documentation and is substantially compliant with the issues pointed out in the CG Report;
- confirmed that considering the nature and composition of Fincantieri's current shareholding structure and the fact that pursuant to the law and the By-laws the Directors and Statutory Auditors are appointed on the basis of slates submitted by Shareholders and voted at the Shareholders' Meeting, as well as taking into account the experience gained during the past appointments and consistently with the assessments of the Board of Directors of previous years, there appears to be no need to adopt a succession plan for executive directors and a diversity policy in relation to the composition of management and supervisory bodies. With regard to the latter, it has been

noted that the composition of Fincantieri's Board of Directors, which reflects the presence of a controlling shareholder, already integrates different profiles, ensuring that different experiences and skills complement each other, together with diversity of gender and age groups of the Directors.

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

### 2.3.4 Sustainability Committee

#### Composition

The Sustainability Committee consists of Directors Gianfranco Agostinetto, Simone Anichini and Massimiliano Cesare, appointed by the Board of Directors on 8 June 2016. Director Nicoletta Giadrossi was appointed as the fourth member of the Committee at the Board of Directors' meeting held on 21 June 2016. All Sustainability Committee members are non-executive independent Directors. The Board of Directors meeting of 8 June 2016 assigned the tasks of Chairperson to Director Gianfranco Agostinetto. Meetings of the Sustainability Committee may be attended by the Chairperson of the Board of Directors, the CEO, the Director in charge of the ICRMS, the Head of the Internal Auditing Department and, for matters falling within the competence of the Board of Statutory Auditors, by the Chairperson of the Board of Statutory Auditors or a Standing Auditor designated by it. The other Auditors and – at the Committee's invitation – other persons, including other members of the Board or people belonging to the company structure, may also attend these meetings, to provide information on and to assess (within their respective competencies) the individual items on the agenda.

**Tasks**

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

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

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

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

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

**Activities during 2018**

The Sustainability Committee met 6 times during 2018, and the meetings lasted approximately 77 minutes on average. All the Committee meetings were attended by 70.83%

of its members and by at least one member of the Board of Statutory Auditors.

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

The Secretary took the minutes for all the meetings.

Following the amendments to the Corporate Governance Code of July 2015, the Committee Chairperson reports on the Committee’s activities to each Board of Directors meeting. For 2019, the Committee decided to make its meetings coincide with Board of Directors meetings as a rule.

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

During the meetings held in 2018, the Committee set its own workload, with the participation of the corporate Departments involved in the areas dealt with.

During the meetings held in 2018, the Committee:

- expressed its views on the sustainability model for the purposes of the Sustainability Budget;
- examined the ERM Risk Assessment Report in relation to the sustainability aspects for a successful collaboration with the Control and Risk Committee;
- shared the Fincantieri Sustainability Charter and submitted it to the Board of Directors for approval;
- shared the Fincantieri Sustainability Plan, defined also with the involvement of the Team, and submitted it to the Board of Directors for approval;
- examined the Sustainability Budget for 2017;
- examined the sustainability profiles of the ERM Risk Assessment Report;
- analysed the activities carried out by the Company relating to the 2018 Sustainability

Budget, the analysis of the sustainability ratings by the rating agencies and the stakeholder engagement process;

- analysed the relationship between the Company and important universities to develop synergies and create partnerships.

During the first months of 2019, the Committee:

- gave its opinion on the sustainability model for the purposes of the Sustainability Budget;
- examined the Sustainability Budget for 2018;
- examined the ERM Corporate Social Responsibility Report as at 31 December 2018.

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

**2.4 Board of Statutory Auditors**

**2.4.1 Composition of the Board of Statutory Auditors**

Pursuant to Article 30.1 of the By-laws, the Board of Statutory Auditors consists of three Standing Auditors and three Alternate Auditors appointed by the Shareholders’ Meeting in accordance with the procedures described in paragraph 2.4.2 below.

The acting Board of Statutory Auditors - appointed by the Ordinary Shareholders’ Meeting of the Company on 19 May 2017 - whose term of office will expire at the meeting to approve the financial statements for the year ended on 31 December 2019, is composed of the following Statutory Auditors: Gianluca Ferrero (Chairperson), Fioranna Vittoria Negri and Roberto Spada.

The Shareholders’ Meeting of 19 May 2017 also appointed Alberto De Nigro, Flavia Daunia Minutillo and Massimiliano Nova as Alternate Auditors.

The acting Statutory Auditors satisfy the integrity and professionalism requirements of Article 148, paragraph 4, of the Italian Consolidated Law on Finance (TUF) and by the Regulation adopted by Ministry of Justice Decree No. 162 of 30 March,2000. For the purposes of Article 1, paragraph 2, letters b) and c), of this Decree, the Company’s activities are closely associated with the areas of commercial law, tax law, business economics and corporate finance, as well as areas related to naval engineering. The members of the Board of Statutory Auditors also satisfy the independence requirements provided for by Article 148, paragraph 3, of the Consolidated Law on Finance (TUF) as well as those recommended by the Corporate Governance Code.

The satisfaction of the abovementioned requirements was certified by suitable declarations formulated for this purpose and signed by the Auditors and, lastly, verified by the Board of Statutory Auditors at its meeting held on 14 January 2019. The Auditors, also by virtue of the foregoing, act independently from all Shareholders. Therefore, an Auditor who - independently or on behalf of third parties - has an interest in a particular transaction/operation of the Company must promptly and fully inform the other Auditors and the Chairperson 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 (see **Table 2** on the “Structure of the Board of Statutory Auditors” attached to this Report). In compliance with the provisions of the Decree of the President of the Council of Ministers of 25 May 2012 and Article 30.3 of the By-laws, the Auditors do not hold any office in the governing or audit bodies of, or perform executive tasks at, Eni S.p.A. or its subsidiaries,

and are not involved in any direct or indirect professional or economic capacity with those companies.

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

#### **2.4.2 Appointment and replacement of Auditors**

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

The appointment of Auditors is governed by Article 30 of the By-laws, in which a full description of the relevant provisions is given<sup>13</sup>.

#### **Slate voting**

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

#### **Entitlement to submit, file and publish slates**

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

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

#### **Composition of slates**

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

The slates are divided into two sections: one for candidates for the office of Standing Auditor and the other for candidates for the office of Alternate Auditor. The first candidate in each section must be enrolled in the Roll of Certified Accountants and must have at least three years of experience in statutory auditing. Furthermore, slates that - taking into account both sections - present three or more candidates must include (in the first two positions of the section of the list related to Standing Auditors and in the first two positions of the section of the list related to Alternate Auditors) candidates of different genders, thus ensuring that the composition of the Board of Statutory Auditors complies with applicable regulatory provisions on gender balance.

#### **Appointment procedures**

Auditors are elected as follows:

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

The Chairperson of the Board of Statutory Auditors is appointed by the Shareholders' Meeting from the Statutory Auditors elected by the minority. The slate voting procedure described above applies only where the entire Board of Statutory Auditors is appointed.

#### **Replacement**

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

If it should prove necessary to replace the other Auditor drawn from the slate that obtained the highest number of votes, the first of the Alternate Auditors drawn from that slate will be appointed in place of the outgoing Auditor.

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

#### **2.4.3 Tasks of the Board of Statutory Auditors**

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

Additionally, Article 19, paragraph 1, of Legislative Decree No. 39 of 27 January 2010 (as amended by Legislative Decree No. 135

of 17 July 2014<sup>14</sup>) confers upon the Board of Statutory Auditors additional tasks as "internal control and auditing Committee". In that capacity, the Company's Board of Statutory Auditors is tasked with: (a) informing the Board of Directors of the outcome of the statutory audit and transmitting to the Board the additional report referred to in Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014<sup>15</sup>, accompanied by observations if any; (b) monitoring the financial reporting process and submitting recommendations or proposals with a view to ensuring its integrity; (c) monitoring the effectiveness of the Company's internal quality control and risk management systems and, if applicable, of its internal auditing process, insofar as the Company's financial reporting process is concerned, without violating its independence; (d) monitoring the statutory audit of the financial statements and consolidated financial statements, also taking into account the results and conclusions of CONSOB's quality controls, as relevant; (e) determining and monitoring the independence of external auditors or audit firms, particularly in the context of the adequacy of the provision of services other than auditing services; and (f) responsibility for the procedure to select external auditors or audit firms, and to recommend external auditors or audit firms for appointment.

Pursuant to Article 13, paragraph 1 of Legislative Decree No. 39 of 27 January 2010, the Board of Statutory Auditors is responsible for drawing up a draft proposal for the Shareholders' Meeting, duly reasoned, to appoint an independent auditor and determine the appropriate fees. The Board of Statutory Auditors is also requested to give its views for the purpose of determining the remunerations of Directors holding particular offices, pursuant to Article 2389, paragraph 3, of the Italian Civil Code and for the purpose of appointing the Officer in Charge pursuant to Article 154-*bis*,

<sup>13</sup> The Bylaws are available for consultation on the Company website at [www.fincantieri.com](http://www.fincantieri.com), in the section "Ethics & Governance - System of Corporate Governance".

<sup>14</sup> Pursuant to Article 27, paragraph 9, of Legislative Decree No. 135 of 17 July 2016, the amendments to Article 19 apply as from 1 January 2017.

<sup>15</sup> This Regulation, which is directly applicable also in Italy, contains the regime of "special requirements related to the external statutory audit of accounts of public interest entities".

paragraph 1, of the Italian Consolidated Law on Finance (TUF).

In line with the recommendations of the Corporate Governance Code, the Board of Statutory Auditors:

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

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

The Board of Statutory Auditors monitors compliance with the law and with the By-laws, compliance with the principles of sound administration, and specifically the adequacy of the organisational, administrative and accounting structure adopted by the Company and its proper functioning.

Within the scope of their activities, the Statutory Auditors may request the internal audit department to audit specific operational areas or business operations. The Board of

Statutory Auditors and the CRC shall promptly exchange information relevant to the fulfilment of their duties.

In the application of Article 19 of Legislative Decree No. 39/2010, the Company established the internal control and auditing Committee that converges with the Board of Statutory Auditors and that, in public interest, oversees:

- the process of financial information;
- the effectiveness of internal control systems, internal audit and risk management;
- the statutory audit of annual and consolidated accounts;
- the independence of the external audit firm, specifically with regard to the provision of non-audit services rendered to the Company subject to the statutory audit.

#### 2.4.4 Meetings of the Board of Statutory Auditors

The Board of Statutory Auditors met 10 times in 2018. The meetings lasted on average approximately 3.5 hours. The meetings were attended by 100% of the Standing Statutory Auditors.

10 meetings have been scheduled for 2019, of which 5 were already held earlier this year. The number of meetings may be changed during the year.

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

During 2018, the Company - through the Chairperson of the Board of Directors who played a coordinating role - promoted Directors' and Auditors' participation in initiatives to develop knowledge of the sectors of activity of Fincantieri and of the latter's strategies, and to promote knowledge of topics related to the Company's organisation and of the main elements of the regulatory framework for listed companies (known as board induction).

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

#### 2.4.5 Remunerations

The remunerations of the standing members of the Board of Statutory Auditors are determined by the ordinary Shareholders' Meeting at the time of appointment. Information on the remunerations of Auditors is provided in paragraph 2 (Section II) of the Remuneration Report drawn up by the Company pursuant to Article 123-ter of the Italian Consolidated Law on Finance (TUF) and available on the Company's website at [www.fincantieri.com](http://www.fincantieri.com) inside the Section "Ethics & Governance - Remunerations" and the Section "Ethics & Governance - Shareholders' Meetings - Shareholders' Meetings 2019".

### 3. Internal Control And Risk Management System

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

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

Fincantieri has adopted the "CoSO" framework (Internal Control Integrated Framework) and the "COBIT 5" framework (Control Objectives for Information and related Technology) as the main company-wide tools for assessing the ICRMS, particularly with reference to financial reporting.

The ICRMS also facilitates identifying, measuring, managing and monitoring the main risks, as well as the credibility, accuracy, reliability and promptness of the financial reporting.

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

This system, determined based on international leading practices, has the following three levels of control:

- 1st level: the operating Departments identify and assess risks and implement specific actions to manage them;
- 2nd level: the Departments responsible for risk management define risk management methods and tools, and conduct monitoring activities;
- 3rd level: the Internal Auditing Department independently assesses the entire system.

#### 3.1 Main features of the ICRMS

The ICRMS guidelines (the "Guidelines") of the Company, aligned with the Corporate Governance Code, in its most updated version, were approved by the Board of Directors on 26 September 2016.

The plan to develop and optimise the ICRMS, which began in 2015, was assigned to the Risk Officer, a role covered by the Head of Internal Auditing, whose tasks are:

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

On 7 March 2018, the Control and Risk Committee revised the planning of the ERM activities, and this amendment was approved by the Board of Directors on 8 March 2018; the internal procedure was modified accordingly, providing, on the one hand, at least once a year, the activation of a process for assessing risks and controls (both existing and to be implemented) to monitor the dynamics in terms of exposure and operational effectiveness of the selected mitigation actions; on the other hand, during each financial year, the activation of *ad hoc* verifications on the management of the main risks by the Risk Owners, with specific reference to the existence, application and assessment of the effectiveness of the relevant already existing controls and/or the implementation or progress of additional controls to be implemented. As part of the ERM process in 2018, the Risk Universe was updated, by refining the potential existing risks and integration with specific risks relating to sustainability issues, along with the Risk Management Model, in line with organisational changes, and the economic parameters at the base of the definition of the Impact assessment Thresholds and Scale, in accordance with the business plan approved by the Board of Directors on 27 March 2018.

The activity of aligning the ERM concepts with process-specific procedures continued, with the revision of cyber security procedure issued on 19 June 2018.

In the specific area of work order risk management, with the support of a specialised company, an application solution has also been developed, aimed at strengthening the process in line with the ERM logics and methodologies. On the one hand, this solution supports the operational process of identifying, assessing and managing work order risks and, on the other hand, it enables historicising the relevant information in a structured manner, making it an information asset for the Company both from short and medium-long term perspective thanks to varied reporting.

The Audit Plans prepared by the Internal Auditing Department are based on the analysis and the prioritisation of risks, as shown by the periodic company-level assessment carried out. The guidelines approved by the Board of Directors identify the main parties involved in bringing to fruition and implementing an effective ICRMS, defining their duties and responsibilities and providing for a system of information flows that can maximise the results.

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

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

#### Identification of risks

The risks are identified based on the following criteria:

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

#### Implementation of the ICRMS

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

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

To this end, the Director Responsible for the ICRMS ensures that the ICRMS:

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

#### Assessing the effectiveness of the ICRMS

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

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

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

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

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

#### Information flows

In order to enable the various parties involved in the ICRMS to adequately carry out their duties within that system, special information flows are defined between the various levels of control and the competent management and control bodies, suitably coordinated in terms

of content and times.

In addition to the information flows described in the paragraphs below, special information flows are also established between the corporate Departments assigned to second and third level controls. In particular, the Managers of the second level control Departments notify the Head of Internal Auditing of the critical issues found while carrying out their activities, which could be of interest to the Internal Auditing Department in conducting the checks within its purview. In turn, the Head of Internal Auditing informs the Managers of the other control Departments about any inefficiencies, weaknesses or irregularities found during the verifications conducted on specific areas or matters falling within the purview of such Departments.

#### Main characteristics of existing internal control and risk management systems in relation to the financial reporting process (Compliance System pursuant to Law No. 262/2005).

The Internal Auditing Department has developed the Compliance System pursuant to Law No. 262/2005 to analyse the significant items of Fincantieri's consolidated financial statements and to trace back to the corporate processes that assist in the formation/preparation of economic-financial information. This Compliance System defines, among other things: i) the specific components of administrative-accounting disclosure, envisaging a system of administrative-accounting procedures that is supported and, occasionally, suitably supplemented by "risk and control Matrices"; and ii) procedures and timetables for the administrative-accounting risk assessment process, to identify the most important processes for the purposes of accounting and financial disclosure. The 2018 compliance system was shared with the Control and Risk Committee during the meeting of 7 May 2018.

Fincantieri has adopted the following program of activities to support the certifications due pursuant to Law No. 262/2005:

- Scoping: identification of the area to be analysed i.e. the selection of the Companies, accounts and processes that materially affect items on the financial statements, using quantitative and qualitative parameters. Scoping activities also aim to identify the companies, processes and sub-processes that are relevant for the purposes of the Fincantieri Group's financial statements, by applying quantitative and qualitative analyses. The quantitative analysis has been conducted beginning with the consolidated financial statements of Fincantieri for the year ended 31 December 2017. Qualitative analysis was used to validate the results of the quantitative analysis and to identify the Group companies most vulnerable to significant risks or impacts, irrespective of the implications for the consolidated financial statements.
- Assessment of "entity level" controls: assessment of controls implemented at the level of the entity identified during the scoping phase, to verify whether they have been properly defined and operate effectively. Entity level controls are applied by management in the confidence that they will ensure appropriate conduct that is in line with the Company's approach and also maximise the effectiveness of the company bodies and Departments that are considered critical to financial reporting integrity (including the Group accounting and Administration Departments and the Project Management team, the Board of Statutory Auditors and the Board of Directors). Under the CoSO framework, this type of control also includes controls related to risk management, change management, integrity and ethical values, as well as controls related to the proactive involvement of the Board of Directors and of its Committees (if present) and controls related to the philosophy and operations of

the Company and to the effectiveness of the Company's communications, policies and procedures.

- Assessment of "process level" controls: assessment of controls put in place at the process level to verify whether they are properly defined and operate effectively, in relation to the entities identified during the scoping phase. The management responsible for preparing the Company's accounting records must identify the processes and controls of business activities that are of critical importance for the financial statements and for the financial reporting process, and then document these processes and controls as a basis upon which to assess the control system and its operational effectiveness. To be effective, the internal controls must be correctly designed. Furthermore, the internal controls that are necessary to provide reasonable certainty about the accuracy of the Company's accounting records must be implemented and carried out by suitably qualified persons with the authority and responsibility to implement them (process owners). Based on a verification of the documentation related to the processes taken into consideration, the Internal Auditing Department gives the Officer in Charge its assessment of the effectiveness of the process controls design.
- Assessment of IT level controls: assessment of IT controls implemented within the organisation to verify whether they have been properly defined and operate effectively. Transaction flows generally involve the use of application systems to automate the processes and to support high transaction volumes. These application systems are based upon various different IT support systems, including corporate networks, databases, operating systems and other. Collectively, these define the IT systems involved in the financial reporting process and, consequently, they should be considered in the design

and evaluation of internal controls. For these reasons, IT controls have a pervasive effect on the achievement of many control objectives. The IT General Controls (ITGC) are controls used to manage and control IT activities as well as the IT environment. The automated control procedures and the manual control procedures that use information generated by the IT systems (“Application Controls”), depend on the effectiveness of the ITGC. The relationship between the Application Controls and the ITGC is based on the fact that the latter are necessary to support the operation of the Application Controls, and both are necessary to guarantee the complete, accurate and valid processing of information. The corporate organisations require IT support to ensure that the general control environment as well as the application controls exist and adequately support the compliance objectives of the corporate activity. Since 2015, Fincantieri adopted COBIT 5 as a reference model for the assessment of internal controls in the IT area; this - the latest version of that framework - can provide a representation of IT governance that reflects the central role of information and technology in creating value for the enterprise. The Corporate Disclosure Systems Department (CO or COCIO), supported by the Internal Auditing Department, is responsible for assessing the level and adequacy of internal controls in the IT environment. The assessment process developed by Fincantieri to assess ITGC compliance is based upon the following key activities:

- selecting control objectives: assessing the significance and applicability of the control objectives proposed by the reference framework of relevance in supporting the certificates required pursuant to Law No. 262/2005;
- identifying existing IT GCC, based on interviews with IT management and examination of existing documentation, and

their association with the Governance & Management Practices of COBIT 5;

- verifying the coverage level of the controls, in relation to the control objectives identified as applicable and relevant;
- designing additional control schemes for the relevant test procedures where gaps have emerged in the context of the control objectives identified.

- Testing: activities conducted by the Internal Auditing Department to assess the effectiveness of the ICRMS by conducting audit activities preparatory to certification by management. Once the control schemes have been shown to be effective, the controls must then undergo effectiveness tests to prove their operational status. This assessment is applied to each control individually and the following are the main steps involved in reaching the assessment: (i) defining the test plan;(ii) testing activities; (iii) identifying operating deficiencies in the controls; and (iv) discussing and identifying corrective measures. The Internal Auditing Department carries out these activities at the parent company and at the relevant judging entities downstream of the scoping process, makes the test results official by communicating them to the relevant companies/entities/process owners and monitors the implementation of the action plans agreed to mitigate the deficiencies identified. The process owners are responsible for implementing the action plans with a view to improving the internal control environment, on the basis of which management in charge of drafting the corporate accounting documents makes its certification.
- Self-certification by control owners: self-assessment process by which the control owners certify the effective operation of the controls within the processes/sub-processes of direct relevance.
- Internal certifications (Fincantieri): made available by process owners to accompany the

self-certifications (preceding paragraph).

- External certifications (subsidiaries included in the area of consolidation): the process by which the management certifies the formal assessment of the effectiveness of the internal control structure and the related procedures.

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

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

### 3.2 Persons involved in the ICRMS and associated responsibilities

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

#### 3.2.1 Director in charge of the ICRMS

The Director in charge of the ICRMS is responsible for:

- identifying the main business risks, taking into account the nature of the activities of the Company and its subsidiaries, and ensuring that they are periodically examined by the Board of Directors;
- implementing the guidelines defined by the Board of Directors, looking after the design, realisation and management of the ICRMS, and verifying its adequacy and effectiveness on an ongoing basis;
- adapting the ICRMS to operational dynamics and to the legislative and regulatory environment;
- formulating proposals for the Board of Directors - with the agreement of the

Chairperson - relating to the appointment, removal and payment of the Head of Internal Auditing, taking care to ensure that the latter has adequate means and resources to perform the relevant tasks and is remunerated consistently with company policies;

- requesting the Internal Auditing Department to check specific operating areas and verify compliance with internal rules and procedures when carrying out company transactions/ operations, simultaneously notifying same to the Chairperson of the Board of Directors, the Chairperson of the Control and Risk Committee and the Chairperson of the Board of Statutory Auditors;
- reporting to the Board of Directors in good time about any problematic and critical issues that have emerged during the course of the Director’s activities or that have come to the latter’s attention, thus enabling the Board itself to take the appropriate action.

During 2018 and in the first few months of 2019, the Director in charge of the ICRMS:

- implemented the ICRMS Guidelines, overseeing the planning, realisation and management of the ICRMS and ensuring its adequacy and effectiveness on an ongoing basis, also taking into account operating conditions as well as the legislative and regulatory environment;
- oversaw, with the support of the Risk Officer, identifying, assessing and mitigating the most important risks for the Company and requested the Risk Officer to present them to the Control and Risk Committee and to the Board of Statutory Auditors, then submitting them to the Board of Directors for its examination at the meetings of 7 and 8 March 2018;
- requested, as required by the updated ERM procedure, that interim verifications be carried out on the reliability of the existing controls and on achieving the planned control



objectives, inviting the Risk Officer to submit the results of these verifications to the Control and Risk Committee at the meeting of 8 November 2018;

- monitored the development and implementation of the risk management procedures, and in particular the updating of the ERM procedure, modified on the basis of the instructions of the Control and Risk Committee and the Board of Directors;
- received and examined the periodic reports transmitted by the Head of Internal Auditing;
- requested the Internal Auditing to carry out verifications on relevant topics and examined their conclusions in a meeting with the Head of Internal Auditing on 18 December 2018.

### 3.2.2 Head of Internal Auditing and the Internal Auditing Department

The Head of Internal Auditing is Mr Stefano Dentilli, whose office was confirmed by the Board of Directors' meeting of 21 June 2016, on a proposal from the Director in charge of the ICRMS, having received a favourable opinion from the Control and Risk Committee and consulted with the Board of Statutory Auditors. On this occasion the Board of Directors -after having received the views of the Director in charge of the ICRMS as well as a favourable opinion from the Control and Risk Committee and consulted with the Board of Statutory Auditors, also ascertained that the Head of Internal Auditing has adequate means and resources to carry out the relevant responsibilities.

The Board of Directors confirmed the foregoing at its meeting of 8 March 2018.

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

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

- to verify - on an ongoing basis and also depending on specific requirements - the operational status and suitability of the ICRMS within the Group, with reference to company procedures, the management of risks and the measures implemented to safeguard against those risks, by means of an Audit plan approved by the Board of Directors, based upon a process of analysis and prioritisation of the most important risks;
- to prepare periodic reports containing adequate information on the activities of the Head of Internal Auditing, on the manner in which the risk management activities are carried out, and on compliance with the plans drawn up to contain those risks. The periodic reports contain an assessment of the suitability and adequacy of the ICRMS;
- to draw up reports on particularly important events in good time;
- to submit its periodic reports to the Director in charge of the ICRMS, to the Control and Risk Committee, to the Board of Statutory Auditors and to the Board of Directors;
- to verify, in the context of the Audit plan, the reliability of the information systems including the accounting systems, and the separation of tasks;
- to analyse circumstantiated reports of problems associated with the financial statements, the internal and/or external Audit and with accounts auditing in general;
- to assist the Boards of Statutory Auditors of the Company and of the Group in the preliminary selection and assessment of the external auditors' proposals pertaining to the statutory audit of accounts;
- to assist the Supervisory Bodies (pursuant to Legislative Decree No. 231/2001) of the Company and the Group in performing their tasks;

- to compare and exchange information with the Director in charge of the ICRMS, the Supervisory Body, the Board of Statutory Auditors, the Officer in Charge and the external auditors.

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

- has no responsibility over any operating area, and reports to the Board of Directors;
- holds no corporate offices of any kind (except as member of the Supervisory Body) in the Company and/or any of its operating subsidiaries;
- has ongoing, unconditional access to all company information, data, persons, databases and assets that may be useful for performing the tasks assigned to him/her;
- submits a report to the Board of Directors on his/her activities at least twice a year, liaising with the Director in charge of the ICRMS, with the Control and Risk Committee and with the Board of Statutory Auditors and, in carrying out his/her tasks, also interacts with the Supervisory Body and with the Officer in charge;
- independently manages the expenditure budget determined for his Department and for the Supervisory Body, both approved by the Board of Directors, subject to agreement with the Director in charge of the ICRMS;
- may assign an external consultancy firm - independent from the Company and the Group - to perform a number of activities related to his Department, if specific technical expertise is required which the Internal Auditing Department cannot provide.

During 2018 and in the first few months of 2019, the Head of Internal Auditing:

- verified - on an ongoing basis and also in relation to specific requirements and in accordance with international standards - the

operational status and suitability of the ICRMS, by means of an audit plan approved by the Board of Directors that is based on a structured process of analysis and prioritisation of the most important risks;

- has had direct access to all information useful for performing the assignment;
- prepared periodic reports containing adequate information on the activities carried out, and sent them to the Director in charge of the ICRMS, to the Control and Risk Committee and to the Board of Statutory Auditors, and gave the Board of Directors its assessment of the suitability and adequacy of the ICRMS, in its annual report on the audit plan implemented;
- verified, in the context of the audit plan, the reliability of the information systems including accounting systems.
- performed a maintenance and testing of the General Computer Controls, developed according to the reference framework *COBIT 5 - IT Control Objectives for Sarbanes-Oxley (with the support of an outside party)*;
- implemented the audit interventions envisaged by the audit plan, as well as those required by the Company's Top Management, or considered necessary during the year based on their skills and responsibilities;
- coordinated audit activities at companies that qualified within the scope of work of Law No. 262/2005;
- provided operating support in optimising the framework of controls pursuant to Law No. 262/2005 in the Group companies;
- supported the Supervisory Body's work in accordance with Legislative Decree No. 231/2001;
- conducted targeted assessments on the implementation status of the SoD governance and provided support on developing adequate reporting;

The Head of Internal Auditing, in carrying out his duties, has adequate financial resources assigned in the budget to this Department,

which are necessary to ensure that the activities can be carried out independently or with the use of external support.

### 3.2.3 Risk Officer

The role of Risk Officer, currently held by the Head of Internal Auditing, was created by the Company's CEO on 22 November 2016. These two roles are compatible since the Risk Officer does not carry out operational risk management tasks, but is involved exclusively in coordinating and in supporting management in the area of risk assessment tools and methodologies, and collecting and consolidating of risk mitigation outcomes. More specifically, the Risk Officer is responsible for:

- supporting the Director in charge of the ICRMS in identifying the main risks to which the Companies is exposed, taking into account the nature of the Company's operations and activities, and also those of its subsidiaries, and ensuring that they are submitted on a regular basis to the Board of Directors for its examination;
- supporting the Director in charge of the ICRMS in defining integrated analysis methodologies for the measurement of risks, to ensure that those risks can be viewed in a comprehensive manner and are uniformly evaluated, and also accurately measured and monitored on an ongoing basis;
- supporting the operational activities of the Director in charge of the ICRMS and of the Control and Risk Committee by means of periodic information briefings and suggestions, ensuring compliance with the ERM methodology used at all phases of the risk management process;
- liaising on an ongoing basis with Departmental Managers to monitor Risk Management activities;
- ensuring the correct application of risk management procedures;

- reporting regularly to the bodies responsible for the ICRMS on the risk management process.

During 2018 and in the first few months of 2019, the Risk Officer:

- prepared the amendments to the ERM procedure on the basis of the indications of the Control and Risk Committee and the Board of Directors in the meetings of 7 and 8 March 2018;
- following this amendment, redefined the methods and the timetable for carrying out risk assessment evaluations, to be carried out at least once a year for the parent company and at least once every two years for the main subsidiaries, and set out the contents of the half-yearly monitoring only for the parent company with reference to the safeguards established to mitigate the risks;
- updated, in agreement with the Director in charge of the ICRMS, the list of the main risks which the Company is exposed to in pursuing its objectives, the Risk Management System, which maps the persons responsible for the management and monitoring of the identified risks, as well as the benchmark for determining the economic impact assessment Thresholds and Scale;
- submitted to the Control and Risk Committee and to the Board of Directors, at the request of the Director in charge of the ICRMS, in the meetings of 7 and 8 March, the risk assessment report as at 31 December 2017, and the interim verifications on the reliability of the existing controls and on achieving the planned control objectives to the Control and Risk Committee in the meeting of 8 November 2018;
- supported the activity of aligning ERM concepts with specific process procedures, leading to reviewing the cyber security procedure in 2018;
- monitored the development, with the support of a specialised company, of an application

solution for work order risk management, based on the ERM principles for risk management;

- met with management to investigate the issues relating to risk management.

### 3.2.4 Officer in Charge of preparing the Company's accounting records

The role of officer in charge (the "Officer in Charge") of drawing up the corporate accounting documents was assigned to Mr Felice Bonavolontà, Head of the Group Accounting and Administration Department, by the Board of Directors at its meeting of 22 June 2018, after consultation with the Board of Statutory Auditors, to expire only when the acting Board of Directors ceases from office. In compliance with the provisions of Article 26 of the By-laws, the above-mentioned Officer in Charge is an expert in the areas of administration, finance and control, and satisfies the integrity requirements imposed on Directors by applicable regulatory provisions. In compliance with the provisions of the Decree of the President of the Council of Ministers of 25 May 2012, furthermore, he does not hold any office in the governing or audit bodies of, or perform executive tasks at, Eni S.p.A. or its subsidiaries, nor is he involved in any direct or indirect professional or economic capacity with those companies.

The above-mentioned Officer in Charge has implemented suitable administrative and accounting procedures for preparing the financial statements and consolidated financial statements, and any other communications of a financial nature.

The Company's acts and communications notified to the market pertaining to accounting disclosure, including interim disclosure, must be accompanied by a written declaration by the above-mentioned Officer in Charge certifying that the financial disclosure correspond to the data contained in the Company's accounting books and records.

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

- that the administrative and accounting procedures applied during the period to which the documents refer, are adequate and have been effectively applied;
- that the documents are drafted in compliance with applicable international accounting standards recognized in the EU pursuant to EC Regulation No. 1606/2002 of 19 July 2002, of the European Parliament and Council;
- that the documents correspond to the data contained in the accounting books and records;
- that the documents truthfully and accurately represent the capital, profit and loss and financial position of the Company and of all of the companies included in the consolidation;
- for the annual financial statements and the consolidated financial statements, that the management report includes a reliable analysis of the business performance and operating result, and of the situation of the Company and all of the companies included in the consolidation, as well as a description of the main risks and uncertainties facing same;
- for the abbreviated half-yearly financial statements, that the interim management report contains a reliable analysis of the information specified in paragraph 4 of Article 154-ter of the Consolidated Law on Finance (TUF).

To facilitate information flows, the Officer in Charge may attend Board of Directors' meetings where issues arise pertaining to accounting matters.

He prepares periodic reports on the planning of activities required, and on the results of controls carried out, which are made available to the Board of Directors.

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

**3.2.5 The Organisation System pursuant to Legislative Decree No. 231/2001 and the Supervisory Body**

Fincantieri has adopted its own Organisation, Management and Control System ("Organisation System") pursuant to Legislative Decree No. 231/2001, the most recent version of which - approved by the Board of Directors on 14 February 2019- consists of a "General Part" illustrating the principles, tasks and essential parts of the Organisation System, and a "Special Part" that identifies - for the individual criminal offence categories considered relevant - "at-risk" activities (i.e. those subject to the risk of commission of offences), as well as principles of conduct and the relevant control procedures. The Organisation System is available on the Company's website at [www.fincantieri.com](http://www.fincantieri.com), inside the Section "Ethics & Governance". The Company's Supervisory Body is established, pursuant to the Organisation System, in the form of a collegial body with an adequate level of independence, professional expertise and continuity of action. In particular, the Supervisory Body consists of:

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

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

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

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

- monitoring the efficacy of the Organisation System, which consists in verifying that actual conduct is in line with the System established;
- reviewing the adequacy of the Organisation System i.e. its actual (and not merely formal) capacity in general to prevent undesirable conduct;
- analysing whether the Organisation System continues, over time, to satisfy the requirements of reliability and practicality;
- updating the Organisation System dynamically, as required, in cases where audits conducted point to the need for corrections or adjustments. This last activity is generally carried out in two distinct but integrated stages:
  - submitting proposals to adapt the System to the corporate bodies/Departments capable of effectively implementing them within the Company;
  - following up i.e. ascertaining the implementation and actual operation of the solutions proposed;
- monitoring the effectiveness of the internal procedures and rules of corporate governance;
- examining any reports originating from the control bodies or from any employee, and

organising any investigations considered necessary.

Furthermore, the Supervisory Body may support the corporate Departments in charge of promoting initiatives aimed at raising awareness of the Organisation System and reporting the need for disciplinary measures in the event of breach of the same and of the Code of Conduct. To perform its tasks, the Supervisory Body has free access to all of the corporate Departments and may request that such Departments provide - on a periodic basis and/or upon request - information, data and news that are considered useful for the performance of its duties. The verifications are conducted with support from the Internal Auditing Department and also, for specific topics, other corporate Departments and external consultants. The Supervisory Body receives reports on alleged breaches of the Code of Conduct and of the Organisation System from members of the corporate bodies, from Departmental Managers and from employees, external collaborators, suppliers and customers, also anonymously. The Supervisory Body decides whether to carry out more in-depth investigations or to dismiss and file away the report, giving adequate reasons for its decision. At the end of each year, the Supervisory Body drafts a report on activities carried out, which it sends the Board of Directors and the Board of Statutory Auditors. For further information on the requisites, tasks and responsibilities of the Supervisory Body, see the Organisation System that is available on the abovementioned website. The Supervisory Body, currently in office for the three-year period 2018-2020 and duly appointed in office by the Board of Directors on 25 January 2018, consists of:

- Guido Zanardi (external member and Chairperson);

- Giorgio Pani (external member);
- Stefano Dentilli (Head of Internal Auditing).

During 2018 and in the first few months of 2019, the Supervisory Body:

- continued to support and update the Organisation System, also by the Company, with reference to the risk profiles associated with the new predicate offences included in Decree No. 231. More specifically, it examined the draft of the new System prepared by the company which includes the new predicate offence of "Racism and xenophobia"; this new System, approved by the Board of Directors on 14 February 2019, was judged to be valid and adequate to prevent conduct punishable under Legislative Decree No. 231/2001;
- examined a number of analyses carried out on its behalf by the Internal Auditing Department, with a view to enhancing the 231 safeguards, concurring with the results of these analyses. Specifically, the suggestions made to improve the existing procedural framework were assigned to the Company that issued or updated some company procedures regarding financial, personnel and external cooperation management;
- as part of anti-corruption safeguards, contributed to the determining and issuing of procedures by the Company for the management of "Offset" agreements and the management of business relationships with new customers (Know Your Customer);
- during the year, requested in-depth analysis regarding various company departments and provided suggestions and indications in relation to certain sensitive topics;
- supported and monitored the progress of the project to update the system of reporting to the Supervisory Body of the Company ("whistleblowing"), which uses an independent platform that enables reporting, with or without registering on the system, and represents an evolution in terms of capability to ensure the

confidentiality of the sources and information disclosed;

- was informed of the continuation of the 231 training program, which involved 598 resources in 2018;
- the head of Coordination of the Risk Prevention and Protection Services (Safety and Environment) and the head of the Italian Legal Affairs inside the Legal Affairs Department were consulted at all of the meetings during 2018, to get updates - from within their own respective purviews - on Safety and Environmental audits, on any inspections at production facilities and on the legal implications (actual or potential) associated with Decree No. 231. The information provided was used as a guide to independent verification activities involving safety and environment described in the section below;
- met the external audit firm and certain heads of institutions and departments in the course of its activities, including the manager of the Human Resources and Industrial Relations Department and the Palermo site manager;
- focused on the issue of occupational safety and the environment, both by monitoring the causes of accidents through special reports and by intervening in situ, alongside the competent department during Safety and Environmental audits at the facilities;
- periodically assessed the periodic “reports of notifications” issued by the company Departments and, based upon their results, conducted (where deemed necessary) special in-depth analyses and/or issued cautions reiterating the need for compliance with the company procedures;
- examined all of the notifications received through dedicated channels; after they were carefully evaluated, the ones deserving attention were further investigated through specifically requested actions conducted by the Internal Auditing department;
- approved its own annual report at the meeting held on 30 January 2019.

### 3.2.6 Board of Statutory Auditors

For a description of the specific activities of the Board of Statutory Auditors on the matter, refer to the contents cited in paragraph 2.4 of this Report.

### 3.2.7 External auditors

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

By resolution of 28 February 2014, the Company’s Shareholders’ Meeting approved PricewaterhouseCoopers S.p.A. as the external auditor from financial year 2013 to financial year 2021.

On 5 May 2014, the Company’s Board of Directors extended the abovementioned external auditors’ mandate to include a “limited” review of the abbreviated half-yearly financial statements (pursuant to Article 154-ter, paragraph 2, of the Italian Consolidated Law on Finance (TUF) and Article 81 of the Issuers’ Regulations), and an assessment of the Report on Corporate Governance and Ownership Structure (pursuant to Article 123-bis, paragraph 4, of the Italian Consolidated Law on Finance (TUF)).

## 4. Regulation on related party transactions and other Corporate Governance documents

### 4.1 Regulation on related party transactions

In compliance with the provisions of Article 2391-bis of the Italian Civil Code and with CONSOB rules on related party transactions, on 5 May 2014 the Company’s Board of Directors adopted the “Regulation governing related party transactions” (the “RPT Regulation”), which identifies the principles that Fincantieri adheres to in order to ensure the transparency and the substantive and procedural propriety of the Company’s related party transactions, engaged in directly or through its subsidiaries. On 3 December 2015, the Company also

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

On 8 November 2018, the Company’s Board of Directors, following the opinion of the Committee for Transactions with Related Parties, expressed its favourable opinion regarding the adequacy and effectiveness of the Company’s regulations in relation to transactions with related parties, consisting cumulatively of the RPT Regulation and the Procedure.

The RPT Regulation – the full version of which is available on the Company’s website at [www.fincantieri.com](http://www.fincantieri.com), inside the Section entitled “Ethics & Governance – Internal Control and Risk Management System - Brief Explanation of the System” – distinguishes between:

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

The provisions of the RPT Regulation apply to the abovementioned transactions, except where they fall within any of the exclusions provided for by that Regulation or where exemptions under that Regulation apply in relation to: (i) transactions of lesser value; (ii) remuneration plans based on financial instruments approved by the Shareholders’ Meeting; (iii) resolutions on the remuneration of Directors assigned particular duties

(and of the other Executives with Strategic Responsibilities) which are consistent with the Company’s current Remunerations Policy; (iv) ordinary transactions concluded at conditions equivalent to market or standard conditions; (v) transactions with or between subsidiaries and with associated companies; and (vi) urgent transactions.

### Less Significant Transactions

According to the RPT Regulation, Less Significant Transactions are approved by delegated bodies (“Delegated Bodies”) that are granted competence in relation to a specific Less Significant Transaction, based on powers granted to them under the Board resolution appointing them as delegated bodies. Where no Delegated Bodies exist, competence for the approval of Less Significant Transactions rests with the Company’s Board of Directors. Less Significant Transactions are approved through the non-binding opinion of a Committee set up within the Board of Directors (the “RPT Committee”) comprised of non-executive Directors, the majority of whom are independent.

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

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

If the RPT Committee issues a negative opinion on one or more Less Significant Transactions, the Company (no later than fifteen days from the end of each financial quarter) shall publicise a document specifying the counterparty, the subject matter and the consideration pertaining to all Less Significant Transactions approved in the relevant quarter notwithstanding the abovementioned negative opinion, and also

stating the reasons for distancing itself from that opinion. By the same deadline, the RPT Committee's opinion is made available to the public as an attachment to the information document or on the Company's website.

### More Significant Transactions

According to the RPT Regulation, responsibility for resolving upon More Important Transactions rests exclusively with the Board of Directors, which makes this decision after an in-depth examination of the transactions and their typical conditions. This examination should be supported by adequate documentation illustrating the reasons for the Transactions, their appropriateness and the substantial fairness of the conditions under which they are concluded. The Board of Directors resolves upon More Significant Transactions subject to the favourable opinion (duly justified) of the RPT Committee, composed exclusively of non-executive and independent Directors.

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

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

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

The Board of Directors may approve the More Significant transactions despite the contrary opinion of the RPT Committee, provided that the completion of those RPTs is authorised by the Shareholders' Meeting pursuant to Article 2364, paragraph 1, number 5) of the Italian Civil Code. In accordance with the provisions of Article 11, paragraph 3, of the CONSOB Regulation on Related Party Transactions (the "whitewash mechanism"), the Shareholders' Meeting authorization resolution is deemed approved: i) if the quora for valid meetings and for valid resolutions required by the Company's By-laws have been achieved; and ii) where non-related shareholders attending the Shareholders' Meeting represent at least 10% of the voting share capital, if the majority of non-related voting shareholders do not vote against the transaction (on this point, see also paragraph 2.1.1. above)<sup>16</sup>.

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

### 4.2 Inside Information

On 11 June 2014, the Company's Board of Directors, in accordance with the provisions of Article 1.C.1, letter j) of the Corporate Governance

Code, approved the "*Procedure for the management and market disclosure of corporate information*". The Company also adopted a procedure for keeping and updating the "*Insiders' Register*" and an "*Internal Dealing Procedure*". On 21 June 2016, the Board of Directors was extensively briefed on the new provisions introduced by the new European Community system proposed by Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 ("Market Abuse Regulation" or MAR) and by the relevant implementing regulations, to which the Company has promptly substantially adhered to, without in fact formally amending the abovementioned procedures.

On 31 July 2017, the Company took steps to update the above procedures, in line with the abovementioned European ranking legislation, with the Italian Consolidated Law on Finance (TUF) and the Issuers' Regulations, where applicable.

The internal Company procedures "*Procedure for the management and market disclosure of corporate information*", "*Insiders' Register*" and "*Internal Dealing Procedure*" shall also take account of the guidelines issued on the subject by the European Securities and Market Authority (ESMA) and by Consob and the recommendations of the Corporate Governance Code.

Subject to the foregoing, note that the "*Procedure for the management and market disclosure of corporate information*" defines the terms and procedures for Fincantieri's internal management and public disclosure of corporate information in relation to the Company and its subsidiaries, particularly taking into account: (i) the obligation to publicly disclose inside information to the market, (ii) the obligation to restore parity of information in the event that inside information is prematurely disclosed to third parties or not bound by confidentiality obligations arising from laws, regulations, By-laws or contracts, and (iii) the need to ensure

prudent, efficient and confidential management of all corporate information, including information other than inside information.

From a general standpoint, the internal management of inside or relevant information (i.e. information that may subsequently become inside information) is referred to the CEO's responsibility. To ensure the confidentiality of such information, all members of the corporate bodies as well as managers and employees are, in any case, bound by a general confidentiality obligation, and they are forbidden from disclosing outside the corporate information and documentation that is obtained during the performance of their duties. More specifically, all such persons shall: (i) maintain the utmost confidentiality of information acquired in the performance of their work duties and, in particular, of inside information and confidential information; (ii) keep and file with the utmost diligence the confidential documentation obtained in the performance of their work duties, in order to ensure that authorised persons alone can access the same; (iii) adopt all necessary precautions to ensure that the information circulates internally without negatively impacting the privileged or "insider" or confidential nature thereof, and also in compliance with personal data protection laws and regulations in force; (iv) ensure that the information may be disclosed exclusively in accordance with procedure and, in any case, in compliance with the principles of correctness, transparency, veracity and protection of the integrity of such information.

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

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

<sup>16</sup> The same quorum also applies to transactions falling within the competence of the Shareholders' Meeting in urgent cases associated with company crises.

**4.3 Code of Conduct**

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

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

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

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.

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

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

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

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

For a description of the provisions of the Code of Conduct, please refer to the Code itself, the full version of which is available on the Company's website [www.fincantieri.com](http://www.fincantieri.com), inside the Section "Ethics & Governance".

**4.4 Anti-Corruption Laws**

Given the extensive geographic context in which Fincantieri operates, the Company has adopted various internal rules aimed at identifying and applying a global anti-corruption policy that defines expectations for conducting business operations in strict compliance with the best international standards on anti-corruption legislation. The first of such internal resources is the "anti-corruption policy" (the "Policy"), which the Company adopted in 2014 and updated in January 2019. The primary goal of this Policy, together with the associated procedures, is to underline the Company's and the Group's commitment to combating corruption in all its forms and to maintain a zero-tolerance stance on corruption, by continually reinforcing the integrity and transparency of internal conduct in a way that positively impacts upon the Company's reputation in the areas and industries in which it operates.

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

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

Secondly, it is prohibited to accept payments or items of value in connection with conduct that infringes the principles of the Policy, of the Code of Conduct or of applicable documents and laws.

Thirdly, since Fincantieri could in certain cases be held liable for conduct that corrupts third parties such as agents, intermediaries, consultants and business partners, it collaborates only with commercial partners of proven repute; therefore each commercial partner must undergo a mandatory preliminary process that establishes its ethical credentials. Fourthly, Fincantieri and the Group companies must keep accurate accounting books and records: all transactions must be properly recorded and supported by reasonably detailed documents.

The Group's commitment to combating corruption - established *in primis* by the Code of Conduct - is reflected in a series of corporate documents that are its existing means to combat corruption ("anti-corruption documents") in the functional and geographical areas in which the Group operates.

This regulatory system that, moreover, is continually evolving and can be supplemented at various stages, includes the following matters considered to be sensitive in nature, each of which is regulated by specific documents or company practices: (i) Management of Dealings with the Public Administration; (ii) Agency, Intermediation and Services

Provision Agreements; (iii) Grants, Donations, Sponsorships, Gifts, and Hospitality; (iv) External Collaborations; (v) Conflicts of Interest; (vi) Management of offset agreements; (vii) Know your customer; (viii) Joint ventures. In 2018, structured processes were defined related to contracts with foreign governments or companies that require offset agreements, and to methods of managing a business relationship with a new customer (Know Your Customer), in addition to establishing guidelines to be followed in concluding partnership agreements and joint ventures. In addition to the foregoing, the Company has also - since 2009 - adopted a system for the "Reporting of infringements to the Supervisory Body" ("whistleblowing"), also defined in the Organisation System, which enables employees and third parties to report issues involving non-compliance with the provisions of the Code of Conduct, the Organisation System or of the corporate procedures adopted by the Company or, otherwise, the law. The main characteristics of the Company's "whistleblowing" system provide for:

- two information channels, one of which is a computer networking channel, open to employees and third parties;
- guarantee of confidentiality of information and on the complainant's identity, without prejudice to the obligations under the law;
- commitment not to carry out retaliatory (disciplinary measures, downgrading, suspension, dismissal) or discriminatory actions in respect of the staff of the Company who made the reports in good faith;
- application of the system of penalties against persons who violate the commitments, obligations and protections guaranteed by the Company.

In January 2019, an update was implemented to the company's whistleblowing IT system, which uses an independent platform that permits

reporting, with or without registering on the system, and which represents an evolution in terms of capability to ensure the confidentiality of sources and information disclosed.

This system complies with recent legislative provisions on the matter (Law No. 179 of 30 November 2017).

For further information on the “whistleblowing” system and on all anti-corruption rules and regulations in force, see the Section entitled “*Ethics & Governance*” on the Company’s website at [www.fincantieri.com](http://www.fincantieri.com).

**5. Relations with shareholders and stakeholders**

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

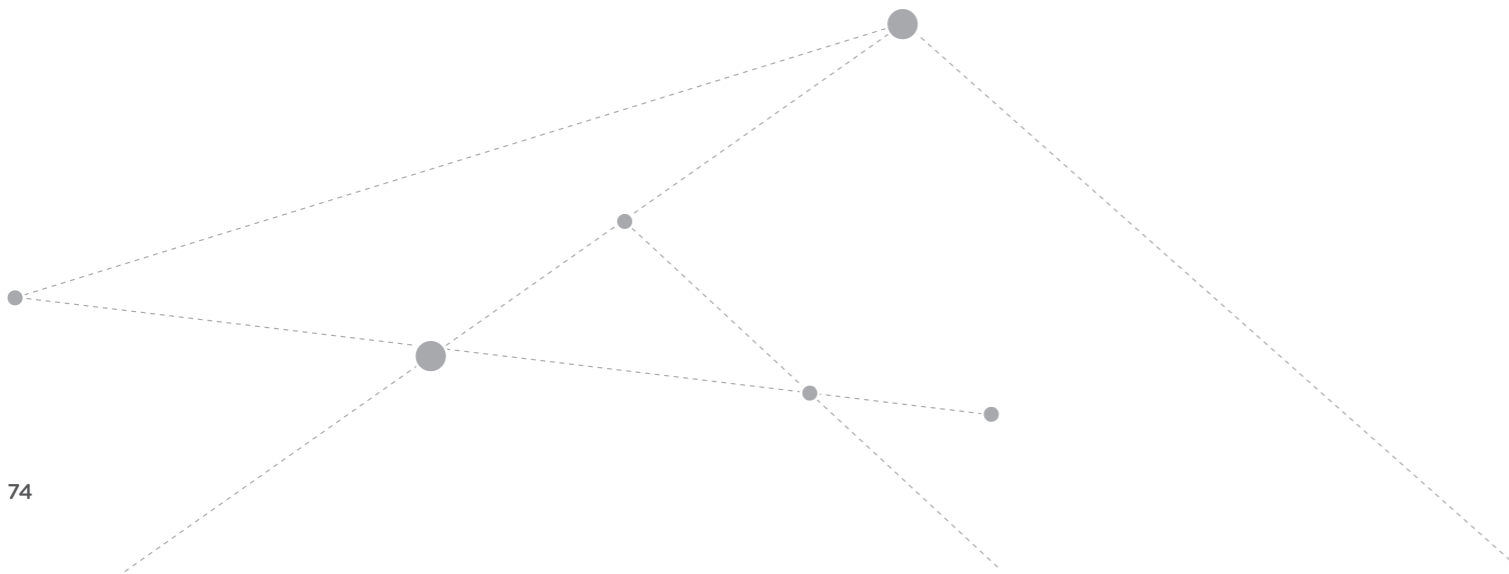
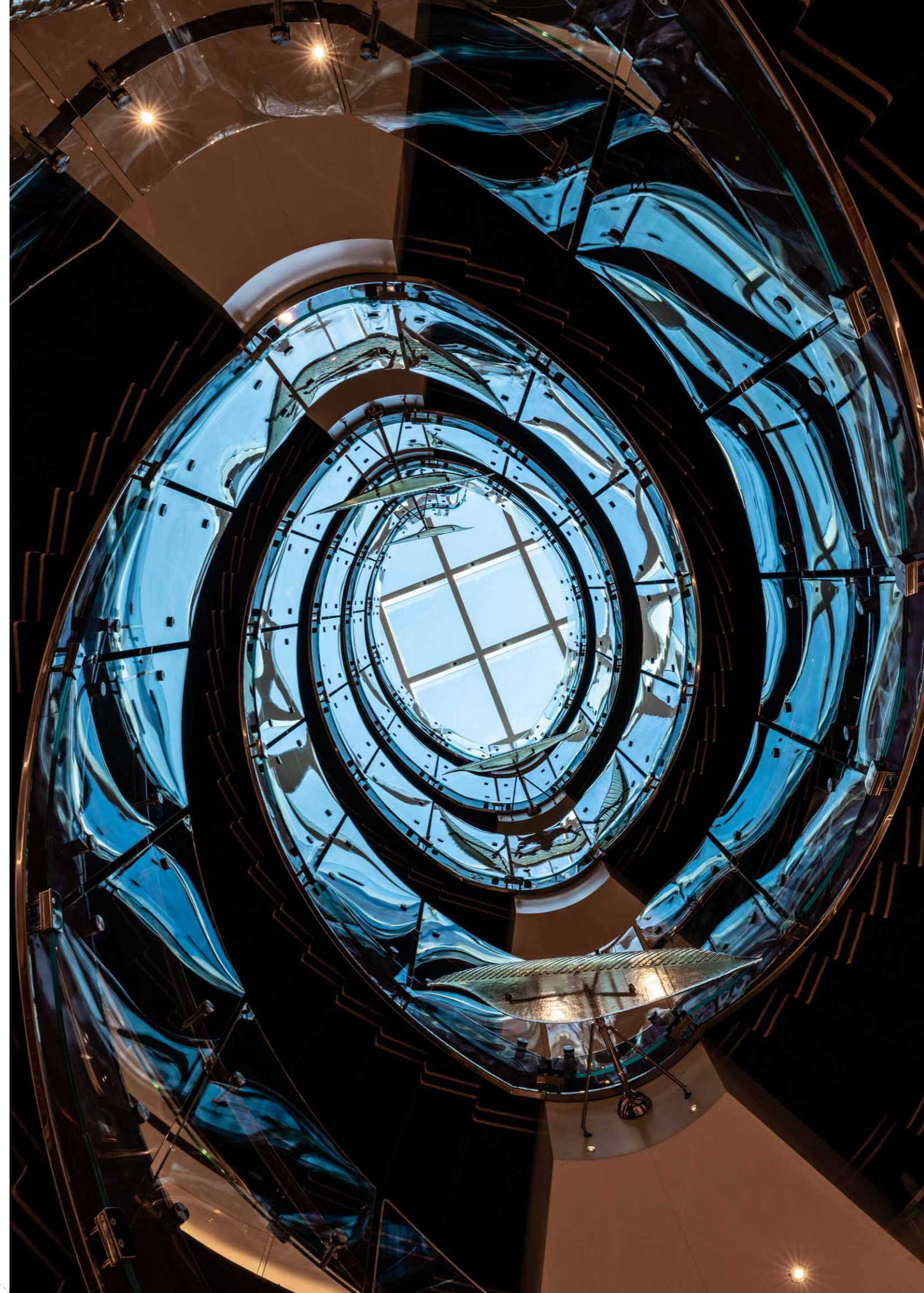
To this end, the Company has set up a special corporate structure that facilitates the management of relations with Shareholders and the market (Investor Relations Department).

To promote ongoing dialogue with Shareholders and stakeholders, the Company

has set up a special Section on “Investor Relations” and a Section on “Corporate Governance” on its website, which it keeps updated, and where all relevant information is available.

Specifically, the “Investor Relations” Section provides the principle economic-financial data and documentation pertaining to the Company (e.g. financial statements, half-yearly and quarterly reports, financial calendar, presentations to the financial community, stock performance data, financial press releases). Events, significant transactions and economic-financial results are circulated through press releases, meetings and conference calls with institutional investors and financial analysts, and are promptly made available also online.

The “*Ethics & Governance*” Section, however, provides documents and information on the Company’s governance structure, including the Company’s By-laws, information on the composition of corporate bodies, the remuneration of Directors, Statutory Auditors and Managers with Strategic Responsibilities, as well as information on the ICRMS. Inside this Section, there is an area dedicated to Shareholders’ Meetings where all documents related to the next Shareholders’ Meeting are published and additional information is provided to facilitate attendance at the Shareholders’ Meeting.



## ANNEX 1

### Curricula Vitae Of Members of the Board Of Directors



**DATE OF BIRTH:** 1954  
**PLACE OF BIRTH:** WARSAW (POLAND)  
**ROLE:** CHAIRMAN OF THE BOARD OF DIRECTORS SINCE MARCH 2016

He graduated in Political Science with a specialisation in International Politics at the *Libera Università Internazionale degli Studi Sociali* (LUISS) in Rome in 1976.

**Positions:** He is a Cavaliere di Gran Croce (i.e., highest ranking honour for meritorious service or achievement) of the Order of Merit of the Italian Republic, Consigliere Centrale of the “*Società Dante Alighieri*”. Member of the Governing Board of the *Società Italiana per l’Organizzazione Internazionale* (SIOI), the Steering Committee of the *Istituto Affari Internazionali* (IAI), the Steering Committee of the *Libera Università Internazionale degli Studi Sociali* (LUISS), the strategic policy group of the LUISS School of European Political Economy (SEP), the Advisory Board of Studio Legale Gatti Pavesi Bianchi and the Executive Committee of International Chamber of Commerce of Paris. Chairperson of the strategic committee of the graduate program in “Global Governance” at the University of Rome Tor Vergata, member of the Executive Committee of the *Aspen Institute Italia* and Chairperson of the Scientific Committee of “Diplomatia”

**Career:** In 1977-78, he worked for FIAT in Turin, at the Directorate for Economic and Social Relations and subsequently at the Directorate for European Community Affairs and International Affairs. In May 1978, at the age of 23, he began a career in

diplomatic service. From 1980 to 1982 he served at the Embassy to the Holy See, and thereafter, from 1982 to 1985, as First Secretary to the Economics and Commerce Sector at the Embassy in Moscow. From 1985 to 1988, he was spokesman of the Italian delegation in the work groups overseeing environment and energy policy, State aid and industrial policy at the Permanent Representation to the European Union in Brussels. In 1990 he served at the diplomatic office of the President of the Council of Ministers, when in 1993, in Prime Minister Ciampi’s Cabinet, he became Deputy Diplomatic Advisor. In 1994, he was at the head of the Secretariat of the Presidency of the Council of Ministers during Prime Minister Berlusconi’s first Cabinet, and then in Prime Minister Dini’s Cabinet. In June 1996, he entered the Ministry of Foreign Affairs as Head of the Press and Information Service and the Minister’s Spokesman. On 23 December 1997 he was appointed Envoy. From December 2001 to March 2004, he was Deputy Secretary General of the Italian Foreign Ministry; from March to November 2004 he was Director General for Multilateral Political Affairs and Human Rights; and from 20 November 2004 he was Head of the Cabinet of the Ministry of Foreign Affairs under Minister Gianfranco Fini. On 2 January 2006 he was appointed Ambassador. From May 2006 to April 2007 he was Directorate-General for Personnel. In September 2007 he was appointed Secretary-General of the Ministry of Foreign Affairs, the highest appointment in the Italian diplomatic career. From April 2008 to 31 December 2009, he was appointed as personal representative (Sherpa) of the President of the Council of Ministers for the G8 and the G20 Forums and was *inter alia* responsible, in that capacity, for coordinating the general topic of the Italian Council for the G8 Forum in 2009 and the preparation of the Summit in Aquila. On 11 May 2012, he was appointed by the Prime Minister of Italy, Mario Monti, as Director General of the Security Intelligence Department. At the expiration of his term of office, he was nominated as Chairperson of the Board of FINCANTIERI S.p.A. in May 2016



**DATE OF BIRTH:** 1944  
**PLACE OF BIRTH:** PIZZONI (PROVINCE OF VIBO VALENCIA)  
**ROLE:** CHIEF EXECUTIVE OFFICER SINCE APRIL 2002

He graduated in 1970 with a degree in Business Economics from the University of Messina with a thesis on “Budget and Long-term Strategies in a Large Company.” On 20 October 2006 he was awarded an honorary degree in Naval Engineering from the University of Genoa. He was Chair of the course on “Management Control Systems (Planning and Control)” at LUISS – *Libera Università Internazionale degli Studi Sociali in Rome until 2010*. He is a member of the RUC (the Italian Register of Official Auditors). On 23 May 2014 he was decorated with the Italian Order of Merit for Labour. On 25 January 2017 he was decorated as *Chevalier* of the Legion of Honour of the Italian Republic. On 14 June 2017 the French Chamber of Commerce in Italy awarded him the *Trofeo della Personalità Italiana 2017*. On 27 November 2017 he received an honorary MBA in International Business from the MIB Trieste School of Management. **Positions:** Since April 2002 he has been the Chief Executive Officer of FINCANTIERI S.p.A. Since 2013, he has been the Chairperson of Confindustria Friuli Venezia Giulia. Since 2015, he has been a member of the General Council of Confindustria. Since 2018, he has been the Chairperson of Fondazione Nord Est. From October 2000 to April 2002 he was Chief Executive Officer of Finmeccanica and since 1997

its General Manager, as well as interim manager of some companies of the group companies such as Alenia Difesa and Ansaldo. From October 2016 to January 2018, he was the President of Promostudi. From 2014 to March 2016 he was Director of the Italian Strategic Fund. From 2012 to 2014, he was Chairperson of confindustria Gorizia. From March 2013 to September 2016 he was Chairperson of Vard Holdings limited and from January 2013 to September 2016 he was Chairperson of Vard Group AS. **Career:** In 1963, he attended a training course in administration and on management control at Fiat-Finmeccanica. From 1963 to 1971, he was the person in charge of general accounting, financial statements, business planning and management control in Omeca (Fiat-Finmeccanica Group and from 1968 in EFIM). From 1971 to 1993, he worked at EFIM where he held positions with increasingly more responsibility: Deputy Director of Programs and Management Control; Managing Director of SOPAL (food industry); Chief Executive Office of Aviofer (defence and transport industries), until he became, in 1991, Managing Director of the company itself. Specifically, within the scope of EFIM’s Management Inspectorate and Management Control, he developed the Group’s strategic planning system and management control, organising a unified information system, using standard industrial accounting procedures. He devised the processing of the consolidated balance sheet of the Group by adopting a program for the consolidated chart of accounts and for standard accounting principles (first organic body of such principles in Italy), participating, *inter alia*, in the Committee established *ad hoc* at the Ministry of State Holdings. Giuseppe Bono joined Finmeccanica in 1993, and after having held the position of Director of Central Planning and Administration and Finance Control, he was appointed in December 1997 as Managing Director and interim head of Alenia



Difesa and Ansaldo. In October 2000, he was appointed as Chief Executive Officer and General Manager of the Group.

Mr Bono held those positions until April 2002 when he was appointed Chief Executive Officer of Fincantieri, one of the most important shipbuilding groups in the world and a leader in diversification and innovation. Under his leadership, the company became a world leader in the design and construction of cruise ships and a reference operator in all the sectors of high-technology shipbuilding, from military vessels to offshore vessels, from special vessels and highly complex ferries to mega-yachts, as well as in ship repairs and transformations, manufacture of systems and components and in the offer of after-sales services.

In response to the crisis, which since 2008 has not spared even the shipbuilding sector, a plan was launched to expand and reposition the Group on a global scale, focusing on a strategy of diversification of business. In 2009, the American group Marinette was acquired, which is a reference supplier for the U.S. Navy and the U.S. Coast Guard. The Group's internationalisation process continued in 2013 with the acquisition of Stx Osv, currently Vard, a leader in the construction of support vessels for the oil and natural gas extraction and production, with factories in Norway, Romania, Vietnam and Brazil. Fincantieri, which in the meantime under the guidance of Mr Bono was listed on the stock exchange in 2014, became the only Western producer capable of competing with the Asian giants. With a turnover of over EUR 5 billion, it has 20 factories in 4 continents, of which 8 are in Italy, employing more than 19,000 employees, including over 8,400 in Italy. The company's international outlook is expected to grow further by virtue of the historic agreement signed between Italy and France which is in the process of being finalised, which ensures Fincantieri the control and management of the Chantiers de L'Atlantique shipyard in Saint-Nazaire, which is specialised in the construction of

large cruise ships and surface military ships. The cooperation with France will also be extended to the military field with the continuous alliance between Fincantieri and Naval Group. As a result of the integration with the three players involved, a world leader will emerge in the construction of complex vessels with high added value, with total annual revenues of around EUR 10 billion, a workload of around EUR 50 billion, a cutting-edge technology portfolio and a strong presence in more than 20 countries, employing 35,000 employees directly and it is estimated that, in Europe, it indirectly employs over 120,000 people.



**DATE OF BIRTH:** 1952  
**PLACE OF BIRTH:** FONTANELLE (PROVINCE OF TREVISO)  
**ROLE:** DIRECTOR SINCE MAY 2016

He received a degree in architecture from the University Institute of Architecture in Venice.  
**Positions:** : He is a member of the Board of Directors of INARCASSA since 2010. He was President of the Chamber of Architects of Belluno from 1998 to 2000, the Provincial Delegate of INARCASSA from 2000 and a member of the General Council of the Cariverona Foundation from 2005 to 2015  
**Career:** In April 1978 he qualified as an architect after successfully completing the State exam in Venice and is a member of the Order of Architects, City Planners, Landscape Architects and Conservators of Belluno. During his career, he developed numerous architectural and urban planning projects as well as planning and project management for public and private institutions throughout the Belluno, Treviso, Udine and Verona provinces.



**DATE OF BIRTH:** 1961  
**PLACE OF BIRTH:** FLORENCE  
**ROLE:** DIRECTOR SINCE JULY 2014

A graduate of Business Economics, he is a Chartered Certified Accountant.  
**Positions:** Assignments: since 2010, he has been the CEO of the Sandro Fratini group with responsibility for coordinating the CEOs of the operating companies Rifle Jeans, Why the Best Hotels and Belvedere Angelico, of which he has been CEO since 2013, and companies operating in the biogas sector. Since 2010 he has been the CEO of CO.FI. GI S.p.A. Between 2012 and 2015 he acted as Chairperson of the Board of Directors of ABR-Società Agricola A r.l., Agrisolari 2 Società agricola A r.l., Colline Senesi - Società Agricola S.r.l., Società agricola Bio Energia S.r.l.  
**Career:** He began his professional career in 1985 in the company Vicano Firenze S.p.A. as Assistant to the Administrative Director until 1988. From 1988 to 1989, he was Chief Financial Officer of the All.Co. S.p.A. Group, and was then appointed Head of Administration and Control of the Italian and Foreign Trade Areas at Marchesi Antinori S.r.l., a position he held for one year. Subsequently, from 1990 to 1993, he was Financial Director of the All.Co. S.p.A. Group and Assistant to the Chairperson with responsibility for Group strategies. From 1993 to 1998, he was Head of Administration, Finance, Control and IT systems at MALO Manifatture Associate Cashmere. From 1998 to 2004, he acted as Chief Financial Officer at Fingen S.p.A with responsibilities in Administration, Finance and Control and Organization of the Holding and its subsidiaries

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



**DATE OF BIRTH:** 1967  
**PLACE OF BIRTH:** NAPLES  
**ROLE:** DIRECTOR SINCE JULY 2014

A graduate of Law from the University "Federico II" of Naples.  
**Positions:** He is Chairperson of the Board at Banca Mezzogiorno - Mediocredito Centrale and from 2015 Chairperson of F2i SGR S.p.A.  
**Career:** Receiver of corporate and financial assets for the Court of Naples and the Office of the Public Prosecutor. He administered frozen corporate and real estate assets of Italian criminal families leading to their seizure. He collaborated with the organised crime investigative group (G.I.C.O.) of Naples to implement such measures. In this context he gained considerable experience in the management and administration of corporate and real estate assets subject to seizure (under Article 321 of the

Italian Criminal Code) and/or preventive measures. He has worked on behalf of the Government Commission set up to develop proposals, including of a financial nature, to fight organised crime, ensuring in particular the examination of the relationships between the economy and organised crime.

He has contributed through studies to managing Turnaround operations in situations of financial stress, more specifically filing and managing settlement with creditors and bankruptcy procedures. Acquisitions and Corporate Governance procedures.

In 2013 he was economic and legal Advisor to the Presidency of the Council of Ministers for the executive branch of the "Letta Government" representing the Presidency in dealings with Italian businesses and companies.

He represented the Presidency in relations with the undersecretary and the Economic Ministries thus directly acquiring experience in the formative procedure of legislative and administrative measures. He also supervised the formal and substantial correctness of these procedures, providing evidence of the grounds for criticality and unlawfulness.



**DATE OF BIRTH:** 1966  
**PLACE OF BIRTH:** TRIESTE  
**RUOLO:** DIRECTOR SINCE MAY 2016

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

**Positions:** She has been serving as a member of the Board of Directors of Brembo S.p.A. since April 2017; of Cairn Energy plc since January 2017

and of IHS Markit Ltd since January 2018. She sat on the Board of Directors, from 2011 to 2017, of Faiveley Transport and, from 2013 to 2017, of Bureau Veritas. Since 2015, she has been a Senior Advisor to Bain Capital Partners. She was an independent member of the Board of Directors of Aker Solutions and of the University of Trieste.

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

**Career:** She began her career in 1988 as Consultant at The Boston Consulting Group, where she remained until 1994. In 1995 she joined the General Electric Company, where she held strategic management positions in various divisions of the group until 2005.

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

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

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

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

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



**DATE OF BIRTH:** 1949  
**PLACE OF BIRTH:** IMPERIA  
**ROLE:** DIRECTOR SINCE MAY 2016

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

**Positions:** Chairperson of the Board of Directors of 2iRete Gas.

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

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

As regards her experiences involving the Order of Architects and the welfare system, from 1985 to 1996 she was President of the Order of Architects of Imperia and elected delegate to INARCASSA for the Liguria Region in 1990. In 1995, she was appointed Vice-Chairperson of the Board of Directors of INARCASSA. From 2000 to 2015, for three successive mandates,

she was Chairperson of INARCASSA, engaged in expanding the financial assets of INARCASSA (the first Asset Allocation was developed at the beginning of her chairmanship in 2000). With the adoption of a financial management based on risk control, she achieved remarkable results in terms of equity investments; she led reforms that guarantee the financial sustainability of INARCASSA within 50 years as required by the "Salva Italia" Decree. She was also a member of the Governing Board of Adepp, the private pension association for the architecture trade.

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

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



**DATE OF BIRTH:** 1971  
**PLACE OF BIRTH:** PERUGIA  
**ROLE:** DIRECTOR SINCE MAY 2016

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

**Positions:** He has been Chief Executive Officer and General Manager of Cassa depositi e prestiti S.p.A since 2018.

He has also been Chairperson of the Board of Directors of CDP Equity S.p.A. and a member of the Board of Directors of Open Fiber S.p.A. since 2018.

He has been a member of the Fondo Atlante Investors Committee since 2016.

**Career:** He began his career in London in 1995 in the Investment Banking Division of Morgan Stanley, where he mainly worked on stock and bond placement transactions and mergers and acquisitions between companies. From 1998 to 2005, he was a strategy consultant at McKinsey, specialising in restructuring, transformation and re-launching transactions of major industrial and financial groups. In 2005, he joined Fincantieri Group as Director of Business Development and Corporate Finance and reported to the Chief Executive Officer, subsequently holding the office of Chief Financial Officer (2006-2014) and Deputy General Manager (2011-2014). From 2014 to 2018, he was Chief Financial Officer and Officer in charge of drafting the accounting documents for the Cassa Depositi e Prestiti Group, responsible both for the postal and bond collection, and for the management of liquidity, investment portfolio and Asset Liability Management of the Group. Since 2017, he has been a member of the Italian-French Commission for the alliance project between Fincantieri and Naval Group. He has also been a member of the Board of Directors of Fincantieri USA Inc., Vard Group AS, Vard Holdings Limited, Risparmio Holding S.p.A., Equam S.p.A. and a member of the Investors Committee of the Italian Recovery Fund (formerly Atlante II).



**DATE OF BIRTH:** 1957  
**PLACE OF BIRTH:** MILAN  
**ROLE:** DIRECTOR SINCE MAY 2016

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

**Career:** : She began her career at Ipsoa Editore in 1982. After the company joined the Wolters Klower group, within a few years, she took over the positions of Editorial Director, Managing Director and then Chief Executive Officer. In 2009, she was appointed Regional Manager for Central Europe and Russia and subsequently Chief Executive Officer of the Legal Division worldwide. From March 2010 to April 2016, she was Chief Executive Officer of the 24 ORE Group, where she started a policy aimed at strengthening the internal synergies between: newspapers, radio, professional publishing, online publishing. She was responsible for establishing the 24 ORE Business School and multiple cultural and presentation activities of the 24 ORE Culture. Through intensive cultural, managerial and technological changes, she aligned the group with an increased orientation towards customers and their information and training needs and implemented a more flexible and efficient management of business processes specifically by revising the production structure. She implemented all kinds of effective cost-cutting policies, renegotiated the credit facilities with the most important Italian banks. She started a profound technological and infrastructural transformation of the group in order to develop an innovation and digital transformation strategy for products and services. She has the honourable title of Commendatore della Repubblica Italiana conferred by the Italian Government. In addition, she was personally awarded the Ambrogino d'Oro Prize by the city of Milan and is the person responsible for the Marisa Bellisario Fondazione in the Lombardy Region, the foundation which awarded her with the Marisa Bellisario (Golden Apple) Prize in 2007.

## ANNEX 2

### Curricula Vitae of Members of the Board of Statutory Auditors



**DATE OF BIRTH:** 1963  
**PLACE OF BIRTH:** TURIN  
**ROLE:** CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS SINCE MAY 2014

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

**Positions:** He is Chairperson of the Board of Statutory Auditors of Luigi Lavazza S.p.A, Alberto Lavazza e C. S.p.A., Emilio Lavazza e C. S.p.A., Italia Independent S.p.A., Praxi Intellectual Property S.p.A., Biotronik Italia S.p.A., Italia Independent Group S.p.A. and P. Fiduciaria S.r.l. He also acts as Standing Auditor in Fenera Holding S.p.A. and in Techwald Holding S.p.A. He is Deputy-Chairperson of the Board of Directors of Banca del Piemonte S.p.A., a member of the Board of Directors of Il Sole 24 Ore S.p.A., Francesco Franchi S.p.A., Pygar S.r.l. and LOL S.r.l. Finally, he is the Sole Director of San Carlo 2016 Immobiliare S.r.l.



**DATE OF BIRTH:** 1958  
**PLACE OF BIRTH:** ACQUI TERME (PROVINCE OF ALESSANDRIA)  
**ROLE:** STATUTORY AUDITOR FROM MAY 2014

She graduated with a degree in Business Economics in 1982 and is a Chartered Certified Accountant and Independent Statutory Auditor.

**Career:** From December 2007 to January 2017 she was Partner of PKF Italia S.p.A. From January 2004 to November 2007 was operating Representative of Fidelity S.p.A. From December 1995 to December 2003 she was Partner of Grant Thornton S.p.A. From January 1982 to December 1995 she worked for Italaudit S.p.A. and from 1988 as Manager. **Positions:** Since December 2016, she has been a member of the "Committee for the continuing education of statutory auditors" established by the MEF.

Since February 2017, she has been Equity Partner of BDO Italia S.p.A. and its shareholder since 14 February 2017. Since February 2017, she has been President of the "Commission of Corporate Law" for the Association of Certified Chartered Accountants and Accounting Experts of Milan, for which she coordinated some conferences on corporate law. From July 2017 to present she has been President of I.S.M.GEO (Istituto Sperimentale Modelli Geotecnici - Experimental Institute for Geotechnical Modelling) S.r.l. Since 21 November 2017, she has been a member of the "Audit Study Area" of the Foundation of the Order of Chartered

Accountants and Auditors (ODCEC) of Milan. From March 2018, she has been a member of "The unitary corporate control report of the board of statutory auditors responsible for auditing the accounts" Working Group. From March 2018 she has been a representative of the Association of Chartered Certified Accountants of Milan as a member of the "Panel for Guidelines for non-contentious jurisdiction on corporate matters at the Court of Milan". From April 2018 she has been a member of the "Challenging the quality" Working Group. From May 2018 she has been a member of the "Advanced e-learning course in statutory auditing" Working Group. From October 2018 she has been the coordinator of the Group of Court Auxiliaries of the Court of Milan, Division B - Companies, and a member of the Court Auxiliary Committee of the Judge established by the Association of Chartered Certified Accountants of Milan.

She holds offices in the boards of statutory auditors in various companies; from 2018 she has been Chairman of the Board of Statutory Auditors of Life Care Capital S.p.A. and standing auditor of Recipharm S.p.A., Centro Servizi Navali S.p.A., Games Lodi S.p.A..



**DATE OF BIRTH:** 1963  
**PLACE OF BIRTH:** CUNEO  
**ROLE:** STANDING STATUTORY AUDITOR SINCE MAY 2017

Having graduated from university with a degree in Business Economics in 1986 and a degree in Law in 1993, he is a Chartered Certified Accountant and Statutory Auditor.

**Positions:** He began his career in 1986 at Studio Arlotio Bonelli of Turin as a chartered accountant

until 1987. In that year, he took on the position of assistant to the Chairperson responsible for management control in Alumnia S.p.A. (Efim Group), which he held until 1988.

In 1989, he joined Spada Partners (formerly Studio Spadacini), a firm of chartered accountants, as an associate mainly dealing with tax and corporate issues, such as corporate restructuring, insolvency proceedings, mergers and acquisitions and taxation of the financial, banking, brokerage company, and AMC sectors and other regulated financial activities.

He is a member of Boards of Directors and Boards of Statutory Auditors of prominent Italian companies.



**DATE OF BIRTH:** 1958  
**PLACE OF BIRTH:** ROME  
**ROLE:** ALTERNATE STATUTORY AUDITOR SINCE MAY 2017

Having graduated from university with a degree in Business Economics in 1981, he is a Chartered Certified Accountant and Statutory Auditor, registered in the Register of Technical Consultants of the Court.

**Positions:** From March 1982 to May 1983 he was a reserve officer of the Guardia di Finanza (Italian Finance Police).

From July 1983 to November 1997 he worked for the Studio di Consulenza Legale Tributaria (the Milan correspondent of Anderson Worldwide) where he was partner from 1994. From 1998 to 2012, he was a partner of CBA Studio Legale Tributario. Since 2013, he is partner of Legalitax Studio Legale e Tributario, a law and tax advisory firm, with offices in Rome, Milan, Padua and Verona.

**Career:** He mainly provides advice on the corporate and tax aspects of restructuring and merger and acquisition operations made by national and international corporate groups, having specific expertise with corporate valuations in both the industrial and the financial sectors.

He focuses on the issues involving non-profit organisations, where he has significant experience especially in the area of taxation of specific associations, banking foundations and various sports associations.

He has advised on, and continues to provide advice on, troubleshooting specific and considerable corporate, fiscal and budgetary issues to leading companies including: Gruppo Editoriale L'Espresso, Lottomatica, Acea, Atac, Trambus, Met.Ro., AMA, Erovita Insurance, AIM Group International, Atradius Credit Insurance, Ondeo Italy (Group GDF Suez), Kidco (Arab Radio Television) and Telecom Italy.

He has held the following offices: Standing Statutory Auditor of Acea S.p.A. and Telecom Italia Media S.p.A.; Chairperson of the Board of Statutory Auditors of Ama S.p.A.; Statutory Auditor of STA S.p.A. (Agency for the Mobility of the City of Rome), of Società Italiana Cauzioni S.p.A. Italian Securities Company, of Ergo Assicurazioni S.p.A. and of Ego Previdenza S.p.A. (Munich RE Group); Statutory Auditor of Tim Real Estate S.r.l. (Telecom Italia Group); Deputy Commissioner of the Italian Equestrian Sports Federation; Member of the Board of Directors of the mutual insurance company Assicurazioni di Roma Mutua Assicurazione del Comune di Roma; Member of the Board of Directors and member of the Control and Risk Committee of Rai Way S.p.A. (a company listed on the Borsa Italiana S.p.A.) and of Ingegneria Informatica S.p.A.; member of the Board of Auditors, representing the Ministry for Policies on Youth and Sports, of the public body Sportass Pension Fund for Sports Insurance and member of the Supervisory Committee of Faro Assicurazioni e Riassicurazioni S.p.A. in compulsory liquidation.

He currently holds the offices of Liquidator of

Consorzio SICTA in Liquidazione (ENAV Group), of Chairperson of the Board of Statutory Auditors of Vianini S.p.A. (a company listed on the Italian stock exchange), of Chairperson of the Board of Statutory Auditors of Banca Finnat S.p.A. (a company listed on the Italian stock exchange) and Toyota Motor Leasing Italy S.p.A., of Standing Auditor of Atlantia S.p.A. (a company listed on the Italian stock exchange), of Autostrade per l'Italia S.p.A., of Olivetti S.p.A. and of F2i SGR S.p.A. He is Chairperson of the Board of Auditors of the CONI (Italian Olympic Games Committee) on the designation of the Presidency of the Council of Ministers.

He is Chairperson of the Supervisory Board of Rai Way S.p.A. a member of the Supervisory Board of Banca Finnat S.p.A., EF Solare Italia S.p.A., of Olivetti S.p.A. and of the Fondazione Policlinico "A. Gemelli" (general hospital foundation) and in the past he was a member of the Supervisory Boards of Tim Real Estate S.r.l., Telecom Italia Media S.p.A., Engineering Ingegneria Informatica S.p.A. and Telsy S.p.A.

He is a member of the Management and Regulatory Commission for Credit Institutions of the Order of Chartered Accountants and Auditors of Rome.



**DATE OF BIRTH:** 1967  
**PLACE OF BIRTH:** MILAN  
**ROLE:** ALTERNATE STATUTORY AUDITOR SINCE MAY 2017

Graduated with a degree in Business Administration in 1992, he is a Chartered Certified Accountant and Statutory Auditor.

**Positions:** He is Associate Professor of Business Administration at the University of Valle d'Aosta

since 2003. Senior Professor of the ACFAI (Administration, Control, Business Finance, and Real Estate) Department at SDA Bocconi University.

From 1992 to 2006 he worked at the Provasoli Firm where he continued his professional consulting activities. From 1992 to 1994 he was a member of the Commission for the decree of the Accounting Standards of the National Board of Accountants and Auditors.

In 2006, he was a founding partner of Partners S.p.A. where has served as Deputy Editor of the Italian Journal of Chartered Accountants since 2014.

**Career:** He specialises in assisting Italian and foreign companies operating in the industrial, commercial, financial and services sectors, providing advice mainly on drafting and analysing financial statements and consolidated financial statements, national and international accounting standards, valuations of companies and investments, extraordinary company transactions (mergers, contributions, demergers and transformations), insolvency proceedings, technical consultancy before the Court as party-appointed expert and court-appointed expert in arbitration, civil or criminal proceedings, corporate restructuring processes and budget reviews.

He was a member of the Supervisory Committee, appointed by the Bank of Italy, of BCC Euganea in A.S. and Credito Trevigiano in A.S.

He currently serves as Chairperson of the Board of Statutory Auditors in Allianz Bank Financial Advisors S.p.A. and in Allianz S.p.A.

He is a Statutory Auditor in CreditRas Vita S.p.A., Fondazione Accademia Teatro alla Scala, SIAE, Diners Club Italia S.p.A., Rev Gestione Crediti S.p.A., Istituti Ospedalieri Bergamaschi S.r.l. and Università Vita-Salute San Raffaele.

He is the author of numerous publications on financial statements, international accounting standards, valuations of economic capital and cultural business administration.



**FLAVIA DAUNIA MINUTILLO**  
**DATE OF BIRTH: 1971**  
**PLACE OF BIRTH: MILAN**  
**ROLE: ALTERNATE AUDITOR SINCE MAY 2014**

She graduated with a degree in Business Economics in 1995, is a Chartered Certified Accountant and Statutory Auditor, and is a certified professional mediator. She is Founding Partner of Simonelli Associati.

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

Specifically, she has served as Chairperson of the Board of Statutory Auditors of Generali Real Estate SGR since 2015; she is Standing Auditor of the listed companies Banca Generali S.p.A., Arnoldo Mondadori Editore S.p.A. and Molmed S.p.A.

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

TABLE 1

Structure of the Board of Directors and of the Committees during 2018

BOARD OF DIRECTORS											BOD	CRC	RC	NC	SC					
OFFICE	MEMBERS	YEAR OF BIRTH	DATE OF FIRST APPOINTMENT	IN OFFICE SINCE	IN OFFICE UNTIL	LIST	EXEC.	NON-EXEC.	INDEP. CODE	INDEP. TUF	NO. OF OTHER ASSIGNMENTS*	%**	%**	***	%**	***	%**	***	%**	***
BoD Chairperson	Giampiero Massolo	1954	19/05/2016	19/05/2016	Sh. Meeting to approve financial statements 2018	Fintecna S.p.A.	✓	-	-	-	-	100	-	-	-	-	-	-	-	-
CEO	Giuseppe Bono	1944	29/04/2002	19/05/2016	Sh. Meeting to approve financial statements 2018	Fintecna S.p.A.	✓	-	-	-	-	100	-	-	-	-	-	-	-	-
Director	Gianfranco Agostinetti <sup>1</sup>	1952	19/05/2016	19/05/2016	Sh. Meeting to approve financial statements 2018	INARCASSA	-	✓	✓	✓	-	90	100	X <sup>2</sup>	-	-	-	-	100	C
Director	Simone Anichini	1961	03/07/2014	19/05/2016	Sh. Meeting to approve financial statements 2018	Fintecna S.p.A.	-	✓	✓	✓	-	100	-	-	-	-	100	X	100	X
Director	Massimiliano Cesare	1967	03/07/2014	19/05/2016	Sh. Meeting to approve financial statements 2018	Fintecna S.p.A.	-	✓	✓	✓	2	100	100	C	-	-	-	-	0	X
Director	Nicoletta Giadrossi	1966	19/05/2016	19/05/2016	Sh. Meeting to approve financial statements 2018	Fintecna S.p.A.	-	✓	✓	✓	3	100	100	X	-	-	-	-	83	X
Director	Paola Muratorio	1949	19/05/2016	19/05/2016	Sh. Meeting to approve financial statements 2018	INARCASSA	-	✓	✓	✓	-	100	-	-	100	C	-	-	-	-
Director	Fabrizio Palermo	1971	19/05/2016	19/05/2016	Sh. Meeting to approve financial statements 2018	Fintecna S.p.A.	-	✓	-	-	2	70	66	X	100	X	33	X	-	-
Director	Donatella Treu	1957	19/05/2016	19/05/2016	Sh. Meeting to approve financial statements 2018	Fintecna S.p.A.	-	✓	✓	✓	-	100	-	-	100	X	100	C	-	-

No. of meetings held in 2018: BoD 10, CRC 7, RC 5, NC 3, SC 6  
 Average duration of meetings: BoD 141 min., CRC 69 min., RC 54 min., NC 70 min., SC 77 min.  
 Quorum required for the submission of slates by minorities to elect Directors (pursuant to Article 147-ter of the Italian Consolidated Law on Finance (TUF)): 1%

CRC: Control and Risk Committee  
 RC: Remuneration Committee  
 NC: Nomination Committee  
 SC: Sustainability Committee  
 C: Chairperson of the Committee  
 ✓: Satisfies the requirements  
 X: Member of the Committee  
 -: Not applicable  
<sup>1</sup> Member of the Control and Risk Committee to replace Director Palermo when the Committee - meeting as the RPT Committee - examines the most significant related party transactions.  
<sup>2</sup> Note that in 2018, the Control and Risk Committee met once as the RPT Committee with the participation of Mr Gianfranco Agostinetti.

\* This column indicates the number of offices held by the relevant party as director or auditor in other companies listed on regulated markets (including foreign markets), in financial companies, banks, insurance companies or companies of significant size.  
 \*\* This column indicates Directors' participation rate (as a percentage) at meetings of the Board of Directors and of the Board Committees during 2018.  
 \*\*\* This column indicates the Director's role inside each Committee; "C" for Chairperson; "X" for member.



TABLE 2

**Structure of the Board of Statutory Auditors during 2018**

BOARD OF STATUTORY AUDITORS IN OFFICE											
OFFICE	MEMBERS	YEAR OF BIRTH	DATE OF FIRST APPOINTMENT	IN OFFICE SINCE	IN OFFICE UNTIL	LIST	INDEP. CODE	% PARTICIPATION IN MEETINGS OF THE BOARD OF STATUTORY AUDITORS *	% PARTICIPATION IN MEETINGS OF THE BOARD OF DIRECTORS **	NO. OF OTHER ASSIGNMENTS IN LISTED COS.	NO. OF OTHER ASSIGNMENTS ***
Chairman	Gianluca Ferrero	1963	28/05/2014	19/05/2017	Sh. Meeting to approve financial statements 2019	INARCASSA	✓	100	100	1	17
Standing Auditor	Roberto Spada	1963	19/05/2017	19/05/2017	Sh. Meeting to approve financial statements 2019	Fintecna S.p.A.	✓	100	100	1	108
Standing Auditor	Fioranna Vittoria Negri	1958	28/05/2014	19/05/2017	Sh. Meeting to approve financial statements 2019	Fintecna S.p.A.	✓	100	100	5	13
Alternate Auditor	Alberto De Nigro	1958	19/05/2017	19/05/2017	Sh. Meeting to approve financial statements 2019	INARCASSA	✓	-	-	3	13
Alternate Auditor	Massimiliano Carlo Nova	1967	19/05/2017	19/05/2017	Sh. Meeting to approve financial statements 2019	Fintecna S.p.A.	✓	-	-	-	8
Alternate Auditor	Flavia Daunia Minutillo	1971	28/05/2014	19/05/2017	Sh. Meeting to approve financial statements 2019	Fintecna S.p.A.	✓	-	-	5	23

No. of meetings held in 2018: 10

Average duration of meetings held in 2018: 219 min.

Quorum required for the submission of slates by minorities to elect Auditors (pursuant to Article 148 of the Italian Consolidated Law on Finance (TUF): 1%

\* This column specifies the Auditors' participation rate (as a percentage) at meetings of the Board of Statutory Auditors during 2018.

\*\* This column specifies the Auditors' participation rate (as a percentage) at meetings of the Board of Directors during 2018.

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

# FINCANTIERI

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Parent Company

Registered office Via Genova no. 1 - 34121 Trieste - Italy

Tel: +39 040 3193111 Fax: +39 040 3192305

fincantieri.com

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**FINCANTIERI**  
The sea ahead

