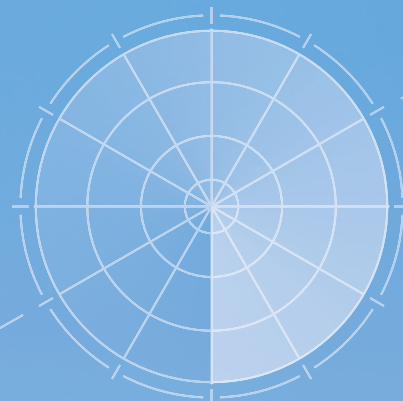


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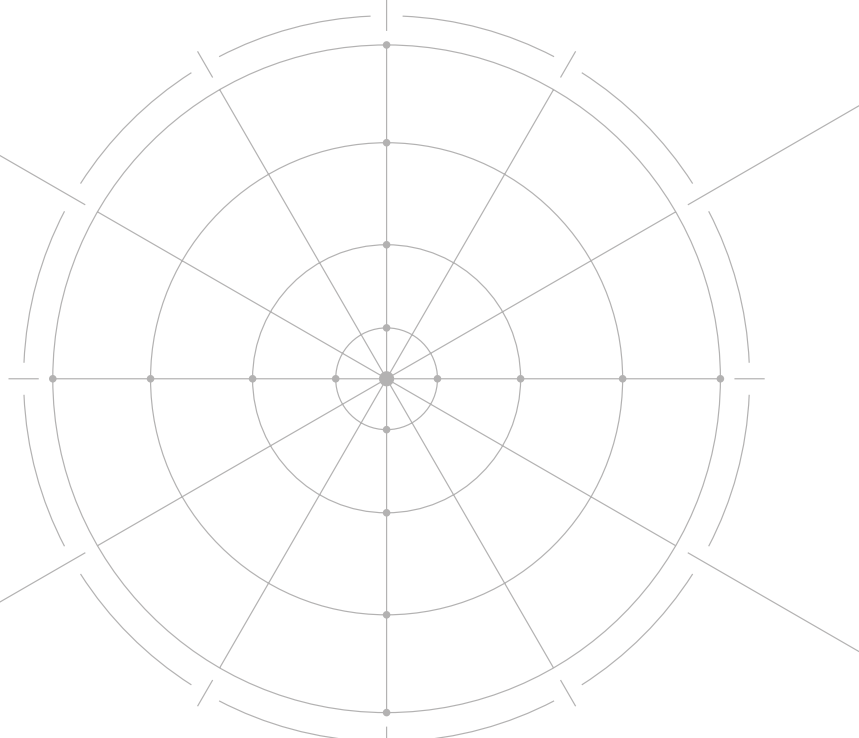


SUSTAINABILITY REPORT 2020

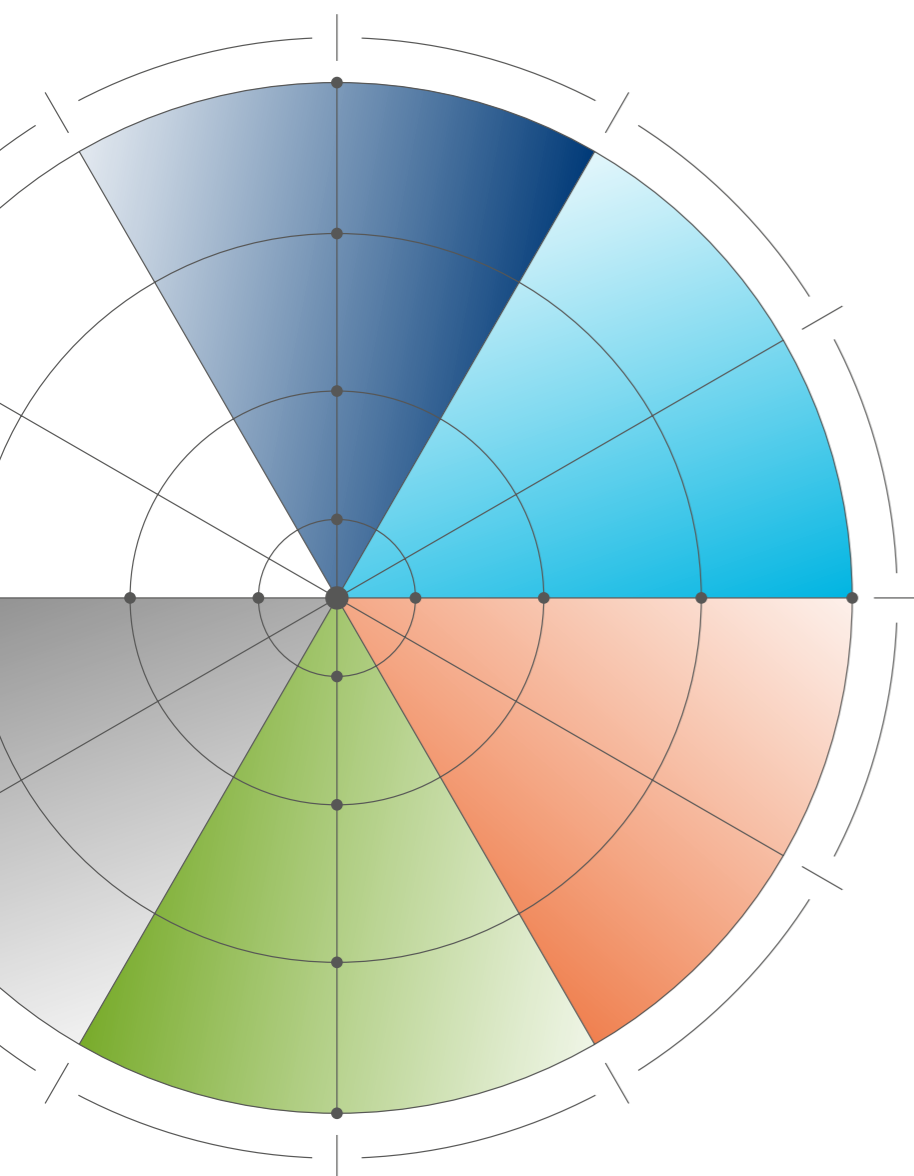
Consolidated Non-Financial Statement pursuant to Legislative Decree No. 254/2016

SUSTAINABILITY REPORT 2020

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



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Letter to Stakeholders

Our fourth Sustainability Report coincides with the most difficult year for the global economy since the Second World War, marked by an unprecedented crisis brought about by the pandemic. And yet, the Greek etymology of the word crisis carries with it choice, presupposes change, and is a harbinger of new opportunities.

In this sense, 2020 can be considered as the year of Sustainability for Fincantieri since it has entered more than ever into every aspect of the Company's life. We have put in place cutting-edge protocols to combat the Coronavirus and protect the health of our workers, which have represented a reference point for all Italian industry - as I was proud to illustrate to the President of the Republic - and not only, since a well-known defense magazine praised the management of the COVID-19 emergency at our US shipyards.

We were among the first to stop operations during the lockdown, promoting smart working in all our locations, and among the first to restart, continuing to work safely where it was not possible to stop work. One example is the Genoa Bridge yard, where, thanks to the application of strict measures, we have not recorded a single case of infection among our employees.

The Group's efforts on sustainability have been recognised and rewarded by various independent bodies: CDP - Carbon Disclosure Project, the leading agency in the fight against climate change, awarded us the highest rating, A-, and Vigeo Eiris confirmed the Group's position in the "Advanced" range.

Other important recognitions in this field came from the German Institute for Quality and Finance, which included our Company among the 200 best employers in the research "Italy's Best Employers for Women"; moreover, Fincantieri was awarded the Oscar di Bilancio 2020 assigned by FERPI, Borsa Italiana and Università Bocconi, and the Most Innovative Knowledge Enterprise (MIKE) Award, one of the most prestigious recognitions for business innovation.

In continuing this virtuous path aimed at achieving sustainable "success", we have further integrated the Business Plan's strategy with the Sustainability Plan, with the aim of pursuing the Sustainable Development Goals (SDGs). We have also renewed our participation in the United Nations Global Compact, the world's largest initiative for business sustainability on a voluntary basis, inspired by ten universal principles relating to human rights, labour, the environment and the fight against corruption, through political actions, corporate practices, as well as social and civil behaviour. This makes Fincantieri the largest "sustainable" shipbuilder in the world.

I would like to highlight the many specific innovation, quality and sustainability projects in which we have invested and are investing, framing them in three main development directions.

In terms of social responsibility, in addition to the measures illustrated above for combating COVID-19, we have been at the forefront in supporting people and local areas, signing agreements with local health authorities and local authorities, steering our corporate welfare system even more towards full support for families, and providing tangible support for the Department of Civil Protection and some of the country's most important hospitals.

In terms of technological development, energy efficiency and reduction of environmental impact, we have undertaken a number of important projects, both in the naval sector and in new business segments, which are proof of our Group's efforts to expand its expertise.

The Genoa Bridge is in this sense one of the most successful examples of technological integration, the result of our diversification strategy and our model for managing complex projects. A project that has become a symbol for the country and an example for the rest of the world, the first smart bridge in Europe - innovative, efficient and sustainable.

Continuing in this vein, I would like to mention the agreement between Fincantieri NexTech, Autostrade Tech and IBM for the implementation of a new-generation system for monitoring motorway infrastructure and keeping it safe.

At the intersection of technology, development and sustainability, how could we not also mention the commitment to cyber security. Fincantieri NexTech has been awarded a European tender to supply a programmable emulator for checking the effectiveness of countermeasures in electronic defense systems.

As regards the design and production of specialized ships, construction continues at Castellamare di Stabia on Zeus, the first prototype hydrogen-powered ship, developed in collaboration with the National Research Council (CNR), the Universities of Genoa, Palermo and Naples, the National Research and Promotion Agency for Standardization and RINA, as part of the "Technologies with low environmental impact" (TECBIA) project co-financed by the Italian Ministry for Economic Development. A commitment also mentioned by the European Commissioner for Energy, Kadri Simson: "I see the beginnings of a revolution for a new hydrogen economy, and I would like to thank Fincantieri, which has started work on the first Zero Emission Ultimate Ship."

For our core business, we installed new air sanitation systems on board cruise ships, in partnership with the prestigious virology laboratory ICGEB (International Centre for Genetic Engineering and Biotechnology) based in Trieste.

Through our subsidiary VARD, we signed three new contracts with a strong green element. They include the design and construction of a Service Operation Vessel, the first of its kind in Asia, designed for marine wind farm maintenance activities; a highly innovative cable laying vessel; and eight robotic vessels, intended to provide maritime services in the US and UK.

We have introduced a new family of thrusters, setting a new state of the art in terms of comfort, reliability, environmental sustainability and energy efficiency. It is in this context that I would like to mention an important order for a series of supplies and installations of high-profile equipment for the International Thermonuclear Experimental Reactor (ITER), a project to build a unique experimental nuclear fusion reactor, one of the most ambitious initiatives in the world in the field of renewable energy.

Finally, in terms of synergies with other partners, we have signed agreements with a number of companies with a reputation for excellence. In particular, a Memorandum of Understanding was signed with Saipem to analyse the potential of developing the Deep Sea Mining (DSM) market, for the sustainable use of resources from the

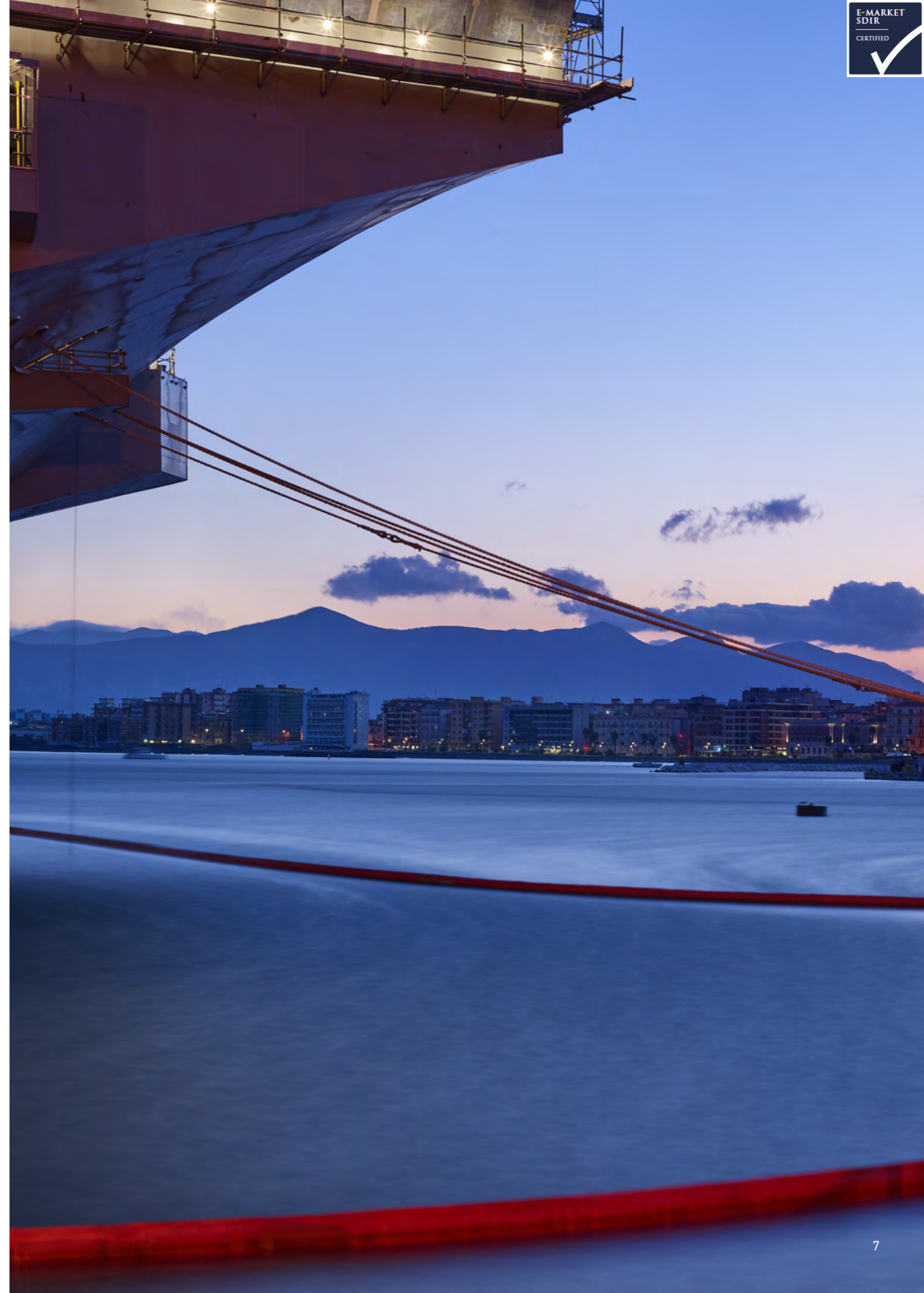
seabed at depths of over 3,000 metres, which will provide resources for the digital industry of the future. A Memorandum of Understanding with Cassa Depositi e Prestiti and ENI for the development of joint projects within the circular economy, aimed at implementing technological solutions to combat marine litter, which compromises the marine and coastal ecosystem due to floating plastic waste and microplastics. The aim of the agreement is to study and develop technologies for collecting waste dispersed at sea but also on land, through the optimization of urban waste and the production of sustainable energy for mobility and industrial use. Last but not least, we signed an agreement with Federpesca to renew the Italian fishing fleet aimed at relaunching the national fishing economy.

And I am particularly happy to mention the agreements and investments we have continued to make in training, since young people are the core of our company development policies. We signed the agreements with the University of Genoa to launch four PhD projects, each lasting three years. We will collaborate with Grimaldi and ITS Logistica Puglia to set up an educational program dedicated to a new professional figure for the naval industry, "Senior Technician for the production and installation of on-board engine systems".

In conclusion, I would like to mention another acquisition that links our ability to diversify and strengthen our business to the sustainability imperative: the creation of Fincantieri INfrastrutture SOciali from the takeover of the core business of INSO, a historic Italian leader in hospital construction, facility management and the supply of electro-medical technology. Our entry in this new segment, which is now more strategic than ever, will allow us not only to supplement our offer in the infrastructure sector, but it will also shape this offer as an essential social utility.

Fincantieri has never been afraid of the future, it has always been ahead of it, and will continue to make sustainability the cornerstone of all its decisions.

Giuseppe Bono
GIUSEPPE BONO
Chief Executive Officer of Fincantieri



ESG highlights 2020

SHIPYARDS AND DOCKS

Europe

Italy

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

Norway

Brattvaag
Langsten
Søviknes

Romania

Braila
Tulcea

Asia

Vietnam

Vung Tau

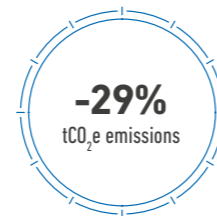
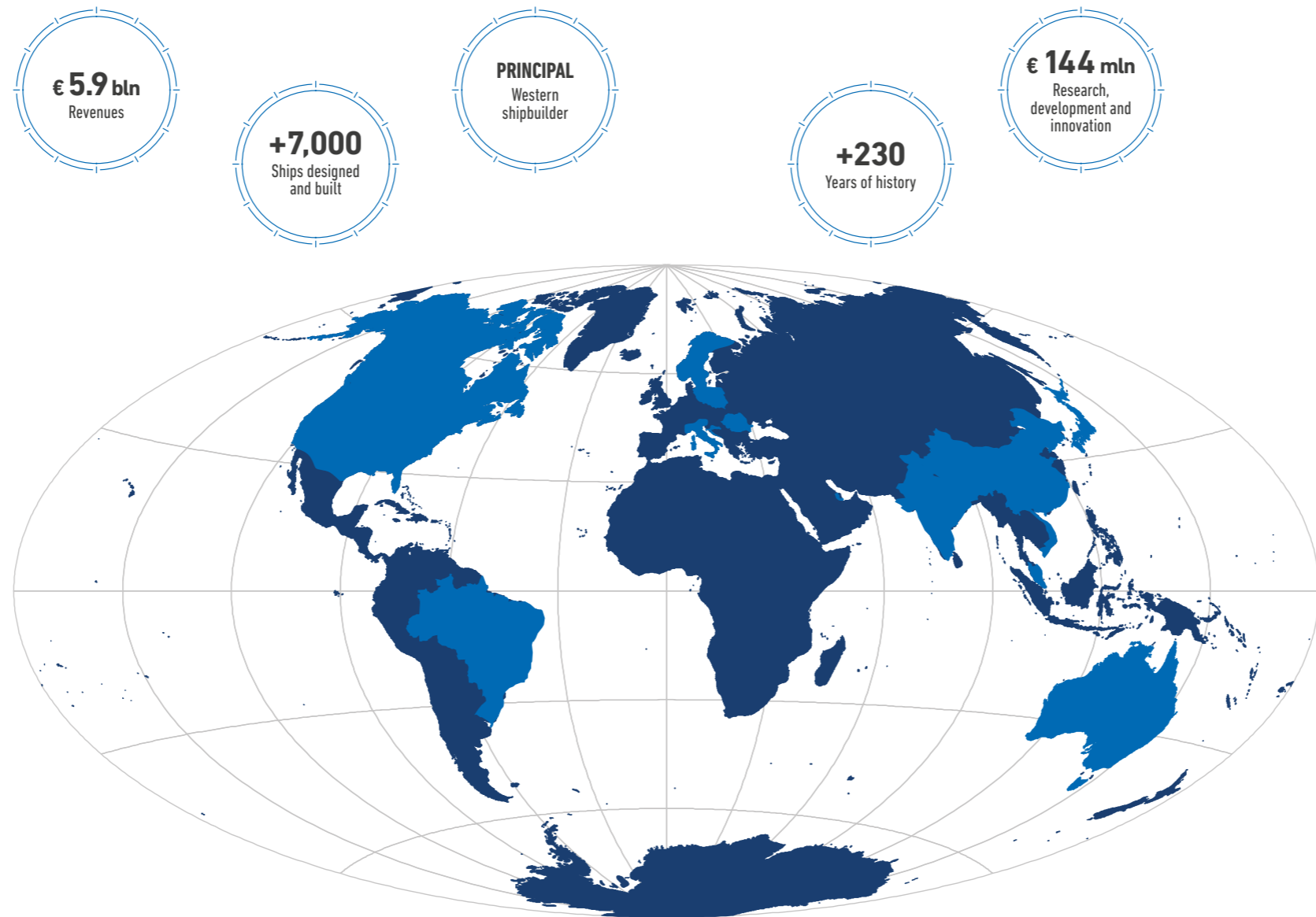
Americas

Usa

Marinette
Sturgeon Bay
Green Bay

Brazil

Suape



MAIN SUBSIDIARIES

Europe

Italy

Cetena
Seastema
Isotta Fraschini Motori
Fincantieri Oil&Gas
Marine Interiors
Marine Interiors Cabins
Fincantieri NexTech
Seanergy A Marine
Interiors Company
Fincantieri SI
Fincantieri Infrastructure
Fincantieri Infrastructure
Opere Marittime
Issel Nord
MI
E-Phors
BOP6

Norway

Vard Group
Vard Design
Vard Piping
Vard Electro
Vard Accomodation
Seaonics

Romania

Vard Tulcea
Vard Braila

Croatia

Vard Design Liburna

Sweden

Fincantieri Sweden

Poland

Seaonics Polska

Asia

China

Fincantieri (Shanghai)
Trading

India

Fincantieri India
Vard Electrical Installation
and Engineering (India)

Qatar

Fincantieri
Services Middle East

Singapore

Vard Holdings
Vard Shipholdings
Singapore

Japan

FMSNA YK

Vietnam

Vard Vung Tau

Americas

Usa

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

Fincantieri Infrastructure
Wisconsin

Canada

Vard Marine

Brazil

Vard Promar

Oceania

Australia

Fincantieri Australia






Sustainability objectives 2020








The objectives of the 2018-2022 Sustainability Plan achieved in 2020 are given below. All the objectives were achieved except for the optimization of the use of the supplier evaluation tool, which could not be achieved on time owing to the second wave of the pandemic. The objective concerning the structuring of smart working by 2021 has been achieved early.

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



SUSTAINABILITY OBJECTIVES ACHIEVED IN 2020

MATERIAL TOPIC	COMMITMENT	OBJECTIVES	STATUS	PAGE
 Governance and business integrity	Promotion of the sustainability culture in line with the Group Values, encouraging managers to think in a sustainable manner within their sphere of action	Gradual assignment of sustainability objectives in the Company's variable remuneration system	●	136
	Adoption of preventative measures and policies geared towards the prevention of corruption in all spheres of influence	Obtain ISO 37001 certification	●	55
	Integration of sustainability issues with stakeholders through the promotion of dialogue and listening initiatives with those involved in the Group's activities	Implement an external stakeholder engagement program	●	23
 Local communities and relations with the local area	Dialogue with and support for local communities through social, environmental, cultural and educational initiatives	Promotion of initiatives to protect the sea	●	148
	Collaboration with governments, national and international associations to adopt policies and strategies to contribute to a healthy, inclusive, resilient and sustainable society for everyone	Enter into agreements with Food Banks or other associations to redirect food surpluses in canteens at Fincantieri sites	●	146
 Human rights	Commitment to creating the socio-economic conditions to ensure respect for human rights throughout the value chain	Conduct annual audits to assess and monitor the most critical suppliers in terms of human rights, health and safety and the environment	●	96
 Diversity and equal opportunity	Promotion of programs offering equal opportunities to all employees in order to promote diversity and inclusion within the Group	Develop a training program for facilitators on sustainability issues and in particular on diversity and its promotion in the Company	●	125
 Company welfare	Increase the wellbeing of people through innovative solutions rather than traditional ones	Structuring of the smart working tool in general and as a support in certain situations	●	134

MATERIAL TOPIC	COMMITMENT	OBJECTIVES	STATUS	PAGE
 Customer satisfaction	Listen to needs and expectations to maximize customer satisfaction	Develop and apply methodologies for detecting the level of customer satisfaction. Identify new organizational solutions to strengthen customer loyalty	●	115
 Product quality and safety	Continuous improvement of the quality and safety of products and services in compliance with technical standards, in all phases of the production process to meet the high standards required by the business	Keep ISO 9001 certifications on the Quality Management Systems and product certifications in line with market expectations	●	113
 Innovation, research and development	Investments in research and innovation with the aim of developing sustainable, efficient, safe and competitive products and processes with particular reference to the technologies needed to reduce environmental impact and increase their digitalization	Keep a spending budget in R&D (costs and investments) above € 90 mln/year (of which 60% in clean technologies)	●	74
		Development of solutions and technologies for the resumption of activities in the subsequent exit stages from the pandemic crisis	●	68
 Environmental impact of products and services	Development of ecologically sustainable products and services with the aim of contributing to a circular and low carbon economy	Definition of an eco-design system to promote the development of environmentally sustainable ships	●	176
		Development of maritime ecological dredging services	●	179
 Health and safety in the workplace	Continuous improvement of workers' health and safety conditions	Obtain ISO 45001 certification	●	133
		Optimization of the use of supplier evaluation tools	○	131
 Sustainable supply chain	Promotion and support of a responsible and sustainable supply chain that shares our values and is based on long-lasting relationships founded on integrity, transparency and respect	Development of the supplier engagement path through workshops on sustainability issues	●	101
		Implementation of an action plan to promote the dissemination of the Suppliers' Code of Ethics	●	88
 Environmental management	Implementation of projects to improve energy efficiency and conserve natural resources, protect biodiversity and reduce environmental impact to prevent soil, air and water pollution	Increase the portion of electricity from renewable sources	●	158
		Consolidation of the proportion of waste sent for recovery and decrease in the total quantity of hazardous waste compared to total waste	●	162
		Focus on the type of water withdrawal and its impact on the value chain	●	159

Key: ● Achieved ○ Not achieved

WE ARE FINCANTIERI

Group overview

Sustainable strategy

We want to be a sustainable Group by adopting an integrated strategy that is capable of combining business growth and financial stability with social and environmental sustainability

We are one of the **most important shipbuilding groups in the world**, Italian leader at global level in cruise ship design and construction, a reference player in all high-tech shipbuilding industry sectors, from ships for Defense to offshore and specialized vessels, from high value-added ferries to mega yachts, as well as in ship repairs and conversions, production of systems and components for the mechanical and electrical sectors, ship interior solutions, electronic systems and software, infrastructure, maritime works and after-sales support services. We work to create an increasingly technological and sustainable future, focusing on innovation and respect for people and the environment.

Group overview

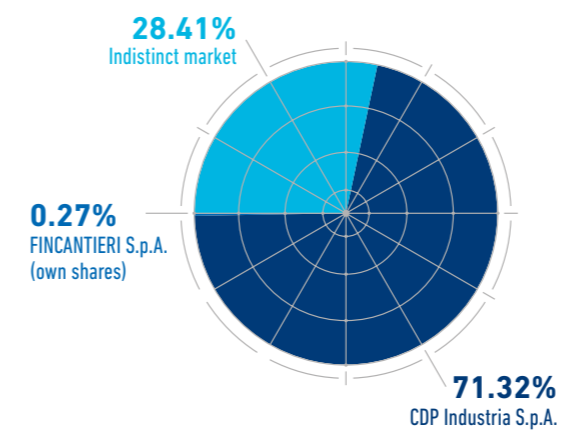
With over 230 years of history and more than 7,000 ships built, Fincantieri, with its headquarters in Trieste, maintains its know-how and management centres in Italy, where it employs 10,000 people and generates around 90,000 jobs, which double on a global scale thanks to a production network of 18 shipyards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

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

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

Over the years, we have evolved our organizational structure to adapt it to the Group's strategies and to respond to the challenges posed by the market in a timely manner. Today our Group consists of a number of companies with headquarters in Italy and around the world, and adopts an integrated production model based on excellence. Fincantieri has 89 subsidiaries, 30 of which are Italian and 59 are foreign. As part of the growth strategy and business expansion in high-tech sectors, the acquisition Insis S.p.A., now renamed Fincantieri NexTech, started in 2019 has been completed, as has the acquisition of a majority stake in Support Logistic Services S.r.l. (SLS), a company specialized in the construction, installation and maintenance of satellite communication systems, radar and radio communication systems for civil and naval applications. We further strengthened our presence in the infrastructure segment by completing the acquisition of INSO - Sistemi per le Infrastrutture Sociali S.p.A., and its subsidiary SOF, in 2021. The transaction took place through the incorporation, at the end of 2020, of a newco, Fincantieri INfrastrutture SOciali, 90% owned by Fincantieri Infrastruttura and 10% by Sviluppo Imprese Centro Italia SGR S.p.A. (SICI), representing the Region of Tuscany. This acquisition is part of our strategy to diversify our Group's business by entering the healthcare infrastructure sector, offering facility management services and also taking on the role of systems integrator in the supply of medical equipment and technology.

SHAREHOLDERS STRUCTURE



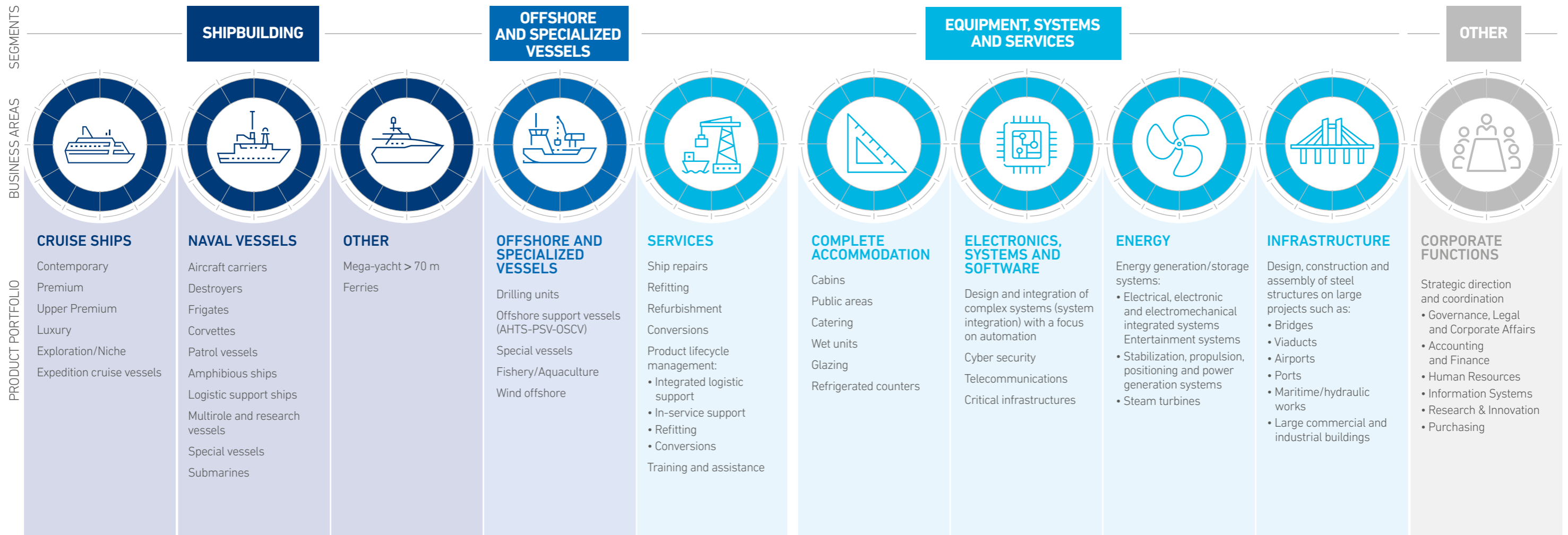
CHARACTERISTICS OF THE SHAREHOLDER STRUCTURE	YES/NO	% share capital
Shareholders' agreements	No	-
Shareholding threshold for the submission of slates for the appointment of corporate bodies and officers	-	1%

As at 31 December 2020, 71.32% of Fincantieri's share capital of 862,980,725.70 euros is held, through the subsidiary CDP Industria S.p.A., by Cassa Depositi e Prestiti (CDP) S.p.A., a company controlled by the Ministry of Economy and Finance. The remainder of share capital was distributed between a number of private investors (none of whom held significant interests of 3% or above) and own shares (of around 0.27% of shares representing the share capital).

The Group operates through the following three segments:

- **Shipbuilding:** encompassing the business areas cruise ships and expedition cruise vessels, naval vessels, ferries and mega yachts.
- **Offshore and Specialized Vessels:** encompassing the design and construction of high-end offshore support vessels, specialized ships, vessels for offshore wind farms and open ocean aquaculture, as well as the offer of innovative products in the field of drillships and semi-submersible drilling rigs.
- **Equipment, Components and Services:** includes the following business areas i) Services, which includes ship repairs and conversions, logistic support, refitting, training and after-sales services, ii) Complete Accommodation, which includes the fitting out of cabins, public areas, catering, toilets and windows, iii) Electronics, Systems and Software, which focuses on advanced technological solutions, from the design and integration of complex systems (system integration) to telecommunications and critical infrastructure, iv) Energy, which includes the design and construction of energy generation and storage systems, and v) Infrastructure, which includes the design, construction and assembly of steel structures for large civil and maritime projects.

Group overview



MAIN SUBSIDIARIES/ASSOCIATES/JOINT VENTURES	FINCANTIERI S.p.A. • Monfalcone • Marghera • Sestri Ponente • Cantiere Integrato Navale Riva Trigoso e Muggiano • Ancona • Castellammare di Stabia • Palermo Vard Group AS • Søviknes Vard Tulcea SA • Tulcea Vard Braila SA • Braila Vard Accommodations AS Vard Electro AS CSSC - Fincantieri Cruise Industry Development Ltd.	Fincantieri Marine Group Holdings Inc. FMG LLC • Sturgeon Bay Marinette Marine Corporation LLC • Marinette ACE Marine LLC • Green Bay Fincantieri India Pte Ltd. Fincantieri do Brasil Participações SA Fincantieri USA Inc. Fincantieri Australia PTY Ltd. Fincantieri (Shanghai) Trading Co. Ltd. Etihad Ship Building LLC Orizzonte Sistemi Navali S.p.A. Naviris S.p.A.	FINCANTIERI S.p.A. Fincantieri Oil&Gas S.p.A. Vard Group AS • Brattvaag • Langsten Vard Promar SA • Suape Vard Vung Tau Ltd. • Vung Tau Vard Design AS Vard Piping AS Vard Marine Inc. Seonics AS	FINCANTIERI S.p.A. • Arsenale Triestino San Marco • Bacino di Genova FMSNA Inc. Fincantieri Services Middle East LLC Fincantieri Services USA LLC	Marine Interiors Cabins SpA Marine Interiors S.p.A. Seanergy a Marine Interiors company S.r.l. Luxury Interiors Factory S.r.l. MI S.p.A.	Seastema S.p.A. Issel Nord S.r.l. Gruppo NexTech Cetena S.p.A. E-PHORS S.p.A.	FINCANTIERI S.p.A. • Riva Trigoso Isotta Fraschini Motori S.p.A. Fincantieri SI S.p.A.	Fincantieri Infrastructure S.p.A. Fincantieri Infrastructure Opere Marittime S.p.A. Pergenova S.c.p.a. Fincantieri Dragaggi Ecologici S.p.A. BOP6 S.c.a.r.l. Fincantieri Infrastructure USA Inc. Fincantieri Infrastructure Wisconsin Inc.	FINCANTIERI S.p.A.
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Vision, Mission and Values

VISION

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

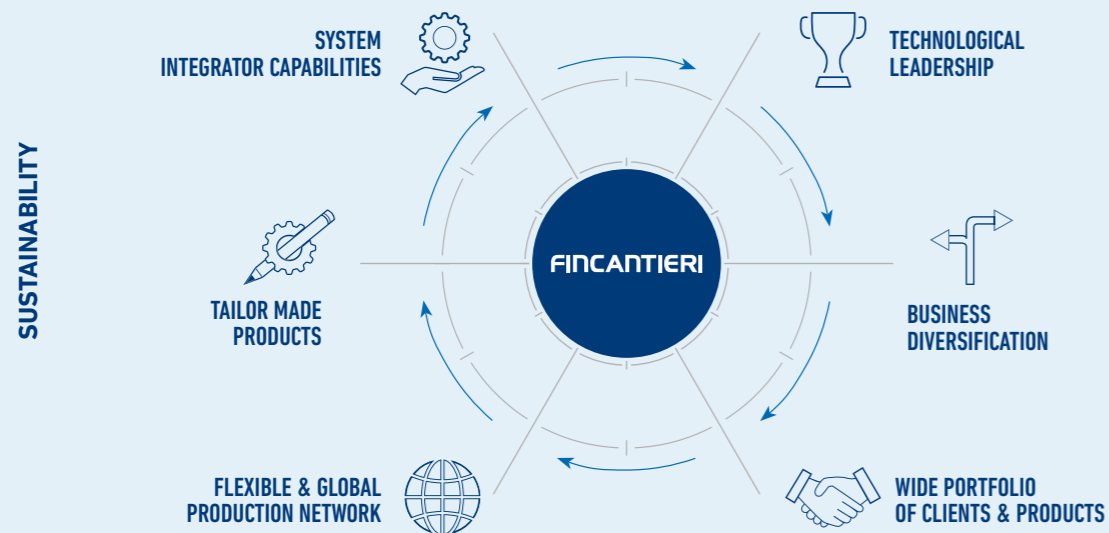
The Sea Ahead: all those who work for the Fincantieri Group steer for this course: talented men and women working responsibly and ethically to help develop our idea of a future increasingly characterized by innovation, performance and sustainability.

MISSION

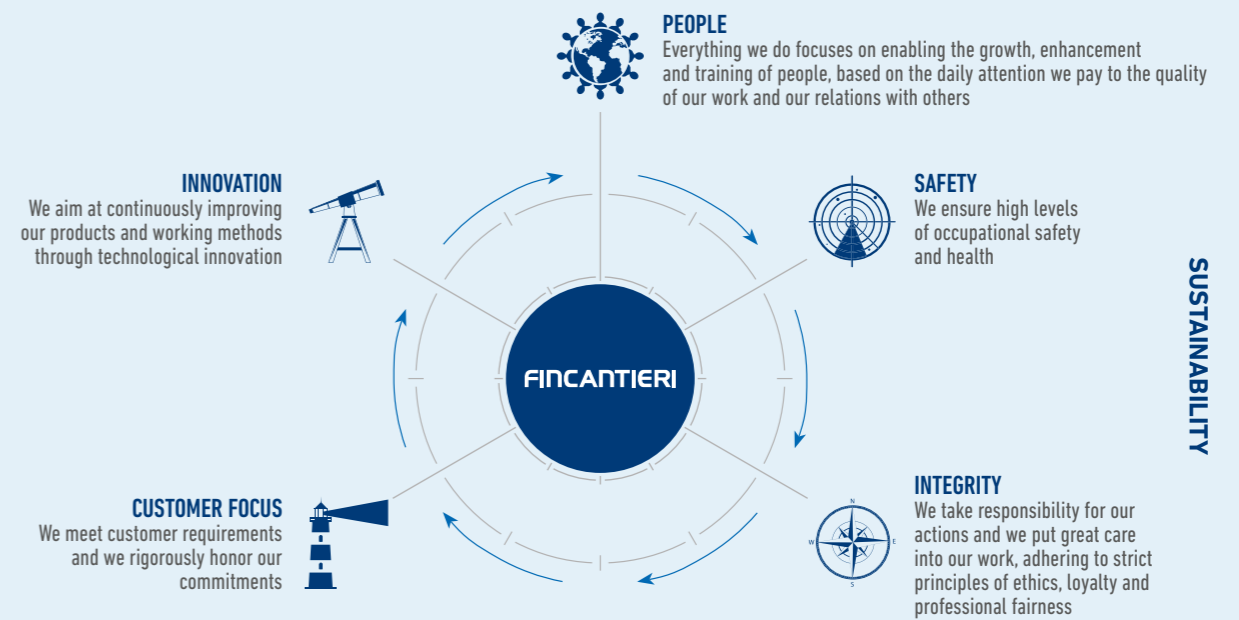
Technological development and continuous improvement are the goals that we have set for ourselves, and we are determined to pursue them. Our every action, project, initiative or decision is based on strict observance of the law, labour protection and protection of the environment, safeguarding the interests of our shareholders, employees, clients, trade and financial partners, local communities and groups, creating value for every stakeholder.

We were able to deal with a period full of fears and uncertainties caused by the pandemic thanks to the team spirit and cooperation of all our employees. Each individual's sense of responsibility, visible on a daily basis, has always been the most tangible evidence of the deep attachment to the Company felt by those who intend to safeguard their own destiny with an eye not on the past, but on the challenges ahead. Because our hallmark has always been the focus on our values and the courage to change. Here too we have shown that we are one big shipyard that thinks with one heart and sails in the same direction, becoming a reference point thanks to a model based on a strong sense of individual and social responsibility. The values live in our people, in our relationships with partners, in our actions to implement our Mission and Vision.

OUR STRENGTHS



VALUES



Sustainable strategy

Fincantieri is one of the world's leading shipbuilders and this position comes with the responsibility to act in a sustainable manner. Indeed, it is in our interest to combine competitiveness with environmental sustainability and social responsibility. This is why we are continuing on our path to **sustainable success** with the adoption of an integrated strategy that is capable of combining business growth and financial stability with social and environmental sustainability.

For us, a company is sustainable when it generates value with the future and not just the present in mind, namely when it also generates value for those who come after us. To do this, we work so that every person in the Group understands the value of being sustainable and reflects in their everyday work the fundamental principles of social responsibility, undertaking and contributing to satisfying the expectations of all stakeholders, creating a virtuous cycle that generates synergy and shared, proactive commitment.

Sustainability is not just an opportunity but a **duty** and a real mission to represent a model of excellence in the world. Being sustainable for us means constantly improving health and safety in the workplace, developing technological innovation, promoting a responsible supply chain, maintaining customer satisfaction and trust, engaging with local communities by supporting them and, last but not least, reducing environmental impact by helping to combat climate change. This is all with the aim of finding a tomorrow that is better than today.



As a sign of our commitment and the importance of increasing integration of sustainability in our strategic choices, in 2019 we joined the United Nations **Global Compact**, the most wide-ranging business sustainability initiative in the world. This is a voluntary initiative to adopt ten universal principles related to human rights, labour, the environment and the battle against corruption, which promote the values of sustainability in the long term through political actions, business practices and social and civil behaviour.

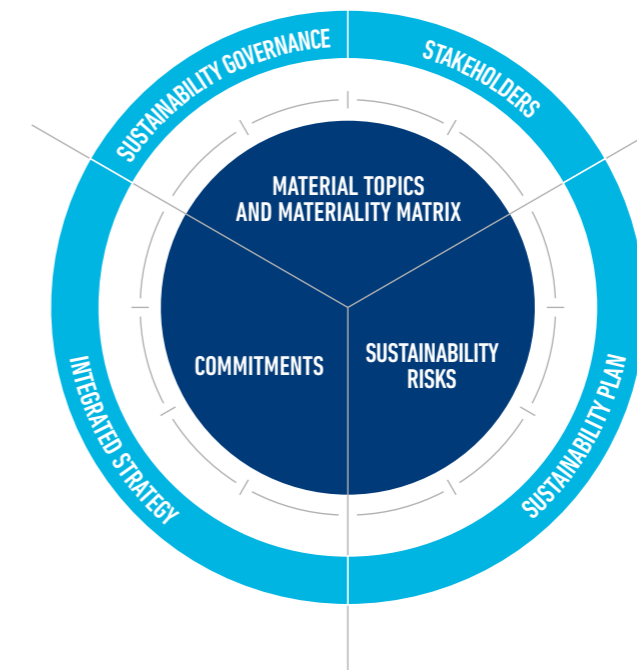
We are also committed to contributing to the **Sustainable Development Goals (SDGs)** of the United Nations 2030 Agenda for Sustainable Development, approved by the General Assembly in 2015. These are common sustainable development goals for today's complex social challenges. These goals are an important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



Value creation model

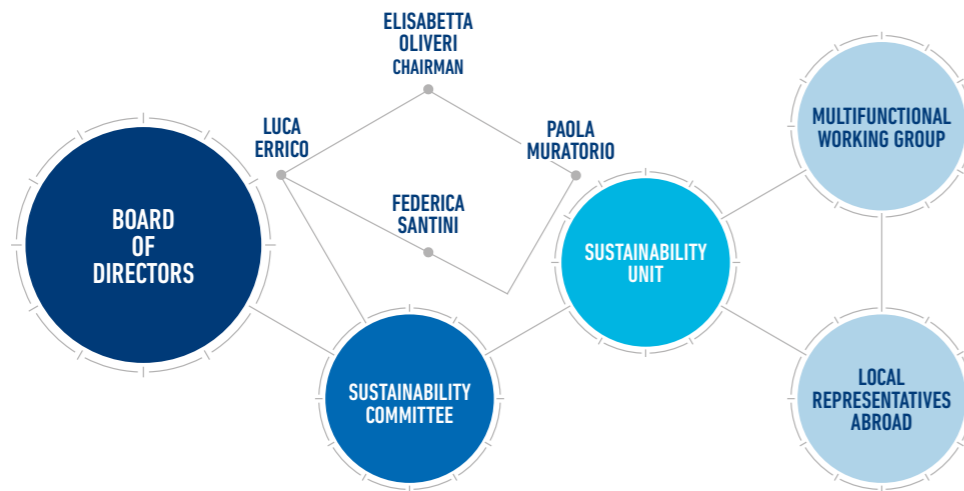
Our sustainable business model is aimed at creating long-term value for everyone involved in our activities. Using well-structured sustainability Governance, a clear definition of material topics and commitments, a risk management system that incorporates ESG aspects, an integrated strategy with common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

SUSTAINABILITY MODEL



Sustainability Governance

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



SUSTAINABILITY COMMITTEE

Set up in 2016 by Fincantieri's Board of Directors, it is composed of 4 independent members. In compliance with the Corporate Governance Code, the Committee carries out fact-finding, proposal-making and advisory activities whenever the Board has to make assessments or take decisions involving sustainability issues, in the exercise of the Company's business or in the interaction with stakeholders, including through the integration of sustainability issues in corporate strategies. In particular, the Committee supports the Board in relation to the Company's respect for and promotion of human rights, labour rights, the environment, transparency and combating corruption, health and safety within the Company's activities, the rights of all stakeholders, product liability and its innovation. The Committee has the right to access the company information and functions necessary in order to perform its duties. In order to carry out its tasks, it may use external consultants, through the Company's structures, provided they are suitably bound to the necessary confidentiality. The Chairman of the Committee reports on the Committee's activities to the Board of Directors at the earliest opportunity. The Committee met 6 times in 2020.

SUSTAINABILITY UNIT

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

MULTIFUNCTIONAL WORKING GROUP

It supports the Sustainability unit by helping prepare the Sustainability Report and defining objectives, targets and timescales for the sustainability commitments undertaken by the Group. The Working Group is made up of representatives from the departments most involved in sustainability issues.

LOCAL REPRESENTATIVES ABROAD

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

Stakeholders

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

STAKEHOLDER IDENTIFICATION AND ENGAGEMENT



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



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



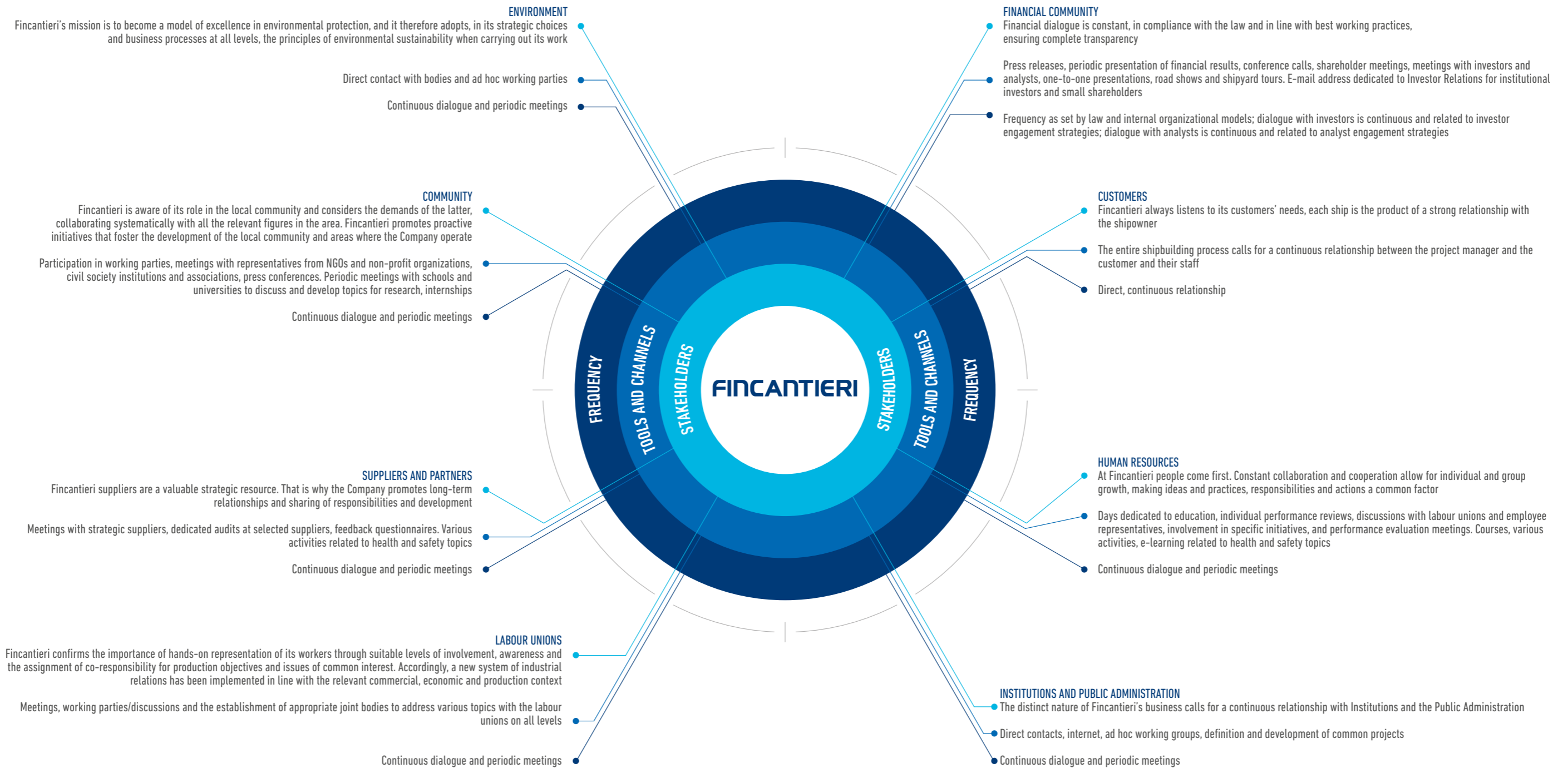
STAKEHOLDER ENGAGEMENT



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

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

STAKEHOLDERS



Dialogue with investors and analysts and reporting to the market were also maintained following the outbreak of the pandemic emergency. In particular, all the tools for remote contact with investors and analysts were boosted, including teleconferences and videoconferences. Since its listing, Fincantieri has provided individual shareholders and institutional investors with two dedicated e-mail accounts, which are monitored on a daily basis.

Our constant dialogue with investors, analysts and rating agencies, providing reliable, transparent and timely information on the Group's activities aims to maintain and increase the market's confidence in the Company and create long-term relationships. The occasions where shareholders meet the Company's top management are the Shareholders' Meeting and Investor Day. 71 events were organized over the year for groups and individuals, including teleconference meetings and videoconferences.

Also in 2020, Fincantieri took part in the Digital Italian Sustainability Week organized by Borsa Italiana, meeting 12 investors to discuss the main updates on the business and the following issues:

- health and safety of employees, also in response to the spread of the pandemic;
- sustainability objectives, targets and ratings;
- integrated sustainability strategy;
- actions taken to achieve the objectives regarding the reduction of greenhouse gas emissions.

For the Digital Italian Sustainability Week, the Chief Financial Officer made a video on the key sustainability issues in Fincantieri, available on Borsa Italiana's website.

The video of the interview is available here: www.borsaitaliana.it/notizie/finanza-sostenibile/eventi/eventi.en.htm

We also dialogue with national and international legislators and institutions to maintain constructive collaboration, interpret and apply new regulations correctly and share expertise, initiatives and projects. We contribute to public consultations defining new legal measures and regulations for the industry, providing practical indications.

To support the development of its business, Fincantieri S.p.A. and its subsidiaries participate in the governance of various national and international associations, stimulating, along with the other associates, effective, systematic action in the areas of research and development and promotion of the various stakeholders' interests. The main organizations and associations with which we actively collaborate are Confindustria, Federmeccanica, ASSONAVE, Federazione del Mare, Euroyards, Vessel for the Future, and Surface Navy Association.

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

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



Fincantieri in the media

Communication linked to sustainability is essential to create culture and awareness both inside and outside the Company, and it is an inducement for comparison and the involvement of its stakeholders.

Spreading corporate messages on this topic is an increasingly important asset for consolidating Fincantieri's positioning as a sustainable company

NUMBER OF ITEMS



FOLLOWERS ON SOCIAL MEDIA

LinkedIn



201,500 followers
+37% vs 2019
equal to + 54,000
follower

299,000 followers
including the
subsidiaries

VARD group 39,000
Fincantieri Marine Group 39,000
Marine Interiors S.p.A. 2,600
Isotta Fraschini Motori S.p.A. 2,600
Fincantieri Infrastructure S.p.A. 3,200
Cetena S.p.A. 4,500
Seastema S.p.A. 1,900
Fincantieri Australia 4,500

Instagram



34,500 followers
+44% vs 2019
equal to + 10,000
follower

63,000 followers when
we include Marine
Interiors and Fincantieri
Yachts

YouTube



9,000 subscribers
+50% vs 2019
equal to +3,000 users

2020 was a very busy year, and it was also filled with satisfaction from the sustainability viewpoint. We received a number of awards and recognitions that allow us to consolidate our best in class position on the sustainability themes in our segment.

AWARDS AND RECOGNITIONS

Sustainability rating

Vigeo Eiris

Fincantieri held its position in the "Advanced" range - the highest - in the Vigeo Eiris classification. Vigeo Eiris is an agency that measures the integration of social, environmental and governance factors in the sustainability area, and is ranked number one in its reference basket.

CDP (Carbon Disclosure Project)

It awarded Fincantieri an A- rating for the activities it carried out in the past year, up from the B rating assigned in 2019. The Group is now in the highest range of merit (on a scale of measurement from D, minimum, to A, maximum), which affirms its leadership also in the fight against climate change. CDP also gave Fincantieri the A rating, which makes it one of the leaders in the Supplier Engagement Rating (SER) ranking. This rating measures the effectiveness with which companies are involving their suppliers, again as regards climate change.

Transparency and communication

Oscar for Financial Statements

The Company won the 2020 edition of the Oscar for Financial Statements, the award organised by FERPI (Federazione Relazioni Pubbliche Italiana, the Italian public relations federation) and promoted together with Borsa Italiana and Bocconi University, which for more than 50 years has been recognising the companies most virtuous in their financial reporting and stakeholder relations. The reason given by the awarding commission recognises Fincantieri for having presented "a very complete Sustainability Report in its category, that of listed small and medium-size companies, in which the targeted objectives are identified with precision, with particular attention paid to the environment and social issues. The economic-financial information also provides an exhaustive picture of the company's performance and of the main risks to which it is exposed".

Webranking Italia

Fincantieri ranked 27th in the Webranking research, which measures the corporate and financial communication basics and openness to dialogue on the digital channels of the largest listed companies, basing itself on the basic requests of the stakeholders.

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

.trust Italy Listed 2020

Fincantieri is one of the Italian companies Lundquist selected for the second "trusted-list Italy" edition, which analyses the ability of listed companies to generate trust in their stakeholders and to support business through digital communication. Only the best companies analysed in Webranking with a score of at least 50 points and able to convey a strong commitment to transparency and solid digital communication can enter the trust research list. The selection comprised 36 companies out of a total of 122 in 2020.

Innovation

MIKE Award

Fincantieri won the national section of the Most Innovative Knowledge Enterprise (MIKE) Award. The main objective of the award is to single out the best practices that create incentives for the transformation of corporate knowledge into innovation. Fincantieri distinguished itself owing to its ability to strategically steer its actions toward the definition of a vision oriented at winning the recent sustainability and innovation challenges.

People

Italy's Best Employers for Women

In its survey, the German Quality and Finance Institute included Fincantieri amongst the 200 best employers for women in Italy.

Universum

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

Safety Award

In 2020, Fincantieri Marinette Marine won the "Excellence in Safety Award" and the "Improvement in Safety Award", both recognized by the Shipbuilders Council of America.

Market/Business

Transatlantic Award

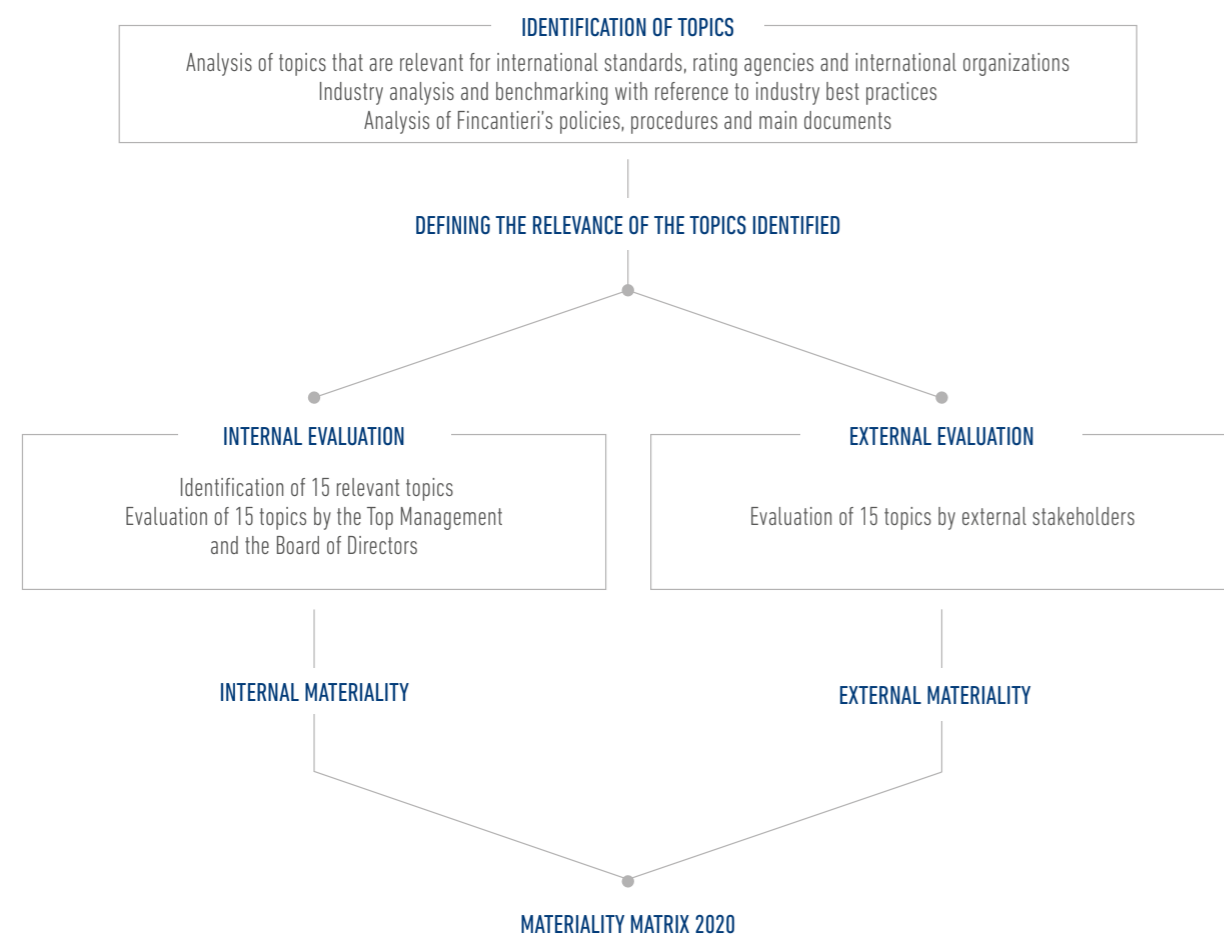
The Board of Directors of the American Chamber of Commerce in Italy recognised Fincantieri with the Transatlantic Award for assigning the contract concerning the detailed design and construction of the flagship vessel of the "FFG(X)" program for the new US Navy guided missile frigates. The recognition is assigned to US and Italian companies that have distinguished themselves for having made significant investments along the transatlantic axis during the year.



Material topics and materiality matrix

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

PROCESS FOR DEFINING THE MATERIALITY MATRIX

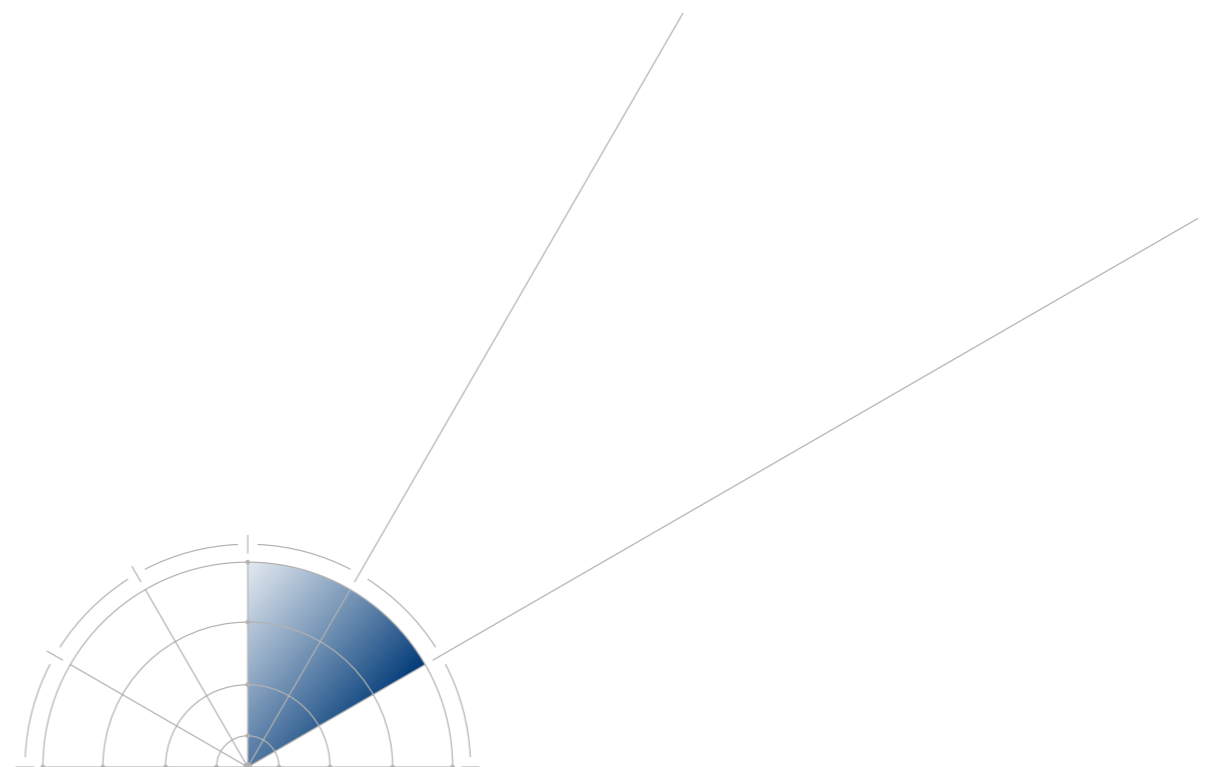


In 2020, aware of how much the health emergency has altered the international economic and social context in which we operate, we decided to update our materiality matrix. Through an in-house analysis and a market benchmark, we updated the most significant sustainability topics and, through a special online survey, Sustainability Survey, we analysed both perception of the topics from the Company's perspective (Top Management and Board of Directors) and perception from the stakeholders' perspective by involving more than 7,000 people from amongst employees, customers, suppliers and partners, the financial community and other stakeholders.

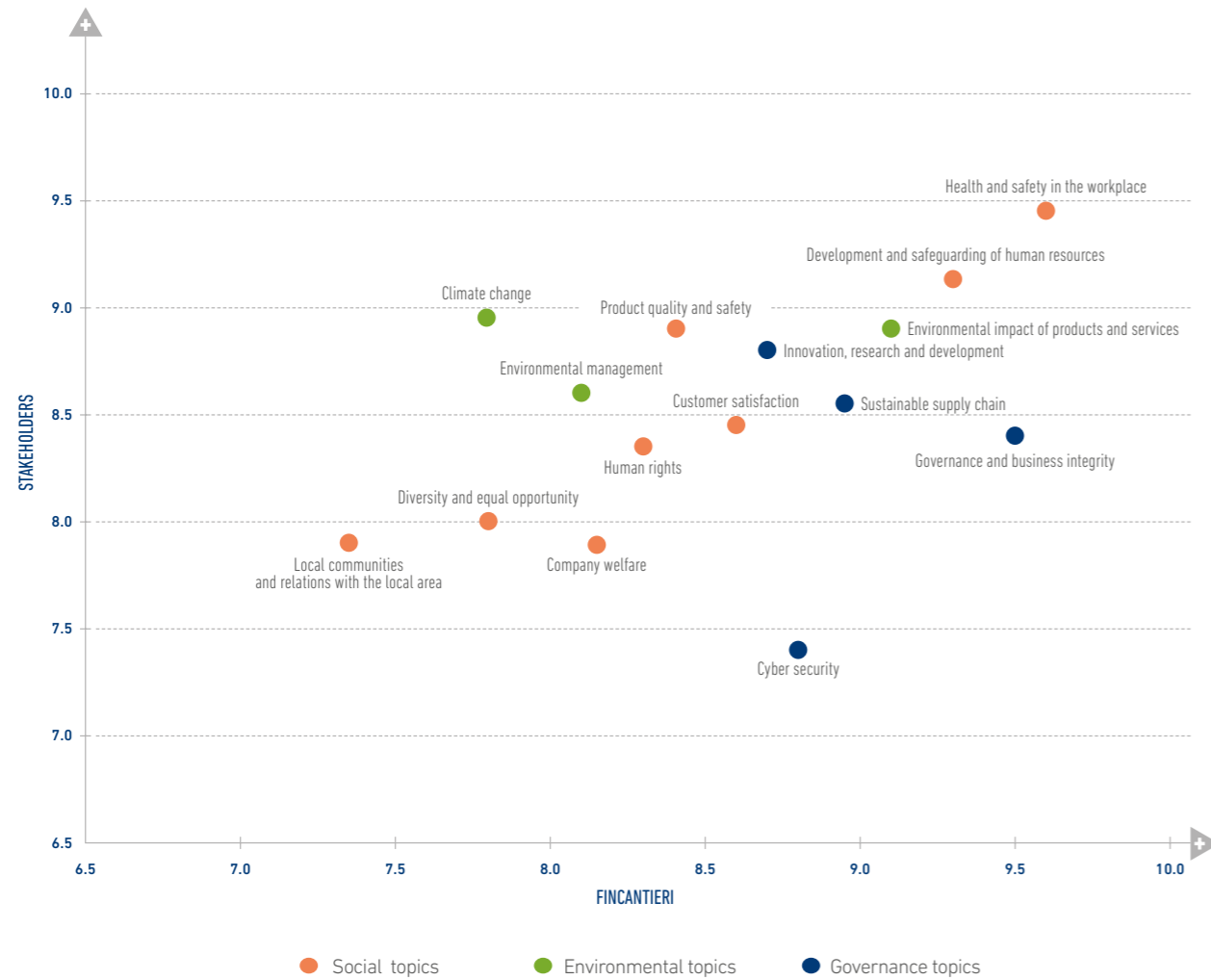
PROCESS FOR STAKEHOLDER ENGAGEMENT ON MATERIAL TOPICS



Both internally and externally the topics were evaluated on a scale of 1-10, where 10 is "highly significant". Stakeholders were also asked to vote the three topics sustaining the biggest impact of the pandemic. A materiality threshold was defined (corresponding to 6.5), beyond which an issue must be accounted for. Joint consideration of internal and external significance led to the identification of the material topics, to their prioritization and to the definition of the 2020 materiality matrix.



MATERIALITY MATRIX 2020



The 2020 materiality matrix consists of 15 material topics and, compared to the 2019 matrix, shows the following changes:

- the economic-financial Sustainability topic in the 2019 matrix was considered absolutely necessary for sustainable development and, as a result, not subjected to the stakeholders' evaluation;
- the Training and development topic was aggregated in the new and broader Development and safeguarding of human resources topic.

The materiality matrix is reviewed annually in accordance with the Standards of the Global Reporting Initiative and it was approved by the Board of Directors of Fincantieri S.p.A. in January 2021.

 The description of the material topics is available in the annexes on page 186.





Sustainability commitments

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

OUR COMMITMENTS



GOVERNANCE TOPIC

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



SOCIAL TOPICS

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



ENVIRONMENTAL TOPICS

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

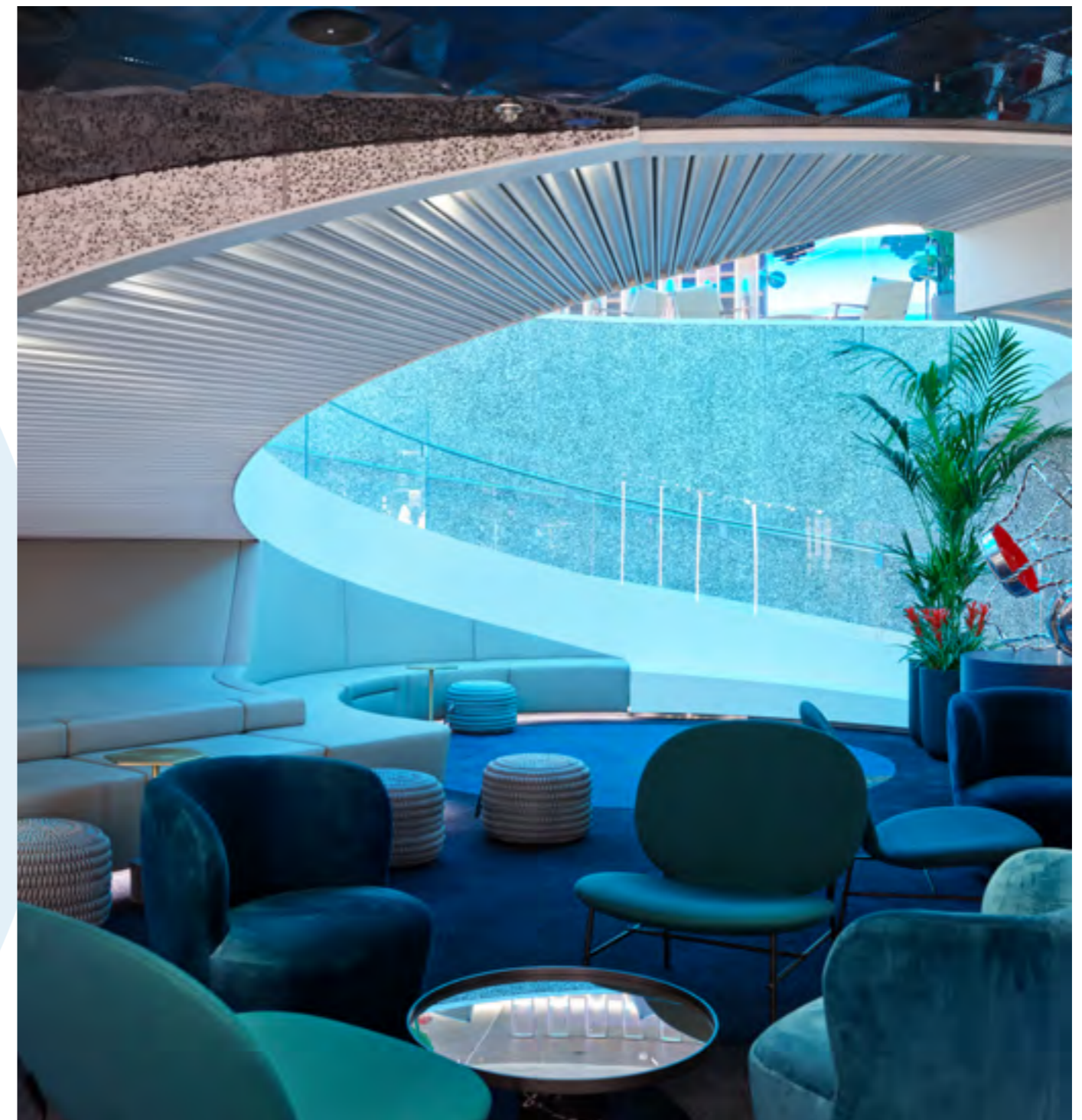
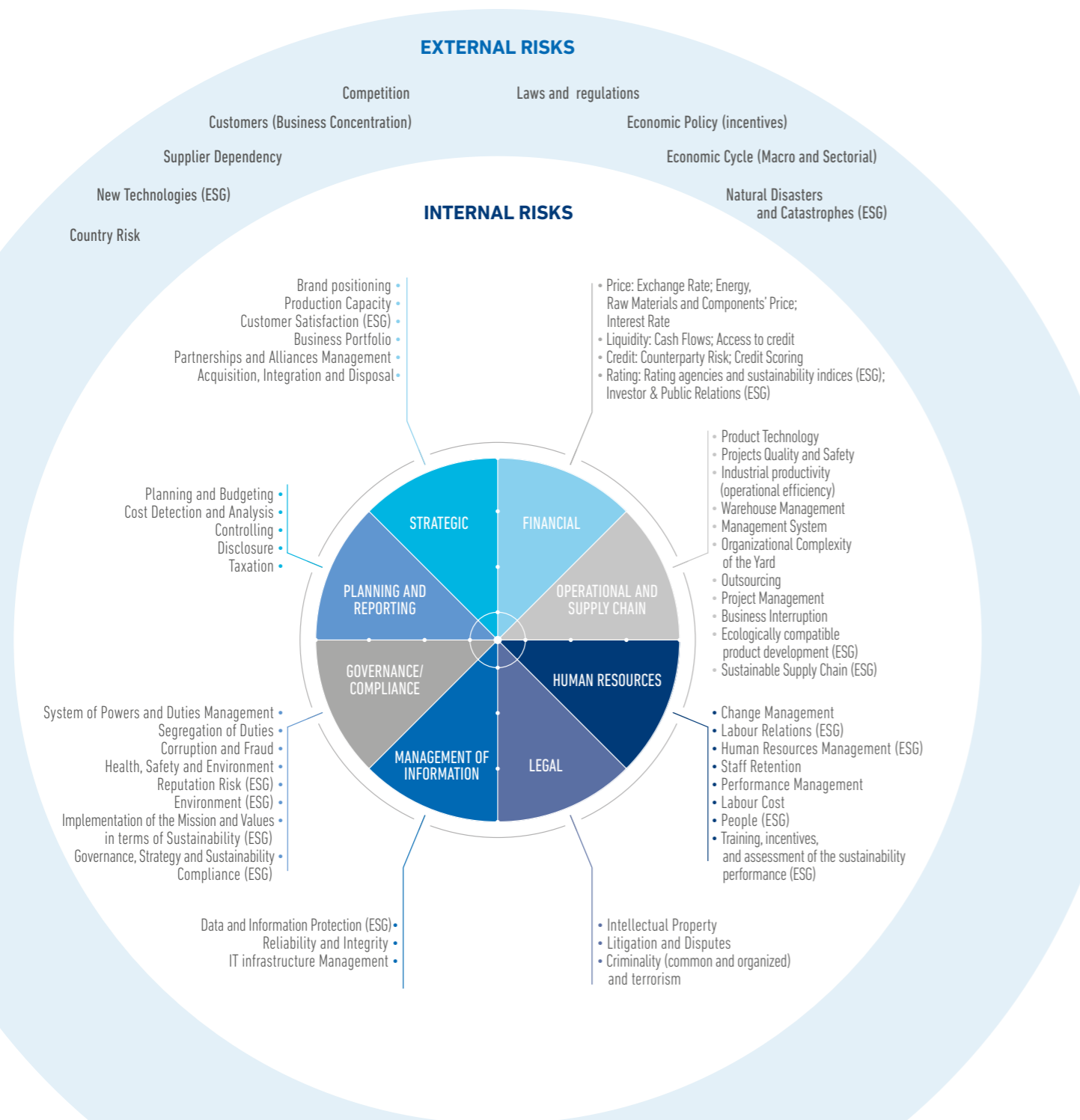


Sustainability risks

We have **Enterprise Risk Management (ERM)** processes and systems to detect, evaluate and monitor the main company risks (Risk Universe), in compliance with the requirements for listed companies as per the Corporate Governance Code. In Fincantieri the Risk Office coordinates and supports management with regard to risk assessment tools and methodologies, and aggregates and shows the results of their mitigation.

During 2020, the Risk Officer - in collaboration with the Sustainability function - supplemented the identified business risks and the specific sustainability risks in order to contribute to the Company's sustainable success by monitoring all corporate risks. The analysis conducted on the resulting Risk Universe allowed risks with an impact on the sustainability of the business to be identified and highlighted, taking **ESG (Environmental, Social and Governance) risk up to 16**; their management methods are described in the chapters of this Sustainability Report.

RISK UNIVERSE



ESG RISKS

RISK EVENT	DESCRIPTION OF RISK	MANAGEMENT METHOD
New Technologies	Risk that the Company does not monitor and/or seize technological evolutions that could improve the quality of products and processes, as well as rationalize costs and offer products at more competitive prices	Chapter: Governance and responsible and ethical management of our business/ Innovative business/Continuous innovation
Natural Disasters and Catastrophes	Risk that a natural disaster or catastrophic events (such as epidemic, earthquakes, etc.) might prevent the Company from running its operating activities, offering its products/services or recovering operating costs	Chapter: Environmental sustainability and climate change/Listening to the environment
Customer Satisfaction	Risk that the Company does not pay attention to its customers' needs and to the improvement of the offered service, with consequent inability to satisfy or exceed their expectations	Chapter: Social sustainability/Turning needs into value/Customer satisfaction
Reputation Risk	Risk of damage to the Company brand that exposes it to loss of clients, profits and the competitive advantage gained on the market	Chapter: Governance and responsible and ethical management of our business/ Governance/Legality, integrity and prevention of corruption
Ecologically compatible product development	Risk that the Company invests in and builds products and/or uses materials incompatible with environmental protection	Chapter: Environmental sustainability and climate change/Testimony to sustainability/Ever greener ships
Investor & Public Relations	Risk of not adopting Public Relations strategies on the sustainability issues or transmission of inconsistent Company messages regarding environmental, social and governance initiatives. Risk of not using the lever of sustainability to build and broaden relations with stakeholders. This category includes the risk that relationships with local, national and international counterparties (local cities and authorities/ associations, legal and government authorities, industrial associations, etc.) are inefficient or ineffective, influencing the Company's ability to compete	Chapter: We are Fincantieri/Sustainable strategy
Sustainable Supply Chain	Risk that due diligence on potential suppliers is not conducted adequately and of lack of monitoring of respect for environmental and social regulations in contracts concluded, with consequent execution of activities not in line with the sustainability principles (correct use of natural resources, protection of individual rights, etc.)	Chapter: Governance and responsible and ethical management of our business/ Sustainable management of the supply chain/Qualification and monitoring
Data and Information Protection	Risk related to an inadequate information management, in terms of sensitive data of the Company and of the involved counterparties. Furthermore, this category includes the risk connected to ineffective protective measures, which can cause the risk of access and use of confidential data by unauthorized individuals/entities outside the Company	Chapter: Governance and responsible and ethical management of our business/ Governance/Data and information security
Human Resources Management	Risk related to the failure or to the inadequate management and development of competences within the Company according to a continuous improvement model, to the maximum expression of individual capacities and to the identification of the proper coverage of corporate roles. This risk can arise, for example, from the lack or from the discontinuity of investment in staff training, with the consequent impossibility to learn new competences or improve the ones acquired. This category includes the risk of hiring not adequate staff caused by errors in identifying current and future needs or using the correct recruiting channels	Chapter: Social sustainability/People who look to the future/Development and safeguarding of human resources

RISK EVENT	DESCRIPTION OF RISK	MANAGEMENT METHOD
Labour Relations	Risk arising from the hostility and/or rift of relationships among Fincantieri (employer), the personnel and the trade union representation, such as to proclaim strike, interrupting the operating activities	Chapter: Social sustainability/People who look to the future/Wellbeing for our people
Rating agencies and sustainability indices	Risk of not achieving an excellent sustainability rating with specialized rating companies and analysts, or of a negative impact on reputation following a poor sustainability rating	Chapter: We are Fincantieri
Governance, Strategy and Sustainability Compliance	Risk that the Governance Model is not adequately communicated to all levels of the Company, creating ineffective communication regarding sustainability issues among the stakeholders, Board of Directors, and company management, and incorrect delegation of powers, and inappropriate decisions on sustainability. This category also includes the risk of lack of implementation of monitoring programs for activities related to sustainability or the risk of inadequate preventive or detective checks and controls relative to sustainability performance	Chapter: We are Fincantieri/Sustainable strategy
Training, incentives, and assessment of the sustainability performance	Risk of the absence or inadequacy of training programs with consequent lack of skills in relation to sustainability issues. This category also includes the risk that individual performance objectives are not aligned with or specific enough to guide conduct to support the sustainability strategy, and/or there are no adequate indices to measure sustainability performance	Chapter: Social sustainability/People who look to the future/Development and safeguarding of human resources/ Wellbeing for our people
Implementation of the Mission and Values in terms of Sustainability	Risk of lack of integration or poor integration in company processes and activities of the sustainability principles (including ethics) defined in the Sustainability Governance Model. This category includes the risk relating to the absence or inadequacy of a monitoring and control process for environmental and social issues, as well as inadequate assignment of resources for this purpose	Chapter: We are Fincantieri/Sustainable strategy
Environment	Risk that the Company adopts inadequate measures for incorporating sustainability principles in its evaluation of environmental issues and performs activities not in line with sustainability principles. This category also covers lack of activation of controls aimed at preventing environmental damage or lack of/inadequate evaluation and implementation of programs for the recovery of biodiversity following environmental damage	Chapter: Environmental sustainability and climate change/Listening to the environment
People	Risk that the Company, within its strategy of sustainable growth, does not implement processes aimed at valuing human capital, guaranteeing respect for diversity and equal opportunity, protecting human rights, and ensuring the health and safety of the workers	Chapter: Social sustainability/People who look to the future

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

Integrated strategy

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

The Group's integrated strategic approach guarantees that the commitments undertaken by Fincantieri in the Charter of Sustainability Commitments are observed and contribute to attaining the **United Nations Sustainability Development Goals** (SDGs).

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

2018-2022 Sustainability Plan

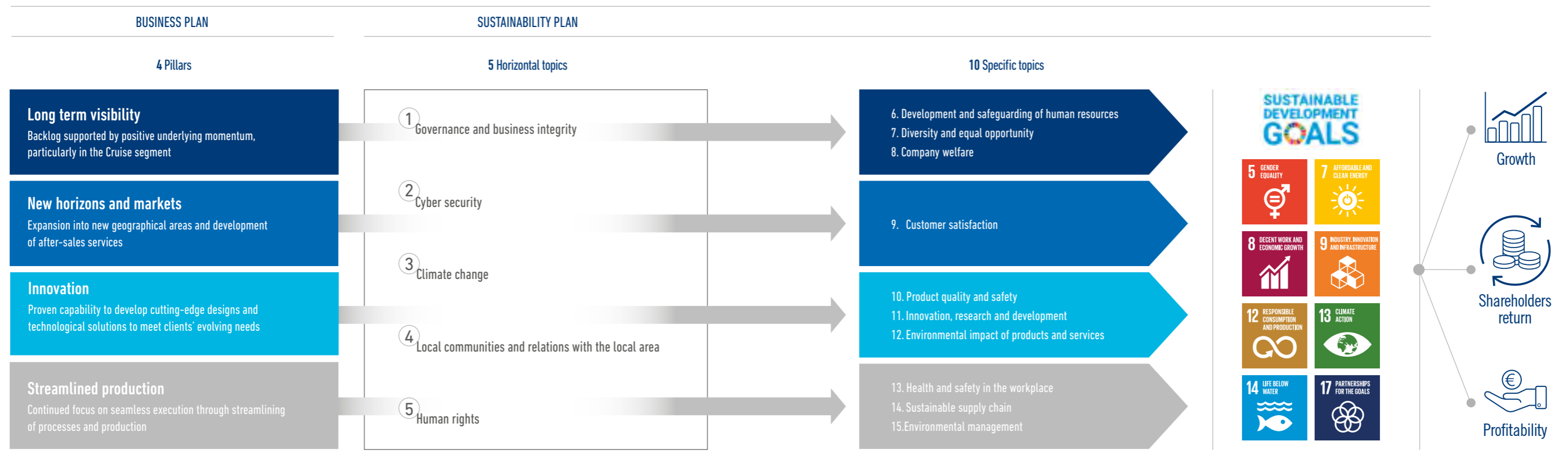
In July 2020, we updated the **2018-2022 Sustainability Plan** because the Group was particularly affected by the global health emergency caused by the spread of COVID-19, and in January 2021, it was brought into line with the new materiality matrix and respective commitments.

During this time of considerable discontinuity, sustainability is an essential qualifying factor that contributes to guaranteeing a high level of resilience and the Group's sustainable development over the medium and long term.

The **Sustainability Plan** particularly:

- defines the strategic direction linked to the **4 Pillars** of the **Business Plan** (Long-term visibility, New horizons and markets, Innovation, Streamlined production);
- **confirms the objectives** laid out in the Sustainability Plan approved in 2018, for 2020 and beyond; for some, the time frame was revised due to the restrictions triggered by the COVID-19 pandemic;
- defines **new objectives, targets and actions**, also in light of the pandemic emergency.

STRATEGIC DIRECTION AND SUSTAINABILITY

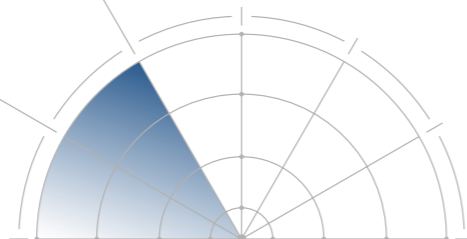
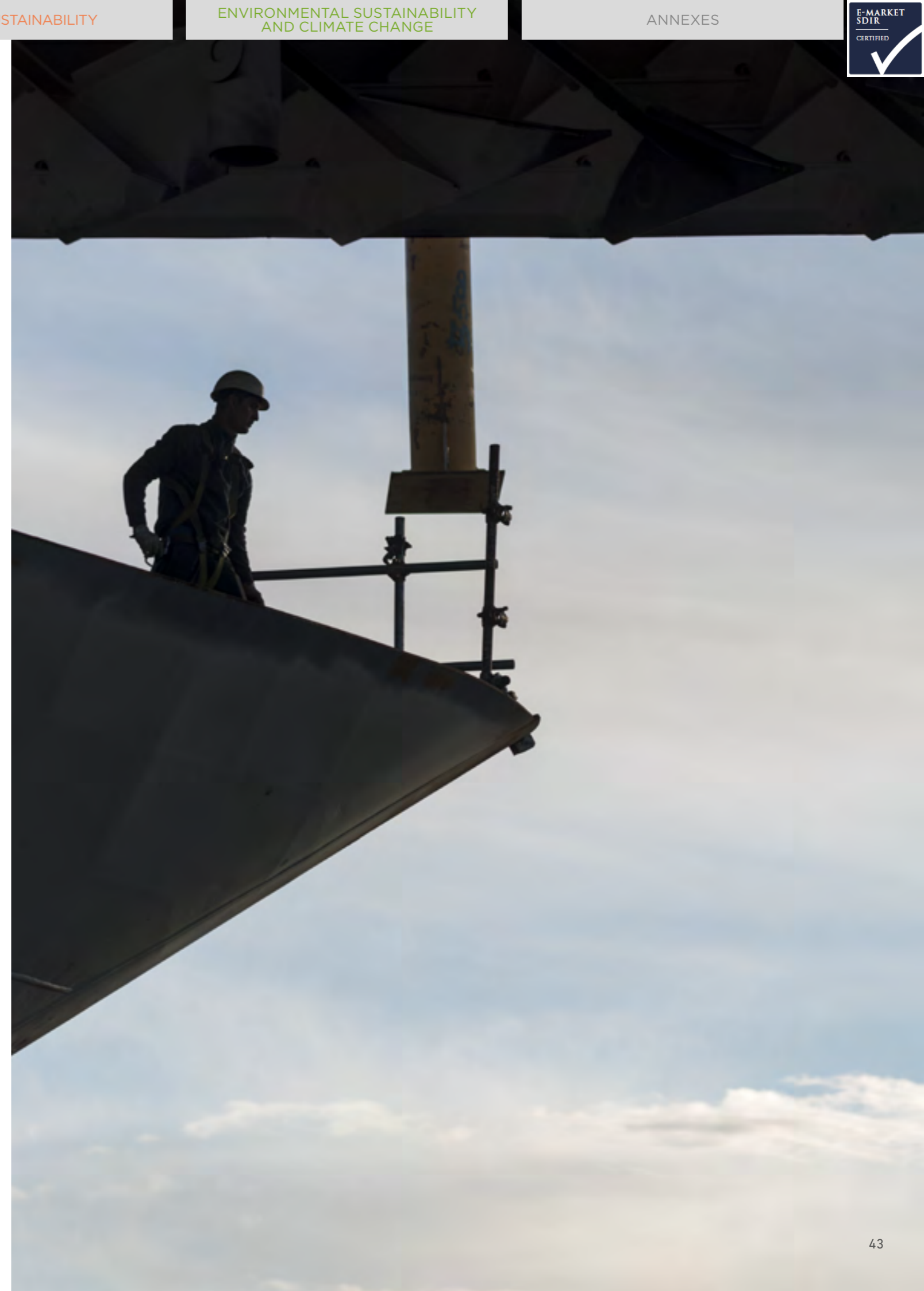


The 15 material topics for sustainability are linked to the 4 Pillars of the Business Plan, and in particular:

- 5 material topics are horizontal in that they involve all 4 Pillars and contribute generally to the Group's growth;
- the other 10 material topics are associated specifically with one of the 4 Pillars and show a clear correlation between the business drivers and those aspects of sustainability that the Company recognises as significant;
- Fincantieri's objectives contribute in particular to the achievement of the 8 SDGs that Fincantieri has recognised as significant for its business and in line with its strategic direction.

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

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



GOVERNANCE AND RESPONSIBLE AND ETHICAL MANAGEMENT OF OUR BUSINESS

- Governance
- Economy and market
- Innovative business
- Sustainable management of the supply chain

GOVERNANCE

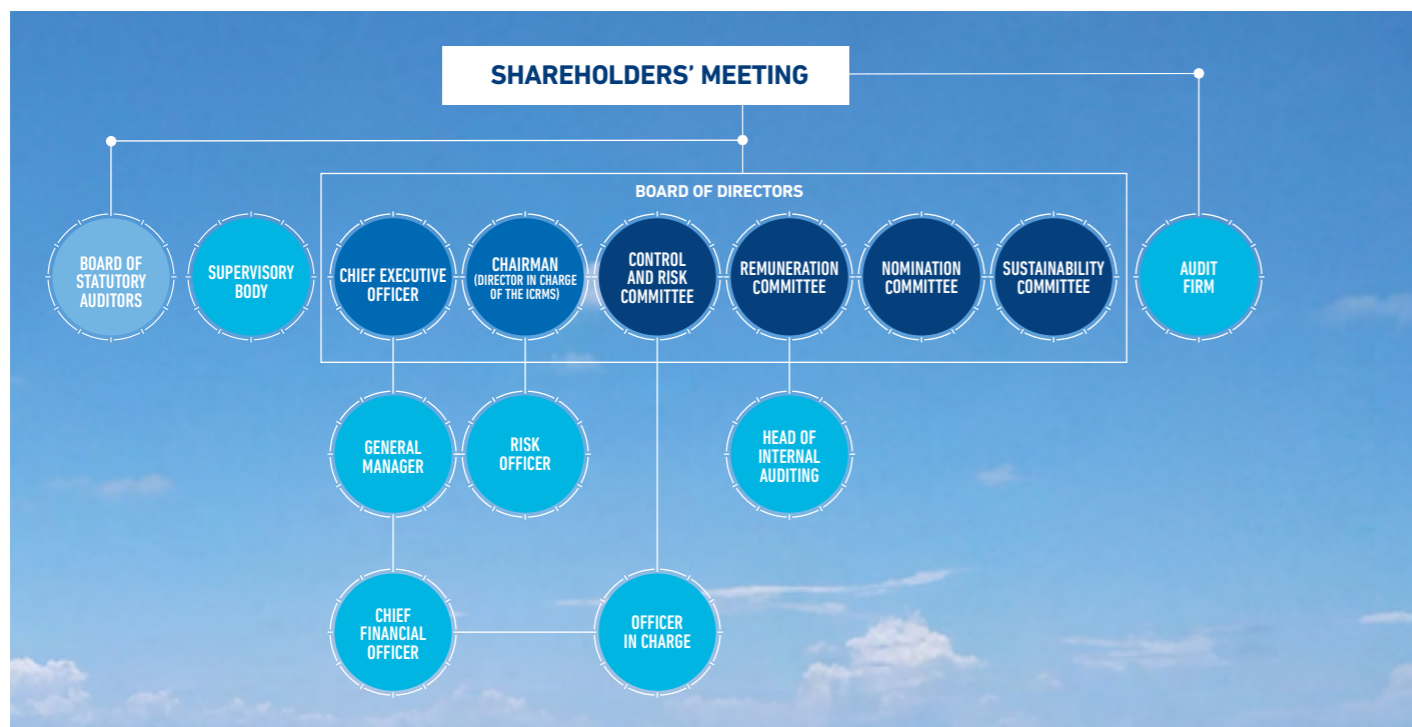
We have the ambition of continuing down our path to sustainable success by ensuring responsible and ethical management of the business



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

Corporate Governance and Remuneration Policy

Fincantieri's Corporate Governance model is in line with the recommendations of the Corporate Governance Code. In December 2020, the Company decided to adopt the Corporate Governance Code, approved by the Corporate Governance Committee in January 2020, whose application starts from 2021. The activities to implement its novelties are currently being created. This model is structured as follows.



Shareholders' Meeting

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

Board of Directors

The Company's Board of Directors (BoD) is the Company's central organization for Corporate Governance, holding the widest powers for its ordinary and extraordinary administration, including the definition of strategic direction, organization and control of the Company and the Group. The Board of Directors currently consists of ten members, six of whom are independent, and was nominated during the Ordinary Shareholders' Meeting held on 5 April 2019 for financial years 2019, 2020, and 2021.

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

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

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

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

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

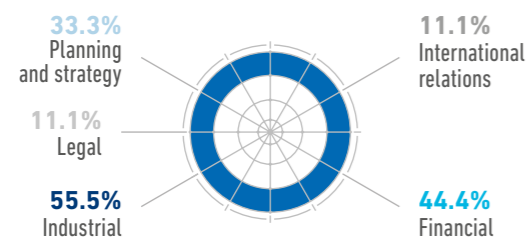
OTHER INFORMATION ON THE BOARD OF DIRECTORS*

Number of Directors	10
Number of executives	2
Number of non-executives	8
Number of non-executives that do not qualify as independent under the Code	2
Number of independent under the Code	6
% less represented gender	50%
Average age of Directors	57.3
No. of BoD meetings	13
% attendance at BoD meetings	89.2
Average duration of BoD meetings	127 min.
Position on multiple offices	Adopted

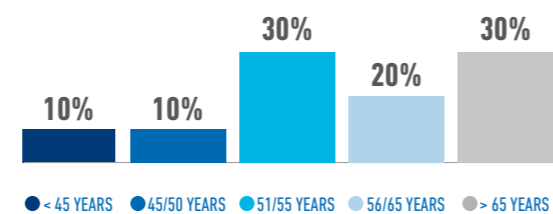
* The statistical data of this table for Fincantieri refer to the composition and operation of the Board of Directors during 2020.

CHARACTERISTICS OF THE MEMBERS OF THE BOARD OF DIRECTORS

AREA OF EXPERTISE



AGE



GENDER



The Board of Directors has structured its organization, also establishing four dedicated **Board Committees**, that carry out proactive proposal and consultation tasks: the Control and Risk Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee. Their composition, responsibilities and methods of operation, as well as the powers and means assigned, are regulated by specific regulations approved by the Board of Directors when these Committees were established and later amended based on changes introduced over time to the Corporate Governance Code and on the basis of the novelties introduced by the Corporate Governance Code. All members of the Committees are non-executive Directors, mostly independent, and have functional areas of expertise for performing the roles they have been assigned.

Board of Statutory Auditors

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

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

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

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

OTHER INFORMATION ON THE BOARD OF STATUTORY AUDITORS*

Number of Auditors	3
Average age of Auditors	58
No. of meetings	9
Average duration of meetings	148 min.
% attendance by Auditors	100

* The statistical data of this table for Fincantieri refer to the composition and operation of the Board of Statutory Auditors during 2020.

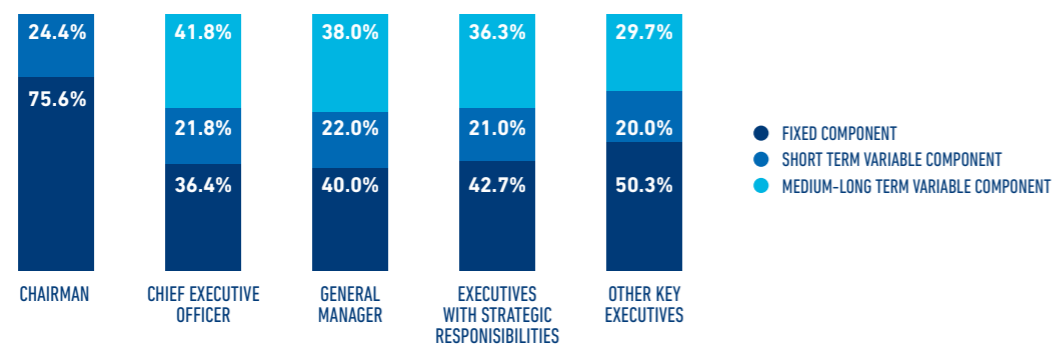


For more information on Corporate Governance, see the Report on Corporate Governance and Ownership Structure
www.fincantieri.com/en/governance/corporate-governance-system/corporate-governance-reports/

Remuneration policy

The Remuneration Policy of Fincantieri is aimed at achieving the Company's strategic priorities and enhancing sustainable performance. It is approved annually by the Board of Directors, on the proposal of the Remuneration Committee. The Board of Directors is also the company body responsible for proper enactment of the Policy, that relies on the support of the **Remuneration Committee**, which acts to provide consultancy and proposals. The adequacy, overall consistency, and concrete application of the Remunerations Policy are evaluated by the Remuneration Committee, as recommended by the Corporate Governance Code and as indicated in the regulations for the Committee. The Remuneration Committee consists of four non-executive directors, three of whom are independent and at least one of whom has adequate knowledge and experience in finance or pay policy, evaluated by the Board of Directors when nominated. The parties covered by the Remuneration Policy are the Chairman, the Chief Executive Officer, the General Manager, Executives with Strategic Responsibilities and other Key Executives. Management of the Pay Policy of the General Manager, Executives with Strategic Responsibilities and other Key Executives is delegated to the Chief Executive Officer, supported by the Human Resources and Industrial Relations Management. Verification of the qualitative and quantitative performance objectives and consequent determination of any sums of money due to the interested parties is performed following approval of the financial statements for the year following verification by the Chief Executive Officer. In continuation of the LTI Plan 2016-2018, on 27 March 2018, the Board of Directors approved the LTI Plan 2019-2021 which essentially follows the same structure though with the addition of another **objective** associated with the attainment of certain **performance on specific sustainability ratings**. The creation of sustainable value in the medium to long term, alignment of the interests of management with those of the shareholders and support for retention capacity are the primary objectives of this Plan, in line with the indications in the Corporate Governance Code and the best and most widespread market practices.

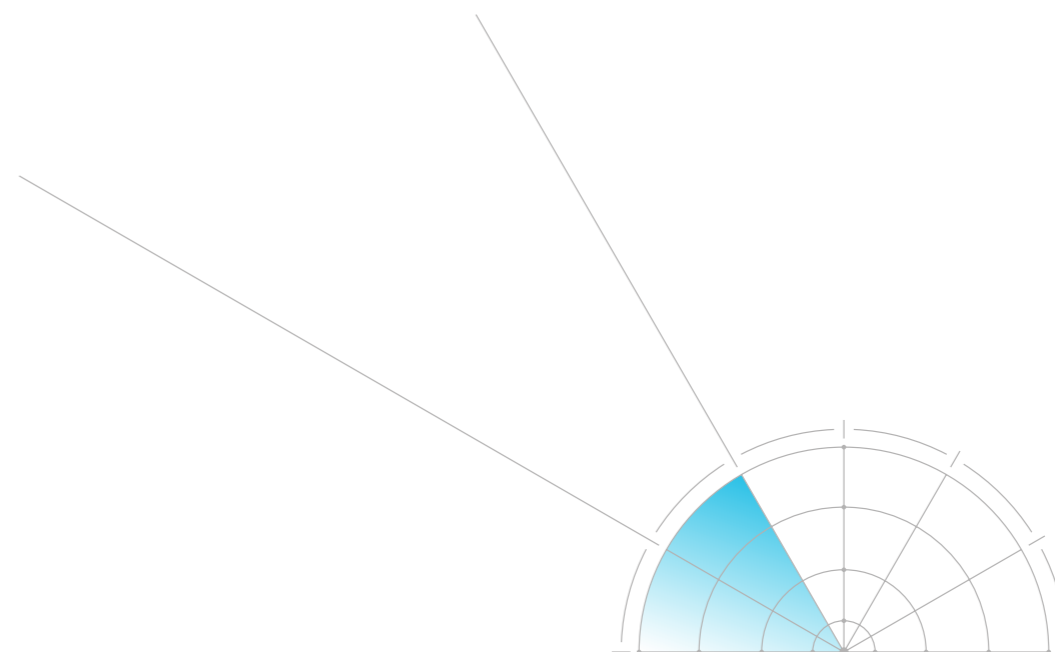
PAY-MIX 2019-2021 LTI



The structure of the remuneration package is set out below.

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

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



System of internal control and risk management

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

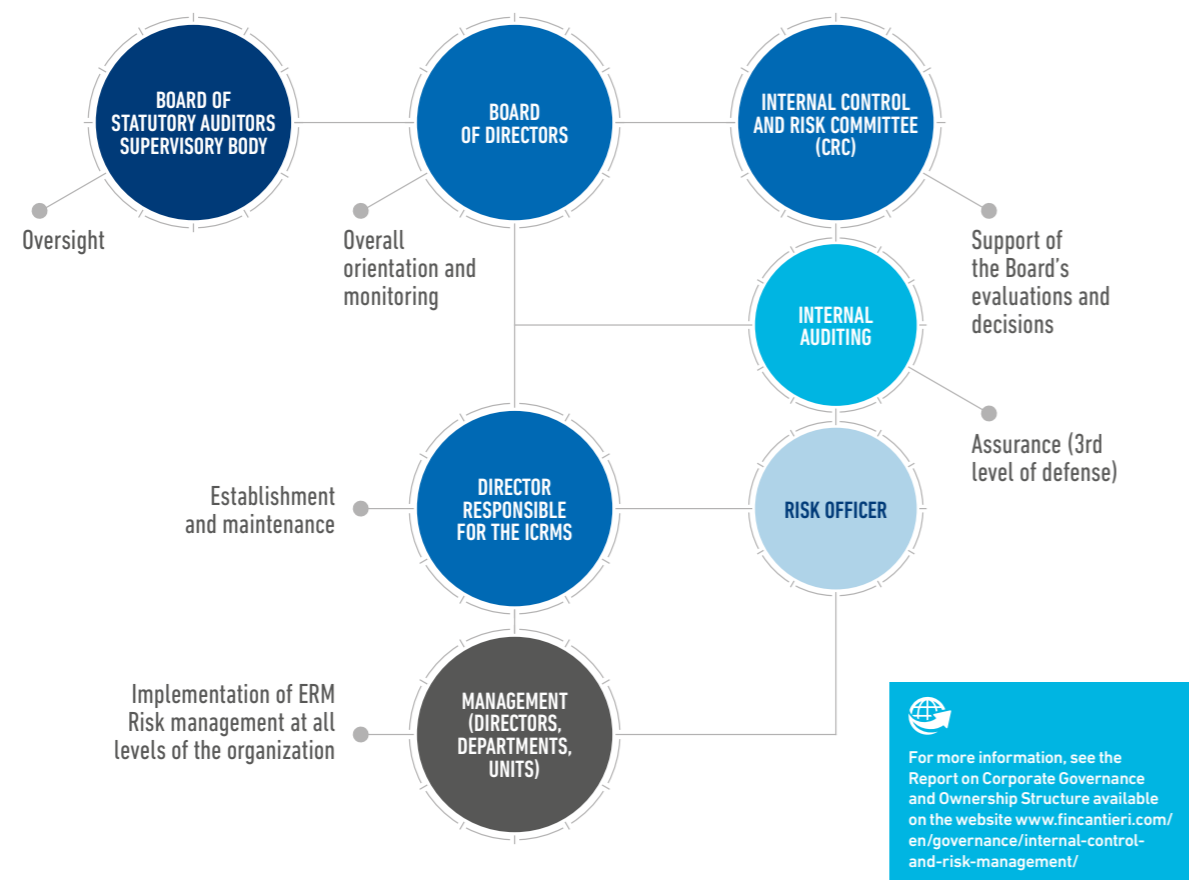
The ICRMS is integrated within the general organizational aspects and corporate governance system adopted by the Company and, taking into account the main reference models, allows and promotes the identification, measurement, management, and monitoring of the main risks as well as the dependability, accuracy, reliability and timeliness of the financial report. This system, based on leading international practices, is divided into the three traditional levels of control:

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

The guidelines, approved by the Board of Directors, identify the main parties involved in the preparation and implementation of an effective internal control and risk management system, involving each of them based on their area of expertise.

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

A representative diagram of the parties involved in Risk Management at various titles is provided:



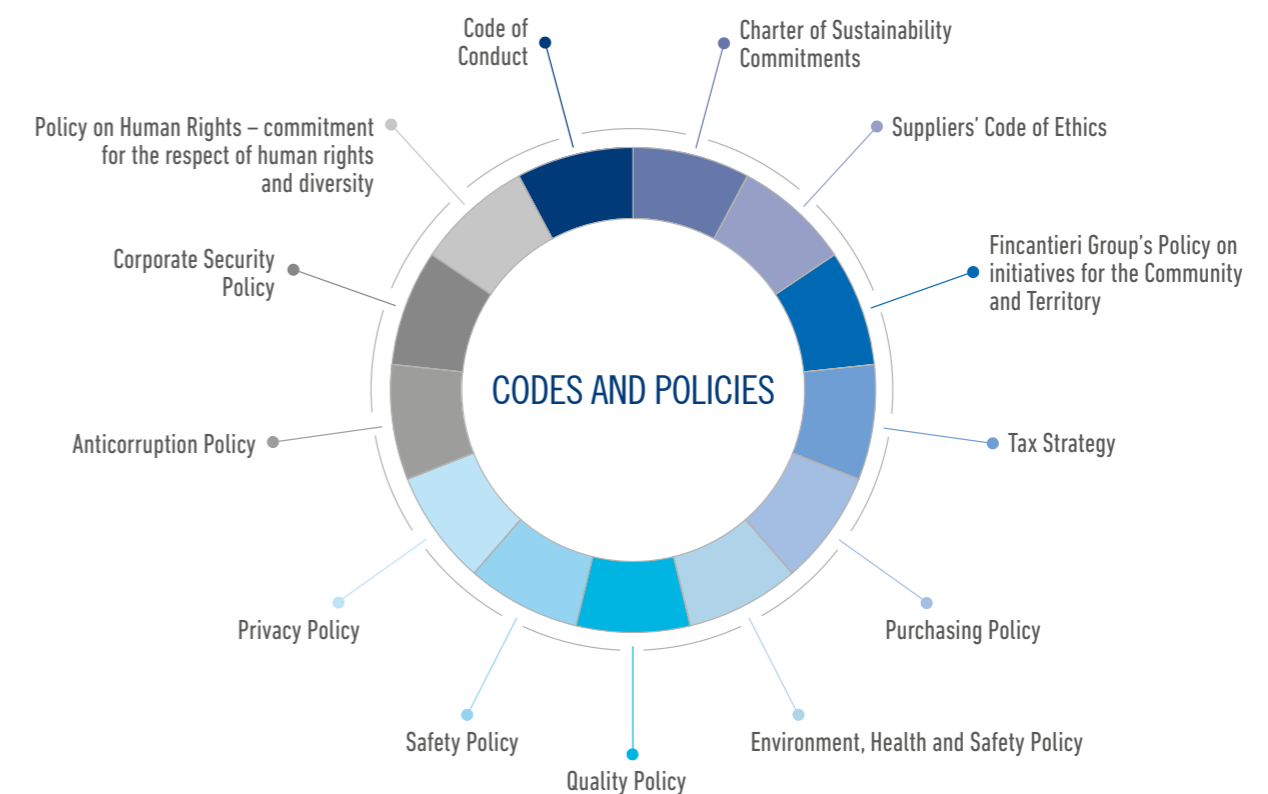
For more information, see the Report on Corporate Governance and Ownership Structure available on the website www.fincantieri.com/en/governance/internal-control-and-risk-management/

As part of the ERM process, in 2020 the Risk Management Model that maps the persons responsible for managing and monitoring risks was updated in agreement with the Director in charge of ICRMS.

Legality, integrity and prevention of corruption

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

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



Code of Conduct

All those who work for Fincantieri, without exception or distinction, are committed to observing and ensuring the observance of the Company's Code of Conduct, which, for the smooth operation, reliability and reputation of the Group, requires that all the activities are conducted in compliance with the law, with international conventions and in strict accordance with the human rights enshrined in the UN Universal Declaration. Operating according to the principle of fair competition, with honesty, integrity, fairness and good faith, respecting the legitimate interests of our stakeholders, shareholders, employees, customers, commercial and financial partners and of the general public and local communities in which we conduct our activities is fundamental for the smooth operation, reliability and reputation of the Group, but at the same time represents a key asset for Fincantieri's ongoing success.

In no way does the conviction of acting in the interest or advantage of the Company justify adopting conduct that goes against these principles and all conduct contrary to the words or spirit of the Code will be subject to sanctions as mentioned in the Code.

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

 The Code of Conduct is available on the website www.fincantieri.com/en/governance/business-ethics/code-of-conduct/

Organizational Model

Fincantieri has adopted an organization, management and control model according to Legislative Decree No. 231/2001 (Organizational Model), the latest version of which was approved by the Board of Directors on 28 January 2021. It consists of a general section, which illustrates the principles, departments and basic components of the Organizational Model, and special parts, which identify the activities at risk of crime, the principles of conduct, and the control procedures for the specific types of crimes considered relevant.

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

Anticorruption Policy

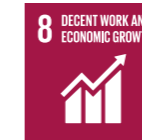
Given the extensive geographic context in which we operate, the Company has adopted a number of internal rules aimed at identifying and applying a global anticorruption policy that defines the expectations for conducting business operations in strict compliance with the best international standards on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

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

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

 The Anticorruption Policy is available on the website www.fincantieri.com/en/governance/business-ethics/anti-corruption-policy/

ISO 37001 CERTIFICATION




In line with the contents of the Sustainability Plan, in 2020 Fincantieri S.p.A. obtained ISO 37001 **certification for its anticorruption management systems**. This step is of primary importance as it underscores our organization's commitment and unwavering attention paid to the business ethics topics and refusal of all forms of corruption. The Anticorruption Management System implemented by Fincantieri guarantees:

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

The project envisages the Internal Auditing Function coordinating a working group made up of the company functions/departments most directly involved in sensitive processes, in order to prepare and/or integrate the Company's procedural and organizational controls to adapt them to the standards required by certification. At an organizational level, in order to oversee the Company's anticorruption system, in accordance with the ISO 37001 standard, it is the responsibility of the Board of Directors to identify and appoint the "anticorruption compliance function", giving it the appropriate operational responsibilities and authority to carry out its duties. To this end, the Board of Directors established the Anticorruption function in 2020.

With reference to the Parent Company, the **Internal Auditing** function examines and independently evaluates the internal controls to verify if what is required by the anticorruption procedures has been met within the range of the annual planned audits, approved by the Board of Directors. The **Supervisory Body** plays a special role. Its activities call for the periodic collection of confidential information in order to identify potentially risky conduct with reference to corruption both with respect to Italian and foreign Public Administrations, and to private parties. The Organizational, Management and Control Model according to Legislative Decree No. 231/2001 and the corporate regulatory framework are subject to a continuous updating process in order to adapt them to the organizational and legal changes and to adequately respond to the possible risk of committing crimes. Among the tools for preventing the risk of corruption, the Company has - since 2009 - adopted a system for reporting infringements to the Supervisory Body (**whistleblowing**), also defined in the Organizational Model, which enables employees and third parties to report issues involving non-compliance with the provisions of the Code of Conduct, the Organizational Model, or of the corporate procedures or, otherwise, the law. Since January 2019, an update of the whistleblowing computer system has been made operational. This system uses an independent platform to send reports and is an evolution in terms its suitability in order to ensure the confidentiality of the sources and of the information communicated (as required by Law No. 179 of 30 November 2017).

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

As regards training on the anticorruption procedures and policies, during 2020 the following courses were delivered at the Parent Company:

- **According to Legislative Decree 231/2001 - general part:** aims at disseminating and sharing, at all levels, the measures prepared by Fincantieri to prevent offences from being committed by subjects that might oblige the Company.
- **According to Legislative Decree 231/2001 - specific part on corruption and corporate offences:** analyses the topic introduced by Legislative Decree 231 of 2001 in terms of responsibility of entities and companies. In particular, some special parts provided for by the decree are analysed in-depth: corruption and corporate offences.
- **Fincantieri anticorruption management system:** introduced in 2020, it concerns the elements and essential characteristics of the anticorruption system adopted by Fincantieri to manage the prevention of corruption; it also deals with the tasks and responsibilities of the anticorruption function and the whistleblowing system implemented by the Company.
- **Specific training on the anticorruption system in Fincantieri:** introduced in 2020, it provides an overview of the main corruption risks and of a few indicators for identifying possible corruptive phenomena; it also describes the content of the "Grants, donations, sponsorships, gifts and hospitality" procedure, the methods for managing non-conformities found and the tools that Fincantieri makes available to its resources to recognise and fight the corruption phenomenon.

These courses were delivered to all employees of the Parent Company (employees, middle managers and senior managers), while agents and specific corporate departments were given the specific modules. Disclosure on the anticorruption system is scheduled for the blue collar employees by the end of 2021.

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

The Board of Directors receives an annual report from the Supervisory Body on the activities performed, including the training carried out. During 2020, anticorruption training was also delivered to the members of the BoD.

The table below shows the data on the overall number of employees who received anticorruption and/or business ethics training in 2019 and 2020.

NUMBER OF EMPLOYEES TRAINED

	SENIOR MANAGERS		MIDDLE MANAGERS		WHITE COLLAR EMPLOYEES		BLUE COLLAR EMPLOYEES		TOTAL		% of total employees	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
ITALY	7	244	55	418	1,140	4,421	2	0	1,204	5,083	13%	52%
NORWAY	2	1	3	1	10	12	0	0	15	14	1%	1%
ROMANIA	0	0	0	0	0	0	0	0	0	0	-	-
REST OF EUROPE	1	1	2	4	20	19	8	4	31	28	36%	30%
NORTH AMERICA	3	5	11	14	24	30	27	25	65	74	3%	3%
SOUTH AMERICA	0	0	0	0	0	0	0	0	0	0	-	-
ASIA AND OCEANIA	0	0	1	0	23	16	70	37	94	53	12%	7%
TOTAL	13	251	72	437	1,217	4,498	107	66	1,409	5,252	7%	26%
% of total employees per category	3%	63%	6%	39%	16%	54%	1%	1%	7%	26%		

The change compared to last year on the training carried out is due to the introduction, in Italy, of courses on the new anti-corruption management system adopted by Fincantieri S.p.A. in 2020.

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

As regards monitoring of corruption cases, it should be noted that no confirmed cases of corruption involved companies in the Fincantieri Group were found in 2019 and 2020.

National Framework Tender Protocol

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

We have always been sensitive to the topic of respect for legality and we have always ensured our contribution to the competent authorities in their defending the market from interference by organised crime, as well as from undue interference and pressures from common criminals.

In this perspective, we have taken measures to prevent, to the best of our ability, any possible infiltration attempt by organized crime during the process of awarding tenders, in capital expenditure and in production activities.

To this end, since 1999, Fincantieri has been working on improved cooperation with the relevant local authorities and, over time, has arrived at signing Legality and Transparency Protocols with the prefectures having local jurisdiction over the different production plants, which were then replaced by a single **National Framework Tender Protocol** with the Ministry of the Interior on 27 February 2017, aimed at preventing infiltration attempts by organized crime.

The agreement represents a fundamental milestone that unifies the procedures for control against organized crime on a national level in companies considered at "high risk" and which enabled, since its activation, **more than 2,550 reports** to be sent to the relevant local Prefectures on recipient firms of contracts of supply, tender and/or authorised to sub-contract in all Italian sites of the Fincantieri Group.

The agreement, in addition to having set up a permanent round table in the Minister's Office, guarantees an invaluable exchange of information for those cases considered most at high risk and, should any critical issues arise, enables Fincantieri to adopt the most appropriate protective measures while also reconciling the necessary confidentiality requirements of the parties involved and safeguarding production continuity.

Under the National Framework Tender Protocol, we also ask the same supply chain concerned to ensure the highest levels of transparency and fairness and fulfil their obligations to combat against and report any instances that could entail conspiracy to commit a crime - including mafia-type conspiracy - or, by way of example, corruption, fraud, money laundering and extortion.



Human rights

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

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

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

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

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

Policy on Human Rights

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

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



The document contains a focus on **Diversity** and **Inclusion**, elements we consider strategic factors for company competitive advantage and people development.

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

Even in countries like Vietnam, where human rights might be more at risk, the Company constantly monitors these issues. The Vietnamese shipyard has been certified in compliance with SA 8000. The model guarantees a virtuous process aimed at ensuring their continuous respect and provides specific training to all new recruits. In 2020, 1,160 hours of human rights training were provided in the Vietnamese shipyard that involved all new hires.

Suppliers' Code of Ethics

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

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

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

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



Management of reorganizations

In cases of business reorganization (mergers, acquisitions, etc.), we try to safeguard our people by, if necessary, assigning new tasks with targeted training or retraining, based on each person's ability and experience. Indeed, any restructuring and/or reorganization processes provide for **specific information procedures** with the involvement of trade unions, in order to identify the most appropriate tools to manage them (e.g. early retirement, reduction of working hours, social shock absorbers, retraining, etc.) and their different structuring in connection with the different contexts.

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

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

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

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

Several dozen former employees were also hired by the Tulcea, Romania yard.

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

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

Data and information security

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

The sophistication of cyber threats, made possible by the increasingly aggressive operations of organized international groups, requires the constant adjustment of the Company's defenses and processes for protecting IT assets, as an additional element to protect the Company's industrial know-how and market competitiveness. For this reason, we further strengthened our cyber security in 2020 through the creation of E-Phors, a spin-off of the Parent Company specializing in cyber security services for the Group and its main markets.

In particular, with regard to the Group's cyber plan, the wide-ranging project initiatives dedicated to company technological infrastructure in 2020 include:

- implementation of a program to protect the industrial networks supporting ship production on four pilot shipyards (Monfalcone, Marghera, Ancona and Riva Trigoso) to allow the monitoring, protection and management of field equipment;
- development of a model to manage cyber security aspects related to product development processes;
- definition of the business model for Information Security Policy Architecture that can be extended to the Group;
- investments in Artificial Intelligence technologies applicable to cyber incident detection;
- central monitoring of core corporate services.

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

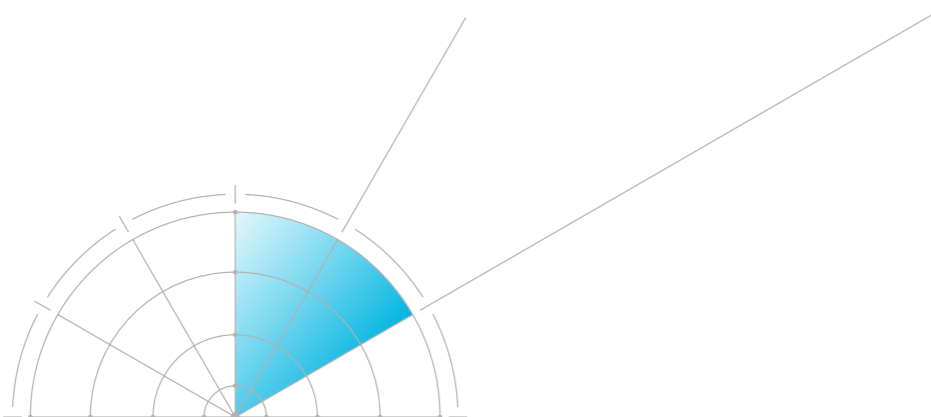
- periodic IT security assessments aimed at identifying and remedying any gaps;
- awareness campaigns for employees, aimed at improving awareness of cyber risks and shedding light on the most widespread social engineering attack techniques and the organizational and behavioural methods for neutralizing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

Initiatives to handle the COVID-19 pandemic - Cyber security

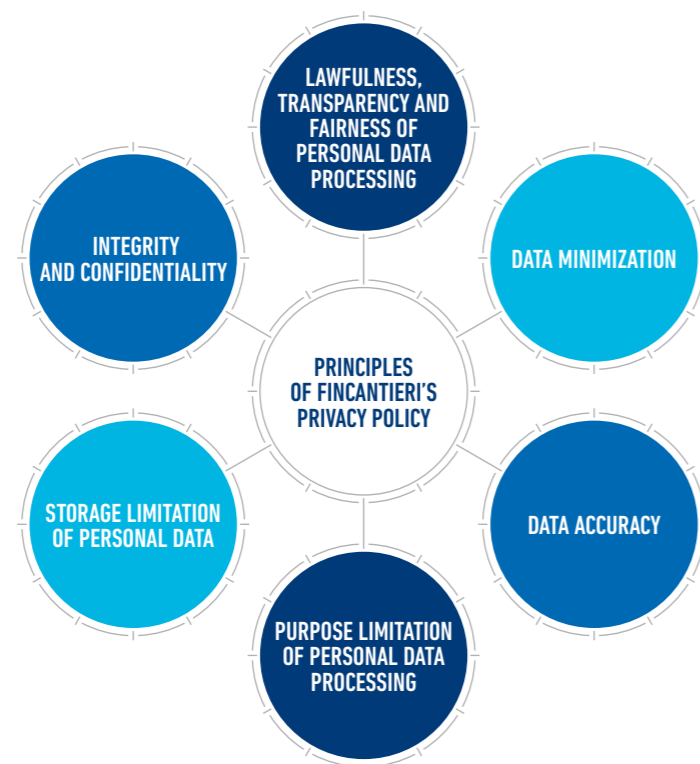
Due to the pandemic scenario caused by COVID-19, the Company had to face up to another cyber risk scenario because of the massive number of people who began to work from home. This introduced new risks tied to the use of "untrusted", and notoriously more exposed, domestic networks. For this reason a review of the protection technologies more in line with the new working from home requirements became necessary. These demand operational flexibility and strong focus on distributed collaboration.

Fincantieri - in its capacity as a strategic company for the national system - also continues with collaborations sanctioned by agreements with the **State Police and other important national institutions** through information sharing activities on significant cyber events recorded on its IT infrastructure.

The Company also presents itself more and more as a subject having strong cyber security know-how of naval shipbuilding products and, in general, in the maritime field. On this latter subject, during 2020 we promoted a pilot course for Deck Officers thanks to our subsidiary E-Phors. It was carried forward in partnership with the Italian Merchant Naval Academy and is aimed at improving awareness of cyber risk on board ship, also due to the aid of the simulation platform developed by the subsidiary Cetena.



We are aware of our social responsibilities and in the light of the full transposition of the principles laid down to protect personal data, during 2018, we launched a process to comply with the new regulation on personal data protection, namely "Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (the General Data Protection Regulation)" (the "GDPR"), which became fully applicable on 25 May 2018. At the end of this process, the Company adopted a privacy management system. The founding principles on which Fincantieri's personal data protection system is based are contained in the Policy on General Principles of the Privacy Management System (**Privacy Policy**) which establishes, among other things, the main processes needed to ensure the protections envisaged by the legislation. With this policy we undertake to establish and maintain over time a control model aimed at protecting the personal data collected and processed as part of the operational processes of our business, promoting the development of a pervasive privacy culture at Group level. With this in mind, in addition to the dissemination of privacy statements to the data subjects and instructions to personnel authorized to process personal data, we carried out a pervasive training campaign that reached the employees of the Parent Company and was extended to the Italian subsidiaries. The Privacy Management System was laid out in detail in a specific Privacy Management System Manual and by operational procedures that identify certain processes that are especially critical such as management of data breaches and management of requests from data subjects asserting their rights.



Initiatives to handle the COVID-19 pandemic - Privacy

In order to manage the health emergency linked to COVID-19, during 2020 Fincantieri implemented a body temperature detection mechanism that involved the workers when they entered the shipyards and Company premises, in full respect of current privacy legislation. An adequate privacy policy was drawn up, the processing register was updated and the data processor appointment agreements were signed with all those suppliers that handle personal data in this precise area.

As regards the security measures to be implemented to guarantee and protect data, **ISO/IEC 27001:2013** certification was confirmed in 2020 for Fincantieri S.p.A., confirming compliance with the level of reliability required by international standards, which represent deeper integration with the information technology required by the personal data protection obligations. In September 2020, also the subsidiary Cetena was awarded ISO 27001:2013 certification.

With regard to foreign subsidiaries, the VARD group, in addition to the cyber policy review plan, has put in place a series of initiatives during 2020 aimed at increasing its security level, including:

- the adoption of a DNS security solution;
- a massive awareness-raising plan for the employees in all countries;
- a major increase in security levels on existing technological solutions.

It was also decided to strengthen the cyber security function with the aim of implementing a team capable of both consolidating security policies within the Company's projects (security by design) and monitoring their correct development (security monitoring). With this approach VARD undertakes to align with the control model promoted by the Parent Company, aimed at protecting the personal data collected and processed as part of the operational processes of its business.

In implementing the requirements of the GDPR, it has also carried out an overall mapping of processes involving personal data and shared the results with the sites and offices located in the various territories in order to implement a privacy structure that is in line with local characteristics, implemented a privacy policy, limited access to data in accordance with regulatory requirements and provided employees with training courses in this area.

Fincantieri Marine Group LLC, complying with the provisions of the Health Insurance Portability and Accountability Act (HIPAA), has prepared a detailed document on the protection of employees' health data, providing a training course to those who have access to such information.

During the 2020 financial year, Fincantieri Marine Systems North America Inc. also adopted a privacy policy and a privacy manual with which it implemented a series of application procedures; both documents were made available to all employees.

ECONOMY AND MARKET

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



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

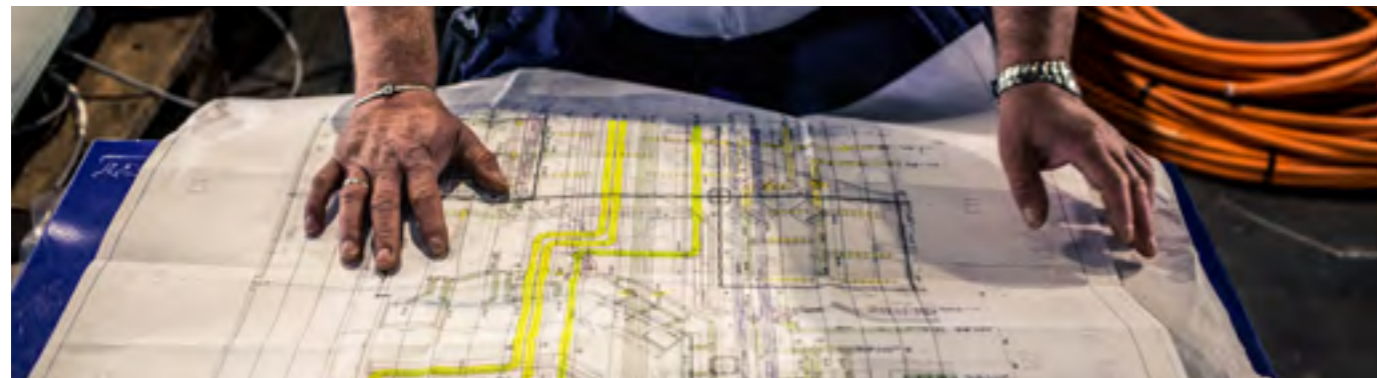
In this context, our business model - diversified by end markets, geographical areas and customer portfolio - is able to face new challenges by seizing all opportunities without ignoring their social and environmental implications. Our goal always remains that of combining business with reducing environmental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

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

Economic value for stakeholders

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

In 2020, we distributed a total economic value of €5.9 billion to suppliers, collaborators, lenders, Public Administration and the community. This is a significant value, the impact of which remains limited mainly to the territory, particularly with regard to personnel and suppliers.



DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

(euro/million)

	DESCRIPTION	2019	2020	VAR 2020/2019
ECONOMIC VALUE GENERATED DIRECTLY				
a) Revenue	Sales revenue	5,849	5,879	0.5%
b) Finance income	Interest income and return on equity investments	50	61	22.3%
c) Capital gains/losses on business profits	Business profits	(2)	(8)	398.9%
DISTRIBUTED ECONOMIC VALUE				
a) Operating costs	Payments to suppliers	4,505	4,705	4.5%
b) Cost of personnel	Payments to employees	1,001	986	-1.5%
c) Dividends	Payments to suppliers of capital (shareholders)	17	0	-100%
d) Interest paid and financial costs	Payments to suppliers of capital (banking institutions)	187	212	13.3%
e) Duties and taxes	Payment of duties, taxes and other financial and legal fees	84	1	-98.9%
f) Donations to associations	Community investments	2	5	100.9%
ECONOMIC VALUE RETAINED				
	Calculated as the difference between the economic value generated and the economic value distributed	101*	23	-77.2%

The data refer to the entire Fincantieri Group.
*The figure does not include "Gains/(Losses) from discontinued operations".

Our worldwide presence has increased to 21 countries, mainly in Italy, Norway and the North America. In 2020, 34% of revenues (compared to 33% in 2019) were generated by cruise ships equipped with green technologies such as scrubbers that purify exhaust fumes from hazardous chemicals and pollutants, selective catalytic reduction systems (SCR) for ships or liquefied natural gas (LNG) propulsion.

REVENUES BY GEOGRAPHICAL PRODUCTION AREA

(euro/millions)

	2019	2020	VAR 2020/2019
ITALY	4,868	4,974	2%
NORWAY	1,036	820	-21%
ROMANIA	381	380	0%
REST OF EUROPE	9	7	-21%
NORTH AMERICA	630	629	0%
SOUTH AMERICA	10	17	71%
ASIA AND OCEANIA	115	151	32%
CONSOLIDATION ADJUSTMENTS*	(1,200)	(1,099)	-8%
TOTAL	5,849	5,879	1%

The data refer to the entire Fincantieri Group.
*Netting between intercompany items.

We were able also in 2020, with the systemic crisis triggered by the spread of the COVID-19 virus, to further consolidate and reinforce our leadership in the high value-added sectors of shipbuilding and in the other segments in which we operate. The sound structure of the Group and the expertise acquired - also thanks a constant search for innovation - allowed the huge order backlog in the cruise segment to be fully preserved, our position in the naval segment to be strengthened, and new opportunities in the other segments to be seized, extending our presence to new business areas. During 2020, we delivered 19 vessels in 11 different shipyards, once again proving our ability to react to the challenges proactively and recovering the fall in production caused by suspension of the activities. Thanks to continuous collaboration with our customers, the Group can rely on a **total backlog** of €35.7 billion for 116 vessels, equal to about 6.1 times the revenues.

Economic impacts of the COVID-19 pandemic

Responsibility toward the health and safety of thousands of people who work for Fincantieri every day led us to immediately set in motion extraordinary protocols and extensive safety measures, which significantly affected our production capacity. Together with the remodulation of the delivery plans and revision of the production program in the Shipbuilding segment, this decision entailed a loss of 3.2 million hours of production compared to those scheduled (-20%), of which €2.7 million only in the first half of the year, and a corresponding loss of progress in revenues in the period totalling €1,055 million (€790 million referring to the first half of the year). We implemented all possible measures to safeguard our resources not only in terms of employment, but also in terms of health and safety. As described in the chapter "People who look to the future", we were one of the first Italian companies to voluntarily interrupt all production activities in the Italian yards and shipyards, starting from 16 March 2020, before the regulatory measures that were later issued. Prompt implementation of the safety measures and steps to fight the spread of the virus contained the contagions amongst all resources working inside our Italian yards to about 4%.

We are present in **different geographical** areas of Italy and the world, some of them in precarious or developing socio-economic contexts, characterized by a limited presence of large companies, a large number of small enterprises, where employment rates and the labour market are not very dynamic and not always evolved. This involves a considerable investment in terms of both organizational and economic resources in order to address and make up for the shortcomings of infrastructure networks and the lack of a widespread business culture. Through our shipyards we are able to guarantee economic stability to entire families and territories and contribute significantly to **employment growth** and the positive evolution of the socio-economic context of the areas in which we operate. We offer people the opportunity to establish a stable and long-term relationship with us, and to share with them the same idea of growth, improvement and personal fulfilment. In Italy, in particular, our workforce grew by 510 employees, confirming Fincantieri's primary role in the employment context. In order to support our production, we have created a **production network** that requires our shipyards work in synergy and collaboration with each other so that one single project brings value to different regions or nations and not only to the production plant where the ship is delivered. With regard to the vessels produced by the VARD group in Norway, it is worth noting that these are also partly built with the operational contribution of the two shipyards in Romania, the shipyard in Brazil and the one in Vietnam. With this integration it is possible, on the one hand, to ensure the proper combination of functionality, capacity, cost control and proximity to the market in order to satisfy the desires of a wide and diversified international portfolio of customers and, on the other hand, to generate internationally distributed value by promoting the transfer of technology and knowledge aimed at fostering independent local development even in non-European countries with different levels of economic development. Moreover, this preventive geographical diversification model also allows us to address possible risks related to climate change.

Thanks to the adoption of a strategic approach to the market, over the years we have evaluated and finalized several M&A transactions and acquired entire companies in financial difficulties but with solid industrial backgrounds, also giving priority to direct hiring or hiring through our chain of subsidiaries belonging to the Group. These actions have enabled us to safeguard know-how, strengthen our skills and support the economic system of the territories in which we operate. For this purpose we are engaged in **strengthening collaborations** with the regional administrations, and more specifically with the regional labour and training departments of Friuli Venezia Giulia and Liguria in order to promote the redeployment of unemployed personnel who left local companies in a crisis situation. In particular, in 2020 we identified, also by involving Group supplier companies, a tangible solution for the employment future of about a hundred workers leaving Acciaieria Arvedi (formerly Ferriera di Servola, Trieste) following the steelworks' reconversion plan, and leaving Jindal Saw (formerly Sertubi, Trieste). In the aftermath of selection interviews, held in collaboration with the Regional Employment Centre and satellite companies, several resources were hired by Fincantieri or by partner companies, others were placed in functional reskilling courses in order to acquire the specific skills required by the key trades of the shipbuilding segment (e.g. welders, carpenters, pipers) which the Region is promoting in collaboration with Fincantieri.

Our massive presence in the territories where we operate certainly generates benefits, but it can also cause inconvenience to the local population. For this reason we are committed to respecting the rights of **communities** and contributing to their economic and social progress, interacting with a variety of stakeholders on a daily basis. The search for shared value for the Company and its stakeholders represents an opportunity to combine competitiveness with the creation of social value in the long term. Such a vast geographical perimeter necessarily implies confronting different enterprises and an in-depth knowledge of the territory and the needs of the various stakeholders in order to identify targeted solutions. For this reason we try to reduce our impacts through responsible management, helping the institutions in the territories where we are present. We also pay great attention to the search and selection of **long-lasting partnerships** with those who contribute to the creation of our products and services and represent us in the world. Working with our suppliers has an additional positive impact on the communities in which we operate by creating jobs and increasing our partners' business volumes. The initiatives implemented by the Group for the individual stakeholder groups are described in the various chapters of this Report.

Expansion of the business segments

What we mean by the term diversification is an expansion of the Group's expertise. It is a strategy founded on the possibility of using a consolidated wealth of know-how in new fields. Indeed, the ship is a platform that collects hundreds of miscellaneous skills that can be used in other sectors as well. In the infrastructure segment, in which the Company has grown considerably, we have made a name for ourselves worldwide for the construction of the new **San Giorgio Bridge in Genoa** in record-breaking time, inaugurated on 3 August 2020. Fincantieri Infrastructure, the Group's subsidiary that rebuilt the viaduct over the Polcevera river together with WeBuild, indeed completed the entire steel deck of the bridge in just 7 months, with the last span being launched on 28 April 2020. It was a demanding venture from different perspectives and not just in terms of time frame, but also by virtue of the profound symbolic value that this construction represented for the county in connection with both the tragedy of the Morandi Bridge's collapse that generated it, and because it was the only large yard in the country that never stopped its activities, not even at the most critical moment of the pandemic, by adopting particularly advanced safety protocols that prevented cases of contagion from occurring inside the yard. The Genoa Bridge is also an actual safe and sustainable **smart bridge** because it is equipped with a monitoring system (made by Seastema and Cetena in the form of temporary joint venture) that is one of the most advanced in the world as it is a set of sensors and robots.

A contiguous project concerns the agreement reached between Fincantieri NexTech with Autostrade Tech, an Autostrade per l'Italia Group company, and IBM for the implementation, marketing and joint maintenance of a new-generation system for monitoring **motorway infrastructure** and keeping it safe. Thanks to this solution, over 4,500 works along the Autostrade per l'Italia network, amongst bridges, tunnels and overpasses, are already being monitored today. The project, called Argo, makes use of innovative instruments and technologies such as drones, smart sensors, IoT and 3D modelling made available by Fincantieri NexTech.

NEW TECHNOLOGICAL SOLUTIONS



In line with the objectives of the Sustainability Plan to develop an offer of solutions and technologies tied to the recovery of activities in observance of the instructions and measures issued at the national and international levels to combat and reduce the spread of the COVID-19 epidemic at the workplace and in places of social aggregation, Fincantieri NexTech has developed a tunnel for the outdoor measurement of body temperature and environmental sanitation mechanisms through the ionization of indoor air.

Again with regard to infrastructure, Fincantieri Infrastructure will supervise the restyling and expansion of the Dall'Ara stadium in Bologna, a work declared of public interest that also involves the football club Bologna Fc 1909 and the Municipality of Bologna. The company has also been awarded the assignment of works to move and enlarge the Vado Ligure port dam together with Fincosi s.r.l. as a temporary joint venture.

Added to these themes are targeted initiatives, such as the acquisition of a long-standing company like Inso and SOF, which will allow us to add to the Group's leadership also that of hospital building and health technologies, and that of a majority interest in the capital of Support Logistic Services (SLS), a company specialised in making, installing and maintaining satellite communication systems, radar and radio communication systems for naval and civilian applications.

Economic satellite businesses

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



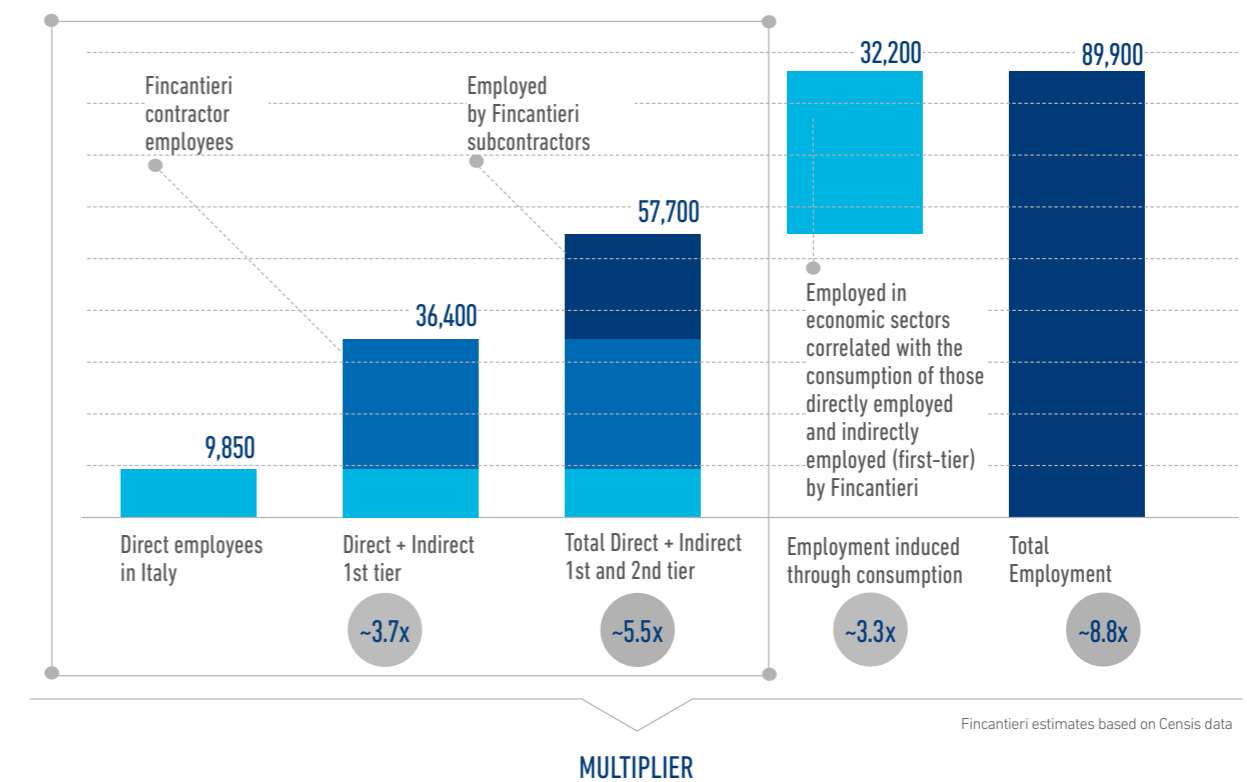
According to a Censis study, the Fifth Report on the Economy of the Sea 2015, every euro invested in shipyards produces a value 4.5 times greater, mostly benefitting the area where it is located, through the involvement of a wide and diverse network of companies, many of which are highly specialized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

Each cruise ship built by Fincantieri in Italy develops on average € 2.7 to € 3.6 billion of business volume for the Italian System:

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

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

ECONOMIC SATELLITE BUSINESSES - ITALY 2020



From the graph it can be seen that:

- the more than 9,800 direct resources at Fincantieri activate in Italy more than 57,700 employment units in industry (considering contracts and subcontracts) in the manufacturing segment;
- adding to this the induced effect of family consumption, employment reaches 89,900 units

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

Tax approach

Since 2021 we have adopted a Tax Strategy that, inspired by the principles set out in the Code of Conduct, defines the Group's objectives with regard to the tax variable and sets the guidelines for their actual implementation.

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

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

The strategic decisions concerning business and operations are taken also bearing in mind their tax impacts, as our tax strategy is based on the following principles:

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

With reference to Fincantieri S.p.A., at the organizational level the task of guaranteeing proper fulfilment of the tax obligations and of providing support to the different company functions regarding tax matters is entrusted to a special tax function that, through appropriate service agreements, lends assistance also to the Italian subsidiaries if they do not have adequate coverage.

The tax strategy is approved by the Board of Directors of Fincantieri S.p.A. and is subject to review on an annual basis.

 The Tax Strategy is available on the website www.fincantieri.com/globalassets/sostenibilita2/responsabilita-economica/approccio-fiscale/fincantieri_tax_strategy_2021.pdf

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

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

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

TAXES BY GEOGRAPHICAL AREA

(euro/million)			
	2019	2020	VAR 2020/2019
ITALY	70.5	(21.0)	-130%
NORWAY	5.6	12.4	119%
ROMANIA	1.5	12.0	682%
REST OF EUROPE	0.1	0.2	52%
NORTH AMERICA	3.6	(3.9)	-208%
SOUTH AMERICA	0.1	0.1	-35%
ASIA AND OCEANIA	2.1	1.1	-48%
TOTAL	83.6	0.9	-99%

The data refer to the entire Fincantieri Group.
The changes in taxes depend on the financial performance of the activities carried out, taking into account that the local tax regulations to determine the taxable amounts, starting from the economic results, might lead to temporary or permanent differences, even significant, between the two amounts.



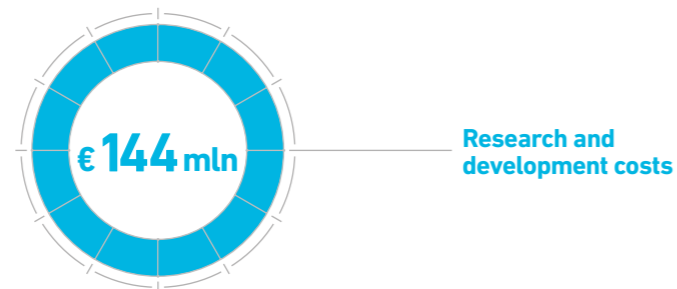
INNOVATIVE BUSINESS

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



Our main objective has always been to keep our world leadership in all the high value-added segments of the shipbuilding industry. Our competitive advantage lies in our capability to provide highly technological and customized solutions and is evident whenever the need to apply solid know-how in system integration emerges. We have repeatedly confirmed our position as one of the most competitive global players, thanks to our flexibility and ability to adapt to significant and cyclical changes in market needs. These fluctuations require processes capable of continuously generating product innovations which are applicable to all types of ships, and process innovations, which are necessary in order to apply new technologies and recover productivity. We aim to be proactive towards our customers by always offering innovative solutions and anticipating the evolutions in the market. The constant updating of products and processes is one of our fundamental values, which led to the recognition of Fincantieri as one of the most competitive players globally. In this sense, the capacity to seize on the promising synergies in terms of innovation at international level characterizes the Group's actions and makes it gradually more integrated with and sensitive to market dynamics.

Continuous innovation

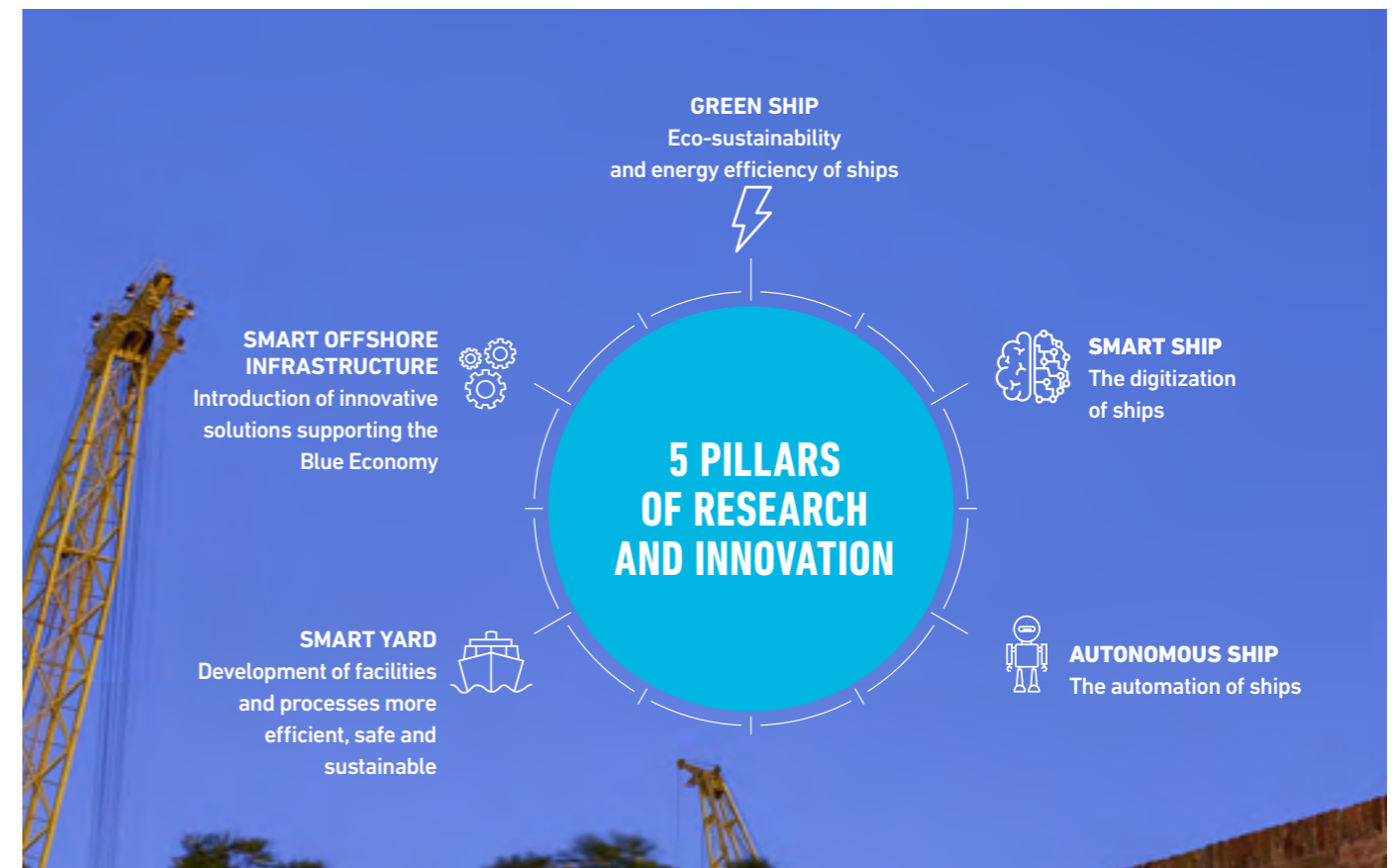


The main objective we have set ourselves in order to direct our work strategically in the near future is described by a vision of innovative trajectories in the shipbuilding sector, which have been shared with our European partners. Our intent is manifested in our efforts to prepare the proposed European Partnership under Horizon Europe, Zero-emission waterborne transport, promoted by the European **Waterborne Technology Platform (TP)**. The partnership's ambitious goal is to provide and demonstrate zero-emission solutions for all main ship types and services before 2030, which will enable zero-emission waterborne transport before 2050. The work of Waterborne TP, carried out in cooperation with the main industry associations, focuses on the definition of collective and comprehensive development perspectives, going beyond green transition and aiming to radically

transform the sector. This will be feasible thanks to the definition of new business models aimed at supporting sustainable growth in the shipping industry and the integration of goods and passenger transport into a seamless solution for shipping, ports and logistics.

In this context, innovation is a key element for the European shipbuilding industry to continue to maintain a global leadership position, demonstrating that it is fully able to handle the greatest technological and environmental challenges of our time.

We have set ourselves the objective of implementing our strategic vision by focusing our Research and Innovation process on five fundamental pillars:



In order to be strategically valid for the Group, each research project pursues at least one of these fundamental directions.

R&D COSTS AND INVESTMENTS

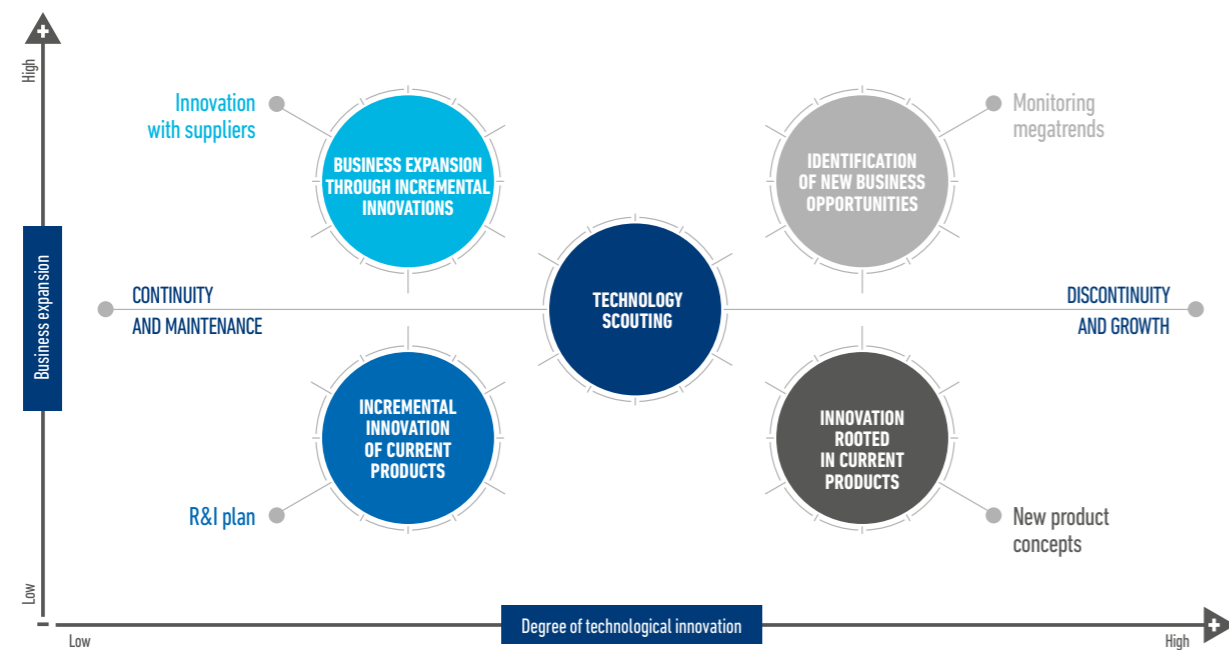


In line with the goal of the Sustainability Plan, in 2020 the **R&D budget** (costs and investments) of Fincantieri S.p.A. was 113 million euros, of which 65% in clean technologies such as scrubbers that purify exhaust fumes of hazardous chemicals and pollutants, selective catalytic reduction systems (SCR) for ships or liquefied natural gas (LNG) propulsion.

Our Research and Innovation activities extend to various areas with different aims and fields of interest. We are constantly engaged in industrial research, experimental development and process innovation in order to improve existing products, processes and services and to expand our knowledge base to support our entry into promising new market sectors worldwide.

The definition of **long-term** activities, in agreement with the business units and subsidiaries, starts from an analysis of the significant economic and technological megatrends for the maritime segment over the next decade. An analysis of the policy documents produced by international organizations, research centres and, more generally, by our stakeholders, allows us to define the areas which have not yet been explored and where the Group's resources can be invested.

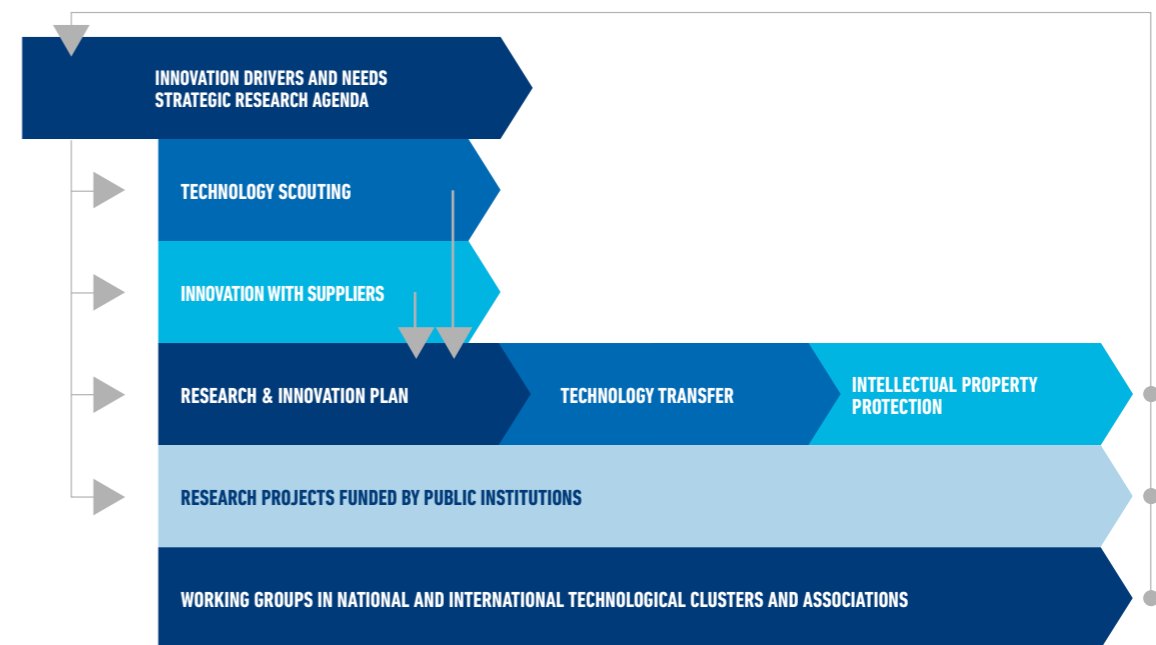
INNOVATION



As regards the **medium** and **short term**, our commitment aims to anticipate the demands of shipowners in order to meet the needs of users and satisfy the demands raised by our customers. In the first case, we are committed to off-the-shelf innovation, i.e. those activities that are not directly applicable to orders, but are strategic in anticipating the needs of the end customers. The directions to be taken suggested by recent market surveys show the importance of concentrating our efforts on issues such as energy efficiency and reduction of operating costs, maximization of payload and, at the same time, perceived quality, and improvement of safety. In the short term, however, the focus is on developing and innovating technologies and applying them to each individual order. Timely fulfilment of the shipowner's requests often needs the development of technological solutions or the study of innovative materials and systems to be applied during the ship design phase.

A **Research and Innovation Plan (R&I Plan)** is drawn up every year. The Plan is the tool that the Group uses to effectively implement its strategy and it is the cornerstone of the other processes in Research and Innovation. The annual redefinition of the projects is essential in order to maintain consistency between the activities carried out during the previous year, new corporate objectives and the market needs envisaged in the near future. The plan takes its momentum from the processes analysing technological and economic **megatrends**, carried out by our analysts or sector stakeholders, as part of the process of defining our development strategy. The process of **Innovation with suppliers** also flows into the plan and is dedicated to analysing the specific perspective of the R&D offices of the partners operating upstream in the value chain. This process is important in order to define joint development roadmaps that enable the Group and its ecosystem of suppliers of components and related subsystems to achieve common goals. The plan is also fuelled by the **Technology Scouting** process, which aims to analyse emerging technologies in detail, including in sectors far removed from the maritime world, and assess their potential impact on our products, services and processes.

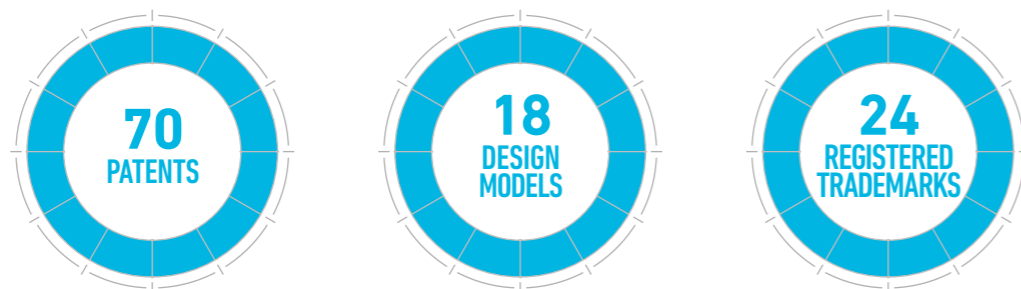
OUR CORE PROCESSES ARE DESIGNED TO DRIVE INNOVATION FORWARD



We develop the projects in the Research and Innovation Plan with the aim of ensuring a competitive advantage for the Group and for the companies that collaborated to achieve common results. As highlighted in the European Innovation Scoreboard 2020 reports, the ecosystem of enterprises, especially small and medium-sized ones, is crucial for innovation processes, both at national and EU level. With this in mind, we aim to regularly strengthen **partnerships with the entire supply chain** in order to create added value for the entire shipbuilding segment via important co-design activities. The value generated by Research and Innovation projects is captured in particular through two fundamental processes:

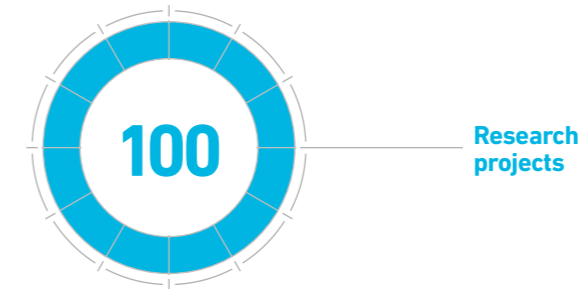
- **technology transfer**, which is a fundamental step to transfer knowledge, even if intangible, into services and applied technologies aimed at a wider audience of users. In particular, this phase takes place after each project is closed and is aimed at ensuring that the results, including intangible knowledge, models and algorithms, are correctly transmitted to the relevant departments of all divisions. Once finalized, all the project documentation and the material produced are uploaded to a dedicated database which can be accessed by the designers;
- **management of intellectual property**. While enlarging the user base aids the marketing of the technology, if the intellectual property of the results attained from the research is not properly protected, there is a risk that the competitive advantage achieved will be nullified. It is therefore essential to protect the intellectual property of the results obtained - which were delivered through collaboration with suppliers and also with universities and research centres - by assessing on a case-by-case basis, whether it is appropriate to use it as an industrial secret or by filing trademarks, patents and models. In this context, we have set ourselves the objective of ensuring researchers have the freedom to publish project achievements. Our processes allow us to quickly assess the chance of filing patent applications, and agree, on a case-by-case basis, on the degree of technical details reported in publications, ensuring an effective protection of industrial secrets.

Fincantieri Group's patent portfolio currently contains:



In conducting Research and Innovation activities, we use the support of the **CETENA research centre**, which, thanks to its experience in research and consultancy in the maritime field since 1962, is the cornerstone of the Group's pre-competitive research. Cetena's main competences range from fluid dynamics to structural design, including the application of innovative materials, from energy efficiency and the control of emissions to safety issues, and from the development of software and simulators to testing activities.

Main projects



In 2020, we have activated over 100 Research and Innovation projects, funded through our own resources and through Research and Innovation programs funded at European, national and regional level. Some of the projects are carried out through close cooperation with universities and research institutes, through the awarding of specific assignments or the funding of PhD fellowships, research grants, or tenured and temporary positions in partner universities. All the projects can be classified within 5 development trajectories, which represent Fincantieri's vision for the sector.



For the past several years, the concept of greening has established itself as one of the guidelines for innovation processes and has acquired fundamental importance in the eyes of the public. The European Union, with the recent European Green Deal, the International Maritime Organization (IMO) and the Cruise Line International Association (CLIA), have defined precise objectives to reduce polluting emissions (in particular CO₂) for the next decades.

We consider Green Ship as a milestone of our vision and the activities carried out in 2020 confirm this commitment. Recent contracts, whether they are related to the sectors of new builds or refitting, feature the use of advanced technologies, such as liquefied natural gas (LNG), batteries, modern systems for pollutant reduction and energy saving.

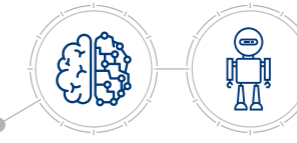
Fincantieri applies a holistic approach in design and building to optimally integrate the systems on board, pursuing continuous improvement in energy efficiency and supporting the introduction of new alternative fuels, technologies for de-carbonization, including fuel cells, as well as the study of high-performance materials.

The main projects active and related to these issues are:

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

technologies with low environmental impact. The ship, called Zeus - Zero Emission Ultimate Ship, will have the possibility to be powered exclusively by fuel cells.

- **Sustainable Ship Design Program (2018-2020)**: the project led to the introduction and validation of a holistic approach to energy efficiency and emission reduction in ship design,



also through a careful control of EEDI (Energy Efficiency Design Index).

- **PIAQUO** - Practical Implementation of AQUO (2019-2022): a cooperative project financed by the European LIFE Programme, which aims to mitigate issues related to underwater noise and reduce its impact on the marine ecosystem through the optimization of propellers and the development of a self-assessment real-time model.
- **ESS Control System** - v2.0 (2019-2020): the project, financed internally by the subsidiary VARD Electro, concerned the study of larger batteries, at a reduced cost, combined with an advanced management and control system for energy storage in order to guarantee longer autonomy and improve device safety.
- **DC Grid Power Analysis** (2019-2021): the project, financed internally by the subsidiary VARD Electro, aims to optimize the Direct Current (DC) grid through advanced techniques for the simulation of microgrid applications in the marine sector.
- **GreenCruise** (2019-2022): development and testing of new tools, processes and methods for increasing product sustainability. The project aims to develop technologies, design and production processes and prototyping for verification and testing of different solutions capable of making future large cruise ships safer and more environmentally friendly.
- **EALING** - European flagship Action for cold ironing in ports (2020-2022): the project aims to accelerate the effective deployment of On-shore Power Supply solutions (OPS) in EU maritime ports.
- **GREENSHIP** - Towards zero ship emissions (2019-2022): the project aims to develop an e-learning course for training a new figure on board the ship: the "Emissions Manager", in compliance with the new IMO requirements.
- **ETEF** - Digital Energy Transformation & Electrification Facility (2020-2021): Fincantieri SI and Seastema have signed a cooperation

agreement with Wärtsilä for a project, co-financed by the General Secretariat of Defense, which will develop innovative technologies related to the marine electric microgrid and build a technological demonstrator in Trieste to test new solutions for marine electric systems.

- **IFuture** (2020-2023): program agreement to establish IFM's research and innovation centre, for the creation of a dedicated innovation and development centre within its organization, as well as for the development of a new engine for industrial applications based on hybrid technologies and incorporates digital tools to optimize its performance.
- **IPN Piezo** - Plug-in Electric Zero Emission Offshore-ship (2020-2023): the project, developed by the subsidiary VARD Design, aims to define the concept of a new plug-in electric Platform Supply Vessel.
- **IN Cruizero** (2020-2021): a project, developed by the subsidiary VARD Design, aimed at defining new concepts for zero-emission cruise ships.
- **KNP CeuiZe** (2020-2024): a project, managed by the subsidiary VARD Design, with the aim of developing an innovative solution for cooling, heating and fresh water production on board cruise ships.
- **SeaBat** - Solutions for large batteries for waterborne transport (2021-2024): a project, funded under the Horizon 2020 Framework Programme, aimed at developing the concept design of a fully electric ship by combining a modular high-energy battery system, new converters and innovative manufacturing technologies derived from the automotive sector.
- **Zero Coaster** (2020-2023): the project, managed by the subsidiary VARD, aims to develop a new class of zero-emission bulk carrier for coastal navigation.
- **Power From Host** (2020-2021): the project, pursued by the subsidiary VARD Electro, aims to develop a case study of offshore charging systems.

In addition, Naviris, a joint venture between Fincantieri and Naval Group, has signed its first contract with OCCAR for five research projects to enhance digital technology on board ships, optimize fuel consumption, develop fuel cells, improve logistics and ship safety.

Smart Ship and Autonomous Ship

In the context of the development model proposed by the Industry 4.0 paradigm, the enhancement of IoT (Internet of Things) and smart devices has taken on fundamental importance. These devices are pervading all industries and ships are no exception to this smart revolution. The improvement of monitoring systems, supporting navigation and onboard operations, gives value added to the whole ship product and helps improve their global safety.

The study of design and operational solutions to reduce the frequency of accidents, in addition to measures capable of improving the resilience of ships, will guarantee an increase of overall safety.

Lastly, one of the most interesting challenges for the shipbuilding industry is to develop autonomous ships for deployment in any operational scenario, including in busy port areas. These concepts also have important repercussions on maintenance and after-sales activities, as well as strong implications on cyber security aspects. These aspects of the ship product are studied and developed both in specifically dedicated projects (the ECHO project, for example) and to assess the impacts of projects activated with the aim of increasing digital integration and on-board autonomy (the STESS project, for example). Great importance is given to the modelling of possible cyber attack risks and the countermeasures to be taken both logically and physically to prevent these eventualities. These logics and models are applied to the Group's products and infrastructures, in the naval and civil segments equally.

Studies on the subject of remote control have led to significant commercial repercussions in the 2020s. In particular, the subsidiary VARD acquired a project for the construction of **eight robotic ships** on which it will be possible to reduce human presence on board dedicated to management of the ship.

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

- **SEA DEFENCE** - Survivability, Electrification, Automation, Detectability, Enabling Foresight of European Naval Capabilities in Extreme Conditions (2020-2023): the project, funded under the European Defence Industrial Development Programme (EDIDP), aims to provide the European Commission and Member States with indications on the most promising technologies in the naval sector. These technologies will be the focus of European Defence Fund (EDF) investments during the next Framework Program 2021-2027.
- **OCEAN2020** - Open Cooperation for European maritime awareNess (2018-2021): the project is funded by the European Defence Agency (EDA) and its purpose is the integration of unmanned systems in addition to the introduction and use of situational awareness concepts in the maritime environment. It envisages the cooperation of over 40 international partners.
- **Integrated Bridge** (2015-2020): the project led to the development of the SeaQ Bridge, an innovative solution that allows the integration of a wide selection of navigation and communication

solutions in a system controllable from the vessel's bridge. This allows a considerable simplification of on-board operations and a consequent increase in security.

- **CYBIC** - Cyber Security of Critical Infrastructure (2019-2021): the project, funded by the Liguria region, aims to study different cyber security aspects for critical port infrastructures.
- **STESS** - Systems and technologies to improve after sales services (2018-2021): the project, financed by the Italian Ministry for Economic Development, aims to develop prototype technologies, guidelines and processes that, in the future, will enable the offer and delivery of overall complete after-sales service in a bundle with Fincantieri products.
- **ECHO** - European network of Cybersecurity centres and competence Hub for innovation and Operations (2019-2023): project, funded under the Horizon 2020 Programme, aimed at developing a new coordinated and integrated approach to proactively increase the EU's cyber defense through efficient transectorial partnerships.

- **FLARE** - FLooding Accident REsponse (2019-2022): cooperative project, funded under the Horizon 2020 Programme, which aims to develop a Risk-Based methodology to assess and control the risk of flooding in real time on board passenger ships.
- **SAFEMODE** - Strengthening synergies between Aviation and maritime in the area of human Factors towards achieving more Efficient and resilient MODEs of transportation (2019-2022): the project, funded under the Horizon 2020 Programme, aims to develop a novel HUman Risk Informed Design (HURID) framework in order to identify, collect and assess human factor data to provide properly risk-based systems design and operative procedures.
- **Smart Cabin** -v2.0 (2019-2020): the project, financed internally by the subsidiary VARD Electro, has allowed the knowledge base in the field of home automation to be expanded in order to increase perceived quality and improve the onboard experience of passengers.

- **CYMON** (2020-2021): the project, funded by the START 4.0 Competence Centre, aims to create a hybrid platform, i.e. one that runs both on a normal desktop PC and on a head mounted display. The latter will enable interaction with the digital twin of an infrastructure. The display will show the image of the physical object you are looking at, accompanied by a series of digitally superimposed information, following the augmented reality paradigm.
- **ARES** - Naval support platform for underwater and aerial drones (2019-2022): the project aims to increase the operational capabilities of a maritime platform through the use of a cooperative system for autonomous underwater and surface drones.
- **AuReCo** (2020-2022): a project, developed by subsidiary VARD Design, aimed at developing the first remote control centre, based on the use of Digital Twin, to manage autonomous naval operations.

- **Marghera shipyard production process innovation** (2018-2022): a project, financed by the Italian Ministry of Economic Development, aimed at achieving the requirements for yards and infrastructure for the construction of large ship sections in the Marghera shipyard by reviewing the layout and the production process.
- **Monfalcone shipyard production process innovation** (2018-2021): the project, financed by the Italian Ministry of Economic Development, has the strategic goal to innovate the production process of cruise ships, focusing on increasing the efficiency and quality of the mounting and outfitting of the sections to significantly reduce basin hold timings.
- **ALS04** - Automated Laser Scanner Operations (2020-2023): the project focuses on the research and development of optoelectronic control systems based on laser scanner technology in order to create a working prototype for the three-dimensional measurement of ship blocks and sections. The technology developed will aim to digitize manual processes for checking the dimensional and geometric conformity of hull blocks and assembly sections.

- **Hull Production 4.0** (2020-2023): the project, financed by the Italian Ministry of Economic Development, aims to optimize hull production processes by integrating production and quality control processes, optimizing them in order to apply standards and methods that are as uniform as possible across the Group's various production plants. The project will ensure the development of advanced laser and vision systems to support processes and the construction of demonstrators at the Castellammare di Stabia and Palermo yards.
- **KPN Ipiris** - Improving Performance in Real Sea (2020-2023): a project developed by the subsidiary VARD Design, aimed at increasing the digitalization of design and construction processes in order to achieve the greenhouse gas emissions targets laid down by the IMO.

Smart Yard



We have set ourselves several development objectives as regards safety and productivity at work with a view to improving all the design and construction phases in the shipyard. The introduction and application of innovative computer models, logistics and quality control procedures in line with Industry 4.0 guidelines will drive the evolution of the shipyards of the future. This area has also given rise to studies and developments related to the cyber security aspects of production processes. In particular, strong emphasis was placed on aspects related to the security of Information Technology (IT) infrastructures and the OT infrastructures (linked to the world of Operational Technology, such as, for example, the networks that control automatic machines) of the shipyards, with a pilot project started as part of the production process innovation project at the Marghera site in 2020.

In the next few years, the aim will be to follow a ship throughout its entire life cycle, including trying to facilitate the last phase - decommissioning - by studying new welding and joining procedures. The main projects active and related to these issues are:

- **RAMSSES** - Realization and Demonstration of Advanced Material Solutions for Sustainable and Efficient Ships (2017-2021): a cooperation project, funded under the Horizon 2020 Programme, that aims to widen the application of advanced materials

in the European maritime industry by also carefully studying aspects related to industrial methods. In particular, the project sets out to analyse the different applications of high-strength steel and composites on board.

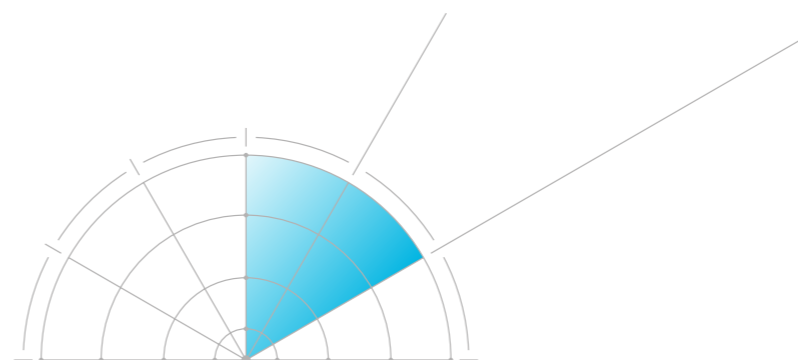
Smart Offshore Infrastructure



An important part of our business is the offshore market. Current trends in this sector are driven by the need to more efficiently harness the maritime environment through the use of structures aimed at work and life at sea as well as clean energy production. The displacement of offshore activities to ever remote areas will require the study of support vessels for transferring people and materials to and from land. The main project active and related to these issues is:

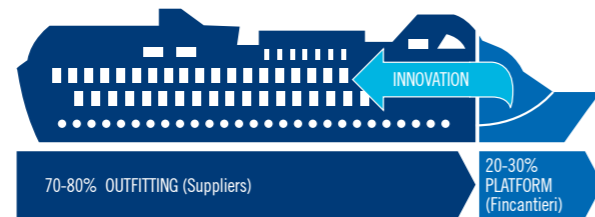
- **TEOREMA** - Technological Solutions for Multi-objective Offshore Energy Platforms (2019-2022): the project will enable us to design and test innovative offshore energy technologies through the development of two technologically advanced

platform concepts for the production of wind, solar and wave power and MFC technologies, taking into account the main factors affecting their feasibility and sustainability.



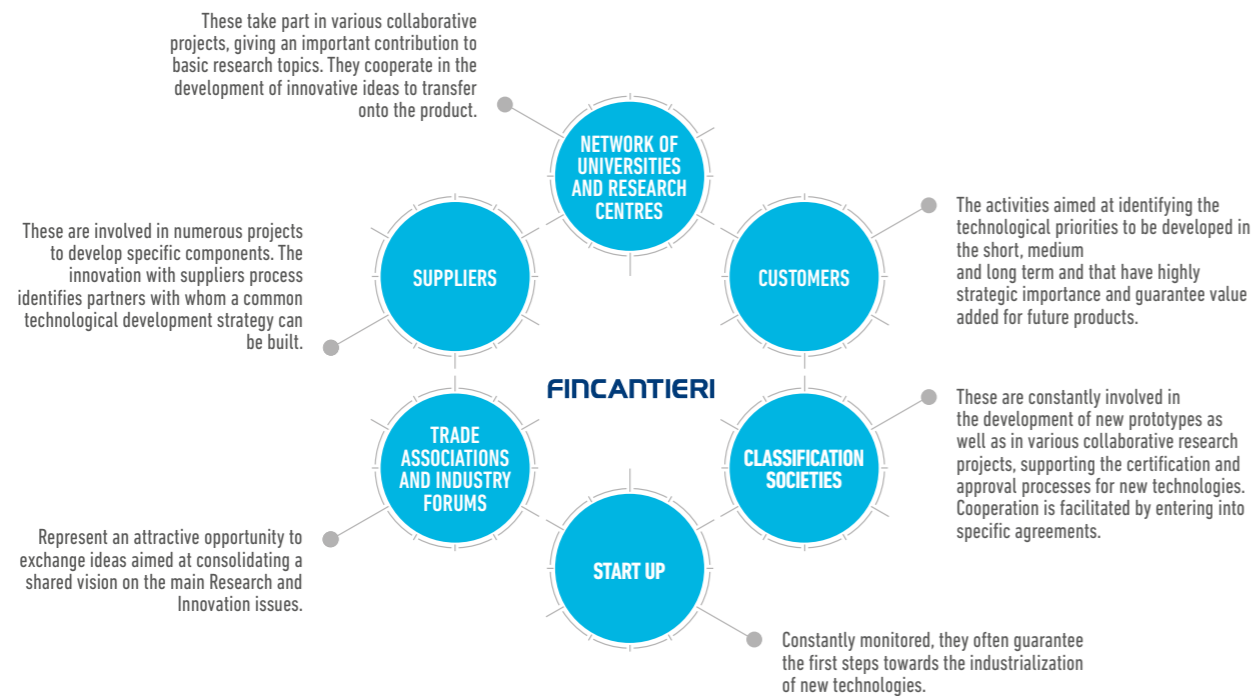
Cooperations

In order to take full advantage of Research and Innovation processes, and aware of our role as an integrator, we make the most of our internal expertise. Wholeheartedly adopting the Open Innovation paradigm, we research and propose collaborations with partners operating upstream in the value chain, or with other stakeholders working to innovate tools, products and services in the maritime field.



We often promote long-term relationships through the creation of wide-ranging cooperative development programs. Aware of the significant boost that these can provide, we continuously aim to expand our partnership networks at local and international level, both within the projects we finance independently and by cooperating in the creation of consortia that respond to the innovation challenges raised by public actors, such as the Horizon 2020 Programme. Preparatory activities began in 2020 to enable active participation in the future Horizon Europe Programme. In addition, we participated in the preparatory activities of the European Defence Fund (EDF) for the multiannual financial plan 2021-2027 and in the preliminary studies for the realization of the future European Patrol Corvette (EPC).

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



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

A common strategy: from global to local level

In the context of the Group's collaborations, those activated to define our medium-long term vision and to jointly define the documents setting out the sector's priorities, at local, national and supranational level, are particularly important.

In addition to maintaining numerous bilateral relationships with other companies in our sector, and with universities and research institutes, we are active in various associations and forums, with the aim of:

- contributing to the definition of sector roadmaps at a general level;
- providing our contribution on individual technical or technological issues, including through the activation of pre-competitive research projects.

During 2020, we actively participated in the work of European sectoral technology associations. One of the most important strategic partners of the European Commission is represented by the **European Technology Platform Waterborne TP**, of which Fincantieri is an active member. The platform aims to maintain continuous dialogue between all stakeholders in the maritime, naval, port, logistics and blue growth fields (the latter being an expression that brings together various economic activities including, for example, fisheries, aquaculture, maritime tourism, maritime biotechnology, collection of renewable energy from oceans, mining from the ocean floor), through the consolidation of a shared consensus aimed at identifying European priorities for Research and Technological Innovation.

The Waterborne TP platform played a key role in proposing the establishment of the co-programmed European partnership "Zero-emission waterborne transport", preparing, during 2020, the formal European Partnership proposal and the Strategic Research and Innovation Agenda (SRIA), which constitutes the roadmap of the R&I activities – to be updated annually – that will be pursued in the framework of the partnership. In parallel, Waterborne TP is also developing its own SRIA, focusing on activities outside the scope of the Partnership, such as those related to digitalization, port infrastructure and logistics and Blue Growth.

Fincantieri has contributed to the policy papers of the industry associations **Sea Europe** and **Hydrogen Europe**. The former is the European association representing shipyards and manufacturers of maritime equipment while the latter is the European association representing the industry and research for the development of hydrogen technologies and fuel cells. In particular, Hydrogen Europe supported the candidature of the institutionalized European partnership Clean Hydrogen for Europe in the Horizon Europe Programme and the activities of the "Fuel Cells and Hydrogen" Joint Undertaking (FCH JU) of Horizon 2020. In addition, the Association played an important role in the launch of the new **European Clean Hydrogen Alliance**, of which Fincantieri SI is a member. The Alliance is a European Commission initiative to bring together industrial partners with the aim of facilitating cooperation between different actors and pooling investment in order to implement projects for scaling up hydrogen production and use, for the benefit of the entire value chain. Within the Fincantieri Group at a European level, activities continued within the ASD - AeroSpace and Defence Industries Association of Europe - mainly aimed at contributing to the finalization, by the EC, of the future European Defence Fund (EDF).

At European level, we also cooperate with:

- **EuroYards**, an association of leading European shipbuilders, where we actively contribute to the activities of the technical committee and the working group on product and process digitalization;
- the **Cooperative Research Ships**, consortium, focused on the study of hydrodynamic, structural and general issues related to large ships interpreted both from an operational and design point of view;
- **European Council For Maritime Applied R&D** (ECMAR), sector association that aims to develop a common strategy for European research in the maritime sector.

As part of our Italian activities, we have contributed to the work of the Trasporti Italia 2020 National Technology Cluster (NTC) and of the Blue Italian Growth NTC. Both clusters have started to implement their respective action plans published in 2019, after a participatory definition process, contributing to the drafting of the National Research Program (NRP). In addition, they are renewing the national strategic innovation agenda in their respective sectors and supporting regions in the definition of their smart specialization strategy for research and innovation, a guideline for the 2021-2027 programming period. At Italian level, we cooperate with several industry associations:

- AIRI, the Italian Association for Industrial Research, with which Fincantieri has contributed in the definition of the technical analysis documents and that are often taken as a reference for evaluating actions that support innovation, which are activated by public administrations;
- H2IT, Italian Hydrogen and Fuel Cell Association. The association is dedicated to supporting its member companies on the path to a hydrogen economy, offering institutions the necessary support in defining a coherent regulatory framework and raising public awareness of hydrogen-related issues;
- AIAD (Italian Federation of Enterprises for Aerospace, Defense and Security), with which Fincantieri collaborates on activities primarily aimed at coordinating with the Ministry of Defense in the definition of the future European Defence Fund (EDF) and participation in EDA (European Defence Agency) and NATO activities.

Over the year we have contributed, through our representatives in the Italian regional technological districts, to the analysis of the context and local application of the sector's development strategies, contributing, in particular, to the definition of smart specialization strategies (S3) of the regional territories in which the Company is located. The districts involved in cooperation relationships with the Group are:

- Maritime Technology Cluster Friuli Venezia Giulia (MareTC FVG);
- Distretto Ligure delle Tecnologie Marine (DLTM);
- Distretto Tecnologico Ligure sui Sistemi Intelligenti Integrati (SIIT);
- Distretto sull'Ingegneria dei Materiali polimerici e composti e Strutture (IMAST);
- Distretto Tecnologico sui Trasporti Navali, Commerciali e da Diporto (NAVTEC).

Through Cetena, the Group also participates in the activities of the START4.0 and MediTech Competence Centres, which aim to stimulate the development and adoption of new Industry 4.0 solutions in the infrastructure and engineering sectors respectively.

Norway: the main partnerships

The Group benefits from the relationships that the subsidiary VARD maintains with the Norwegian academic and research world. We are currently involved in active collaborations with NTNU - the Norwegian University of Science and Technology - and SINTEF - The Foundation for Industrial and Technical Research - one of the main independent research centres in northern Europe.

This close cooperation has led to the establishment of two centres for research-based Innovation (SFI):

- **Smart Marine SFI**: the centre's main focus is to increase the potential of the Norwegian maritime sector within the segment of sustainable waterborne transport;
- **SFI Move**: the centre's activities are focused on increasing the value of maritime operations by developing IT knowledge, methods and tools.

Furthermore, during 2020, VARD continued activities under the **Joint Industry Project** (JIP), the Open Simulation Platform, with the aim of creating an open source digital platform based on common standards to be used during the development of new ships.

United States: National Shipbuilding Research Project

The American subsidiary Marinette Marine actively collaborates with research centres and universities, through the National Shipbuilding Research Program (NSRP) funded by the US Government in order to carry out research and innovation initiatives.

The program has the dual objective of reducing total cost and improving the capabilities of commercial vessels by providing a cooperative framework for managing, focusing, developing and sharing research and development and exploiting best practices in shipbuilding and ship repair.



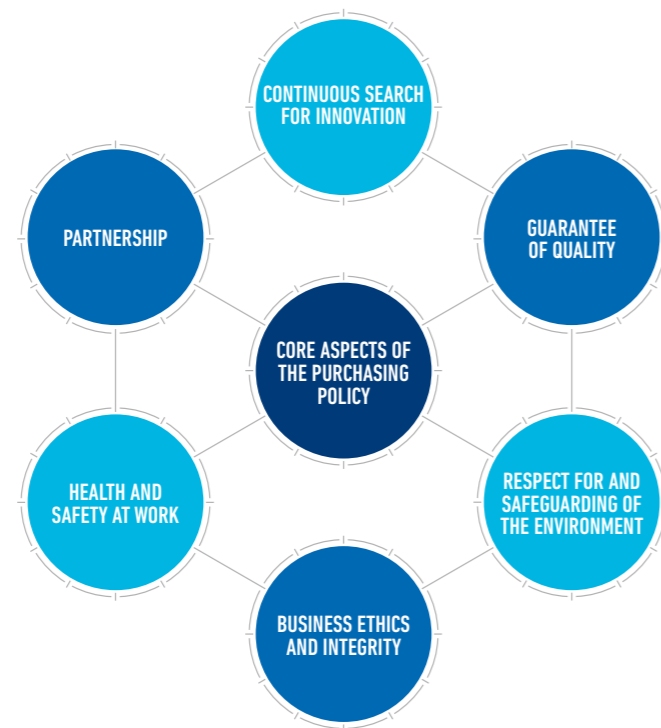
SUSTAINABLE MANAGEMENT OF THE SUPPLY CHAIN

We are committed to promoting our values and principles within the supply chain in order to develop long-lasting relationships founded on integrity, transparency and respect



Development of a responsible and sustainable supply chain is part of a broader corporate vision that actively enhances and protects social and environmental responsibility, fully integrating them in the strategic guidelines. Our suppliers are an integral part of this strategy and they are asked to share the Purchasing Policy, the primary goal of which is to communicate the Group's commitment to strengthening the development of solid and long-lasting relationships with its partners in order to pursue a common goal of sustainable development together.

The core aspects of our Purchasing Policy are:



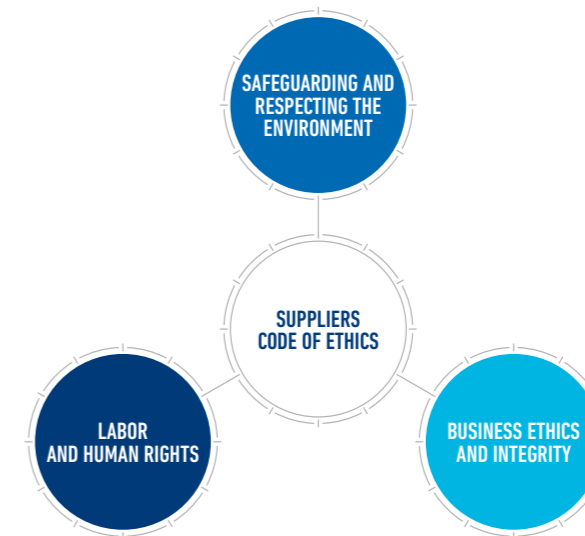
The Purchasing Policy is available on the website www.fincantieri.com/globalassets/sostenibilita2/pdf/purchasing_policy.pdf

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

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

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

The Code is based on three fundamental pillars:



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



ACTION PLAN FOR SUPPLIERS' CODE OF CONDUCT



The implementation of an action plan to promote the dissemination of the Suppliers' Code of Conduct, an objective of the Sustainability Plan, led to the completion in 2020 of asking Fincantieri S.p.A. suppliers to comply with the document and the revision of the sustainability audit checklists for implementation of the relevant criteria, which will be monitored during 2021.

Suppliers are also required to share it with their employees, subsidiaries, collaborators and subcontractors, as well as to monitor compliance with it and to report promptly any alleged or actual violations of the law, the Suppliers' Code of Ethics, the Organization, Management and Control Model pursuant to Legislative Decree 231/2001, or any contractual agreement with the Company. The Code of Ethics is part of the contractual conditions contained in orders and contracts, and its breach may lead to the request for the suppliers to implement corrective measures to remedy the challenged non-fulfilments and, depending on the case and the seriousness found, further precautionary measures to protect the interests of the company and all parties involved.

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

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

Initiatives to handle the COVID-19 pandemic

Although the outbreak of the COVID-19 pandemic caused the temporary suspension of production activities at Fincantieri's shipyards, it did not harm relations with suppliers. All supply chain risk mitigation controls and measures established by the Crisis Management Team proved effective in dealing with an extraordinary event such as the pandemic. Each production unit, according to its characteristics, has implemented the necessary actions for the proper and safe resumption of yard activities, ensuring constant communication with the entire supply chain.

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

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

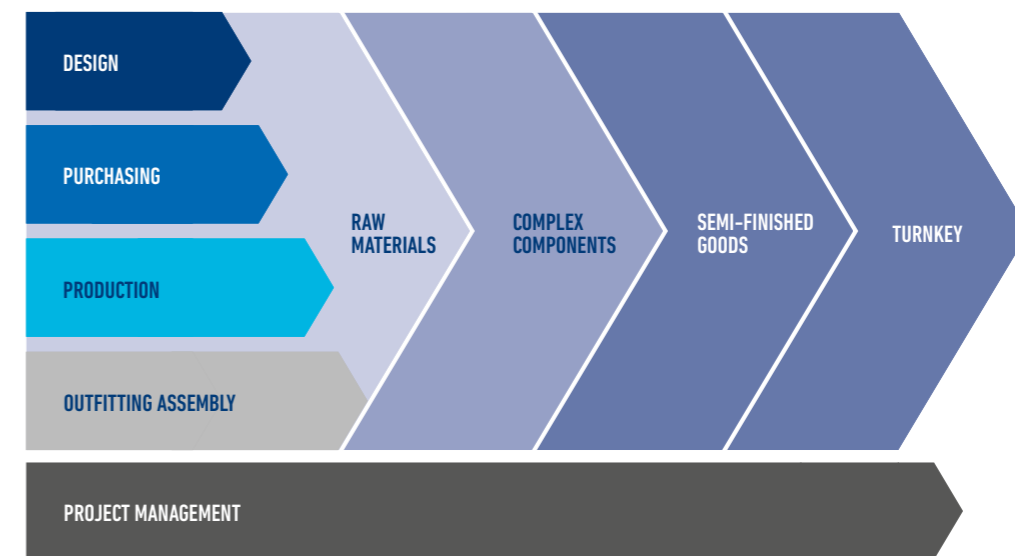
Reverse factoring agreements, which were enhanced in 2020 to better support suppliers' needs, support the supply chain by optimizing supplier payment flows, increasing their liquidity and facilitating access to credit on favourable terms.

Supplier base

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

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

FINCANTIERI SUPPLY CHAIN

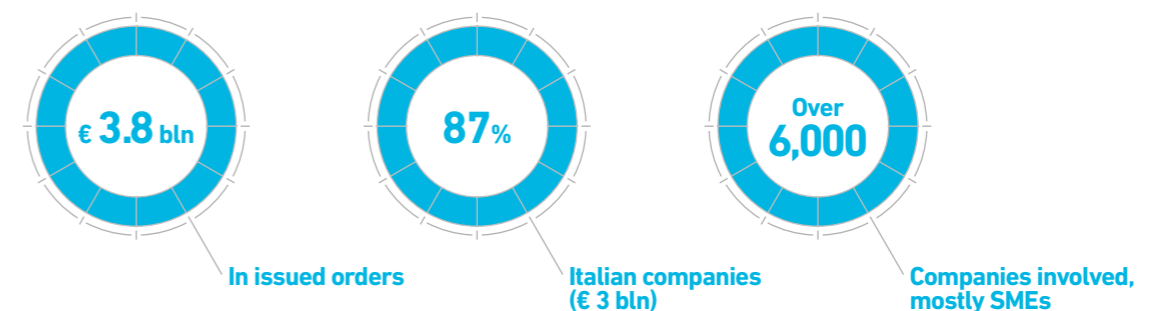


Supply chain numbers

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

The Company supports a large network of highly specialized Italian SMEs in various macro-sectors (furniture suppliers, air conditioning systems, electrical/electronic systems, etc.).

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



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

VALUE OF ORDERS ISSUED BY PRODUCT CATEGORY

(euro/000)

	2019	2020
Turnkey	1,583,443	1,384,859
Supply	1,304,499	1,208,793
Contracts	525,568	431,498
Services	556,483	568,219
Investments	202,064	131,169
Engineering	48,044	33,885
Total	4,220,101*	3,758,423**

* Intercompany Value 2019: 409,658 thousands of euros.
** Intercompany Value 2020: 462,861 thousands of euros.
The data refer to Fincantieri S.p.A. and to the Italian subsidiaries.

VALUE OF ORDERS ISSUED BY GEOGRAPHICAL AREA

(euro/000)

	2019	2020
Italy	3,468,099	2,982,972
Rest of Europe	684,998	682,624
North America	40,368	74,131
Asia	22,651	7,870
Oceania	131	1
South America	3,824	10,734
Africa	30	91
Total	4,220,101*	3,758,423**

e-Procurement

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

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

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

Management of contracting companies

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

On this premise, and in a logic of continuous improvement, action has continued to significantly reduce the supply chain in some specific activities (insulation, painting) and initiatives aimed at consolidating the relationship with suppliers considered strategic, in particular for supply activities and turnkey contracts, through medium/long-term contractual agreements, have intensified.

The prospect of stabilizing the supplier base by pursuing long-term partnerships with the consequent continuity in terms of worker presence in the individual production sites is able to meet the expectations expressed by some institutional stakeholders in areas involved.

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

The entire supply process is subject to controls and constraints that commit suppliers to meeting all their legal obligations, in particular with regard to the rights of employees, starting from the qualification phase - and their inclusion in the Register of Suppliers - and the awarding of orders. Further controls are envisaged when entering the production sites and during the entire time they remain at the operating units.

These guidelines and trends were shared at the trade union level and implemented in the most recent company agreements.

Monitoring of the supplier base includes, among others, indicators such as supplier turnover, employee turnover, employment contract type and geographical origin of the contracting companies' personnel.

From January to December 2020, 2,415 companies were involved in the various production processes on Italian shipyards.

In the same period, 41,112 contracting company workers were on Italian shipyards, with an average daily presence at Group level of around 22,000.

Contracting company workers are predominantly Italian (51.3%). Among those of different origins, 16.9% are EU workers, while 31.8% are non-EU employees.

ORIGIN OF WORKERS



The data refer to Fincantieri S.p.A.

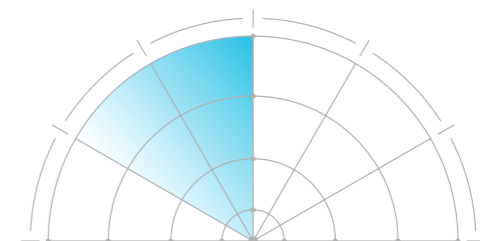
The most prevalent nationalities (excluding Italians) were Bengalis (18.9%) and Romanians (12.7%).

In the field of employment relationships, permanent contracts accounted for 46.1% of the total, fixed-term contracts accounted for 35.9%. Agency staff contracts accounted for 10.5%.

NUMBER OF CONTRACTING COMPANY WORKERS

PERMANENT	FIXED TERM	AGENCY STAFF	OTHER TYPES	TOTAL
18,966	14,744	4,323	3,079	41,112
46.1%	35.9%	10.5%	7.5%	100%

The data refer to Fincantieri S.p.A.

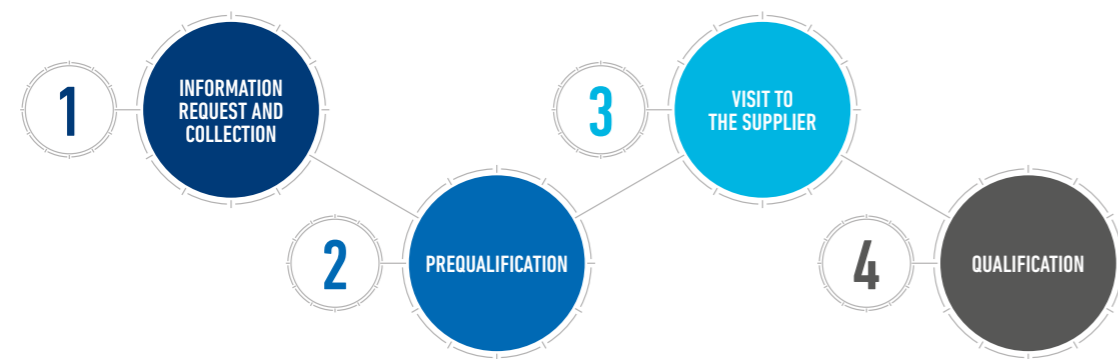


Qualification and monitoring

Supplier qualification process

Development and efficiency of our supply chain start immediately at the supplier selection phase, which follows a documented procedure in order to guarantee impartiality and equal opportunities for all the parties involved. Management and the continuous improvement of a pool of trusted and innovative suppliers is essential in order to achieve the goals we have set for ourselves at Group level in economic and sustainability terms. Fincantieri's purchasing office provides suppliers with **constant technical support** for all activities related to the selection and qualification process, including those concerning sustainability. Fincantieri recognises that the supplier base is a significant asset for the entire company, and as such it should be valued and protected. This is why we have developed a stringent **qualification** and **performance monitoring** process for strategic suppliers, based on the evaluation of economic, technical, reputational, social and environmental aspects. In this sense, the **collection of environmental and social information** is active during the pre-qualification stage, e.g. possession of environmental, health and safety and social responsibility certifications.

QUALIFICATION OF SUPPLIERS IN THE REGISTER



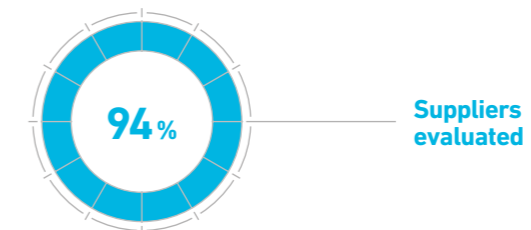
Supplier monitoring process

A stringent performance monitoring process is carried out so that suppliers can maintain their qualified status and to promptly manage any critical issues. A supplier remains qualified as long as the reasons for its inclusion in the Register of Suppliers continue to exist and until the monitoring of its performance is considered critical to the point of expulsion. We monitor the supply chain using a **life cycle** management approach to reduce the environmental and social impact of a product or service over its entire lifetime to a minimum. In particular, sensitivity towards and respect for the environment is spread along the whole production chain, and this has led to increasing exchanges of information and documents with suppliers.

SUPPLIER MONITORING



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



Of the 817 qualified strategic suppliers at the end of 2020, 94% were subject to an evaluation, with the following results:

- 83% satisfactory;
- 16% with some gaps that can be resolved by themselves;
- 1% with serious issues, for which the adoption of an improvement plan or replacement is planned.

Moreover, the main problems are examined through cross-involvement within **Supplier Oversight**, the body that gathers the different functions and departments and takes decisions resulting based on examination of these critical issues. Prominence is given to issues related to **safety**, the **environment** and **protection of labour rights**, with specific focus on **ethical and reputational aspects** during both the qualification and the monitoring phases. These values are essential for the whole Group and are a priority in all company decisions, including those relating to the pool of suppliers.

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

For us business integrity and the ethical and reputational aspects that accompany it are a constant guideline.



We are aware that corporate reputation is a strategic asset that should be valued and protected, also so as not to compromise the trust placed in us by stakeholders, and by using a risk intelligence based strategy we ensure that our supply chain leans towards more extensive compliance with regard to anti-money laundering, counter-terrorism, anticorruption and sanctions at international level. In particular, the Suppliers' Code of Conduct makes express reference to our Anticorruption Policy, which can be consulted on our website.

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

Data on qualification and monitoring activities in 2019 and 2020 are given below.

QUALIFICATION AND MONITORING ACTIVITIES

	2019	2020
Total number of suppliers registered on the portal	3,727	4,077
Total number of qualified suppliers (strategic in the register)	759	817
Total number of qualified suppliers in the year	394	420
No. of new suppliers qualified in the year	54	108
% orders run through the portal	91%	92%
No. of audit visits carried out during the year	68	21

The data refer to Fincantieri S.p.A.



SUSTAINABILITY AUDITS AT SUPPLIERS



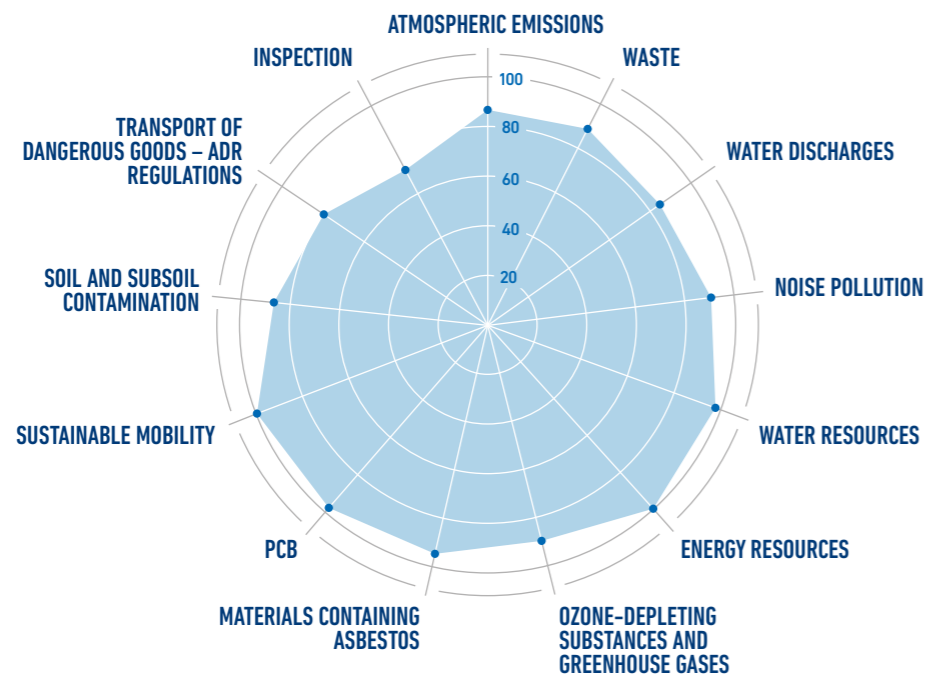
We periodically schedule monitoring activities at our suppliers through different types of audit visits. As the importance of the inspection visit is also recognised for sustainability, as set out in the Sustainability Plan, **6 sustainability audits** were carried out in 2020 at strategic suppliers for human rights, environment, health and safety aspects. The decrease in audits compared to the previous year is due to the COVID-19 pandemic and the resulting travel restrictions, preventing staff from going to supplier premises.

Two checklists were implemented to make the evidence found during the audits more uniform: one related to the environment and one related to health, safety and human rights, which were divided into thematic areas that consider the specific aspects analysed. The expectations considered in the checklists and verified during the inspections are summarized in the diagrams below, where a 100% result indicates full compliance with Fincantieri's requirements.

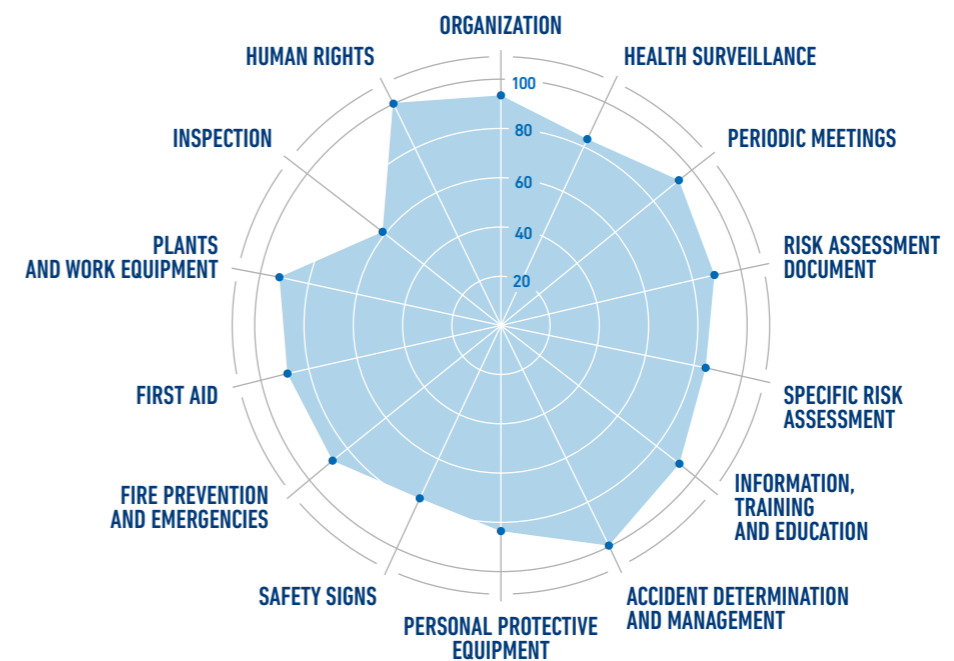
The results presented refer to audits carried out in 2019-2020.



AUDIT RESULTS – ENVIRONMENT



AUDIT RESULTS – HEALTH, SAFETY AND HUMAN RIGHTS



During the year, no audits fell short of expectations and, in order to continue to ensure compliance with our standards, we are committed to continuing this work during 2021, with a target of at least 40 audits, subject to the emergency situation caused by the COVID-19 pandemic.

Supply chain of foreign companies

Fincantieri Marine Group: supply chain

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

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

In 2020, 834 suppliers received a purchase order from FMG, almost all of which **(98%) are situated in the United States**.

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

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

In accordance with the procedure adopted, specific **audits** are carried out on suppliers, which are also subjected to reassessments; when a supplier does not maintain the capabilities and qualities that led to its enrolment in the register and becomes critical to the FMM business, it is expelled from the list of usable suppliers. In particular, 5 audits were carried out on suppliers in 2020, non of which concerned social or environmental criteria.

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



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

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

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

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

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

VALUE OF ORDERS ISSUED BY PRODUCT CATEGORY

(euro/000)

	2019	2020
Turnkey	102,146	32,150
Supply	188,285	173,619
Contracts	75,609	46,863
Services	12,566	15,310
Investments	1,329	23,071
Engineering	20,838	86,005
Total	400,773	377,017

The data refer to Fincantieri Marine Group.

VALUE OF ORDERS ISSUED BY GEOGRAPHICAL AREA

(euro/000)

	2019	2020
Italy	0	0
Rest of Europe	12,381	4,106
North America	388,233	372,911
Asia	159	0
Oceania	0	0
South America	0	0
Africa	0	0
Total	400,773	377,017

VARD group: supply chain

Approximately **54%** of the VARD group's value of orders issued concern **Norwegian suppliers** and 43% are located in other European countries. The remaining 3% is distributed between South America and Asia.

The **selection criteria** used are based on the maker list, but also on the supply history and previous purchasing experiences.

Turnkey contracts are the type of purchase orders most commonly used, followed by materials and equipment. Together they represent 76% of the total orders issued by the group.

Purchasing management is entrusted to the Alesund headquarters, while purchase plans are managed by the procurement teams of the various sites.

Goods and services are purchased from suppliers who can guarantee specific quality levels. Suppliers must be selected from those that have been registered as approved suppliers (maker list) through a direct evaluation by VARD or an evaluation by other companies within the VARD group. During the supplier selection process, **preferential requirements** include possession of certification concerning health, safety, anticorruption and the environment.

For activities relating to the cruise sector, a new market segment for VARD, the central purchasing management team also uses qualified suppliers approved by the Parent Company. Suppliers who work for VARD firstly benefit from **safety courses**, available in 5 different languages. The acquisition of goods and services is based on technical and commercial information. Requests for proposals are sent to the possible suppliers, and after the technical and commercial approval, a winning supplier is selected. A contract/agreement is then signed and the related purchase order is issued.

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

Audit activities are carried out periodically through the yard health, safety, environment and quality (HSEQ) managers accompanied by the central purchasing function and are focused on compliance with the contractual requirements agreed for the jobs. In 2020, 13 audits were carried out on suppliers, 8 of which were carried out by VARD Vung Tau, which holds SA 8000 certification, based on environmental and social criteria, none received a negative evaluation.

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

VALUE OF ORDERS ISSUED BY PRODUCT CATEGORY

(euro/000)

	2019	2020
Turnkey	570,944	410,410
Supply	389,744	285,174
Contracts	145,730	75,726
Services	147,744	97,839
Investments	7,532	14,296
Engineering	66,730	35,901
Total	1,328,424*	919,346**

VALUE OF ORDERS ISSUED BY GEOGRAPHICAL AREA

(euro/000)

	2019	2020
Norway	794,031	494,554
Rest of Europa	430,664	392,995
North America	6,277	728
Asia	88,197	28,174
Oceania	292	41
South America	8,963	2,853
Africa	0	0
Total	1,328,424*	919,346**

* VARD group Intercompany Value 2019: estimated in approx. 518,900 thousands of euros.
 ** VARD group Intercompany Value 2020: estimated in approx. euro 384,275 thousand.
 The data refer to the VARD group.

Together with suppliers

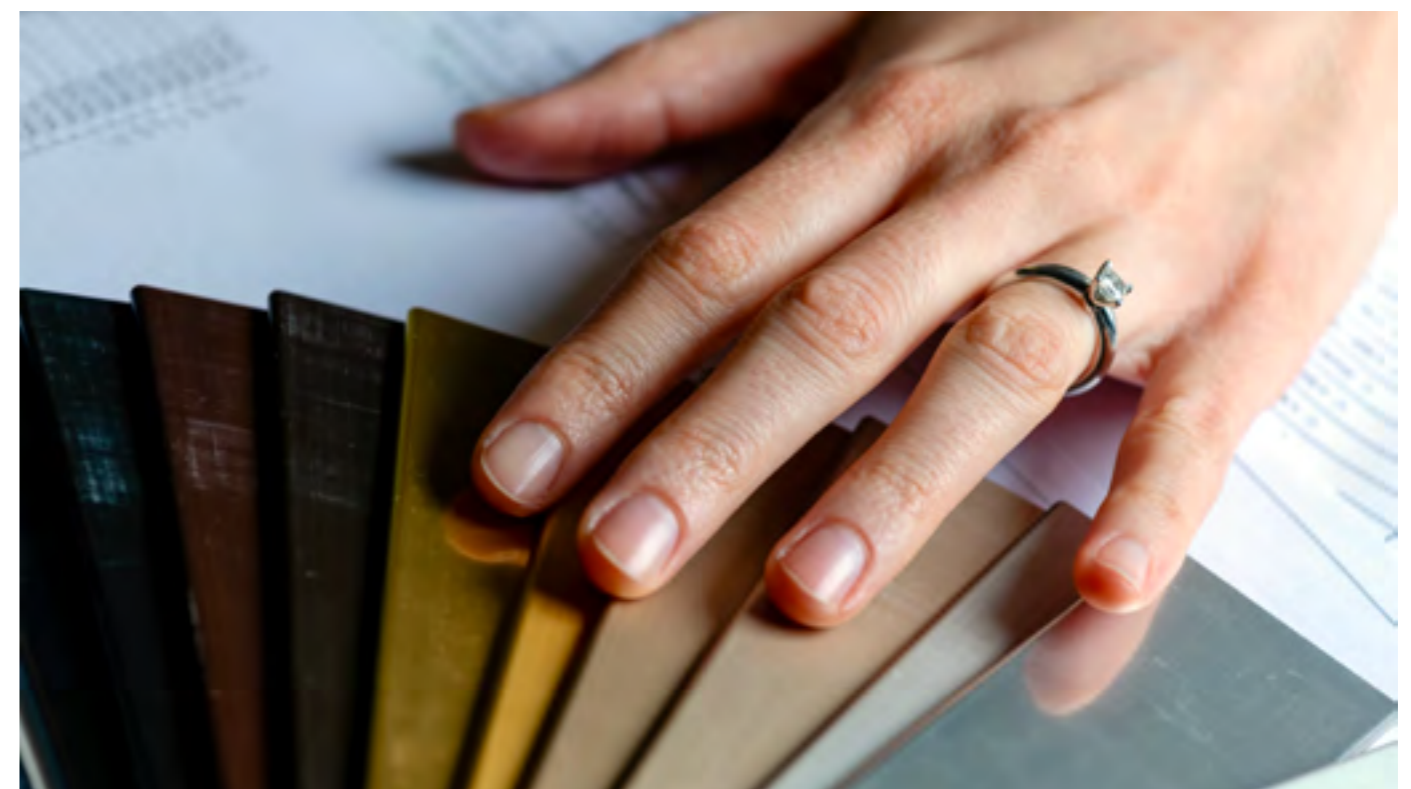
The Group's focus on its relationships with suppliers is constantly evolving. Therefore, constant commitment and communication are essential in order to help the Company promote more positive and mutually beneficial relationships. We believe that close cooperation with the supply chain is essential in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

ENGAGEMENT WITH SUPPLIERS



Our supplier engagement continued in 2020, resulting in a remote workshop on sustainability issues that involved the participation of 54 strategic suppliers. Sustainability has steered these meetings, during which topics such as the Sustainability Plan and related objectives were presented, with particular emphasis on those concerning the supply chain.

Furthermore, in order to integrate sustainability criteria into the supply chain and ensure adequate risk control, we are committed to launching a Sustainable Supply Chain project by 2021, with the provision of training on sustainability and responsible procurement principles to employees who interact directly with suppliers by 2022.



SOCIAL SUSTAINABILITY

Turning needs into value

People who look to the future

Link with communities
and the local territory

TURNING NEEDS INTO VALUE

We imagine a world where respect for the sea, the environment and people is combined with technological excellence and where our products can be tools for sustainable growth



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



Main customers

Our customers

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

Cruise customers

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

Naval customers

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

Ferry customers

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

Mega yacht customers

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

Equipment, systems and components customers

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

Offshore and specialized vessels customers

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

CUSTOMERS BY MAIN BUSINESS AREA

CRUISE								
NAVAL								
OFFSHORE & SPECIALIZED VESSELS								

19 SHIPS DELIVERED IN 2020

97 EXPECTED DELIVERIES UNTIL 2029

Source: Company information at 31.12.2020
 *Hapag-Lloyd Cruises was acquired by TUI Cruises in 2020. 50/50 JV between TUI and RCL
 †In 2019, the customer Topaz Energy and Marine, after being acquired by DP World, merged with P&O Maritime to form P&O Maritime Logistics
 ‡In 2017, the customer Technip merged with FMC Technologies to form TechnipFMC
 §Formerly called: Solstad Farstad
 ¶Ferry operator



Sustainable and safe ships

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

EVOLUTION OF OUR SHIPS

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

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

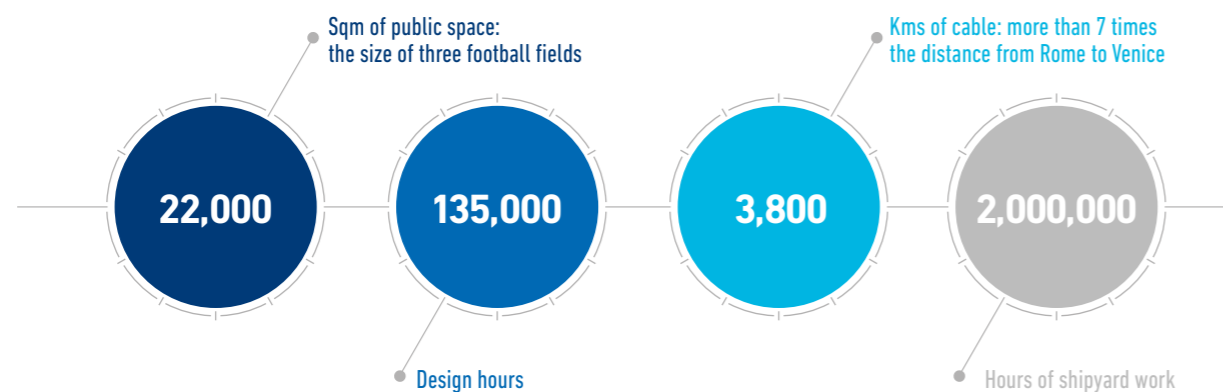
A cruise ship is an ideal and self-sufficient floating city in constant communication with land. It is designed, built and managed to respect the ecosystems of the areas in which it must operate and to safeguard the health and life of those temporarily living there for work or fun, thousands of people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

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

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

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

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



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

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

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

In particular, the SOLAS (Safety Of Life At Sea) Convention aims to specify common international standards in order to safeguard human life at sea, establishing safety standards for technical aspects and for the preparedness of personnel in case of emergency. All ships produced must comply with these rules, which are constantly evolving and guarantee the complete safety of the ship.

PRODUCT EVOLUTION: SAFETY AND RELIABILITY



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

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

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

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

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

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

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

Initiatives to handle the COVID-19 pandemic

In 2020, following the spread of the COVID-19 virus, it was necessary to rethink ship safety, including health safety. In order to increase the level of safety of passengers and crew and to ensure that potential passengers comply with the health plan adopted by the cruise lines and the regulations, a list of design actions is being defined, to be carried out in order to reduce the health risk on board ship, which in turn is integrated by a series of complementary operational actions pursued by the shipowners. Initial investigations have led to a preliminary list of actions to be evaluated in detail involving, for example, ventilation, spacing, sanitation of spaces or body temperature monitoring systems. The various measures being studied aim to address the health safety of passengers and crew at all stages of life on board, from boarding to the management of potentially infected persons, and identification of dedicated spaces, equipment and specific procedures to safely manage a possible health emergency.

In particular, Fincantieri's engineers and designers have developed, in cooperation with the virology laboratory of the International Centre for Genetic Engineering and Biotechnology (ICGEB) in Trieste, an innovative new-generation air sanitation system, "Safe Air", with the aim of improving air quality, thus preventing the circulation of atmospheric pollutants such as viruses, bacteria and mould, on board cruise ships. MSC will be the first company in the world to install it on board its Seashore under construction in Monfalcone, which will sail next year.

In **naval shipbuilding**, we are one of the few operators able to design and build a wide and complete product portfolio that includes surface combat vessels, auxiliary and specialized vessels, as well as submarines. Our ships are equipped with state-of-the-art command and control systems. Although the Group assembles and installs armaments supplied by third parties in the process of building and equipping its naval vessels according to the customer's instructions, the Group has never manufactured and does not manufacture armaments or weapon components itself.

As part of the general concept of the naval vessel's survivability, studies are being carried out to further reduce its vulnerability to **cyber attacks**. In addition, an observatory has been set up to screen laws and regulations relating to environmental aspects, chemical risk and health and safety at work, with the aim of making the already established contractual requirements complementary to the current regulatory situation.

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

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

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



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

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

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

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



These initiatives are described in detail in the chapters "Innovative business – Main projects" and "Testimony to sustainability – Ever greener ships".



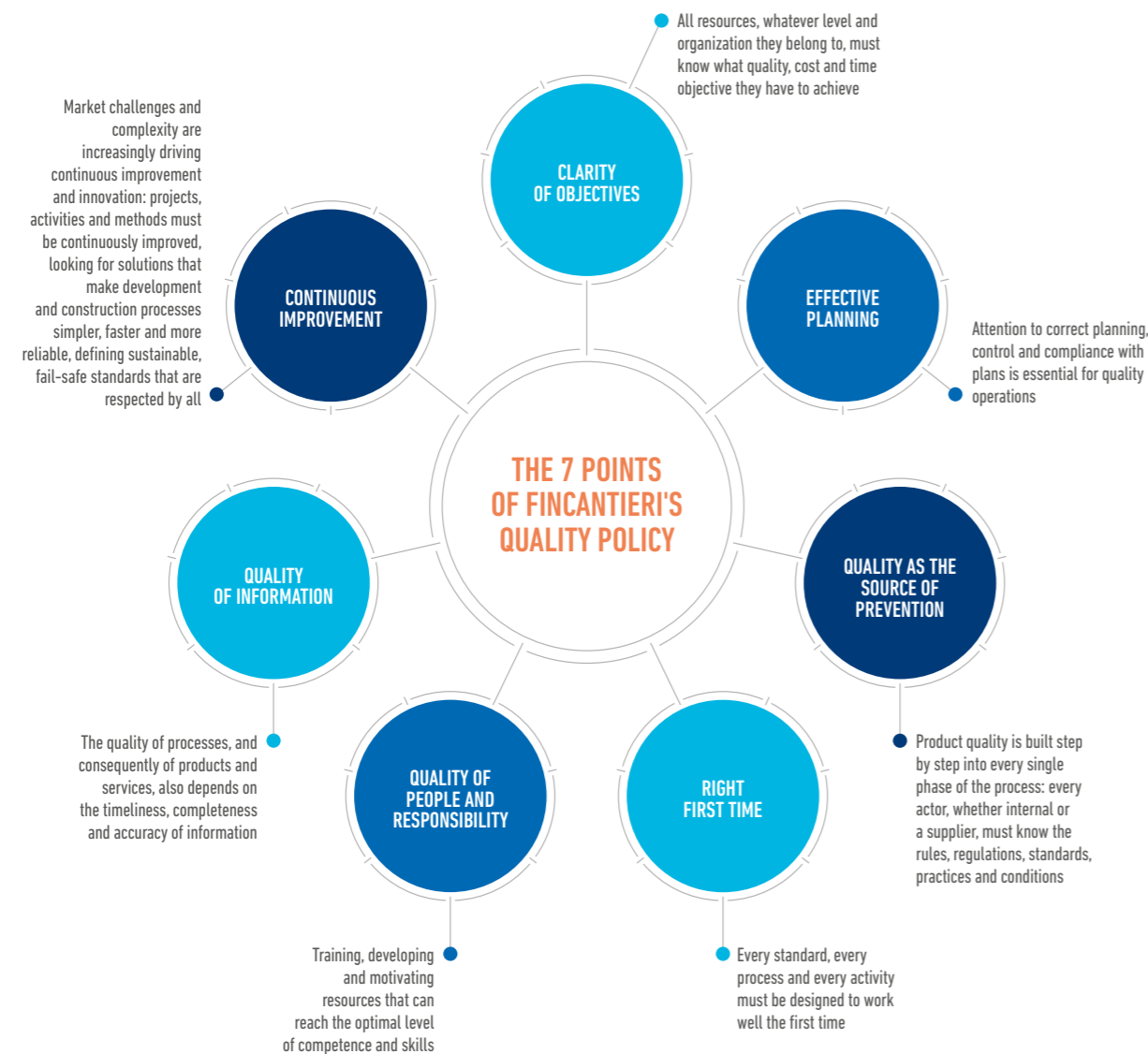
Product quality

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

Every company or division adopts a Quality Management System (QMS), certified according to the ISO 9001 standard, which ensures compliance with the best standards. 100% of Italian production sites are certified ISO 9001 and 95% at Group level.

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

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



The Quality Policy is available on the website www.fincantieri.com/globalassets/sostenibilita2/responsabilita-prodotto/quality_policy.pdf

MAINTENANCE OF ISO 9001 CERTIFICATIONS



As envisaged in the Sustainability Plan, we maintained all our quality certifications in 2020. To maintain the ISO 9001:2015 certification, the Group's divisions and companies were subjected to audits by the Certification Body. All the **audits** conducted by the Certification Body RINA Services S.p.A. in 2020 on the Quality Management Systems of Fincantieri's Italian organizations, certified according to the ISO 9001:2015 standard, resulted in satisfactory outcomes.

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

In particular, four macro organizational areas were examined:

- the Quality bodies of the Divisions;
- the Corporate functions related to primary processes;
- the Quality bodies of the production sites (Monfalcone, Marghera, Sestri, Castellammare di Stabia, Ancona, Integrated Shipyard);
- the Quality bodies of the Italian subsidiaries (Isotta Fraschini Motori, Marine Interiors, Cetena, Seastema, Issel Nord, Fincantieri SI).

A total of 19 audits were carried out by the central Quality body and the formalized findings were all class "C", i.e. minor and/or similar to a recommendation.

As regards the US subsidiaries, Fincantieri Marine Systems North America Inc. and the Fincantieri Marine Group's shipyards Marinette and Green Bay have achieved ISO 9001:2015 certification. The subsidiary VARD carries out its operations in compliance with the Group's Health, Safety, Environment and Quality (HSEQ) Manual and the Policy, the principles and strategies of which are based on the ISO standards. VARD's efforts are aimed at ensuring that safety is achieved at all times and in all areas. Its production sites all have ISO 9001:2015 certification.

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

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

In 2020, Fincantieri Infrastructure completed and assembled the parts of the new Genoa bridge (Polcevera viaduct), the prefabrication of which had been entrusted to the Castellammare di Stabia and Sestri shipyards, which have **ISO EN 1090** – Execution of steel and aluminium structures and **ISO 3834-2:2005** – Welding Management System certifications.

In September 2020, Cetena was awarded **ISO 27001:2013** certification for information security, in addition to the company's existing ISO 9001 certification. Seastema has also embarked on ISO 27001 certification in addition to the ISO 9001 certification already obtained.

Naviris, a joint venture between Fincantieri and Naval Group, newly established at the beginning of 2020, has achieved, in record time, **ISO 9001:2015** certification of its Quality Management System and the **NATO AQAP-2110** (Quality Assurance Requirements for Design, Development and Production) certificate, both issued by Lloyd's Register and valid for the Genoa and Ollioules (France) sites.

Quality monitoring

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

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

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

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

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

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

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

Regarding the management of military orders, during 2020 two audits were carried out by the Italian Government Quality Assurance (AQG), which involved the Multi-Purpose Patrol Vessel (PPA) jobs, with 12 non-conformities, of which the majority have already been resolved and the remainder are being resolved.

Customer satisfaction

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

CUSTOMER SATISFACTION INDEX

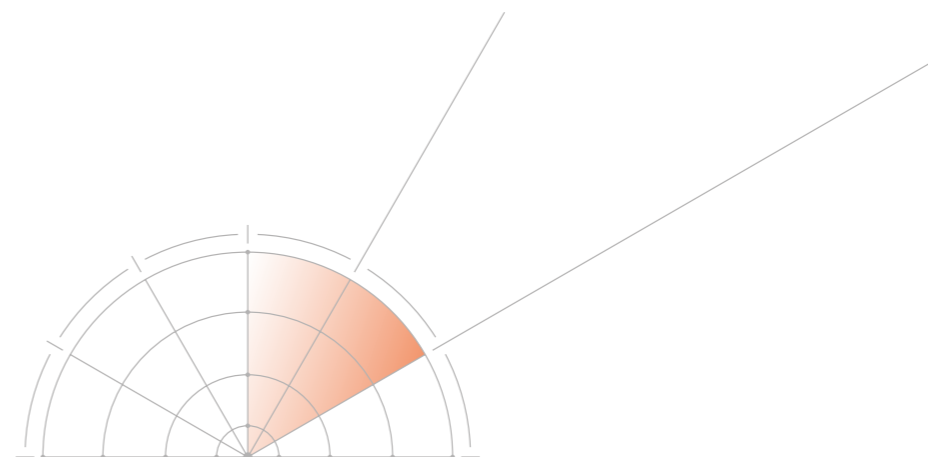


As part of the Sustainability Plan, there is a specific objective regarding customer satisfaction which includes the development of the **Customer Satisfaction Index (CSI)** system. For its regulation, the CDE Development Plan was defined in 2020 with the details, responsibilities and timescales on of activities to be carried out in 2021-2023.

As the CSI procedure requires customer satisfaction to be measured after at least three months of ship operation, due to COVID-19 only it was possible to measure CSI on only two ships, Sky Princess and Seven Seas Splendor, delivered in late 2019 and early 2020, with an average result of 88/100, corresponding to a high level of satisfaction.

At Fincantieri Marine Group, customer satisfaction is monitored 3 times a year through SPPC (Ship's Production Progress Conference) meetings with Lockheed Martin and the US Navy. The meetings assess the overall compliance of the programs, covering technical areas, testing, planning, quality, post-delivery and ILS (Integrated Logistics Support). The company receives feedback on customer satisfaction and expectations. At the same time, corrective actions are defined and checked in subsequent follow-ups.

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



Ongoing dialogue

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

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

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

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

An important opportunity for dialogue with customers and potential customers is participation in exhibitions. This is an essential activity as it provides direct contact with customers, consolidates the brand in the reference markets and is a great opportunity for communicating the launch of new products.

We had planned to participate in **30 exhibitions** in 2020, but the situation created by the COVID-19 pandemic did not permit all the events to be held normally and many were cancelled or postponed.

The Group participated in 4 exhibitions with its own stand and in 2 exhibitions virtually/digitally:

EXHIBITIONS

	WHERE	WHEN
JANUARY		
SNA Surface Navy Association	ARLINGTON	14 - 16 January
FEBRUARY		
DEFEXPO INDIA	LUCKNOW	5 - 8 February
EUROMARITIME	MARSEILLE	6 - 8 February
SEPTEMBER		
NAPLES SHIPPING WEEK	NAPLES	28 September - 3 October
DECEMBER		
POLLUTEC	DIGITAL	1 - 4 December
MARITIME HYBRID & ELECTRIC EUROPE	DIGITAL	9 - 11 December



PEOPLE WHO LOOK TO THE FUTURE

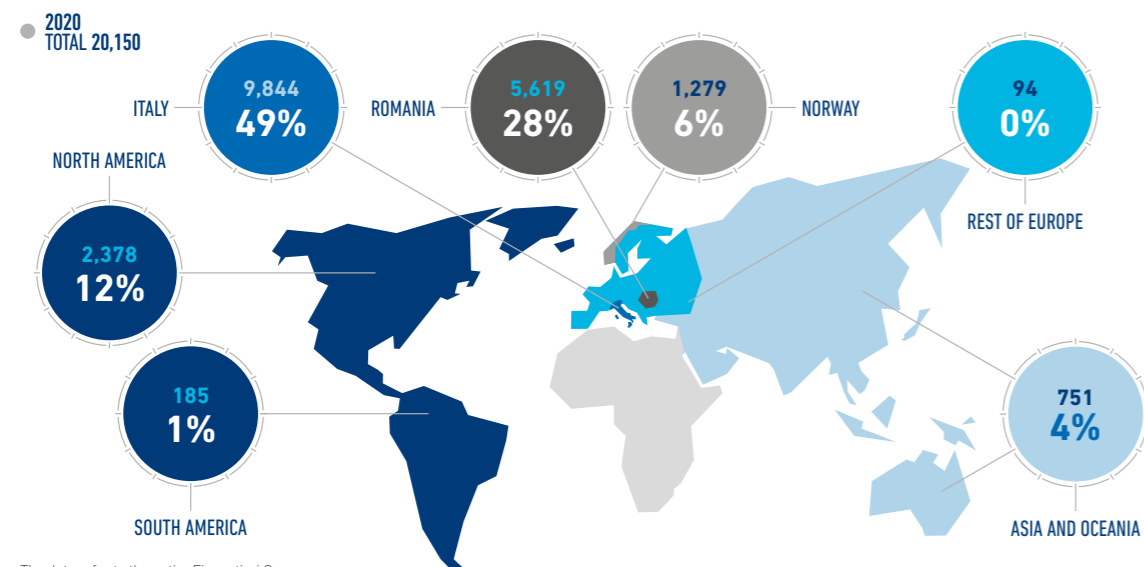
Each successful project, activity and initiative starts from the skills and passion of the people, our biggest resource, essential in order to make the difference and to design a sustainable future



The COVID-19 pandemic had a global impact in 2020 and affected all human activities across the board, with important consequences on individual paths to personal and professional development and growth. Even in this complex situation filled with critical problems we remained focused on People. We promptly developed and adopted anti-COVID safety protocols able to guarantee the workers' health and safety and we continued to invest in the development of our employees, also through training and development initiatives using innovative digital and virtual solutions. We never stopped, not even with the recruiting activities, aware as we are of the need to constantly improve the skills and capabilities we have in-house, and to respond to the new requirements arising from the development of new markets and products and the increasingly wider breadth of our business crossing through various sectors.

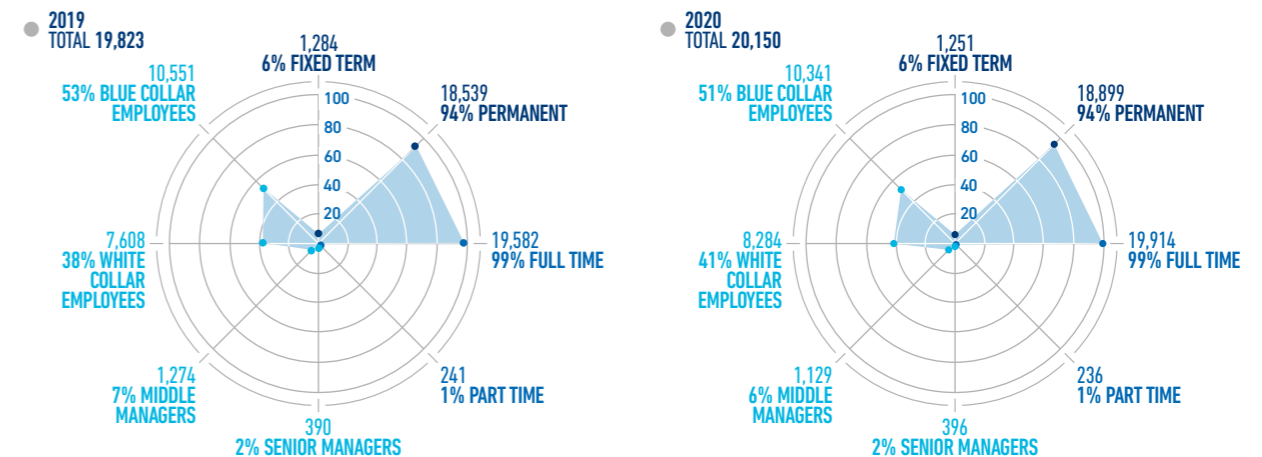
Developing a globally shared vision, spreading a common culture and promoting an increasingly motivating and inclusive work environment that responds quickly to business needs are the challenges we pursued also in 2020 by implementing a common People Strategy for the Group companies. Called the One Vision project, this ambitious HR transformation program aims at attaining these objectives on a global scale.

WORKFORCE BY GEOGRAPHICAL AREA



The data refer to the entire Fincantieri Group.

EMPLOYEES BY TYPE OF CONTRACT



The data refer to the entire Fincantieri Group.

Development and safeguarding of human resources

We are convinced that real change depends on who is promoting it: people who contribute to creating the future of the Company and their own future with commitment, dedication and passion. For this reason our selection process is structured, transparent and guarantees a thorough evaluation of candidates in terms of technical and cross-functional skills, aptitudes and professional aspirations.

SELECTION PROCESS



In an increasingly complex labour market, where there is a growing professional mismatch between supply and demand for profiles with technical and technological skills, we work to constantly make selection processes better and to enhance our **recruiting** and **employer branding** policies and strategies. These policies and strategies are translated into an increasingly active presence on social networks, and above all in a synergistic network of education and training actors, at national and international level.

In order to have a direct and constant contact with students and teachers, we participated in various Career Day and Career Fair virtual events organized in partnership with the leading Italian and international universities. Our managers contributed to explain the peculiarities of our business through moments of learning (seminars, classroom/virtual classroom testimonials, orientation sessions), as well as guided tours for students and school classes at construction sites and technical departments.

During 2020, over 25,000 candidacies were received through the "Work with us" section of the company website that lists the professional opportunities available at Fincantieri S.p.A. and at the Italian subsidiaries. This figure is 22% higher than that of 2019. The foreign subsidiaries (VARD and Fincantieri Marine Group) use their company websites for recruiting activities in order to better focus their personnel search on the different geographical contexts and

job markets. In Italy, 685 people were hired, of whom 59% are under 35, and 366 internships were activated, both curricular and post-curricular. The internship and curricular apprenticeship are a privileged point of entry into the Group and an opportunity for training and acquisition of both technical and cross-functional skills. During 2020, 143 hires were finalized following internships in the Company.

RECRUITMENT BY AGE GROUP AND GENDER

	≤ 30 YEARS		30-50 YEARS		≥ 50 YEARS		TOTAL	
	2019	2020	2019	2020	2019	2020	2019	2020
Total	1,238	892	1,237	1,201	292	387	2,767	2,480
of whom are women	234	161	185	180	34	51	453	392

The data refer to the entire Fincantieri Group.

As regards the foreign subsidiaries, during 2020 the in-house job posting channel was reinforced in Fincantieri Marine Group and was also set up in the VARD group.

Partnerships with technical institutes, ITS Foundations and universities

We consolidated cooperations with secondary schools, universities and business school in 2020 in order to create a stronger synergy between the world of work and the academic and training world. The most important initiatives started up in the perspective of supporting employment and developing key skills regard:

TECHNICAL INSTITUTES

We have solid relationships with the higher technical institutes, particularly those of the areas where we are present, at which we carry out orientation activities, tours to the company sites, and group and individual interview simulations. Added to these are paths to improve cross-functional skills, which include the possibility to host the students in the Company.

HIGHER TECHNICAL COLLEGES

In May 2018 we stipulated with the Italian Ministry of Education, Universities and Research (MIUR) a protocol aimed at developing and expanding the cooperation activities with the Higher Technical College (ITS) Foundations as we recognise the need for new professional technical profiles that are crucial for supporting the growth of the segment in which we operate. The ITS respond to this requirement by giving the students a training opportunity having a high and qualified profile aimed at acquiring skills expendable in the job market. We have six ITS courses active to train specialized technical figures for the naval shipbuilding segment, of which two were developed in 2020.

UNIVERSITIES

During 2020, we collaborated with about 50 universities, both Italian and foreign, to start up curricular internships and apprenticeships, for Career Day events and for specific business teaching posts and testimonials at the universities. We also continued to promote scholarships for university students of the engineering paths in collaboration with the Universities of Trieste and Genoa.

BUSINESS SCHOOLS AND MASTER PROGRAMS

The company has boosted its presence at the country's leading business schools, in both the specialization and master programs, with initiatives aimed at supporting the development of teaching, scientific research and higher education. These include the consolidated collaboration with the MIP and the SDA Bocconi of Milan, the MIB of Trieste, the Sant'Anna School of Advanced Studies of Pisa, the Luiss Business School of Rome and the ESCP Business School of Turin.

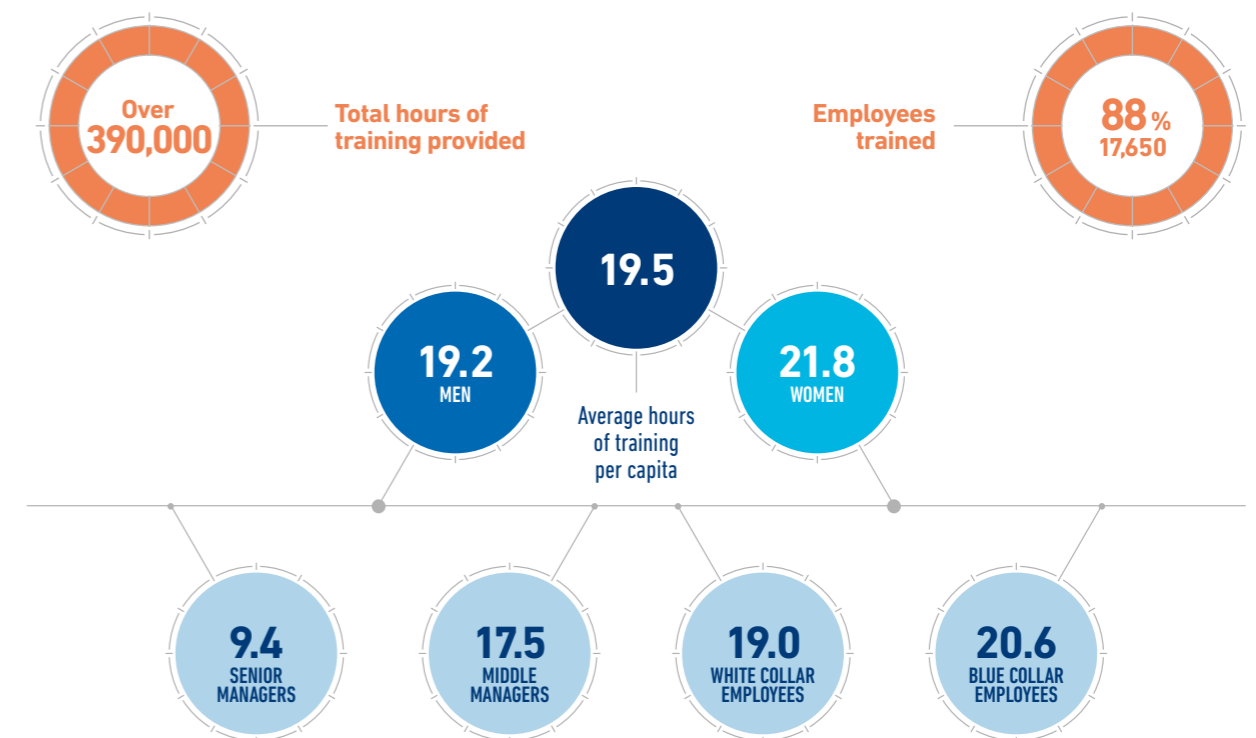
Talent Management

We are engaged in the **development** and **improvement** of our **people**, so that they can tangibly contribute to the sustainable growth of the Company. The Talent Management process that we have organized sets out to develop and retain our "talents" by helping them grow from the inside. We invest in the growth of skills, in improving the potential and professionalism of individuals by promoting their motivation and involvement through training, assessment, feedback, development and job rotation activities.

Training

During 2020, the Group invested 2.8 million euros in **training, coaching** and **mentoring** programs aimed at guaranteeing the continuous improvement of the professional-technical knowledge of the resources, an effective monitoring of roles and the spread of cross-function skills. The average hours of training per capita were 19.5. **Training is guaranteed to all** Group **employees** without distinction of contract, level, grading or organizational position.

TRAINING PROVIDED - 2020



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

During the year, it was necessary to adapt and redesign the different **training courses** so that they could be followed **from home** in order to comply with the constraints imposed by the health emergency linked to COVID-19. For this purpose advanced communication and collaboration platforms were used, which allowed both high standards of quality and interaction between the course participants to be ensured. This situation also provided the Company with the possibility to assess, in a proactive vein, training from home, and to plan the development of several programs in blended mode for when it will be possible to plan a return to the classroom, in order to reconcile flexibility and potential of digital training with effectiveness and interactivity of face-to-face training.

The training we offer is mainly based on 4 tools:

FORmare catalogue:

includes technical-specialist courses, courses for strengthening cross-functional, management and relational skills and courses aimed at improving knowledge of foreign languages. Several e-learning courses on governance, compliance, anticorruption, intellectual property, IT security and phishing topics were also developed. An important technical training project started up at the end of 2020 and will continue throughout 2021. Its objective is to reinforce the knowledge and welding skills of blue collar workers and production supervisors of the hull activities and of process and proceedings control technicians.

SAFETY ACADEMY:

includes training courses on health, safety and environment, amongst which in 2020 the e-learning training course on environmental **sustainability topics** played any important role. It is aimed at inviting and stimulating employees to provide a tangible contribution to environmental protection. To protect the health of our people, all workers were given an e-learning course aimed at creating awareness on the behaviour to be followed to limit the risk of contagion by the Coronavirus. Particularly significant was the training activity carried out for the internal auditors of the quality, safety, environment and energy certification systems.

CORPORATE UNIVERSITY:

this is Fincantieri's in-house management training school, which consists of technical-managerial training courses aimed at increasing employees' skills at various stages of individual development. These latter are continuously updated in order to ensure innovative content that stimulates the employees in dealing with their growth in the Company. In 2020, in the Fincantieri Project Management Academy area, the new training course preparatory for attaining the Professional Project Management **certification of the Project Management Institute (PMI)** dedicated to the Project Management Team resources was activated. Particular importance was given to the **sustainability topics** integrated since 2019 in the Corporate University courses, and on which 226 employees were trained in 2020.

ITeach:

is the training offer dedicated to the **new digital technologies** that was developed as part of the Fincantieri for the Digital Future project, with the goal of encouraging both the development and improvement of the existing professional skills and the development of new professional competence on the subject of digital skills.

As another sign of its attention and closeness to the employees, the Parent Company implemented specific training initiatives during the first lockdown. All employees were given an English language e-learning course lasting one month, while all managers handling resources working from home were able to follow a three webinar cycle developed in collaboration with the MIP - Graduate School of Business with the goal of promoting the development of a new leadership style.

Team building is considered a skill strategic for the Company's success. This is why during 2020 it was more important than ever to invest in initiatives aimed at stimulating a sense of belonging to the Group and training activities focused on fostering communication and group work between different generations, a shared team identity, starting from improvement of individual specificities, and the development of an inclusive work environment.

Evaluation processes

The assessment processes are based on the Company Skills Model which aims to enhance and encourage consistent behaviour at all levels of the organization and to develop the appropriate skills to deal with future challenges. As part of the HR transformation program, One Vision, an initiative to define a new **Group Skills Model** and a new performance evaluation model was started in 2020. Both models will be finalized and shared during 2021, and they depict the pillars of the future's evaluation and development processes on a global scale. The evaluation processes are structured in order to ensure the most complete, objective and analytical view possible of the various dimensions under evaluation:

- **Performance appraisal:** it is the key tool in human capital development processes that aims to improve employees' performance through individual feedback that all employees, from workers to managers, receive at least once a year. This tool indeed is the foundation for defining career paths and for improving the employees' skills, and at the same time allows the merit, professional competence and contribution of each person to meeting company objectives to be recognized.

PERCENTAGE OF EMPLOYEES EVALUATED

	2019	2020
SENIOR MANAGERS	62%	62%
of whom are women	69%	67%
MIDDLE MANAGERS	76%	64%
of whom are women	72%	60%
WHITE COLLAR EMPLOYEES	78%	68%
of whom are women	74%	58%
BLUE COLLAR EMPLOYEES	80%	49%
of whom are women	88%	26%
TOTAL	79%	58%
of whom are women	78%	50%

The data refer to the entire Fincantieri Group.

- **360° assessment:** intended for all managers with at least five staff members. This tool aims to assess the typical skills of team managers, such as feedback, delegation, development of team members and recognition of others, and aims to provide the evaluated person with a complete overview of the skills evaluated by comparing self-assessment and assessment by others. After having completed the 360° assessment in 2019, the development and self-development actions defined by the individuals based on the results obtained were started up during the year. The assessment will be proposed again in 2021 in a perspective of monitoring and continuously improving people management.
- **Potential appraisal:** aimed at a target group of resources determined by age, company seniority, role and qualification requirements. It takes the form of an assessment activity carried out through feedback interviews that provide the opportunity to point out strengths, areas of improvement and growth motivation; based on what is highlighted, it is then possible to structure an individual development plan in terms of short/medium-term training activities, coaching, mentoring, career paths and job rotation. During 2020, over 100 resources were involved in potential assessment activities carried out virtually.

People development

During 2020, people review activities, an active management tool to develop resources, played a key role in enhancing human capital and defining professional **growth paths** and succession plans. These activities have the aim of identifying resources with greater potential and usefulness in the Company, on which to invest using defined growth paths, job rotation, national and international mobility actions, training actions, coaching and mentoring paths, so that in the future they can play key roles in driving the business. During 2020, as many as 316 resources were affected by **mobility measures** in Italy and abroad.

As part of the people review activities, the first edition of the **Talent Project** was started in early 2020. Its objective is to develop the young "high potential" employees and foster their growth and development inside the Company. A development plan that defines a growth path, also abroad, a specific training and a mentoring program was defined for the resources involved in the project. The latter provides each resource with a mentor, an experienced manager belonging to the first or second line of management who, by sharing his or her experience and disseminating the company culture, has the task of accompanying young people on their growth path, encouraging the creation of a professional network also outside their respective area.

To guarantee the continuity, stability and monitoring of the business, the **succession plans** for the key figures are updated once a year.

Diversity and equal opportunity

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

In order to **enhance diversity** and **promote inclusion**, strategic elements for corporate competitiveness, for the development of our people and for the affirmation of a Group culture and identity, in line with the existing regulatory framework for equal opportunities, we are committed to:

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

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

We have set out on a path to define our **Diversity & Inclusion (D&I) Management model**, an open model aimed at enhancing every element of diversity as a source of enrichment and growth for the organization. The person, along with his or her subjectivity, features, experience and culture, is at the heart of the system. The D&I model is developed by engaging people and thanks to their participation. In this vein we have involved our **network of facilitators**, formed in 2018 as part of the Fincantieri for the Future project. Since the figure of facilitator has proven to be increasingly effective and helpful for informally spreading positive behaviour models and for activating a widespread listening system, during 2020 we dedicated specific training to our facilitators. They also contributed to the development of a survey on D&I, which in early 2021 will be extended to all Group employees.

The survey will provide an even clearer picture of the level of awareness of the D&I themes and of the priorities for the Company, which will allow the connection between the D&I model and the continuous improvement processes of the organization to be increased.

The main issues on which the Company plans to intervene regarding diversity and equal opportunities are represented by **age diversity**, to encourage inter-generational exchange of skills and knowledge through the enhancement of young people and the recruitment of senior resources, **gender diversity**, with the aim of providing modern forms of work-life balance, and **cultural diversity**, to stimulate creativity and nurture an increasingly open corporate culture.

FACILITATORS SUSTAINABILITY TRAINING



In 2020, **58 facilitators** in Italy took part in a training course aimed at heightening awareness on diversity and equal opportunities, on knowing how to respect, integrate and enhance the diversity and uniqueness of each person and on all those filters with which every individual observes the surrounding reality and on the basis of which assesses, judges, takes decisions and adjusts their behaviour.

During the year we joined **Valore D** as partner. This is the first association of companies in Italy for the balance of gender and an inclusive culture, which is proof of Fincantieri's commitment to a fairer and more inclusive professional world.

EMPLOYEES BY AGE RANGE

	≤ 30		30-50		≥ 50		TOTAL	
	2019	2020	2019	2020	2019	2020	2019	2020
SENIOR MANAGERS	0	0	175	177	215	219	390	396
MIDDLE MANAGERS	23	13	744	673	507	443	1,274	1,129
WHITE COLLAR EMPLOYEES	1,396	1,470	4,370	4,701	1,842	2,113	7,608	8,284
BLUE COLLAR EMPLOYEES	1,397	1,302	5,990	5,866	3,164	3,173	10,551	10,341
TOTAL	2,816	2,785	11,279	11,417	5,728	5,948	19,823	20,150
Incidence %	14%	14%	57%	56%	29%	30%	100%	100%

The data refer to the entire Fincantieri Group.

PERCENTAGE OF EMPLOYEES BY GENDER

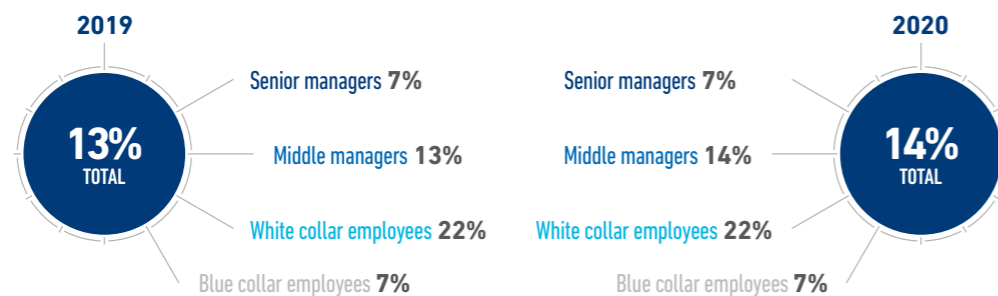


The data refer to the entire Fincantieri Group.

PERCENTAGE OF WOMEN ON THE BOARD



PERCENTAGE OF WOMEN BY CATEGORY OF THE CATEGORY TOTAL



The data refer to the entire Fincantieri Group.

PERCENTAGE OF WOMEN WHO RECEIVED TRAINING OUT OF TOTAL WOMEN



The data refer to the entire Fincantieri Group.

We are constantly working to promote the insertion of people with **different physical** and **psychological abilities**, in line with the characteristics of shipbuilding and the risk profiles associated with the industry. 481 people with disabilities work in the Fincantieri Group.

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

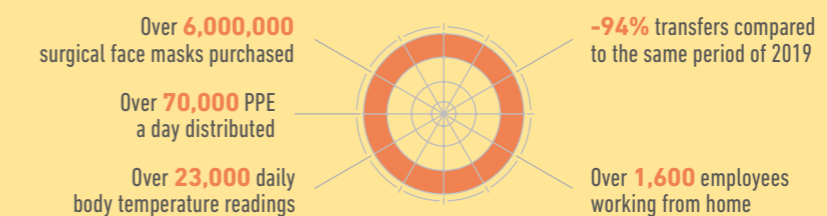
Health and safety in the workplace

The COVID-19 pandemic, which greatly affected the last year, has prompted us to identify and implement specific measures to protect the health of workers, to allow the resumption and continuation of business activities in the presence of this new risk which has been added to those inherent to the production cycle.

The Protocols and measures adopted by Fincantieri S.p.A. have been shared with the Employers of all Italian and foreign subsidiaries, enabling their timely adoption even in countries that had not yet put in place adequate measures to contain the spread of COVID-19.

Initiatives to handle the COVID-19 pandemic

When the epidemiological phenomenon of the Coronavirus first emerged, we took prompt and decisive action to prevent and contain possible contagion within our operating units: protecting employees and all personnel involved in the production process was our top priority.



- **The return of employees from China:** already in the last week of January, before similar indications were received from institutional bodies, workers seconded or travelling in China were ordered to return. They were placed in fiduciary quarantine at their places of residence for 15 days before returning to work in Italy. The simultaneous suspension of travel to foreign countries where the syndrome had occurred until that point was also ordered.
- **Emergency steering committee:** a Crisis Management Team at Fincantieri S.p.A. level was formed, tasked with:
 - constantly monitoring evolution of the problems associated with COVID-19;
 - coordinating time frames and scope of the measure, in agreement with the managers of every operating unit;
 - implementing the prevention measures that had been gradually identified to protect the health of workers and the community based on the information arriving from the competent national and/or regional authorities.
- **Communication and tools activated:** to make communication and access to the constant updates coming from the official sources easier, the following were activated:
 - an intranet page, on which documents and videos concerning the good practices to adopt to limit the risks of contagion were made available;
 - a constantly operational telephone number and a dedicated email address that they employees can contact to request information and receive answers to any questions they may have, also pertaining to medical topics;
 - an internal communication addressed to all personnel, sent by email, put on the notice boards and inserted on the home page of the company intranet, reported that the crisis unit had been formed and provided precise information on the rules of conduct given by the competent Health Authorities: restrictions on business travel, holding meetings using technological media such as video and call conferences, description of the health and hygiene rules identified at the ministry level, and instructions to all employees to stay home from work should they have symptoms of the flu or fever alterations.

- **Suspension of production activities:** Fincantieri was one of the first companies to decide to suspend production activities at the Group's Italian sites from 16 March 2020, extending the use of smart working to all professional positions for which it is compatible, i.e. using deferred recuperation leave within the calendar year and the use of holidays and leave without conditions. In the meanwhile, we took steps to give the training and development activities continuity, which were revised and redesigned using the different platforms available in order to make them usable from home while keeping their quality at a high standard.

Starting from 20 April 2020 we implemented a **recovery plan** with marked gradualness and staggered over several weeks, identifying ways of reducing attendance and avoiding the spread of the virus through staggered entry, shifts, flexible working hours and smart working.

As required by the "Shared protocol to regulate measures to combat and contain the spread of the COVID-19 virus at the workplace" - signed on 14 March 2020 by the Italian Prime Minister's Office and the Social Partners - specific protocols were arranged at all Italian sites of the Group, shared with the Unitary Union Representative Bodies (RSU) and the Workers' Safety Representatives (RLS) within the scope of the specially identified joint committees. These incorporated the emergency plans, which had already been prepared in February, to put into action in the event a positive case of COVID-19 should be reported (Fincantieri employees or third parties), which call for the involvement of the local health authorities and the workers' representatives.

Each site took the following measures in order to reduce the risks of contagion:

- delivery of information material summarizing the rules of conduct to follow and the methods for using protective face masks to all incoming personnel;
- generalized thermal screening at the site entrances;
- the mandatory use of surgical face masks by everyone entering and working inside the production plants;
- widespread installation of special disinfectant liquid dispensers;
- intensification of the frequency of measures to sanitize common areas;
- spaced-out access to the changing rooms, the refreshment areas and the company canteens, consequently modulating provision of the relevant service;
- ban on using hot beverage vending machines while ensuring the supply of bottled water.

These measures were explained and shared with the Local Health Authorities (ASL) having jurisdiction over the areas. Special attention was also paid to keeping relations with local institutions and bodies at various levels (prefectures, regions, municipalities, transport companies) constant in order to jointly identify solutions able to contain the impacts of the recovery in those areas where the production plants are located. One of the measures take was intensifying the runs of the buses dedicated to transporting personnel working inside the Marghera and Muggiano shipyards.

Thanks to the experience and actions taken by the parent company, Fincantieri Marinette Marine was able to adopt measures to contain the spread of COVID-19 ahead of other US-based shipbuilders, as noted by Jane's Navy International.

In September, it was judged appropriate to identify new measures, in addition to those already in place, to reinforce the action of combating and containing Coronavirus infection, through constant monitoring of the phenomenon at individual sites. With this in mind, a model has been identified to manage the phenomenon in the medium/long term, which provides for structured forms of collaboration with the Health Authorities of the various territories. With minimum differences between the different shipyards, the model requires performing a given number of **rapid tests** each week and based on the epidemiological trend of the contagions in order to keep the situation constantly monitored. The personnel to involve are identified in random samples in the different work areas in order to monitor the entire production plant. Following the first agreement, signed in Friuli-Venezia Giulia at the beginning of October, similar protocols were later signed in all the other areas where the Italian sites of the Company are located. During the summer, an **internal survey** on the Company's emergency management, involving all employees and achieving a response rate of 77%, revealed a level of satisfaction with the Company's efforts of 91%

Towards Zero Accidents

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

To consolidate good practices and the constant monitoring of production processes, **coordination meetings** on safety and the environment are organized which, scheduled at least every two weeks, are carried out directly in the production areas and envisages the participation of all the supervisors involved in production and the workers' safety representatives.

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

The percentage of employees represented in Health and Safety Committees at Group level is 45%, while at Fincantieri S.p.A. level it is 100%.

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

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

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

The trend in injury data and rates for employees and the workers of contractors is constantly monitored, both at Group and site level. A special **monthly report** is prepared to inform Top Management, all employers and all the health and safety managers.

The majority of accidents consisted of falls or knocks against fixed parts, involving the lower limbs and hands of injured persons.

Quarterly prevention and protection meetings are held by the prevention and protection services managers, chaired by the Company's Health, Safety & Environment (HSE) manager, during which the data collected is analysed, best practices and issues of common interest are shared and improvement proposals on which to focus the Group's activities are identified.

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

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

In Italy, the **Active Safety** project continued to provide training and information to all workers (direct employees and employees of contractors) present at individual sites. During working hours and directly at the workplace, the individual supervisors explain the subject to be studied in more detail to their staff, who are given an information sheet.

MAIN HEALTH AND SAFETY INDICATORS

	2019	2020
Rate of absenteeism	3.7	4.5
Rate of occupational disease	0.1	0.1
Rate of work-related injuries	9.7	7.7
Rate of high-consequence work-related injuries	0.1	0.1
Rate of fatalities as a result of work-related injury	0.0	0.0
Number of injuries	383	297
- of which work-related	339	254
- of which high-consequence work-related	3	4
- of which fatalities as a result of work-related	0	1
- of which while travelling	44	43
Number of injuries - women	21	9
Number of training hours in health and safety	186,958	117,058
Number of employees trained in health and safety	14,362	14,590
Number of medical examinations	n.a.	10,697
Number of diagnostic tests	n.a.	19,205
Health and safety costs (euros)	5,877,467	14,110,425

The data refer to the entire Fincantieri Group.
The number of medical examinations refers to Fincantieri S.p.A., Italian subsidiaries and the VARD group.
The health and safety costs refer to the costs incurred for health supervision and the provisioning of Personal Protective Equipment, including the personal equipment used to deal with the COVID-19 epidemiological phenomenon.

Together in Safety

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

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

Memorandum of Understanding with INAIL

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

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

During 2020, the foundations were laid for the implementation of this protocol through various projects, such as the organization of seminars on health and safety issues, analysis of the model mapping the near misses monitored in Fincantieri and its possible implementation.

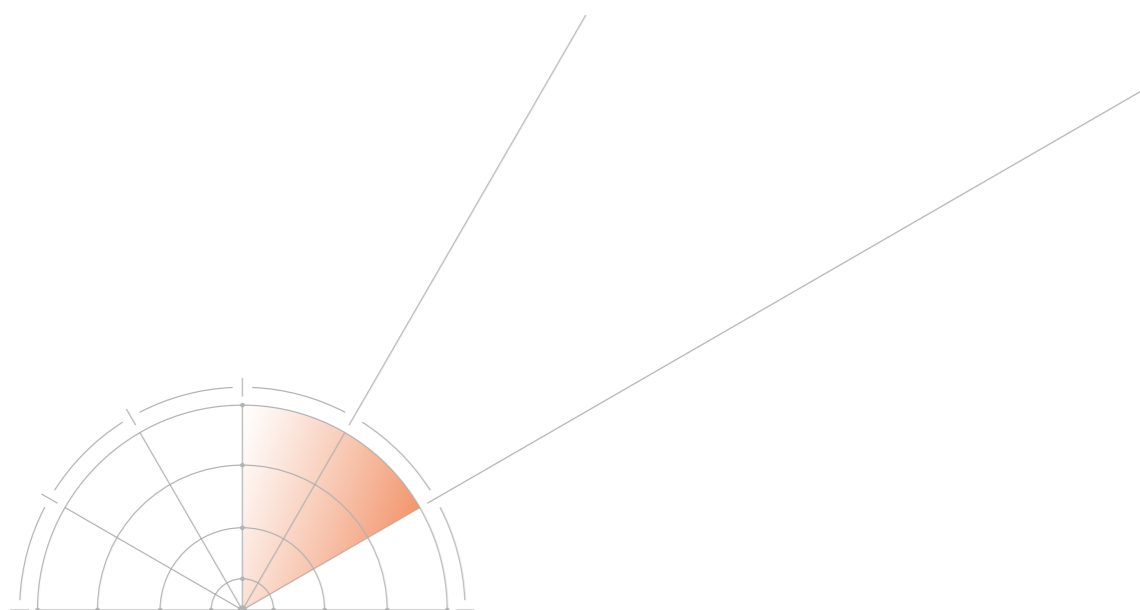
Supplier evaluation

Contractors are already subject to evaluation from a financial, quality, contractual and production perspective and are assessed using a predefined format and also **scorecards** focused on health, safety and environmental issues. The assessments by the various shipyards have led to the calculation of the overall performances of the companies and are subject to permanent monitoring within Supplier Oversight. As set out in the Sustainability Plan, in 2020 the scope of assessed suppliers was expanded, even if due to the pandemic - which placed the functions tasked with the assessments on the front line - it was impossible to attain the objective of covering 100% of the main contractors (which will in any case be again targeted in 2021).

Security

Owing to the more frequent and widespread presence of employees who travel or are on secondment abroad, with the **Travel Security** program we have developed an ongoing mapping of risks in foreign countries to guarantee the security of travelling employees and the sustainability of the locations associated with business operations. Therefore, around 3,650 foreign travel routes are monitored. In 2020 the number of company trips abroad was heavily cut by the effects of the global pandemic but, because of it, it became necessary to pay extraordinary attention to every single route.

The Travel Security program accordingly monitored every trip, ensuring workers information about the restrictions in the various countries through personalized communications and a continuous analysis of the entry and national restrictions in force in the destination country. The Travel Security program also published approximately 300 daily and weekly bulletins concerning the epidemiological monitoring of the pandemic and the resulting restrictions imposed in the key countries of interest. These reports were distributed to the interested management and travellers of the Group.



Support in the field was also guaranteed, with 267 calls for assistance answered and helping 169 Group employees return to their countries from China, India, Romania, Italy and Malta.

Through the activation of a **Crisis Management** system (abroad), 12 contingency plans have been drawn up and updated for the most important foreign sites and locations where the Company is present. The plans are managed by special crisis committees (CMTs) which include, in addition to employers, travellers and the relevant Health and Safety Department Managers, the heads of all functions involved in the travel and personnel management process. In accordance with corporate procedures, each CMT met at least twice a year, to update team members on the evolution of risks present in local scenarios and for training and education activities based on contingency plans. A Virtual Crisis Management software platform was also activated. It allows committees to meet virtually to manage possible crisis situations even when on the move or when the Company is closed (at night or on holidays).

With reference to the security problems connected to the globalization of the business, mention should be made of the **International Ship and Port Facility Security (ISPS) Code**, Chapter XI-2 of the SOLAS Regulation developed by the International Marine Organization (IMO), a comprehensive set of rules to enhance ship and port facility security in order to mitigate the risk of acts of terrorism and other unlawful acts. On the basis of the types of ships interacting with the areas pertaining to Fincantieri, the relevant authority has determined its obligation for the Arsenale Triestino San Marco, Muggiano and Palermo shipyards, while considering the Monfalcone and Marghera shipyards as occasional. The necessary professional figures have already been identified at these shipyards, and the planned activities and facilities have been implemented. Following on from our commitment to maintain an effective system of corporate governance and risk management, a project to implement the ISPS Code was launched also for the Ancona, Castellammare di Stabia, Genoa Sestri Ponente, Riva Trigoso shipyards and for the Trieste, Rome and Genoa offices. At the same time, an interactive and customized e-learning course was made available in 2020 to Fincantieri employees in order to become familiar with security topics.



ISO 45001/OHSAS 18001 and SA 8000 certifications

ISO 45001 CERTIFICATION



Pursuant to the objective of the Sustainability Plan, in 2020, **all the Italian sites** completed the migration process to the new ISO 45001 standard which defines the requirements for certifying the Health and Safety at Work Management System.

Over the year, Fincantieri Infrastruttura Opere Marittime S.p.A. also obtained ISO 45001 certification, which helps minimize risks and improve health and safety levels.

The VARD group maintained OHSAS 18001 certification for the Romanian Braila and Tulcea shipyards, as well as the Vietnamese Vung Tau shipyard and it began the process of migrating to the new ISO 45001 standard.

In addition, all VARD shipyards are aligned with SA 8000 standards. In particular the Vietnamese Vung Tau shipyard has the relevant certification, which is based on the International Labour Organization (ILO) conventions and the Universal Declaration of Human Rights.

In the United States, the subsidiary Marinette Marine Corporation is certified OHSAS 18001, the validity of which has been extended until January 2021; migration to the ISO 45001 standard is planned to follow.



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

Wellbeing for our people

Over the years, a **welfare model** has been implemented. It is capable of positively impacting on the wellbeing of employees and, at the same time, taking advantage of the evolutionary processes of the labour market and the company, which make it possible to improve working relations and the organizational climate, increase the level of attractiveness of the organization and its working environment, seek to raise the levels of employee engagement and their sense of belonging, and demonstrate the company's interest and commitment to improving living conditions and the wellbeing of employees and their families.

The welfare tools, defined with the corporate agreement in 2016, are aimed at employees in general of Fincantieri S.p.A., including part-time and fixed term employees, and are also recognized for the employees of Italian subsidiaries and/or associates falling within the scope of the supplementary labour agreement.

The Social Bonus has particular significance in the welfare system. It is paid annually and exclusively in welfare services and any unused bonus amounts are automatically allocated to the individual employee's supplementary pension fund.

To provide an incentive to allocate variable bonuses to the consolidation of the welfare system, employees who decide to convert them are awarded an increase of 10% on the value converted. In 2020, 25% of the overall performance bonus allocated was converted into welfare services. To help an employee benefit from company welfare, a dedicated website has been activated through which employees can access a wide range of goods and services. The most requested services were those intended for the family, in particular for the education of children and assistance to family members, together with welfare vouchers, which can be spent in establishments with which the employees themselves have often asked the Company to arrange special prices. The supplementary pension and health program, which supplement the measures already defined in the

National Collective Bargaining Agreement (CCNL) and the Company's supplementary labour agreement, were also highly appreciated. Other services that can be accessed via the portal include training courses, travel and holidays, mortgage repayments, leisure, sport and wellness.

Particular attention has also been paid to public transport and sustainable mobility issues. Employees can also apply for full or partial reimbursement of their season ticket for urban public transport or train travel, for themselves and/or for their tax-dependent family members through the Welfare Portal. Restrictions to contain the spread of Coronavirus have instead affected company car pooling.

IMPLEMENTATION OF SMART WORKING



In line with the objective of the Sustainability Plan and in order to reconcile the protection of workers' health and safety with the need for continuity of production activities during the pandemic emergency, flexible working arrangements have been put in place. In particular, **smart working** was used in all cases where it was immediately feasible, both in the offices and in the shipyards. Considering the positive experience during the lockdown period, it was subsequently decided to implement smart working in the Company in a structural way: therefore, Fincantieri signed a Smart Working agreement with the National Trade Unions. The structured adoption of this new tool is designed to achieve significant increases in employees' personal wellbeing, not only fostering a better balance between work and personal needs, but also developing their professional skills by enhancing their degree of autonomy and orientation towards objectives and results, while strengthening the trust relationship with their managers.

The Company's focus on **work-life balance**, which is already included in the National Collective Bargaining Agreement for steelworkers, where a worker dealing with serious family situations can take a period of leave of absence of up to two years. This focus has also been implemented indirectly with the involvement of company clubs, through initiatives that meet the employees' needs, such as special arrangements with day care centres and after-school activities. Due to the health emergency, the traditional holiday camps in seaside or mountain resorts were not activated in the summer of 2020; to support families, the Company's summer camps were expanded.

With regard to **supplementary health care**, since January 2018 the Company has been a member of the Health Fund for Steelworkers, called MètaSalute, with a supplementary health care plan for employees and dependent family members, also covered free of charge. Participation in the contractual fund, reinforced by additional coverage specifically established by Fincantieri with the operator, guarantees the provision of health services that are diversified and with very high limits, insured both directly, through the facilities contracted with the operator and in the form of reimbursement.

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

Additionally, since March 2020, the Company has taken out **insurance coverage**, specifically designed for the **COVID-19** health emergency and aimed at all employees and those of companies in the supply chain (which have joined on a voluntary basis). This coverage provides both compensation for periods of hospitalization and convalescence as well as post-hospital care services to facilitate recovery and manage the main aspects of family life. This policy is in addition to the Supplementary Health Plan to cover influenza syndromes that are pandemic in nature, activated by MètaSalute for all employees in the metalworking sector.

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

Industrial relations

Industrial relations in Fincantieri are characterized by a participatory model that is developed through the activities of various commissions defined by the 2016 supplementary labour agreement, which in some cases, in addition to trade unions, include workers.

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

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

The supplementary agreement governs the operation of the **Joint National Committee on Safety at Work** and the **Joint National Training Committee**. Composed of 3 company representatives and 3 workers' representatives, these joint committees are responsible for analysing the characteristics and trends of the issues within internal evolution, verifying the consistency of the initiatives implemented, proposing and evaluating new general or specialized initiatives, and evaluating and approving intervention plans.

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

In relation to the growing process of internationalization and with a view to encouraging the full involvement of Group workers, Fincantieri, together with the trade unions, is committed to setting up a special working group for the establishment of the **European Works Council (EWC)**, which will be devoted to informing and consulting the workers of EU-wide companies.

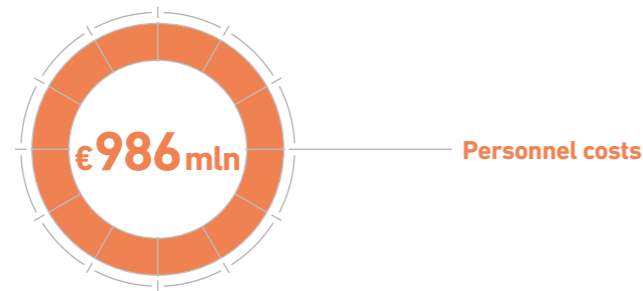
On 10 December 2020, an agreement was signed with National FIM, FIOM, UILM and with the Executive of the National Trade Union Coordination, regarding the **extension of the supplementary contract**, which will be valid until 31 December 2021, confirming the effects of the regulatory and economic aspects for the entire period.

On the same date, an agreement was also **signed on "economic relief"** for workers who, following the suspension of production activities from 16 March to 30 March due to the health emergency, suffered a reduction in Performance Bonus. With this agreement, the Company wanted to take into account the efforts made by all employees to cope with the epidemic and ensure the resumption and continuity of production activities, awarding compensatory amounts for the variable bonuses lost due to lack of working activity during the closure period.

Employees are guaranteed **freedom of association** throughout the Group. In 2020, 51% of employees are registered with trade unions.

The VARD group has implemented a model of industrial relations that is strongly oriented towards dialogue with trade unions in order to identify and provide impetus for the conversions needed to ensure a stable and profitable future for the Company. Five new collective bargaining agreements were signed during 2020.

Remuneration



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

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

SUSTAINABILITY OBJECTIVES IN THE VARIABLE REMUNERATION SYSTEM



As set out in the Sustainability Plan, **sustainability objectives** with a weight of no less than 10% up to a maximum of 30% in connection with the management areas have been included in the short-term variable remuneration system (MBO). In 2020, 23.2% of MBO Plan recipients received at least one sustainability target.

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

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

	2019				2020			
	SENIOR MANAGERS	MIDDLE MANAGERS	WHITE COLLAR EMPLOYEES	BLUE COLLAR EMPLOYEES	SENIOR MANAGERS	MIDDLE MANAGERS	WHITE COLLAR EMPLOYEES	BLUE COLLAR EMPLOYEES
Fincantieri	1.0	0.9	0.9	0.9	0.9	1.0	0.9	0.9
VAR group	0.5	1.0	0.7	0.8	0.8	1.3	0.6	0.9
Fincantieri Marine Group	1.4	0.9	0.8	0.9	1.3	1.0	0.8	0.8

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

	2019				2020			
	SENIOR MANAGERS	MIDDLE MANAGERS	WHITE COLLAR EMPLOYEES	BLUE COLLAR EMPLOYEES	SENIOR MANAGERS	MIDDLE MANAGERS	WHITE COLLAR EMPLOYEES	BLUE COLLAR EMPLOYEES
Fincantieri	1.0	1.0	0.9	0.9	1.0	0.9	0.9	0.9
VAR group	0.5	1.0	0.7	0.8	0.8	1.2	0.7	0.8
Fincantieri Marine Group	1.3	1.0	0.8	0.8	1.4	1.0	0.8	0.8

Since discriminations in determining remuneration are not implemented, the fluctuations seen regarding wages and salaries of gender between the different years are due only to the different breakdown of the resources that, from year to year, contribute to forming the final balance of the data (leaves/entries), in addition to factors such as seniority, organizational role and nature of the duties that distinguish each one of them.



Listening and dialogue

Several years ago we started a change management path aimed at focusing on our people by encouraging dialogue and listening, essential elements for creating relationships based on trust and transparency.

2016 ● As part of our development and improvement initiatives, we have launched the **Fincantieri for the Future** project in Italy with the aim of developing and implementing an organic path of management change at all levels, which is needed in order to best respond to current and future competitive challenges. The first step of the project saw the active engagement of and listening to workers through an anonymous questionnaire aimed at assessing the organizational climate, people's expectations and their suggestions.

2017 ● The results obtained from this first survey were the starting point for designing, planning and implementing improvement actions in response to the objective evidence that emerged, the so-called "change shipyards". With the aim of promoting the exchange of opinions, confrontation and dialogue, we shared the results that emerged and the contents of the "change shipyards" during **dedicated meetings** held in all production units, divisions, departments and Italian subsidiaries, which involved more than 6,500 resources. Using the same procedure as the first step, a monitoring process was set up to review the new change initiatives and collect people's suggestions, with a view to continuous improvement through a new survey that recorded a higher response rate than the previous year (+7%).

2018 ● The evidence that emerged, including the growing awareness of the need for change and how it is a living and vital process within the Company, as well as a strong and increased pride in working at Fincantieri, was shared during 2018 in meetings addressed to all Group employees, who were able to actively participate in the project also through a direct dialogue with management. Again with the aim of "putting people at the core", disseminating the culture, corporate values and all the initiatives launched as part of the change management project, we set up a **network of internal facilitators**. These are Group employees who, owing to their personality, aptitude and natural inclination, can facilitate the change process, stimulate everyday participation at all levels, leveraging on formal and informal occasions, with the aim of making everyone aware that they each can and must be an active part in the change.

2019 ● The project was given a green perspective with the launch of **Fincantieri for the Green Future**, a new initiative aimed at raising awareness and bringing employees closer to environmental issues, making them protagonists of a path of continuous improvement. Fincantieri for the Green Future is a call to action, that is to say, an invitation and an incentive to make a tangible contribution to environmental protection with virtuous behaviour, small daily actions, simple gestures and attention to waste, starting with greater awareness and sensitivity to environmental sustainability in the Company.

2020 ● With the aim of promoting environmental sustainability not only as an opportunity, but as a real mission, the second edition of **FincantieriON** took place in 2020. The initiative, addressed to all employees, promoted the gathering of innovative ideas that can contribute toward protecting the environment and creating long-term value to be implemented in the Company.

The important listening and dialogue channel, reinforced over the years, was essential as never before in a year of "mandatory distancing" caused by COVID-19. The Company implemented measures that allowed the emergency to be coped with by applying rigid protocols, while at the same time minimizing impacts on production, meeting with the appreciation of the Health Authorities and employees.

Over the year a new growth and evolution program dedicated to innovation, the introduction of new technologies and the development of new work and skills methods was consolidated: **Fincantieri for the Digital Future**.

The program is part of the continuous improvement path inspired by the principles of the Fincantieri for the Future program, and gathers the needs expressed by the employees and the suggestions shared in the surveys distributed each year by the Information Technology function. The objective of the project is the total digital transformation of the entire value chain, with the use of technology aimed at improving the experience of employees, customers, suppliers, partners and all Company stakeholders. To fulfil the objective, the spread of a new mindset that makes it easier to introduce new tools and devices easier is necessary, tools and devices that increase security and efficiency, enhance company know-how and increase environmental sustainability. The Fincantieri approach to digital innovation puts together technology and culture while encouraging change at all levels in order to discern a streamlined work approach able to react and evolve according to the dynamics and flexibility demanded by the market and by the ecosystem of reference, always paying utmost attention to satisfying internal and external customers.

During the year, the subsidiary Fincantieri Marine Group also promoted an initiative to listen to its resources by distributing a climate survey to all its employees in order to highlight the areas of improvement and plan the consequent actions. 70% of the target population participated in the survey, a much larger percentage than the 34% recorded in the previous survey of 2018. The results will be shared with the employees in 2021.

LINK WITH COMMUNITIES AND THE LOCAL TERRITORY

We support and involve all communities via numerous social, environmental, cultural and educational initiatives with the aim of developing a sustainable society for everyone



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

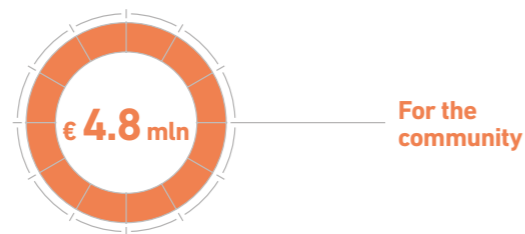
We support and involve all local communities through initiatives, donations, gifts and investments aimed at responding to the needs most felt by communities by becoming an active part of the social and economic development of the territory.

We have a **Fincantieri Group's Policy on initiatives for the Community and Territory** in which:

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

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

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



In 2020, at Group level we allocated approximately euro 4.8 million to initiatives in favour of the community.

Lines of action

Our lines of action are primarily aimed at:





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

Our goal is to:

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

We are committed to tackling the problem of misalignment between labour demand and supply by acting upstream, namely on skills, to train people in the most critical and sought-after skills in the shipbuilding sector. With this in mind, we have set up joint recruiting and training actions with the regional and municipal administrations, aimed at unemployed people or non-workers, including those who have emerged from businesses in crisis in the area, in order to integrate them into our system, particularly in satellite businesses.

As part of our well-established collaborations with second-level technical institutes, aimed at both orientation and education, in April 2020 we signed a Memorandum of Understanding with the ISIS Pertini Institute of Monfalcone, the Regional School Office and the Municipality of Monfalcone, aimed at developing an experimental program for classes III, IV and V of the Maintenance and Technical Assistance course. The experimental program aims to orient students' skills towards the naval sector so that, once they graduate, they can easily find employment since they possess, in addition to their diploma, skills that can be used on the labour market.

PESCHIERE UNIVERSITY STUDENT ACCOMMODATION FOUNDATION

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

NEW SCHOOL BUILDING IN THE MUNICIPALITY OF MONFALCONE

Contribution to the renovation and adaptation of a building in the Municipality of Monfalcone to be used as a nursery school and to cover the running costs for the school's first years.

MUNICIPALITY OF MONFALCONE

Contributions aimed at ensuring the provision of education for children of pre-school age who would have remained on the waiting list and would not otherwise have been able to access the first level of education, in particular:

- support for some children's fees at the Fly Ark school, thanks to the availability of some places;
- contribution to the costs for the transport of children who have been accepted at the nursery schools of two municipalities near Monfalcone.

EDUCATIONAL AND TRAINING PROGRAMS

- Dedicated interviews with Job Centres, Fincantieri and satellite businesses for unemployed people or non-workers.
- Pre-employment courses to train the unemployed/non-workers on critical professional skills.
- Two-year (ITS) and one-year (IFTS) post-diploma specialization courses.
- Experimental program at the industrial technical institute ISIS Pertini Monfalcone.
- Orientation activities with colleges.
- Targeted actions for staff made redundant due to companies in economic crisis.



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

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

EVENTS

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

The organization of all those initiatives that would allow us to open a window on the Company for our stakeholders has only been postponed until conditions allow it to start up again.

The Company wanted to celebrate the handover ceremony of two cruise ships by organizing live streaming to give everyone the opportunity to follow the event live.

COMPANY CLUBS

In 2020, more than 16,000 registered members benefited from the activities of the 9 company clubs at national level, of which approximately 8,000 were current and former Fincantieri employees.

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

PROMOTING SPORT

- Tennis Club Triestino - sponsorship of the international tennis tournament, ATP Challenger circuit.
- Golf Club Trieste - sponsorship of the "Fincantieri Cup" golf event.
- Unione Fincantieri Monfalcone - supporting the youth football team Unione Fincantieri Calcio Monfalcone, which bears the Company's name.





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

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

CAMPIELLO FOUNDATION

Sponsor of the 58th edition of the Campiello Literary Prize.

MUCA - MONFALCONE SHIPBUILDING MUSEUM

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

BARCOLANA

Participation and local identity are pivotal elements of the Barcolana, an international sailing regatta held in Trieste for over 50 years. Fincantieri renews its support for sport and the territory through its sponsorship.

LINK - JOURNALISM FESTIVAL

Four days of talks, meetings and interviews with leading figures from the worlds of IT, culture and economics on topics such as science, sustainable development and economic recovery. Link 2020 adheres to "No women, No panel", the campaign promoted by the European Commission that requires the presence of at least one female figure for every meeting or conference in scheduled events and aims to raise awareness among both stakeholders and the public about gender balance in panels and public events.



Fondazione **FINCANTIERI**

FINCANTIERI FOUNDATION

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

Assistance to students, associations and public entities with regard to historical research on the shipbuilding world and on Fincantieri's activities in the archives of Monfalcone, Palermo and Muggiano. Until the national health emergency was declared, these activities were carried out in person at the shipyards and then later by videoconference.

Contribution to the realization of the temporary exhibition dedicated to Nino Zoncada, architect, manager of the Monfalcone shipyard's furnishing department, responsible for the interior design of over sixty ships and designer of international standing, which was set up in the Monfalcone Gallery of Contemporary Art.

Contribution to the creation of the new permanent section at MuCa (Monfalcone Shipbuilding Museum) dedicated to the history of submarines built in Monfalcone. Photos and texts were provided, as well as advice on graphic design.

Collaboration with the historical archive of the Italian Navy for the historical reconstruction of the launching of the ship Cassiopea at the Muggiano shipyard in 1988.

Contribution to the production of the film dedicated to the exploits of Commander Salvatore Todaro, which is currently in production. Through our archive in Muggiano we have provided the general plans of the Cappellini submarine and some images of it that are fundamental for the historical reconstruction of that period.

Partnership in the REMEMBER project "REstoring the MEmory of Adriatic ports sites. Maritime culture to foster Balanced tERritorial growth". The project concerns the enhancement of the historical, monumental and intangible heritage of the ports in terms of tourism and the generation of new economy and employment. In particular, the REMEMBER project will make it possible to create tourist routes and interventions to enhance the historical and monumental heritage, which will be part of a joint promotion strategy that will have cruise lines as its primary target.

Historical research for the realization of an exhibition dedicated to the launching of the Quirinale mixed motor vessel, in view of a forthcoming visit of the President of the Republic to the Palermo shipyard.

Participation in the Memo Festival cycle of conferences in Monfalcone to retrace the history of 30 years of cruise ships built by Fincantieri in Monfalcone.

Provision of photographs of the Enrico Toti submarine to the Museum of Science and Technology of Milan for the temporary exhibition they created at the Panzano Visitor Centre in Monfalcone.



Supporting scientific research and technological innovation

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

SPONSORSHIP AND PARTICIPATION IN EVENTS/CONFERENCES

- Trieste Next - 9th edition of the Festival of Scientific Research with focus on Science for the Planet. 100 proposals for the life that will come.
- MED 2020 - Rome Mediterranean Dialogues. Meeting on the theme of the extended Mediterranean, joint international security, cooperation and development opportunities.
- Science Festival in Genoa.
- ESOF 2020 - Euroscience Open Forum Trieste.
- XI Edition of the Diplomacy Festival, Rome.
- LIMES - Italy is the sea.
- ITASEC20 - Italian conference on IT security.

COOPERATION PROTOCOLS

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

- Universities.
- Business Schools.
- Colleges.



Supporting the vulnerable

Support to people in difficulty and the promotion of volunteer initiatives for disadvantaged communities is an issue that we feel strongly about and we translate this feeling into practical help through numerous initiatives.

RICREARTI ASSOCIATION

A recovery and job placement project for unemployed or disadvantaged people. It makes gadgets by reusing Fincantieri's promotional materials otherwise destined for disposal.

In 2020, 1,000 art shopping bags were created for Fincantieri.

ANDREA DORIA INSTITUTE

Support for welfare activities aimed at the children of fallen sailors and who are in a particularly difficult economic situation.

AGREEMENTS WITH THE FOOD BANK



Based on the requirements of the territories, Fincantieri signed a joint working agreement for charitable purposes with the Banco Alimentare (Food Bank) of the Liguria and Marche Regions and with the companies that provide catering services at the canteens in the Muggiano and Ancona shipyards. Under these initiatives, which replicate similar experiences already underway at the Sestri Ponente and Riva Trigoso shipyards, Fincantieri donates the food not eaten at the shipyard canteens in order to redistribute it to charities that support and help the poor and, more generally, people in need.



Protecting health and promoting research

Our contribution primarily consists of initiatives to support the medical-scientific sector or to support the sick. We are convinced that it is only through scientific research that we can improve people's quality of life and prospects, because health protection is an ethical and social value of primary importance.

AIMS TRIESTE ONLUS

Supporting the activities carried out by the Italian Multiple Sclerosis Association.

FRIENDS OF THE HEART ASSOCIATION

Creation of a multimedia laboratory at the Maggiore Hospital in Trieste used by researchers from the Cardiovascular Centre, the Friuli Venezia Giulia Regional Cardiovascular Observatory and the Interuniversity Consortium Healthcare Research & Pharmacoepidemiology.

Initiatives to handle the COVID-19 pandemic

In managing the COVID-19 pandemic, we have shown that we are one big shipyard. We have established ourselves as a reference point and model based on a strong sense of individual and social responsibility, capable of starting back up again without anyone being left behind.

With this philosophy we wanted to contribute to management of the emergency through a series of initiatives that could be a practical and real support for those who have been working every day on the front line in the difficult battle against the virus.

- Donations to the Department of Civil Protection and health facilities in Italy and abroad in the territories where we have our offices and shipyards, for the purchase of medical equipment and materials to manage the emergency situation.
- Donation to the Caritas Italiana campaign "Coronavirus Emergency: the practicality of charity", in support of soup kitchens, as part of the Company's Christmas gifts.
- Donation to the Caritas of the Archdiocese of Genoa for the purchase of food parcels and shopping vouchers for people and families hit hard by the pandemic and with no economic support so that they can simply meet their basic needs.



Raising awareness on climate change issues and environmental impacts

Respect for the environment, for local territories and for each individual with whom we share areas and activities, is an essential prerequisite to ensure the continuity and growth of our Group over time, to the benefit of future generations.

FINCANTIERI FOR THE GREEN FUTURE

Communication campaign aimed at creating greater awareness and sensitivity on environmental issues and encouraging all employees to make a tangible contribution to safeguarding the environment.

More details on the initiative are described on page 156.

FEASIBILITY STUDY FOR THE SEA CAMPAIGN



As envisaged in the Sustainability Plan in 2020, we carried out a feasibility study on the implementation of a Campaign to protect the sea. Starting from the benchmark of existing campaigns, we have developed a long-term project with a strong environmental, cultural and research focus. The objective, through calls to action addressed to international organizations, research bodies, non-governmental institutions, universities and academic institutes, is to evaluate and select projects aimed at safeguarding, monitoring and cataloguing the biodiversity of the Mediterranean Sea.

The **pillars** of the project:

- **Continuity** - a project capable of making a significant and permanent difference to the study and protection of the habitat and marine biodiversity associated with the Mediterranean Sea basin.
- **Long-term** - wide-ranging project ideas, a spur to further action, aimed at encouraging youth creativity and revitalizing territories.
- **Science** - each initiative, action, publication of the project will be supported by a verified and certified scientific approach.
- **Development** - direct effects on the socio-economic and cultural fabric of the territories.
- **Young people** - the initiatives must include the involvement of young people. The future of this planet is entrusted to them and today's efforts to preserve, as far as possible, the integrity of its ecosystems, at all levels, are directed at them.

The **objectives** of the project:

- Consolidate our position as a responsible company, a leader in research and innovation capable of making a sustainable impact on the future.
- Providing our technological leadership and our capacity as system integrator, with the aim of rallying qualified individuals and workforces in favour of an environmental cause of paramount importance through strong and structured involvement.
- Strengthen reputation and constructive relations with the scientific community.
- Increase our renown among some stakeholders who are not yet fully involved, such as young people.

Dialogue with communities and institutions

Our structure and international presence throughout the world brings with it dialogue with very different realities, and it requires that we have in-depth knowledge of the territory and the needs of stakeholders with the aim of effectively responding to demands and define priorities.

The relationship and dialogue with the communities and institutions is managed internally at Parent Company level through the Public Affairs - Central and Local Administration Relations function. This function represents:

- our direct line with Institutions and Public Administrations and we use it to channel all the requests from and to local areas;
- the Fincantieri Group and all our associates before Parliament, the Government and national institutions whose actions could have a direct or indirect impact on society, through symmetrical relations with its counterparties.

Our approach is aimed at transparency by representing the interests of the Group, as a whole, in full institutional respect for the roles of our counterparties.

In this sense, 2020 and the COVID-19 emergency were a challenge also in terms of relations with the institutional stakeholders:

- due both to the emergency activities that were consolidated jointly with the competent central and local administrations during the first phase of the pandemic;
- and to what concerns the preliminary definition made by the Italian government - jointly with various interlocutors, including the leading Italian industrial groups such as Fincantieri - of the so-called "European Recovery Plan" (Next Generation EU), to which our Group contributed both nationally and at the European level, in order to define wide-ranging projects to implement within the Plan's macro areas of reference, with the objective of fully relaunching the country and its production and employment fabric.

We have built a process based on mutual trust, presenting the Company's perspective before public decision-makers, supporting our arguments, also through the preparation of position papers always supported by a legal/regulatory and scientific and economic foundation.





ENVIRONMENTAL SUSTAINABILITY AND CLIMATE CHANGE

Listening to the environment

Testimony to sustainability

LISTENING TO THE ENVIRONMENT

We want to play an active role towards a more sustainable economy and society. We are committed to monitoring and reducing our direct impacts and contributing to limiting global warming with our greener ships, a responsible supply chain and collaboration with institutions and business partners



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

We want to reduce our environmental impact through responsible resource management and sustainable patterns of production and consumption, protecting the biodiversity of the territories where we operate. Therefore, we look for options that allow us to reduce the direct impact of our operations and the indirect impact associated with the value chain that characterizes our business.

MAIN COMMITMENTS TOWARDS AN ECO-SUSTAINABLE ECONOMY

TO REDUCE DIRECT IMPACT	OBJECTIVE	TO REDUCE INDIRECT IMPACT	OBJECTIVE
<ul style="list-style-type: none"> Action to raise energy efficiency and reduce carbon dioxide (CO₂) and other pollutant emissions Conservation of natural resources, biodiversity, and reduction of environmental impact Increase employee awareness of environmental impact and promote virtuous behaviour 	<ul style="list-style-type: none"> 50% reduction of Scope 2 GHG emissions by 2022, compared to 2017 ISO 50001 – Energy Management System certification for the Italian shipyards Increase the portion of electricity from renewable sources Conducting a climate change scenario analysis 	<ul style="list-style-type: none"> Development of ecologically sustainable products and services with the aim of contributing to a circular and low carbon economy Promotion and support of a responsible and sustainable supply chain that shares our values and is based on long-lasting relationships founded on integrity, transparency and respect 	<ul style="list-style-type: none"> Develop technological solutions that enable energy savings to be increased for ships with the same features (green ships) Definition of an eco-design system to promote the development of environmentally sustainable ships
TO HELP COMBAT CLIMATE CHANGE	OBJECTIVE		
<ul style="list-style-type: none"> Support for research to improve the analysis and management of risks associated with climate change 	<ul style="list-style-type: none"> Promotion of research projects to develop new solutions for energy savings or reduction of emissions in collaboration with research institutes / universities on issues associated with climate risks Promote studies and initiatives on the circular economy 		

Risks associated with climate change

The aspects linked to climate change are both a source of risk and an opportunity. For this reason, they are constantly monitored and analysed with the dual purpose of identifying all the risks for which it is appropriate to adopt mitigation and/or adaptation measures and exploiting opportunities to develop the business and improve efficiency.

Physical risks are associated with increased economic costs and financial losses due to the increased severity and frequency of extreme weather events related to climate change. They include acute risks (e.g. floods, heat waves, tornadoes), and risks related to long-term climate change, i.e. chronic risks (e.g. sea level rise and ocean acidification).

Transition risks are associated with the transition to a low carbon economy and are closely related to changes in the social, economic and political environment, as well as changes in the CO₂ pricing framework and regulatory restrictions.

We are exposed to the risk of not adequately exploiting technological innovation that may lead to the replacement of existing products or their modernization with low carbon products offering more competitive solutions. Transition risks also include reputational risks: not undertaking a gradual decarbonization process could have a negative impact on the company's reputation and consequently on its financial results.

Climate change mitigation and adaptation efforts undertaken by the Company may also represent an **opportunity**, for example looking at the development of new technologies and the roll-out of new products and services with reduced environmental impact.

Climate change risks are characterized by a high level of uncertainty and potential impacts may greatly affect Fincantieri's activities, products and entire value chain.

Analysing the **impacts**, climate change could prevent the Company from carrying out its activities, limiting the activities of the entire value chain and leading to a significant increase in costs. In particular, the assets of the shipbuilding industry are threatened in the short term by the impacts of acute phenomena, which could also have long-term impacts due, for example, to rising sea levels and could prevent the Company from carrying out its operations, thus threatening its products/services with significant recovery costs.

In the context of product development and construction, all decisions associated with the design process that are not in line with the Group's Environmental Policy and eco-design principles may have a negative impact on the climate and on Fincantieri's reputation.

For this reason, as part of the management of our processes, we have put a governance system in place to ensure adequate control and monitoring of the risks associated with them, also in relation to climate change. Climate change risks are included in the risks assessed and managed as part of the Risk Management process by simultaneously pursuing various mitigation activities.

As part of our physical risk management, we have taken out specific insurance policies to protect all of our yards against economic damage from catastrophic events.

To maintain leadership in the shipbuilding sector, we are pursuing several innovative low carbon solutions, with projects aimed at identifying new models of electrical and thermal power generation, as well as testing the use of new eco-friendly materials for fitting out cruise ships in line with eco-design principles.

In line with the Environmental Policy, we monitor our emissions and impacts directly, implementing mitigation strategies, including through investments in energy efficiency and the purchase of energy from renewable sources. With regard to reputational risks, we communicate our commitments, objectives and targets concerning the fight against climate change in a timely manner to all stakeholders, with the aim of maintaining a positive reputation, also in relation to climate.

Efficient use of resources

We continue to be committed to reducing our direct impact by reducing consumption and waste produced, prioritizing the use of eco-sustainable resources, such as energy from renewable sources.

We maintain the model of excellence which was adopted to protect the environment through the application of environmental management systems, a tool for implementing and monitoring the actions taken to carry out the commitments made.

As regards protecting the environment our commitments included in the **Environment, Health and Safety Policy** are:

- assess the risks and environmental impact of its activities and manage the environmental aspects using the principles of precaution and prevention;
- promote the use of the best available technologies and the use of products with a lower environmental impact;
- implement improvement plans aimed at containing and reducing emissions to air, water and soil, the continuous efficiency of the Company's energy performance including through the use of energy from renewable sources, and the minimization and proper management of waste;
- safeguard the natural value and biodiversity of the territories affected by the presence of its sites by implementing appropriate environmental measures and protections;
- design and develop eco-sustainable products.



The Environment, Health and Safety Policy is available on the website www.fincantieri.com/globalassets/sostenibilita2/politica_ambiente_salute_e_sicurezza_sul_lavoro_en.pdf

We are constantly working on our management systems in all production plants and in all ISO 14001 certified business units.

The Mechanical Systems and Components Department and the company Fincantieri Infrastruttura Opere Marittime S.p.A. obtained ISO 14001 certification in 2020.

The Marinette yard in the US and the VARD group's shipyards in Braila and Tulcea in Romania and Vung Tau in Vietnam have maintained their ISO 14001 certification.

The individual certified organizational units adopt specific site policies consistent with the guidelines defined at company level. These policies are made available to all employees and are shared with suppliers through recurring coordination activities.



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

All certified sites are subject to environmental audits by dedicated internal structures according to an annual schedule. All reports of environmental incidents are also collected and managed in the systems.

With the aim of improving the level of knowledge and gradually increasing the awareness of our employees on individual environmental issues, specific **training/information activities** are planned both at company level and, depending on identified needs, at site level.

In Italy, we followed up or launched several initiatives during 2020. The communication campaign launched in 2019 as part of the **Fincantieri for the Green Future** project continued, focusing on promoting virtuous and eco-sustainable behaviour.

The objectives of the campaign are to:

- consolidate the culture of sustainability and the virtuous path that the Group has undertaken in terms of environmental protection, giving practical form to the objectives published in the Sustainability Plan;
- disseminate projects and strategies aimed at reducing environmental impact to all stakeholders by first involving employees, but also suppliers, in the sustainability path;
- create greater individual awareness and sensitivity in order to encourage all employees to make a tangible contribution to safeguarding the environment through virtuous behaviours in day-to-day life, also outside of work.

The campaign to involve and raise awareness among Group employees was carried out by launching special messages around the four natural elements: earth, air, water and energy.

Various tools were used in order to reach all employees, both in offices and on sites, including:

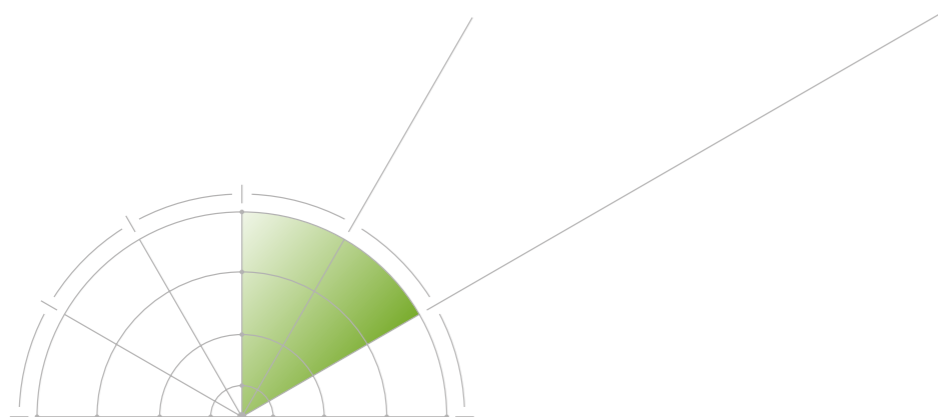
- posters in the main gathering places/passages;
- broadcasting videos and messages on the screens located in the shipyard canteens;
- emails to employees with PCs;
- company intranet.

The communication campaign also had external resonance through the publication of the various contents on the company website and social channels.

As part of the project, the second edition of **FincantieriON** was launched, an initiative aimed at all employees with the aim of promoting the collection of innovative ideas that could suggest the introduction of materials, system and organizational solutions and, more generally, a process of change that can bring about continuous improvement with a view to sustainability.

More than 370 ideas were collected, demonstrating the active involvement of our people and a high spirit of initiative, and a Technical Committee evaluated and selected the three best green ideas focused on technological development and energy efficiency compatible with environmental protection and the creation of long-term value.

The **e-learning course** "Environmental sustainability in Fincantieri" was also provided to all employees. In addition to providing the basics on the concept of environmental sustainability, it made it possible to spread information on the reference regulatory framework, the management system applied by Fincantieri to implement a corporate sustainability policy, and the eco-sustainable behaviours to be adopted on a daily basis.



Environmental aspects

We are bound by laws and regulations to protect the environment and people's health which impose limits on atmospheric emissions, discharges into water and soil and set rules for the treatment of hazardous waste and the reclamation of any polluted sites. Legal requirements are also duly monitored through regular internal audits. In 2020, two environmental accidents occurred at the Norwegian production plant in Langsten due to ammonia and antifreeze leaking into the sea, which were quickly resolved during the year.

In 2020, we further improved management of the environmental aspects, and conditioned as we were also by the pandemic that led to the temporary suspension and slowdown of production activities, in general we recorded a drop in consumption of heating fuels, water and raw materials, and less waste. Business trips were also suspended or restricted due to COVID-19. The reduction made a positive impact on greenhouse gas emissions.

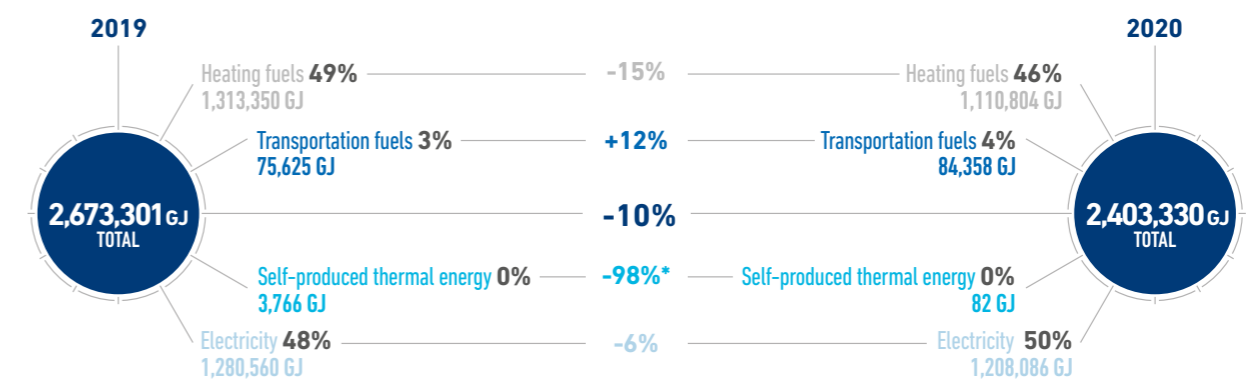
Energy

The Parent Company produces an **energy diagnosis** each year (in 2020 with reference to consumption in 2019), in compliance with the regulatory requirements of Legislative Decree 102/2014, aimed at identifying inefficiencies and implementing an annual program to modernize the plants, including through the implementation of new technologies capable of guaranteeing ever better performance in terms of energy efficiency.

To make the quality of data acquired more reliable and identify the consequent improvement actions, the installation of more advanced **measurement systems** has continued, giving priority to those for the most significant energy consumption and which are more easily dealt with from a performance perspective. The process of improving the energy efficiency of lighting systems, carried out with the gradual installation of solutions based on **LED technology**, continued. In 2020, this involved the Marghera and Riva Trigoso shipyards in Italy. The installation of **remote control** and **automatic shutdown** systems for mobile welding extractors continued at the Marghera, Monfalcone and Sestri Ponente shipyards, following the example of what has already been adopted at the Ancona yard. This system was also extended to the fixed extraction systems in the Monfalcone and Ancona shipyards.

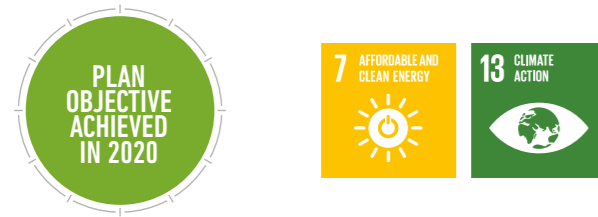
In the last quarter of 2020, significant work was completed to make the compressor station at the Marghera shipyard more efficient, and it is expected to be commissioned in early 2021.

ENERGY CONSUMPTION



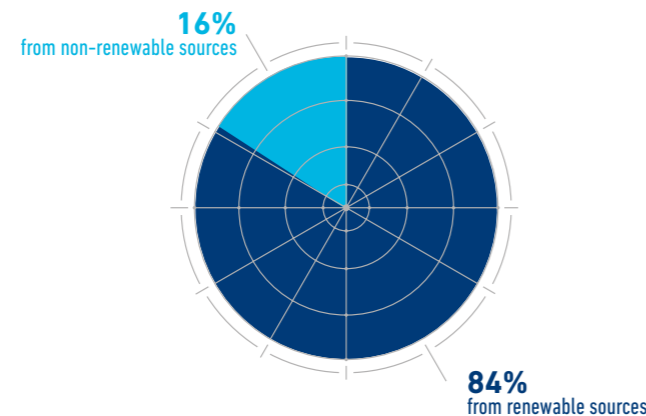
The data refer to the entire Fincantieri Group.
*The reduction is due to the malfunctioning of the Monfalcone plant, which underwent extraordinary maintenance work.

ELECTRICITY FROM RENEWABLE SOURCES



In line with the objective of the Sustainability Plan to increase the share of electricity from renewable sources, in 2020, 100% of the electricity needed to satisfy the demand of Italian production sites and companies, and that of the Romanian yards, was purchased and sourced from **renewable sources** (hydroelectric, wind, photovoltaic) certified with Guarantees of Origin (GO). Taking also into account the contribution of the subsidiary VARD in relation to its Norwegian sites, 84% of the electricity used by the entire Group comes from renewable sources. In other countries the purchase and production of energy from renewable sources was not significant for reporting purposes.

ELECTRICITY



The data refer to the entire Fincantieri Group.

As envisaged in the schedule with reference to the objective of achieving **Energy Management System** certification, according to the **ISO 50001:2018** international standard, for all Fincantieri S.p.A. shipyards, in 2020 the Italian shipyards identified their respective working groups (Energy Teams), started the process of identifying the significant uses of energy (USE) and updated the operating procedures for the purpose of integrating the new management system.

Water

In the current context of climate change, the increase in demand for water resources is highlighting how, in a growing number of countries, large quantities of water may no longer be available at low cost. Safeguarding water, including through virtuous management of water discharges, is one of the main commitments in our Policy and is also one of the aims of the communication/awareness project, aimed at promoting virtuous and eco-sustainable day-to-day behaviour.

ANALYSIS OF WATER STRESS AREAS



As envisaged in the Sustainability Plan objective, we are committed to launching a multi-year study for Fincantieri S.p.A. with the aim of investigating, based on the type of water withdrawal, the relative impact of each production plant in the value chain. In 2020, we carried out an assessment of water stress areas using the Aqueduct Water Risk Atlas software. The analysis was carried out worldwide and the sites located in water stress areas were found to be: Ancona, Castellammare di Stabia and Palermo. Water withdrawal at these three sites compared to the total withdrawal is equal to 12%.

At the level of individual shipyards, as part of the environmental management systems, we continuously monitor the measures implemented to ensure the optimization of water quantity and quality. We also monitor water consumption during the production cycle, planning and implementing specific maintenance interventions aimed at saving water resources. 69% of the water is taken from the municipal/state water supplies, 30% from the ground water and 1% from the sea. Water withdrawals are mainly aimed at meeting the needs of the production process and sanitation requirements. In Italy, 100% of the water from municipal/state pipelines and subsoil is freshwater, however this information is currently not available for other countries.

WATER WITHDRAWAL

		2019		2020		VAR 2020/2019
	UNIT OF MEASURE	ALL THE AREAS	OF WHICH WATER STRESS AREAS	ALL THE AREAS	OF WHICH WATER STRESS AREAS	
TOTAL WATER WITHDRAWAL	ML	3,092	316	2,747	317	-11%
of which from ground water	ML	842	0	831	32	-1%
of which from third-party water resources (state/municipal water supplies)	ML	2,218	316	1,882	284*	-15%
of which from the sea	ML	32	0	34	0	+6%

The data refer to the entire Fincantieri Group. *The water withdrawal sources for the water stress areas are: for Ancona, the Gorgovivo source; for Castellammare di Stabia, Gragnano field of wells (Lattari Mountains System); for Palermo, the artificial storage capacities Poma, Scanzano, Piana degli Albanesi and Rosamarina.

Water discharges and heavy metals

Compliance with the table limits for wastewater from industrial activities, the control and proper management of plants, and the rational use of process water require constant monitoring and a strong commitment to technical and procedural management. With this in mind, operational control and monitoring measures are envisaged as part of the site environmental management systems to ensure compliance with the specific limits imposed by the individual Environmental Authorizations and the regulations in general.

In compliance with these authorization profiles, the different production sites regularly conduct sampling and laboratory analysis to monitor the quality of the discharges and guarantee that the limits laid down by the law concerning specific analytes (in particular, heavy metals and COD - Chemical Oxygen Demand). All of our water discharges, whether industrial, rainwater or runoff, are conveyed to the surface water or public sewer system in accordance with Environmental Authorizations. With a view to continuous improvement, in 2020, the Marghera shipyard completed a major overhaul of its plant systems, through the implementation of new, more technologically advanced solutions that optimize the conveyance and management of first and second flush rainwater.

Raw materials

Procurement of raw materials continues to hold a strategic role for the Company. In 2020, we consolidated the process of material selection and procurement, based on which the environmental impact of materials in their life cycle is assessed at the design stage. As best described in the section on eco-design, even while preparing specific contractual techniques, and consequently those needed for the procurement process, we work to identify materials for the interiors that, though possessing the same technical, qualitative and compliance characteristics, are also environmentally compatible. The main raw materials present in the production cycle are:

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

In line with the contents of the Policy regarding the use of **chemical products**, the supply choices, where there are equivalent technical characteristics and/or compatible performance, continue to be oriented towards products with a lower environmental impact. With regard to **paint products**, which are quantitatively most present in shipbuilding production, the involvement of suppliers has enabled new low-solvent or water-based products to be introduced into the design specifications.

TYPE OF MATERIAL

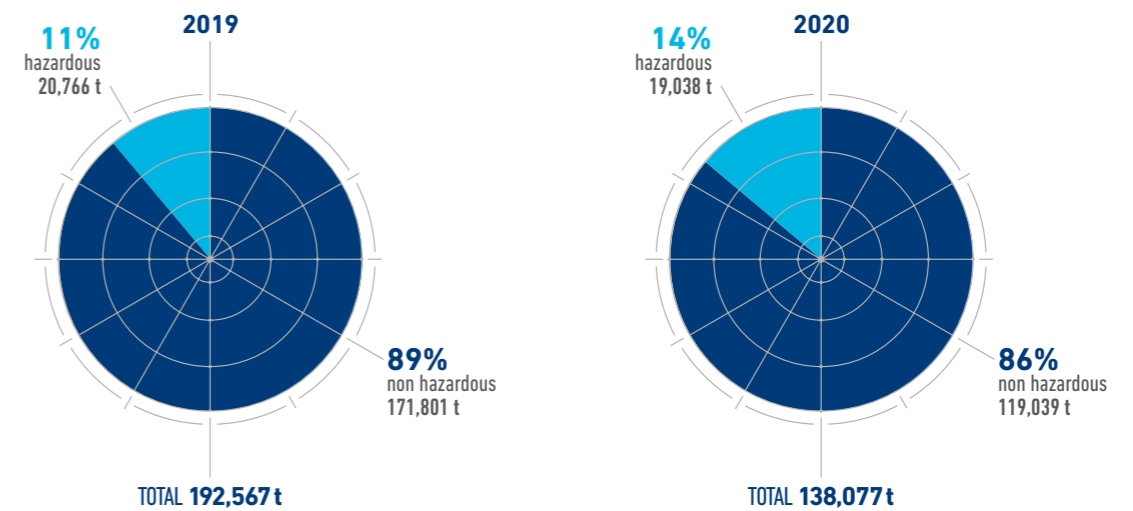
	UNIT OF MEASURE	2019	2020
Carbon dioxide	t	24,345	23,116
Argon	m ³	1,122,444	1,073,900
Nitrogen	m ³	599,937	509,118
Ferrous	t	144,426	154,337
Oxygen	m ³	7,056,615	6,527,548
Paints	l	2,812,032	2,469,973

The 2019 data refer to the entire Fincantieri Group, except for the procurement of ferrous materials and nitrogen which concern Fincantieri S.p.A. and Fincantieri Marine Group, while the 2020 data refer to the entire Fincantieri Group.

Waste

The criteria identified for managing processing residues and waste disposal are included in the company guidelines, which are incorporated and detailed in the procedures of each production unit for managing the site's specificities.

WASTE BY TYPE



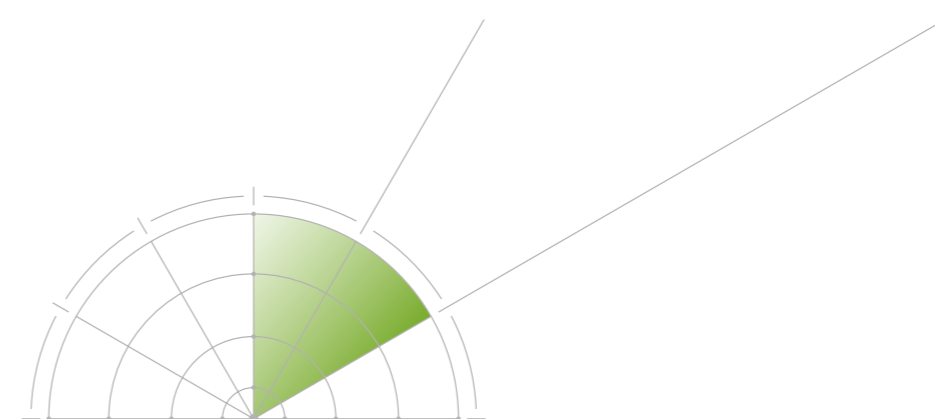
The data refer to the entire Fincantieri Group.

The types of waste produced are characterized by the different stages of ship construction. During the prefabrication of blocks, pre-assembly of sections and assembly of the ship in the dock, the types of waste mainly derive from welding/carpentry and construction activities and can be grouped into:

- metals;
- materials from painting activities;
- residues from construction/demolition activities;
- waste from insulation activities.

In the final stage of ship outfitting, residues are mainly produced from packaging materials: wood, paper, cardboard and plastic.

The start-up phase of ship systems can generate residues of lubricants and products used for flushing.



WASTE SENT FOR RECOVERY



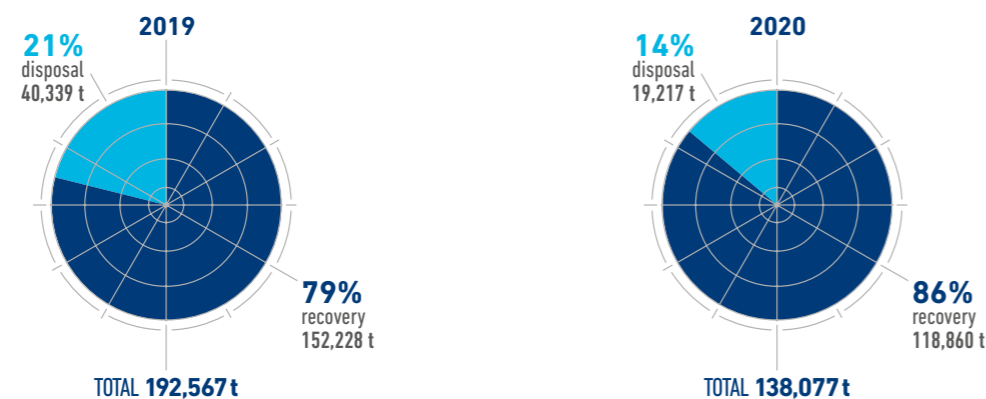
In line with the Sustainability Plan, in 2020 in Italy we have consolidated the portion of waste sent for recovery, which stands at 86% of total waste produced. This has been achieved by implementing targeted policies, using an extensive recycling collection of processing residues.

The layout of the production cycle, characterized by specific sequences of the processing phases, makes it possible to optimize the choice and introduction of the materials used upstream and, therefore, to organize the waste sorting and collection methods correctly.

In each production unit, an area is designated for the identification of materials and the grouping of processing residues by the same types. Another area is dedicated to the storage of waste by type while awaiting transfer outside.

In accordance with this organizational model, waste produced by our activities is delivered to authorized sites according to its classification and, in line with the policies adopted by the Group, recovery destinations are favoured and maximized.

WASTE BY DISPOSAL METHOD



The data refer to the entire Fincantieri Group.

In pursuing the commitments set out in the Environment, Health and Safety Policy with regard to the supply choices of chemical and paint product, defined in the "Raw Materials" section, as well as eco-design choices, we promote the use of **materials with a lower environmental impact** that favour sustainable waste management both during the shipbuilding phase and during operation and end-of-life.

Most of the materials used for the construction of the hull are ferrous and are therefore by their nature reusable. Steel is a 100% **recyclable material** and it can be recycled countless times without losing any of its original properties. This product is therefore never consumed, but by sending the residues to special processing plants it can be continuously transformed through recycling processes that make it a permanent material, a concept underpinning the circular economy.

The VARD group identifies the optimization of recovery activities as a priority: in 2020, waste sent for recovery amounted to over 90% of the total waste produced. In Romania, there are programs to reduce waste production

through careful waste monitoring.

In the United States, Fincantieri Marine Group has specific policies and procedures for waste management and the continuous improvement of processes; thanks to consolidation of the actions undertaken, data on production and recovery are higher than 50%.

Corporate mobility

Through corporate and local initiatives, we promote a model of sustainable mobility management that concretely affects the reduction of greenhouse gas (GHG) emissions, leading to a change in established habits with a greener perspective.

Fincantieri S.p.A. and the Group's Italian subsidiaries use a digital **Company car-pooling** service to provide and encourage an alternative sustainable solution for employees' home/work journeys by sharing the use of private cars. The system, also by means of a software application for mobile devices such as smartphones or tablets, makes it easy to for employees to get in touch with each other, certify the results in terms of energy and environmental savings and access a reward system that encourages participation in the initiative and helps to change established habits. In parallel, an option is being tested in the same digital system to certify home/work journeys by bicycle and on foot, and here too access a reward system. The demands of the epidemiological emergency have obviously led to the temporary suspension of the car pooling service.

Initiatives to handle the COVID-19 pandemic

With a view to preventing and containing COVID-19 infections, activities involving travel were stopped and/or reduced:

- favouring tele- or videoconference meetings;
- extending remote working activities;
- drastically limiting business trips and travel, except for those that are strictly necessary and cannot be postponed.

Despite the situation created by the pandemic emergency, it should be repeated that Company policy promotes the use of public transport for work journeys whenever this is possible and does not create excessive difficulties for travel, thus avoiding recourse to car use. The agreement with the provider of welfare services envisages the reimbursement of season tickets issued for use on public transport.

The company is also investing in improved technology that improves the use of **video** and **teleconferencing** to reduce employee travel for work purposes.

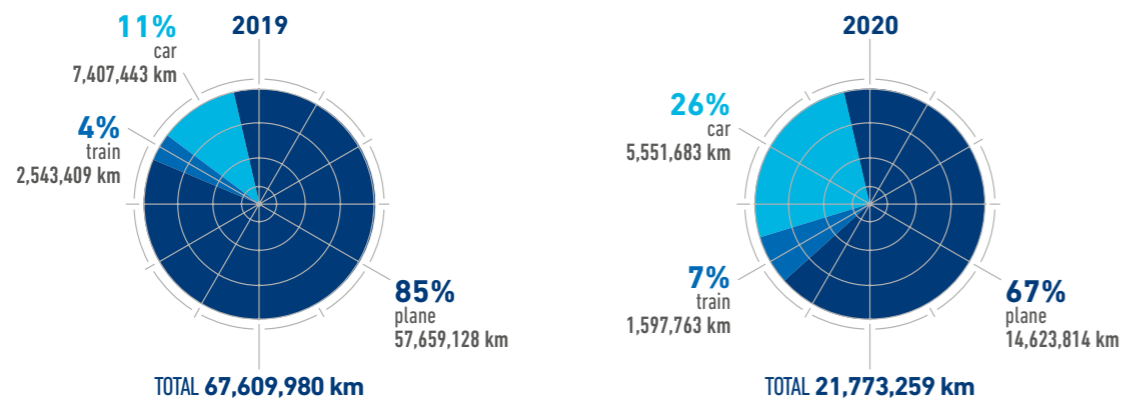
In the field of sustainable mobility, the installation of **electric charging points** has been completed at all Italian production sites.

With regard to the fleet of company cars for personal and business use, as with the fleet of service vehicles, the gradual replacement of current vehicles with hybrid vehicles is underway.

In the United States, Fincantieri Marinette Marine has also adopted a **travel policy** and the use of company vehicles is restricted within the shipyard.

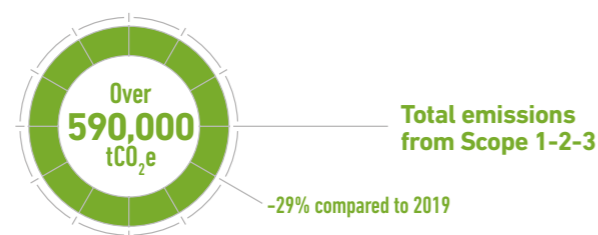
In 2020, business travel was suspended or limited due to the pandemic. In total, Group employees made business trips of more than 21.7 million kilometres compared to 67.6 million in 2019 with a reduction of 68%.

CORPORATE MOBILITY



The data refer to the entire Fincantieri Group.

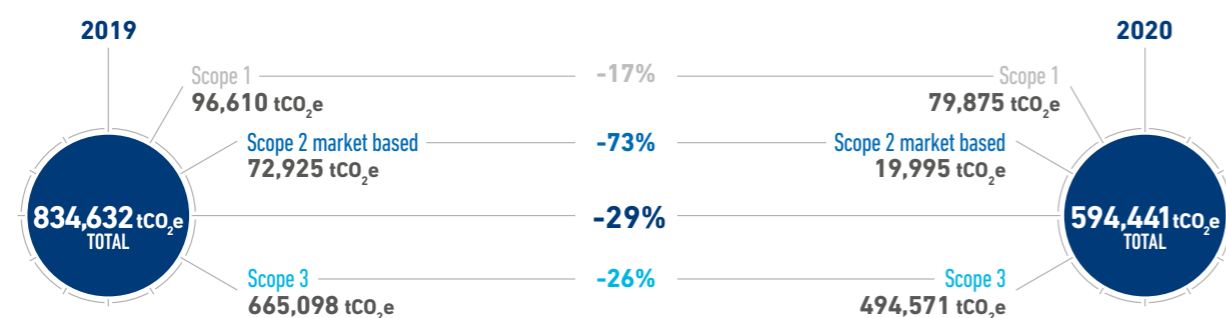
Greenhouse gas emissions



In 2020, our total greenhouse gas (GHG) emissions from direct emissions from sources owned by or under the control of the Group (**Scope 1**), indirect emissions from electricity consumption (**Scope 2**) and other indirect emission (**Scope 3**) amounted to 594,441 tonnes of carbon dioxide equivalent (CO₂e) compared to 834,632 tCO₂e in 2019.

All our initiatives are aimed at reducing emissions and, in confirmation of the constant commitment to the fight against climate change, the Sustainability Plan included the objective to **reduce by 50%** indirect (Scope 2) emissions by 2022, compared to 2017.

TOTAL GHG EMISSIONS



The data refer to the entire Fincantieri Group.

91% of Scope 1 emissions referred to fuels, 7% to the Company fleet and 2% to refrigerant gases (HFC-134a, R407c, R410a, R22, R404a, HFC-32).

We calculate Scope 2 emissions according to WRI GHG Protocol reporting standard, applying both methods: location-based and market-based.

The first method, **location-based**, involves accounting for emissions from electricity consumption by applying national average emission factors for the different countries where we buy electricity. Scope 2 emissions calculated using the location-based method are 90,302 tCO₂e for 2020.

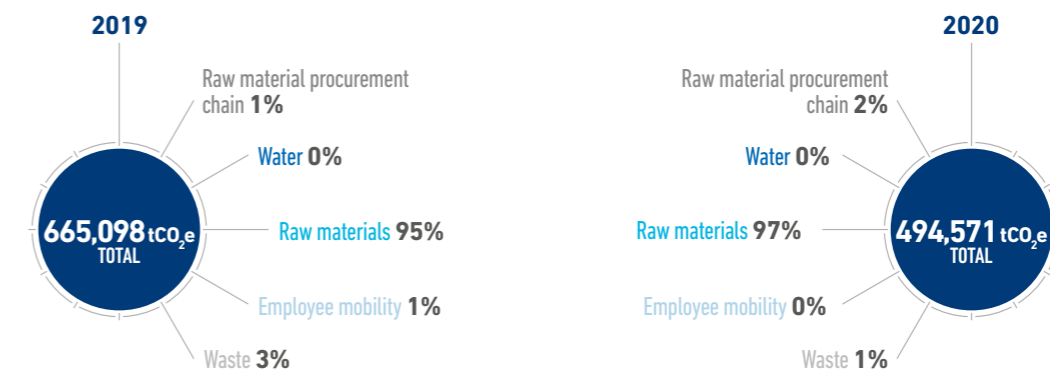
The **market-based** method, on the other hand, requires determining GHG emissions from electricity purchases by considering emission factors expressed in CO₂ relative to the residual mix (AIB-2019 European Residual Mix), where available. Otherwise, the same emission factors used for the location-based method were also used for the market-based method. For purchases of electricity from renewable sources, a zero emission factor (0) is attributed. Scope 2 emissions calculated using the market-based method are 19,995 tCO₂e for 2020.

Our energy efficiency measures and the increased use of energy from renewable sources (84%) have led to a significant reduction in indirect emissions from electricity consumption calculated according to the market-based method.

The Group's total Scope 1 and Scope 2 GHG emissions over hours worked during the year by all the employees amounted to 0.003 t of CO₂e with a reduction of 38% compared to 2019.

The reporting of other (Scope 3) emissions refers to the procurement chain for raw materials, employee travel, and consumption of raw materials which are the cause of the different breakdown and increase in emissions.

SCOPE 3 GHG EMISSIONS



The data refer to the entire Fincantieri Group, except for the procurement of raw materials which concerns Fincantieri S.p.A. and Fincantieri Marine Group.

As regards the optimization of material logistics, in Italy the project to centralize delivery planning (Control Tower), launched in 2014, has the goal of managing the shipyards' delivery requests in order to reduce transport costs, improve reliability and timeliness of deliveries and reduce environmental impact. In particular, this project has enabled polluting emissions to be reduced by:

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

In 2020, notwithstanding the crisis arising from the pandemic, the project led to the reduction of 1,165 journeys (corresponding to 404,203 km) and a saving of 270 t of CO₂, equal to the average CO₂ absorbed in one year by around 45 hectares of forest.

Other emissions of polluting gases

The conversion of most of the heating networks in the Italian shipyards has led to the elimination of heavy combustibles and the introduction of methane systems, **resulting in negligible sulphur oxide (SOx) emissions**. VARD and Fincantieri Marine Group have also reduced (-23%) SOx emissions, which amounted to 0.06 t in 2019 and 0.04 t in 2020.

The Group's nitrogen oxides (NOx) emissions, associated solely with natural gas combustion, in 2019 amounted to 24.7 tNOx and in 2020 23.8 tNOx.

The VARD group continues to research new approaches to contain and minimize the impact of emissions resulting from industrial activities. The group's commitment is also demonstrated by its participation, since 2008, in the **Confederation of Norwegian Enterprises' NOx-Fund**, whose primary objective is to reduce emissions of NOx.

Fincantieri's production sites are individually subject to environmental permits that prescribe specific limits on the maximum consumption and total emissions of **volatile organic compounds (VOCs)** into the atmosphere. Compliance with these limits is pursued, even when production volumes are increasing, by planning a gradual replacement of the products used with alternatives with a lower solvent content and by adopting appropriate system measures to reduce emissions. The areas dedicated to sandblasting and painting activities are equipped with abatement equipment, most of them with a post-combustion system that eliminates VOCs released during processing.

OTHER EMISSIONS OF POLLUTING GASES

	MEASUREMENT UNIT	2019	2020
SOx	t	0.06	0.04
NOx	t	24.7	23.8
VOC	t	595	495

The data refer to the entire Fincantieri Group, except for VOCs which concern Fincantieri S.p.A. and Fincantieri Marine Group.

Efficient investments



Environmental investments

To conserve resources and protect the environment, in 2020 we invested 12.3 million euros, a gradual increase compared to 2019 (+17%).

Fincantieri S.p.A. has consolidated its commitment to implementing **measures** aimed at continuous improvement regarding the impact on all environmental compartments. The main ones regarded:

- the systems for collecting, conveying and treating rainwater;
- the noise containment measures related to production;
- the extraction and treatment systems for welding fumes;
- the sandblasting and painting activities.

The Monfalcone yard, in line with the improvement program shared at the time the Integrated Environmental Authorization (IEA) was issued, was involved in a variety of investment initiatives, but the most significant intervention in terms of economic resources concerned the Marghera yard, which in 2020 carried out an overall review of the yard systems with the aim of optimizing the conveyance and management of first and second flush rainwater.

As regards runoff water management, we highlight the upgrading of the rainwater collection and conveyance systems in the quayside area in Sestri Ponente and the optimization of the first rainwater treatment plants in the Palermo shipyard.

At the Riva Trigoso, Palermo and Castellammare di Stabia shipyards, efficiency improvements were carried out and completed on the extraction and treatment systems for welding fumes.

The Palermo yard has also started structural upgrading of the areas dedicated to the collection of processing residues and the temporary storage of waste.

Protecting biodiversity

We promote the efficient use of natural resources and the protection of biodiversity, identifying potential impacts and mitigation actions, since safeguarding the natural value of the areas surrounding the shipyards, where the Company's production is located, is of primary importance for Fincantieri.

To protect these places, specific and special precautions are put in place in accordance with local legislation and activities that could directly or indirectly concern the protected area are carefully monitored.

The production sites in Muggiano (surface area of 147,000 m²), Riva Trigoso (surface area 173,000 m²) and Sestri Ponente (surface area 237,500 m²) are inside an International Marine Protected Area - Marine Mammal Sanctuary, which was established with the intent to safeguard various kinds of marine life.

The production site at Marghera (surface area 370,000 m²), which is on the Venetian lagoon, is also considered part of the UNESCO site - Venice and its Lagoon.

In the United States Fincantieri Marinette Marine is positioned next to the Menomonee, in Wisconsin (for a surface area of 21,315 m²). The river in question is an area to be protected, especially due to the quality of the waters, the marshland and the ecosystem of aquatic flora and fauna.

As regards the VARD group, the Tulcea shipyard, in Romania (for a surface area of about 750,000 m²), is adjacent to the Danube Delta, an area protected by UNESCO. The ISO 14001 certification, obtained in 2012, certifies the presence of the protections required to safeguard the site.

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

TESTIMONY TO SUSTAINABILITY

We involve our customers, suppliers, business partners, agencies and institutions in order to create increasingly sustainable products and services



Our business also has an indirect impact on the environment, in particular through our products, the supply chain and our partnerships.

Ever greener ships

The world of navigation, whether cruise, merchant or naval, is going through a process of evolution under the principles of sustainability and the circular economy. For Fincantieri, this scenario is already a consolidated reality and with our projects we are literally redesigning the future scenario of navigation, at a strategic and technological level. The ships under construction will increasingly resemble a large, hyper-connected, energy self-sufficient, lighter and green or hybrid propellant floating city, capable of recycling up to 90% of the waste produced.

With the technologies already normally applied today, we can thermally recover up to 20% of the energy contained in the fuel. The efficiency measures recently introduced in non-propulsion systems on board have led to further reductions in consumption. For example, on a ship of about 130,000 GRT (gross registered tonnage), up to 1,200 tonnes of fuel can be reduced per year, which corresponds to about 7% of the ship's annual fuel consumption.

Cruise ships

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

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

Our ships represent a technological benchmark at the European and global level. They feature the most advanced technologies, with technical solutions that provide **energy savings, emission reduction, high performance and high quality.**

In particular, we follow all the international best practices to minimize a ship's environmental impact throughout its entire life cycle.

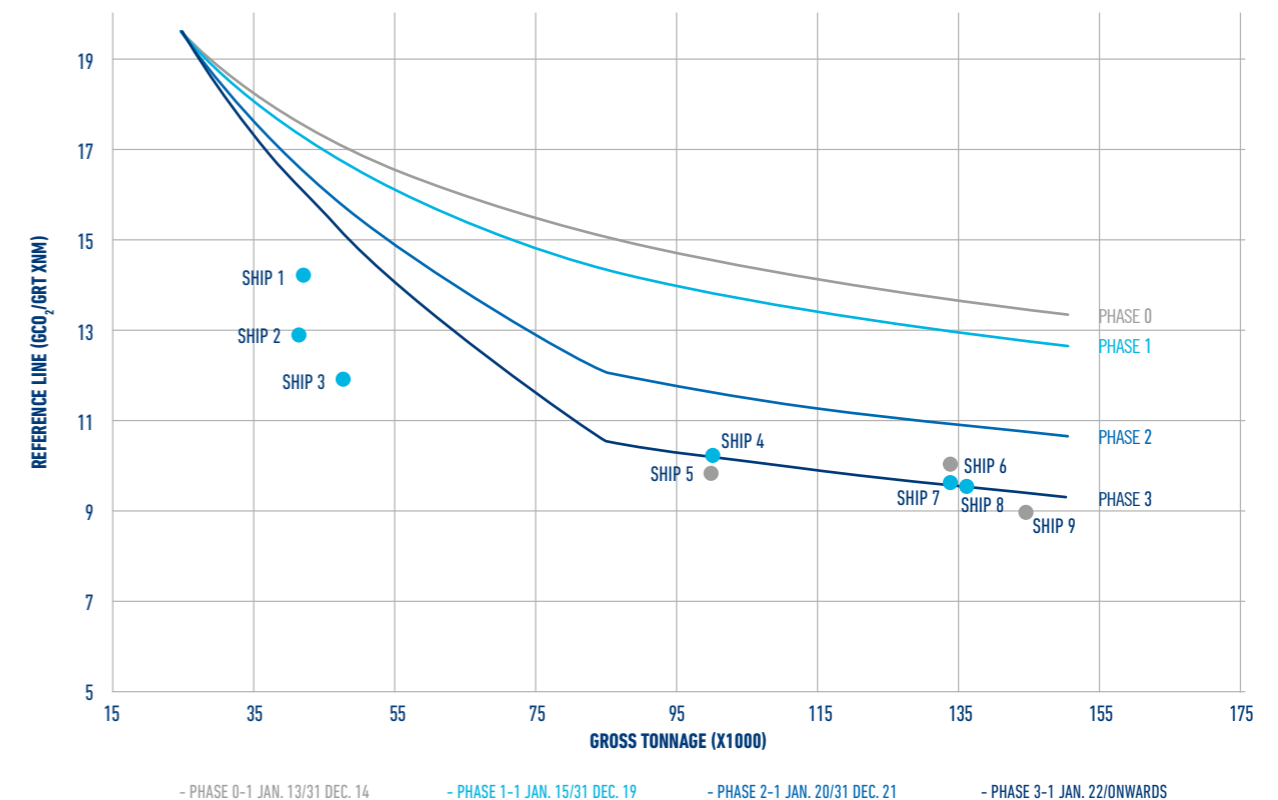
Energy saving and reduction of emissions

The International Convention for the Prevention of Pollution from Ships (MARPOL) aims to prevent and minimize accidental pollution and pollution resulting from routine operations. The MARPOL Annex VI sets out the rules for calculating and verifying compliance with the limits set for the energy efficiency of ships (Energy Efficiency Design Index - EEDI).

Lower values of the index correspond to greater energy efficiency. Regulations impose a decrease in values over time. Our ships anticipate the EEDI values.

The EEDI scores obtained by Fincantieri's cruise ships delivered in the last 5 years with respect to the provisions of the regulations on the index values, represented as time phase curves, are given below.

EEDI FOR CRUISE SHIPS



In particular, we have validated and applied on our ships a series of initiatives, included in the company's "Eco-sustainable Design" procedure, that are also aimed at energy saving and reducing air pollution.

SOME ENERGY SAVING SOLUTIONS

SOME EXAMPLES OF ENERGY SAVING SOLUTIONS	REDUCED CONSUMPTION PER SHIP BY CA 130,000 GRT (t FUEL/YEAR)
Fan coil installation in cabins	290 t/year
Fan coil installation in public areas	160 t/year
Variable speed adjustment systems for electric motors	220 t/year
Heat recovery system optimization	270 t/year
Recalibration of drinking water generation system	48 t/year
Increase of electric motor energy class	75 t/year
LED and high efficiency lighting and automatic lighting control	130 t/year

The reduction in consumption has been calculated based on average savings values for the various energy saving initiatives.

Reduction of harmful air emissions

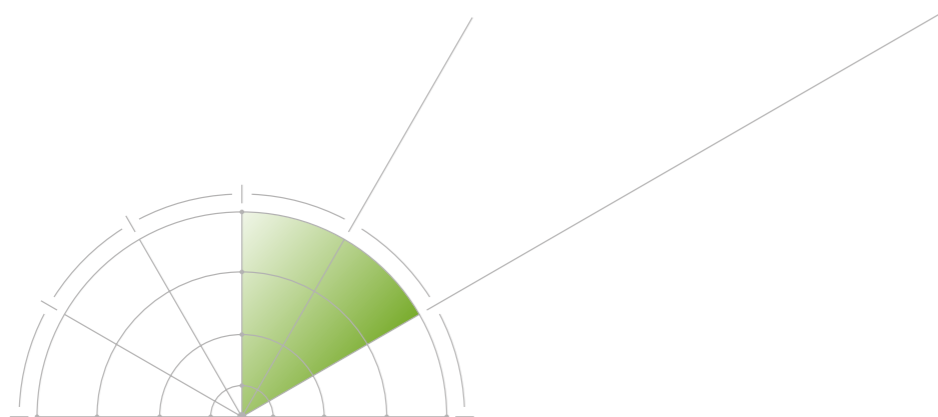
MARPOL also requires a progressive reduction in emissions of harmful gases, in particular sulphur oxides (SOx) and nitrogen oxides (NOx). The constraints are growing over time, and they are particularly stringent in Emission Control Areas (ECA), which broadly identify the most vulnerable ecosystems, where the most stringent values for reducing harmful emissions are applied, and which coincide with the main operating areas of the cruise industry. European legislation (Directive 2012/33/EU) sets further emission limits, particularly in port areas, due to their proximity to intensely inhabited areas.

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

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

SOLUTIONS TO REDUCE HARMFUL AIR EMISSIONS		EMISSION IMPACT BY TYPE OF POWER SUPPLY		
PURIFICATION OF EXHAUST FUMES	LNG/DUAL FUEL PROPULSION	EMISSIONS (DIESEL CYCLE)	HEAVY FUEL OIL	LNG
NOx Reduction: Marmitta catalitica in which the nitrogen oxides are made to react with urea in a high-temperature process, obtaining pure nitrogen (N ₂) and water vapour	Reduction NOx e SOx: solutions for future new builds	CO ₂ (g/KWh)	560	430
		SOx (g/KWh)	0.9	0.006
		NOx (g/KWh)	10.47	2.5
SOx Reduction: Scrubbers i.e. fume scrubbers				

Emission values refer to the limits imposed by the MARPOL regulation.



Green orders

Fincantieri already built a special LNG-powered ferry for Canada in the past and in 2019 it received orders for prototype "dual-fuel" cruise ships primarily powered by LNG:

- Tui Cruises (joint venture between TUI AG and Royal Caribbean Cruises) finalized the order of 2 new-generation cruise ships with a gross tonnage of approximately 161,000 and primarily powered by LNG. Energy efficiency is one of the features of the project, with the dual objective of containing consumption under operation and minimizing environmental impact;
- Princess Cruises, the Carnival group brand, ordered 2 cruise ships with a gross tonnage of 175,000. The vessels will house approximately 4,300 passengers and will be based on a new-generation project, becoming the first of the Princess Cruises fleet to be powered mainly by LNG.

Another solution for reducing emissions is to build **electric or hybrid vessels**. The Norwegian subsidiary VARD has orders and offers for various small/medium-sized vessels equipped with **electric batteries** to cover all or part of the energy requirements:

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

However, there are critical issues related to the new technologies. In general, the new technological solutions and systems introduced for the protection of the environment occupy volumes previously intended for the payload. In the case of LNG, accommodating the tanks on board (in addition to the liquid fuel tanks) and installing the related operating and safety systems entails a significant reduction of the useful space on board. Moreover, the development of a logistics system capable of ensuring the availability of LNG (including intermediate storage and bunkering systems) in all major cruise destinations is still at an embryonic stage, consequently limiting the area of operation on new ships.

USE OF BATTERY MODULES

To cover the entire load on board

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

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

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

Zeus - Zero Emission Ultimate Ship

In collaboration with the National Research Council (CNR) and the Universities of Genoa, Naples and Palermo, with the contribution of the Italian Ministry of Economic Development, we have developed a project to realize a laboratory ship approximately 25 metres long to study power generation technologies with low environmental impact. The boat, called Zeus - Zero Emission Ultimate Ship, is being built at the Castellammare di Stabia and it will be powered by electric propulsion engines, which will be powered by a fuel cell system of about 120 kW and a battery system capable of ensuring around 6 hours' navigation autonomy at zero emissions, thanks to about 50 kg of hydrogen contained in metal hydride cylinders. Zeus will be the first marine vessel powered exclusively by fuel cells.

Treatment and storage of solid and liquid waste

Waste treatment is regulated by MARPOL:

- Annex I Prevention of pollution by oil and oily water.
- Annex IV Prevention of pollution by sewage.
- Annex V Prevention of pollution by shipboard waste.

The increasingly stringent regulations in force in areas with a strong cruise vocation and vulnerable ecosystems, such as Alaska and the Baltic Sea, determine the characteristics of the latest generation cruise ships. Only bacteriologically and chemically pure water, with an extremely low hydrocarbon content, can be discharged into the sea (under certain conditions) in these areas. Any other residue must be stored on board and unloaded in port for further treatment.

The processes for treating, sorting and disposing of the waste produced on board are shown in the diagram below.

WASTE TREATMENT

SOLID WASTE



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

LIQUID WASTE



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

Ballast water treatment

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

BALLAST WATER TREATMENT



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

Despite the fact that regulatory requirements do not apply to naval vessels, we have introduced water treatment systems on these vessels, which involve the use of a ballast plant.

Voluntary certifications

Although the disposal of materials at the end of the ship's operational life is not part of the ship's construction activities because it is managed directly by the shipowners, our cruise ships have voluntary certifications such as Green Passport, Clean Ship or Eco (the name of the certification is different depending on the classification society). These certifications include our commitment to provide, on delivery of the ship, the list of hazardous materials in accordance with the Hong Kong Convention for the safe and environmentally friendly recycling of ships, adopted by IMO's MEPC 197 (62). The classification society will carry out periodic audits throughout the life of the ship to ensure compliance with environmental standards and maintenance of its environmental certification.

Naval vessels

The naval vessel construction business is strongly influenced by the continual demand to increase efficiency standards in the international defense segment and is one of the most demanding challenges. We are a reference player for many Navies and we face challenges thanks to our consolidated experience in the design sector and wealth of know-how has enabled us to deliver over 100 naval vessels to ten different nations since 1990. A consolidated experience has enabled us to combine the development of platforms with high operational performance with the application of solutions aimed at containing environmental impacts. Thanks to the adoption of an eco-sustainable design process and the increased sensitivity towards ecological issues shown by Navies, we have been able to operate in many fields, adopting solutions aimed at reducing environmental impact. We have collaborated with the Italian Navy for many years, focusing on this issue right from the preliminary project. The new vessels, some of which are already in service, feature design choices aimed at containing environmental impact in terms of emissions to air, fuel consumption, wastewater treatment, use of special treatments to preserve the hull and the possibility, for certain vessels to be delivered shortly, to contain an area of sea that is polluted, with the possibility of collecting and storing the pollutants on board. As regards power generation, building on more than ten years of experience of submarines, studies are underway for the use of fuel cells on naval vessels.

Energy saving and reduction of emissions

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

AREAS OF INTERVENTION TO REDUCE EMISSIONS	EMISSIONS REDUCTION OF NAVAL FIGHTING VESSELS WITH A DISPLACEMENT FROM 6,000 TONS*	
	CO ₂ [t/year]	NOx [t/year]
Optimization of hull lines		
Introduction of LED lights		
Painting of superstructures with low sun absorption paints	~ 2,000	~ 40
Optimized insulation of internal areas		

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

AREAS OF INTERVENTION TO REDUCE EMISSIONS	EMISSIONS REDUCTION OF AUXILIARY VESSEL WITH A DISPLACEMENT FROM 27,000 TONS*	
	CO ₂ [t/year]	NOx [t/year]
Optimization of hull lines		
Introduction of LED lights		
Painting of superstructures with low sun absorption paints	~ 3,500	~ 115
Optimized insulation of internal areas		

* Use profile: 30,000 nautical miles/year.

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

Treatment and storage of liquid and solid waste

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

For liquid waste, we have adopted technological solutions that are in line with the international regulations already used for merchant vessels:

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

Grey water and sewage are collected into appropriate physical and chemical treatment units which macerate the suspended solids and reduce the contents of the Total Suspended Solids (TSS), Biochemical Oxygen Demand

(BOD) and Chemical Oxygen Demand (COD) using aerobic processes. The process also envisages disinfection using UV systems.

The systems adopted are able to achieve BOD values of 25 mg/l and COD values of 125 mg/l. Bilge water is treated using units that separate the pollutants caused by accidental spills. The system is based on physical processes for viscosity reduction and then absorption using coalescent filters. Separation enables the level of pollutants in the treated water to be kept under control, guaranteeing a maximum concentration of 15 ppm.

As regards end of life, all naval vessels are also delivered with a **Green Passport**. This document is the inventory of materials to be monitored during the ship's life cycle and it is used to ensure that it is scrapped safely and in an environmentally friendly way.



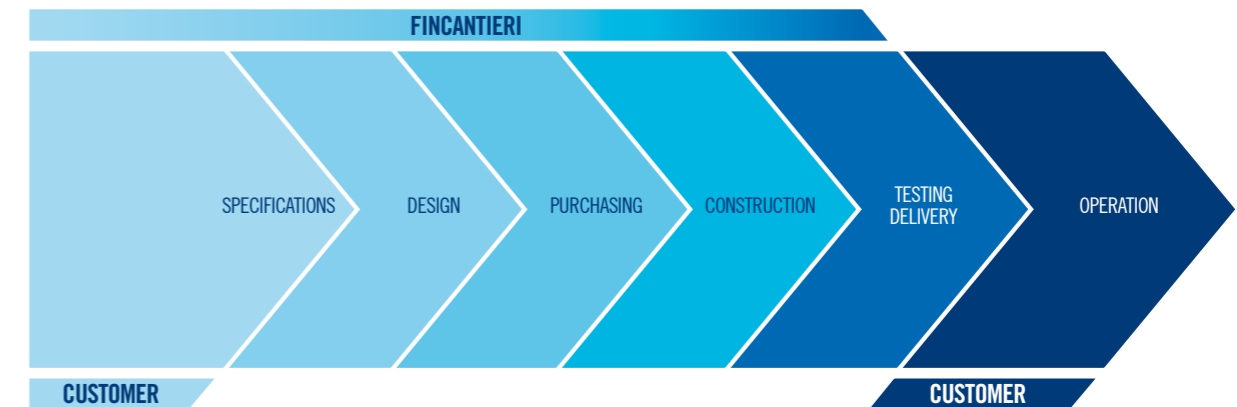
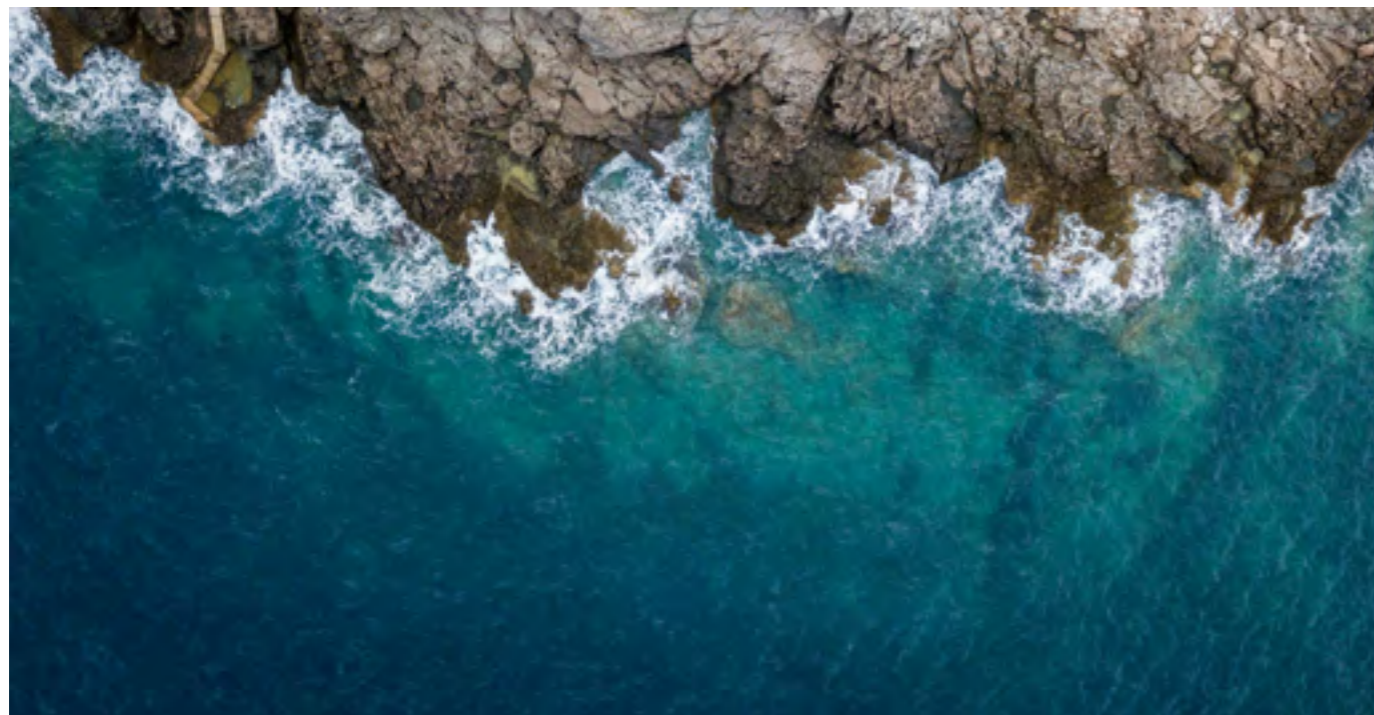
Eco-sustainable design

ECO-DESIGN INITIATIVES



In line with the Environmental Policy and the objectives of the Sustainability Plan, we have defined an eco-design system to promote the development of environmentally sustainable ships. Objectives can be identified for each project to ensure that the assumptions, principles and control metrics (KPIs) identified for the realization of an eco-sustainable product are translated into choices regarding design and the acquisition of systems/ machinery that make up the ship product by following the eco-design procedure. In 2020, we have continued along this sustainable path by updating the initiatives already made available in line with the latest technological developments and eliminating those which, having become widespread and in common use for some time, are no longer innovative. As part of this, and with reference to the different environmental aspects, we have defined criteria to enhance internally the technological solutions adopted for each ship built. This approach makes it possible to compare the different constructions and to monitor the product's environmental sustainability trends over time. In 2020, we defined 8 new environmentally friendly initiatives for the Merchant Shipping Division and 10 new initiatives for the Naval Shipping Division.

The foundation of the entire process of eco-sustainable design lies in the ability to contain and improve the environmental impact during the **entire life cycle** of the product: from technical design development to the choice of systems and materials, from procurement to construction, from its management in operation to disposal at its end of life.



Identifying solutions that reduce energy consumption, atmospheric emissions, waste production and improve the environmental impact of the production process and materials used, taking as reference similar products as well as "best in class", therefore benefits the entire context (population and surrounding area) in which the individual production site is located.

The design choices made in relation to managing the ship during its operation and its performance, in addition to seeking to contain consumption and minimize the impact on the environment, have the additional purpose of making work easier and making the hospitality provided on board more comfortable.

Finally, it should be stressed that sustainability assessments are also taken into account with regard to **decommissioning activities**, helping to guide choices on materials, components and systems with characteristics that limit the impact of the dismantling and disposal operations at the end of the product's life, which remain the sole responsibility of the shipowner.

More sustainable partners

We ask our suppliers to share our approach to sustainability in order to achieve one of our most important corporate objectives: having a responsible and sustainable supply chain.

We want to represent a model of excellence also in terms of environmental protection and this is why we have a binding environmental policy for all our employees and for all external companies operating in our production sites. We are committed to the implementation and maintenance of an Environmental Management System at our sites and obtaining ISO 14001 certification for most of them. We expect all our suppliers to align themselves with this approach, sharing principles and commitments on environmental protection, with the common goal of achieving a sustainable supply chain while minimizing environmental impact. For this reason we have adopted the Suppliers' Code of Ethics that includes among its pillars the **protection** of and **respect for the environment**. Suppliers are asked to share the principles contained in the document with their employees, subsidiaries, collaborators and subcontractors, with a view to encouraging virtuous behaviour throughout the supply chain.

 For more information on the supply chain, please refer to the chapter "Sustainable management of the supply chain".

Together for sustainability

Respect for the environment, for local territories and for the people with whom we share areas and activities are essential elements in order to ensure the continuity and growth of our Group over time and to the benefit of future generations.

Therefore, we are directly involved in the development of international regulations and we conduct our business in close collaboration with the flag agency, classification societies, the sector's industrial associations, shipping companies and the main international research bodies.

Research plays a particularly important role in the fight against climate change. Therefore, the Sustainability Plan includes a specific objective that provides for the activation of **partnerships with universities/research institutes** in order to develop new solutions for energy efficiency or reduction of greenhouse gas emissions. In particular, the GreenCruise project was launched in 2020, funded by the Italian Ministry for Economic Development, to study and develop prototypes of power generation solutions using alternative fuels (e.g. LNG and fuel cells).

As part of our Research and Innovation projects, we have launched several **European collaborations** to study strategies to reduce the environmental impact of our products, in particular, with reference to the initiatives underway associated with the SDG 14 objective - life below water - studies are being carried out to reduce underwater noise caused by our products, even though there are no strict regulations on this issue.



For more information on our collaborations, please refer to the chapter "Innovative business".

In 2020, the **Alliance for the Circular Economy**, which was established in 2017 and now includes 17 companies, including our subsidiary Cetena, continued. Businesses are engaged in a transformative economy that does not waste resources, but preserves natural capital and maximizes system resilience. The Alliance intends to pursue a circular economic model that is not only a compulsory choice, but also an opportunity to boost the country's competitiveness.

As part of the agreement signed in 2019 between Fincantieri, Eni, Cassa Depositi e Prestiti and Terna, activities aimed at developing energy systems with reduced environmental impact continued. Experimentation of a system that uses **wave motion** to produce electricity is part of this approach.

We signed two memoranda of understanding in 2020. The first, involving Eni and Cassa Depositi e Prestiti, aims to identify and implement technological solutions **to tackle marine litter**, sea pollution caused by plastic. Fincantieri will make its expertise available to research technological solutions for the collection, treatment and processing of floating non-recyclable plastic waste.

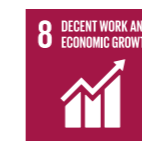
The second memorandum of understanding involves Eni and aims to develop **innovative initiatives in decarbonization and the circular economy**. The focus of the agreement will be on waste-to-energy issues, the production and transport of energy carriers (such as natural gas, methanol or hydrogen), fuel cell applications and the development and use of off-shore renewable technologies. The synergy aims to reduce carbon emissions into the atmosphere in order to support the country's sustainable development by combining environmental and economic sustainability, introducing circular economy logics.

Aware of our expertise in the development of remote piloting technologies, we are demonstrating our presence in the sector with the contribution of our subsidiary Seastema, which has initiated an investment of over six million euros, spread over a three-year period, for the benefit of the Puglia region. This project called **MARIN - Integrated Naval Remote Environmental Monitoring** aims to conceptually define a multifunctional unmanned marine platform integrating and coordinating aerial and underwater drones for coastal monitoring in environmental and coastal security operations.

During the year, the Group's efforts were strongly focused on **future technologies** and a number of important objectives were achieved. At the start of the year, we obtained a prestigious order for a series of supplies and installations of high-profile equipment for the International Thermonuclear Experimental Reactor (ITER), a project to build an experimental nuclear fusion reactor, the first of its kind, and recognized as one of the world's most ambitious initiatives in the field of renewable energy. The project will demonstrate the scientific and technological feasibility of nuclear fusion and enable the knowledge needed to build a prototype nuclear reactor to be acquired. In the same context, VARD has signed a new contract for the design and construction of a Service Operation Vessel (SOV), the first of its kind in Asia, which will be built to be specifically dedicated to the maintenance of the Greater Changhua **marine wind farms**, operated by the Danish power company Ørsted, marking its entry into the renewable energy sector.

We are constantly analysing the potential for penetration into new markets. We are aware of the importance of the **Deep Sea Mining** market, i.e. the sustainable use of resources from the seabed at depths of over 3,000 metres and we have signed a Memorandum of Understanding (MoU) with Saipem. The deep seabed is rich in minerals with applications in the products of the modern digital economy, and there are currently no industrial applications that enable appropriate and sustainable harvesting of these minerals from the marine environment. Minerals in underwater deposits will prove indispensable if a successful transition from a fossil fuel-based economy to a green economy is to be achieved.

MARITIME DREDGING SERVICES



The subsidiary Fincantieri Dragaggi Ecologici S.p.A., has developed the offer of services related to maritime dredging through the chartering of the vessel Decomar. The main benefits of the project are the reduction of the dredging footprint on the seabed, mitigation of dredging effects on other seabed users, maximization of the extraction of available resources and minimization of waste in individual dredging areas. In 2020, as an objective of the Sustainability Plan, the testing phase began and will end in early 2021 when the dredging activities at the Port of Ravenna begin.

ANNEXES

Methodological note

Description of material topics

Global Compact reconciliation table

GRI Content Index

Independent auditors' report on the
consolidated non-financial statement

Methodological Note

The fourth Sustainability Report of the Fincantieri Group, approved by the Board of Directors on 25 February 2021, is a communication tool that describes, in a transparent and structured manner, the economic, social and environmental results achieved, and demonstrates the Group's commitment to sustainable development, with the aim of creating value not only for the Company, but also for its stakeholders.

The Report represents the **Consolidated Non-Financial Statement of the Fincantieri Group** prepared in accordance with Articles 3 and 4 of Legislative Decree No. 254/16, with reference to the 2020 financial year (from 1 January to 31 December 2020). This document reports, to the extent necessary to ensure an understanding of the activities of the company, its progress, its results and its impact, in relation to the areas considered important and required by Article 3 of the Decree.

As required by Article 5 of the Decree this document is a **distinct report** with the appropriate wording to identify it as the Consolidated Non-Financial Disclosure (NFD) required by the regulation.

The **contents** of the Report have been prepared in accordance with the Global Reporting Initiative's (GRI) Sustainability Reporting Standards of 2016, with the exception of the specific Standards:

- GRI 303 (Water and Effluents) and GRI 403 (Occupational Health and Safety) published in 2018;
- GRI 207 (Taxes) published in 2019;
- GRI 306 (Waste) published in 2020.

The Report has been prepared in accordance with GRI Standards according to the "in accordance - Core" option. For further detail on the information required by the Standards and the indicators reported, please refer to the GRI table shown in the annex to this document.

Sustainability reporting is preceded annually by the analysis and identification of **material topics** (materiality matrix page 32), i.e. those which reflect the significant impacts for the organization from an economic, social and environmental viewpoint, and which substantially influence stakeholders' assessments and decisions, and by the mapping and risk management methods. As required by the Decree, for each theme evidence is given on its materiality in relation to Group's activities, the risks connected with it, the Company's policies and commitments and the results obtained and monitored using ad hoc indicators capable of representing the results in terms of management.

With reference to the requirements of Article 3, paragraph 2 of Legislative Decree 254/16, some information not considered relevant for an understanding of the company, its progress, results and impact has been excluded. Fincantieri defined its **Sustainability Plan**, approved by the Board of Directors, which is aligned to the 2018-2022 Business Plan and highlights and strengthens the intention to be a responsible Group. The Plan addresses some global challenges (such as the UN's **Sustainability Development Goals**) and details the commitments undertaken by the Group and breaks them down into qualitative and quantitative targets that can be measured over time and subjects them to constant monitoring.



In 2019, the Fincantieri Group decided to join the **Global Compact**, the initiative to promote and disseminate sustainable development practices launched and sponsored by the United Nations, and has therefore committed itself to integrating the ten principles relating to human rights, labour rights, environmental protection and combating corruption into its policies, strategies and activities. The Sustainability Report represents the

Communication on Progress (COP) related to the activity carried out in 2020. In particular, a table has been prepared (see appendix), which summarises the actions taken and the results achieved in relation to each of the above principles and references the pages of the Sustainability Report where these topics are discussed in greater detail.

The **process** of collecting data and information and drafting the Report is coordinated and managed by the Sustainability unit, in cooperation with the multifunctional Working Group. The Report's contents have been defined according to the principles of accuracy, balance, clarity, comparability, reliability and timeliness.

The Sustainability Report has been prepared in accordance with a specific internal procedure that defines the roles, responsibilities and operating methods that Fincantieri S.p.A.'s and subsidiaries' staff must follow in order to guarantee the proper management of all the data required to prepare the document.

The reporting process was supported by a new computer application that permitted greater automation both in collecting and processing information, and it permitted the data to be displayed based on the different geographical areas for those indicators for which the GRI Standards require this information.

The data were processed and validated also by the various function managers.

The document seeks to present the positive and negative aspects in an equal light and, where considered appropriate, a comment on the results has been provided.

The economic values are expressed in euros (thousands and/or millions of euros). Sometimes the data are rounded to one decimal point or to a round number, and therefore their sum may not coincide exactly with the total value.

The **reporting boundary** of the data presented in the Report relates to the Companies fully consolidated (using the line-by-line method) in the consolidation area used for the consolidated financial statements. Any limitations to the reporting boundary specified above or clarifications concerning the calculation method are indicated in the relevant sections of the document.

The economic and financial aspects, the changes that took place since the previous year and the Corporate Governance of the Group are described in greater depth in the following documents: "2020 Financial Statements", "2021 Report on Corporate Governance and Ownership Structure", Report on Remuneration Policy and on Fees Paid", available on the Group's website (www.fincantieri.com) together with this NFS.

To enable data and information comparability over time and assess the Group's performance, comparison with the previous year is given. The new presentations of the comparative figures previously published are clearly indicated as such. Furthermore, in order to correctly show performance and guarantee the reliability of the data, the use of estimates was limited to the minimum possible and, if present, these are based on the best methods available and appropriately described.

In particular, note that the energy consumption indicator (GRI 302-1) was revised for comparative purposes after the calorific values for the liquefied natural gas (LNG) and the acetylene were updated. Furthermore, the total energy consumption in GJ was extended to also include the energy consumption associated with transport within the organization.

As regards the specific Standard GRI 207 (2019), information on the management methods 207-1 and 2 was provided, while the information for 207-3 and 207-4 is partial and Fincantieri undertakes to collect and provide it within the mid-term.

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

The document was also the subject of a **limited assurance engagement** according to the criteria indicated in the revised ISAE 3000 standard involving the independent auditors Deloitte & Touche S.p.A. The audit was conducted according to the procedures specified in the "Independent Auditors' Report", included in this document.

The Sustainability Report is required to be published annually.

For any further information it is possible to contact the Sustainability unit at the email address sustainability@fincantieri.it

MATERIAL ASPECTS

MATERIAL ASPECTS FOR FINCANTIERI MATERIAL TOPIC	GRI STANDARD TOPICS	BOUNDARY OF ASPECT	
		INTERNAL	EXTERNAL
Governance and business integrity	Anticorruption; Anti-competitive behaviour; Taxes; Socioeconomic compliance	Group	Supply chain; Customers; Community
Cyber security	Customer privacy	Group	Supply chain; Customers; Community
Sustainable supply chain	Procurement practices; Environmental and social assessment of suppliers	Group	Supply chain
Development and safeguarding of human resources	Market presence; Employment; Labour/ management relations; Freedom of association and collective bargaining; Training and instruction	Group	Community
Company welfare	Employment	Group	
Diversity and equal opportunity	Diversity and equal opportunity	Group	
Health and safety in the workplace	Occupational health and safety	Group	
Local communities and relations with the local area	Indirect economic impacts; Local communities; Public policy; Taxes	Group	Community
Human rights	Supplier social assessment	Group	Supply chain; Community
Product quality and safety	Customer health and safety; Socioeconomic compliance	Group	Customers
Innovation, research and development	-	Group	Customers; Supply chain
Customer satisfaction	Customer privacy;	Group	Customers
Climate change	Emissions	Group	Community; Environment
Environmental management	Materials, Energy; Water and effluents; Biodiversity; Emissions; Waste; Environmental compliance	Group	Community; Environment
Environmental impact of products and services	-	Group	Environment; Customers



Description of material topics

Governance and business integrity

Business integrity is the capacity to develop the business fairly and transparently and is a key factor characterizing the identity of the Group, as well as an important element in its reputation and corporate image as well as one of the five values guiding the Group's conduct. Responsible governance ensures fair and transparent conditions in the conduct of business affairs and the related company activities and is an essential element in the development of economically sustainable business activities that generate value for all stakeholders. The Group also adopts preventive measures and policies aimed at combating active and passive corruption and encourages the dissemination of a culture of legality.

Cyber security

The focus on cyber security has gradually intensified in response to the ever-increasing complexity and frequency of cyber attacks carried out against companies with national and international strategic importance, making it necessary to constantly adapt the corporate defenses and processes for safeguarding IT assets. Protecting the integrity and confidentiality of data and information has become a pillar of the corporate digital strategy. The Group guarantees the protection of computer systems and data by avoiding the risk of network breaches, corruption of sensitive data or processes, using prevention, detection and measures against potential cyber attacks.

Innovation, research and development

Technological excellence is a key element of the Group's entrepreneurial approach, product, service or process innovation allows it to maintain and strengthen its competitiveness and leading position in complex, markets with high potential. The Group is also researching new technologies in the field of digitalization and artificial intelligence to evolve towards an Industry 4.0 capable of developing more efficient and sustainable solutions.

Development and safeguarding of human resources

People are the Group's most important asset and it is constantly committed to protecting, developing and enhancing them. An individual's growth occurs through constant collaboration and cooperation in an inclusive and international context that encourages the exchange of ideas, comparison of opinions and experiences and the development of multidisciplinary skills. Investment in staff training and development is of strategic importance to guarantee constant growth in skills and know-how, at all levels. The evaluation processes are structured so as to enhance the value of each individual resource by promoting professional growth in line with their expectations, ambitions and potential. Industrial relations are based on a participative model which values and enhances the role of trade unions and workers, also through the establishment of appropriate joint committees. The Group defines and applies a remuneration and incentive policy aimed at achieving the Company's strategic priorities, including sustainability, and at motivating and retaining its resources.

Sustainable supply chain

A significant portion of the overall value of each ship depends on materials, parts, components and turnkey systems supplied by third parties, therefore the extent to which suppliers contribute to the overall value of the project is crucial. The Group actively manages its make-or-buy procurement strategies also through rigorous qualification processes. The Group's aim is to promote the principles of sustainability, also within its own supply chain, by raising supplier awareness of human rights, environmental and social issues.

Product quality and safety

Product/service quality and safety are at the heart of every strategic and organizational decision. Excellent levels of quality are in the DNA of the Group, the complexity of its business requires high standards in terms of quality and compliance with technical regulations and standards, at each stage of the production process. Responsibility for ensuring quality is widespread and shared. The Group operates through a rigorous system of measures in all areas of the value chain aimed at eliminating risks associated with the product and/or service used by the client or end users.

Customer satisfaction

Customer satisfaction is the core of the Group's interest and it is pursued by constantly involving the customer at the execution stage, in the continuous monitoring of quality and through the offer of innovative products. The Group's objective is to create trust relationships by activating channels that listen to the needs and expectations of the customer.

Climate change

The Group manages the risks related to climate change, constantly researching new methods to improve its practices and minimize the impact of emissions resulting from its industrial activities. It supports research projects in collaboration with research institutes/universities on issues associated with climate risks and promotes partnerships in order to contribute to a low carbon economy.

Environmental management

Environmental protection is at the centre of the activities of the Group, which, in carrying out its activities, is committed to making the principles of environmental sustainability its own, both in its strategic choices and in its business processes. Therefore, investments are aimed at improving energy efficiency and reducing emissions of greenhouse gases and other pollutants, correct management of water resources and disposal of waste and waste water. Safeguarding the natural value and biodiversity of the areas affected by shipyard activities is also important for Fincantieri. To protect these places, specific and special precautions are put in place in accordance with local legislation.

Environmental impact of products and services

In developing its business model, the Group is inspired by the good practices of the circular economy and operates using a life cycle approach. The aim is to minimize the environmental and social impact of a product or service over its life cycle, evolving from a model that identifies the impact on the environment and society solely in production activities, and extending the analysis to all the links in the value chain and therefore to any negative external impacts.

Diversity and equal opportunity

For Fincantieri, diversity is a strategic element for the Company competitive advantage and the development of its people. The Group is constantly committed to respecting the dignity of each individual and to offering equal opportunities to all employees, rejecting any form of discrimination. Diversity is recognized, at all levels, as a value to be cultivated in the organization in order to encourage the exchange of experiences and to enable the company to seize the transformations and changes currently taking place, developing an increasingly open corporate culture.

Company welfare

This is a tool which permits efficient management of resources which is innovative compared to the traditional pay and incentive mechanisms. The ultimate aim is to meet the specific needs of employees, improving the balance between work and personal needs, and promoting the wellbeing of employees and their families.

Health and safety in the workplace

Safety at work is an essential condition for any work activity. Fincantieri is committed to promoting a generalized cultural change in the field of safety and it invests energy and resources in the protection of health and safety in the workplace, adopting advanced management practices and systems to safeguard its employees and any third parties involved in company activities. The central elements are staff training, raising individual awareness and widespread involvement.

Local communities and relations with the local area

Local development is directly linked both with business activities and with the ability to systematically involve local players, showing awareness of the impact on the community. In terms of business activities, networks of small and medium-sized enterprises (SMEs), highly specialized in various macro-sectors, are engaged. In addition, initiatives supporting the development of local communities are stimulated and encouraged, with the aim of creating shared value.

Human rights

The Group is strongly committed to ensuring that each employee can express his or her potential by enhancing skills and competencies and promoting a growth path, that there is recognition of merit and respect for equal opportunities, with the aim of safeguarding the human rights enshrined in the Universal Declaration of the UN. Furthermore, the Group has always paid the utmost attention to ensuring human rights are protected in the supply chain.

Global Compact reconciliation table

THE TEN PRINCIPLES	SUSTAINABILITY REPORT 2020	PAGE
Principles 1, 2 - Businesses are required to promote and respect universally recognized human rights within their sphere of influence and to ensure that they are not complicit in human rights abuses, even indirectly.	<p>Human rights The Company is committed to ensuring and promoting respect for human rights, a priority for the Group, in all business areas and among all stakeholders, whether Group employees or suppliers. The activities are conducted in accordance with fundamental human rights standards. As proof of this commitment, the Group's policies and practices are aligned with:</p> <ul style="list-style-type: none"> the International Bill of Human Rights, including the United Nations (UN) Universal Declaration on Human Rights; fundamental Conventions of the International Labor Organization (ILO); Guidelines of the Organization for Economic Co-Operation and Development (OECD) for Multinational Enterprises; the Ten principles of the United Nations Global Compact. <p>Fincantieri promotes sustainability and business ethics in the supply chain by conducting human rights, environmental, occupational health and safety audits on its suppliers. Fincantieri protects health and safety at work through training, awareness and information initiatives.</p>	<p>53-54; 58-59; 87-88; 96-97; 124-126; 133</p>
	<p>Labour Fincantieri is committed to complying with the ILO's four core labour standards, as set forth in the Declaration on Fundamental Principles and Rights at Work:</p> <ul style="list-style-type: none"> freedom of association and the right to collective bargaining; elimination of all forms of forced or compulsory labour; effective abolition of child labour; elimination of all forms of discrimination in respect of employment and occupation. <p>Fincantieri rejects any form of discrimination based on ethnicity, colour, gender, age, disability, sexual orientation, religion, political opinion, nationality and social origin. It is committed to maintaining a work environment that is free from any and all forms of violence or harassment. Fincantieri regulates its relationships with political organizations and labour unions exclusively based on the current laws, regulations and agreements/contracts, guaranteeing the highest principles of transparency and correct conduct. Fincantieri is committed to initiatives to balance life and work. Fincantieri provides employees with training and professional development paths.</p>	<p>53-54; 58-59; 87-88; 96-97; 118-139</p>

THE TEN PRINCIPLES	SUSTAINABILITY REPORT 2020	PAGE
Principles 7, 8, 9 - Businesses are required to support a precautionary approach to environmental challenges; undertake initiatives that promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.	<p>Environment Fincantieri is committed to:</p> <ul style="list-style-type: none"> reducing its direct impact by reducing consumption and waste produced, and prioritizing the use of eco-sustainable resources, such as certified energy from renewable sources; protecting the environment and seeing the environmental management system as the tool for implementing and monitoring the actions taken to carry out the commitments made; following all the international best practices to minimize a ship's environmental impact throughout its entire life cycle. The Group is committed to developing new technologies to save energy, reduce emissions and increase the performance and quality of its ships; making its suppliers aware also of environmental aspects. 	<p>152-179</p>
	<p>Principle 10 - Businesses are committed to working against corruption in all its forms, including extortion and bribery.</p>	<p>Anticorruption Fincantieri disseminates ethical principles and corporate values and provides training on legality and anticorruption issues. Fincantieri carries out reputational audits on suppliers and third parties. No corruption cases were reported in 2020.</p>
<p>Support for the Sustainable Development Objectives.</p>	<p>Fincantieri is also committed to contributing to the achievement of the Sustainable Development Goals defined by the United Nations, in particular, the Company is active on goals 5, 7, 8, 9, 12, 13, 14 and 17.</p>	<p>40-42</p>



CODE	INDICATOR DESCRIPTION	PAGE
102-53	Contact point for questions regarding the report	182-184
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As regards the recruitment policies for senior management, the finding that all (100%) of those recruited are from local (national) profiles and candidates is significant.		
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For the analysis and description of the main indirect economic impacts, Fincantieri has used an econometric model developed by Censis (a Foundation recognized with Decree of the President of the Republic 712/1973). The impact measures were calculated using the analysis and calculation methodology based on Leontief input-output tables, although this model was substantially modified to adapt it to the specific Fincantieri production and company structure. The estimates can be considered sufficiently robust proxies for the multiplier effects that Fincantieri is able to produce within the national economic system, given its specific production model, the business model that the Company has built in recent years and the structure of the supply chain, with the relative levels of integration upstream of the production cycle for naval vessels.		
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206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
No fines or sanctions have been received for actions referred to the reporting period.		
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207-1	Approach to tax	70-71
207-2	Tax governance, control, and risk management	70-71
Please refer to the Group's Tax Strategy document for more information.		
207-3	Stakeholder engagement and management of concerns related to tax	70-71
The information is partial and Fincantieri undertakes to collect and provide it within the mid-term.		
207-4	Country-by-country reporting	70-71
The information is partial and Fincantieri undertakes to collect and provide it within the mid-term.		

CODE	INDICATOR DESCRIPTION	PAGE	
CATEGORY: ENVIRONMENTAL			
103-1 103-2 103-3	Management approach	152-155	
Fincantieri is aware that its level of responsibility is judged by its ability to combine, in its work, professionalism and quality with strict respect for laws and consideration for the needs and expectations of the community in relation to the protection of public goods. Fincantieri wants to represent a model of excellence also in terms of maximum environmental protection. To manage the more significant environmental aspects and prevent its business having an environmental impact, Fincantieri is committed to implementing and maintaining an Environmental Management System and obtaining the relevant certification in accordance with international standard ISO 14001 at its sites. No grievances regarding environmental impacts were filed in 2020 (which may concern abandonment of waste, unkempt areas, pollution, infestations, smelly fumes, noise emissions and other non-hygienic conditions, etc.), but 6 grievances referring to Fincantieri S.p.A. concerning previous years were filed, which however do not regard serious non-conformities.			
MATERIALS			
301-1	Materials used by weight or volume	160	
ENERGY			
302-1	Energy consumption within the organization	157-158	
TYPE	MEASUREMENT UNIT	2019	2020
Acetylene	GJ	28,648	31,874
Natural gas	GJ	425,761	409,278
Diesel	GJ	612,830	532,046
LPG	GJ	14,052	8,469
LNG	GJ	7,292	7,215
Fuel oil	GJ	224,767	121,922
TOTAL HEATING FUEL ENERGY	GJ	1,313,350	1,110,804
Petrol	GJ	3,530	2,515
Diesel	GJ	72,094	81,843
TOTAL ENERGY FOR TRANSPORT	GJ	75,625	84,358
TOTAL SELF-GENERATED THERMAL ENERGY	GJ	3,766	82
TOTAL ELECTRICITY	GJ	1,280,560	1,208,086
of which from renewable sources	GJ	508,185	1,010,819
TOTAL ENERGY	GJ	2,673,301	2,403,330

The data refer to the entire Fincantieri Group.

For comparative purposes, after the calorific values were updated the LNG and acetylene figures of 2019 were revised. Energy consumption in GJ was extended to also include the energy consumption associated with transport within the organization. Energy consumption varies according to production loads.

The following conversion factors were considered to calculate consumption:

- Source: ISPRA 2019 (Minambiente 2019) for consumption in Italy;
- Source: DEFRA 2020 for consumption beyond Italy's borders.

CODE	INDICATOR DESCRIPTION	PAGE				
302-4	Reduction of energy consumption	157				
INITIATIVE	MEASUREMENT UNIT	BASELINE	CONSUMPTION	CONSUMPTION BASELINE	SAVING OBTAINED	% SAVING OBTAINED
LED relamping of warehouse 7000, UMO sheds and temporary waste storage - Marghera	kWh	August-December 2019	53,905	120,391	66,486	55.2%
LED relamping of shipyard workshop - Riva Trigoso	kWh	August - December 2019	81,650	175,470	93,820	53.5%
TOTAL			135,555	295,861	160,306	54.2%

The data relate to the Fincantieri Group.

WATER AND EFFLUENTS

303-1	Interactions with water as a shared resource	158-159
303-2	Management of water discharge-related impacts	159-160
303-3	Water withdrawal	159

The Aqueduct Tool developed by the World Resources Institute (WRI) was used to identify the water stress areas. The WRI tool is available online on the web page: www.wri.org/our-work/project/aqueduct. The results that emerged in the water stress column were considered for the analysis.

BIODIVERSITY

304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	167
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EMISSIONS

305-1	Direct (Scope 1) GHG emissions	164-165
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The data refer to the entire Fincantieri Group. The emissions have been estimated following the guidelines of the Greenhouse Gas (GHG) Protocol.
The following emission factors stated in CO₂e were considered to calculate Scope 1 emissions:

- Source: ISPRA 2019 (Minambiente 2019) for emissions originating in Italy;
- Source: DEFRA 2020 for emissions originating beyond Italy's borders.

305-2	Energy indirect (Scope 2) GHG emissions	164-165
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The data refer to the entire Fincantieri Group. The emissions have been estimated following the guidelines of the Greenhouse Gas (GHG) Protocol.
Average emission factors regarding the generation of national energy for the different countries of operation stated in CO₂ were used to calculate Scope 2 emissions (location-based method) (source: Terna - international comparisons, 2018). Emission factors stated in CO₂ relating to the residual mix (AIB 2020 European Residual Mix), where available, were used to calculate Scope 2 emissions (market-based method). Otherwise, the same emission factors used for the location-based method were also used for the market-based method.
The Scope 2 - location-based emissions are stated in tons of CO₂, however the percentage of natural gas and nitrous oxide has a negligible effect on the total greenhouse gases (CO₂equivalent) as specified in the ISPRA report "Factors of atmospheric emission of CO₂ and other greenhouse gases in the electrical segment".
The following emission factors stated in CO₂e were used to calculate Scope 2 - market-based emissions: AIB 2020 (where available, in CO₂e) and 2018 Terna Report (in CO₂).

305-3	Other indirect (Scope 3) GHG emissions	164-165
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The data refer to the entire Fincantieri Group, except for the procurement of raw materials which concerns Fincantieri S.p.A. (60% of stocks) and Fincantieri Marine Group.
The emissions have been estimated following the guidelines of the Greenhouse Gas (GHG) Protocol. The emission factors stated in CO₂e from the following were used to calculate the Scope 3 emissions: DEFRA 2020 and Ecoinvent 2020.

305-4	Intensity of GHG emissions	165
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	166

WASTE

306-1	Production of waste and significant waste-related impacts	161-163
306-2	Management of the significant waste-related impacts	161-163
306-3	Waste produced	161-162

ENVIRONMENTAL COMPLIANCE

307-1	Non-compliance with environmental laws and regulations	157
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No significant fines were received in the reporting period.

CODE	INDICATOR DESCRIPTION	PAGE
SUPPLIER ENVIRONMENTAL ASSESSMENT		
103-1 103-2 103-3	Management approach	86-88
308-1	New suppliers that were screened using environmental criteria	95
308-2	Negative environmental impacts in the supply chain and actions taken	95-97; 98; 100

CATEGORY: SOCIAL

103-1 103-2 103-3	Management approach	118-124
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The Group has staff policies that are characterized by enhancement, professional growth, protection of rights and respect for corporate values. The fundamental principles and rights recognized to workers are detailed in the Code of Conduct. Fincantieri operates within the reference framework of the UN's Universal Declaration of Human Rights, the fundamental Conventions of the International Labour Organization (ILO), the OECD Guidelines for Multinational Enterprises and the ten principles of the United Nations Global Compact.
Staff are hired with a proper written contract. Worker exploitation, forced, compulsory or child labour of any kind is not permitted. Employees are recognized the rights to freedom of association, to establish workers' representatives and to perform the related duties (including the right to collective bargaining), in accordance with the regulations and practices in force in the different countries. Lastly, benefits of various kinds, in addition to remuneration, are envisaged for the employees.
In 2020, 217 grievances were filed related to impacts concerning employment (which might concern mobbing, de-skilling, non-observance of the occupational safety rules, etc.), of which 174 regard Fincantieri S.p.A. which regard workers of contracted and sub-contracted companies. Again in the reporting period, 35 grievances of those filed in 2020 and 99 referring to the previous years were resolved.
The grievances filed related to human rights violations connected with age, diversity of gender, race and disabilities totalled 5, of which 3 were resolved during the period, and all of which refer to Fincantieri Marine Group. Also resolved were 5 grievances referring to previous years.
Furthermore, 402 employment disputes are reported relating to employees and former employees for a value of over 220 million euros including the asbestos-related cases dating back to the past.

EMPLOYMENT

401-1	New employee hires and employee turnover	119-120
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HIRES

	≤ 30		30-50		≥ 50		TOTAL	
	2019	2020	2019	2020	2019	2020	2019	2020
ITALY	360	292	369	333	58	60	787	685
NORWAY	95	67	105	91	33	34	233	192
ROMANIA	431	236	429	427	103	130	963	793
REST OF EUROPE	13	6	15	12	1	1	29	19
NORTH AMERICA	253	238	253	273	93	153	599	664
SOUTH AMERICA	27	16	21	39	2	9	50	64
ASIA AND OCEANIA	59	37	45	26	2	0	106	63
TOTAL	1,238	892	1,237	1,201	292	387	2,767	2,480

LEAVERS

	≤ 30		30-50		≥ 50		TOTAL	
	2019	2020	2019	2020	2019	2020	2019	2020
ITALY	43	48	99	123	81	107	223	278
NORWAY	72	74	86	208	57	156	215	438
ROMANIA	348	213	428	424	251	349	1,027	986
REST OF EUROPE	6	2	11	9	2	0	19	11
NORTH AMERICA	131	138	186	190	143	171	460	499
SOUTH AMERICA	74	20	159	8	21	1	254	29
ASIA AND OCEANIA	43	23	63	55	3	0	109	78
TOTAL	717	518	1,032	1,017	558	784	2,307	2,319

CODE	INDICATOR DESCRIPTION	PAGE							
HIRES – WOMEN									
		≤ 30		30-50		≥ 50		TOTAL	
		2019	2020	2019	2020	2019	2020	2019	2020
ITALY		99	67	58	66	5	5	162	138
NORWAY		17	15	17	26	4	3	38	44
ROMANIA		66	31	44	31	10	19	120	81
REST OF EUROPE		1	2	3	2	0	0	4	4
NORTH AMERICA		49	44	60	52	14	24	123	120
SOUTH AMERICA		1	1	0	3	1	0	2	4
ASIA AND OCEANIA		1	1	3	0	0	0	4	1
TOTAL		234	161	185	180	34	51	453	392
LEAVERS – WOMEN									
		≤ 30		30-50		≥ 50		TOTAL	
		2019	2020	2019	2020	2019	2020	2019	2020
ITALY		12	13	11	13	9	15	32	41
NORWAY		7	5	9	33	5	22	21	60
ROMANIA		27	11	34	25	34	68	95	104
REST OF EUROPE		1	0	1	3	0	0	2	3
NORTH AMERICA		27	25	26	31	18	18	71	74
SOUTH AMERICA		8	0	9	0	1	0	18	0
ASIA AND OCEANIA		2	1	2	1	0	0	4	2
TOTAL		84	55	92	106	67	123	243	284
The data refer to the entire Fincantieri Group. The term hires refers to those employees hired directly from the market, and do not include the intra-group acquisitions and transactions.									
In 2020, 2,480 people were hired, including 392 women, and there were 2,319 leavers, including 284 women. The rate of new employee hires was 12.3% (15.8% for women) while the turnover was 11.5% (12.2% for women).									
401-2	Benefits provided for full-time employees that are not provided to temporary or part-time employees	133-135							
LABOUR/MANAGEMENT RELATIONS									
402-1	Minimum notice periods regarding operational changes								
In the case of business reorganization, the Group applies, in Italy and abroad, the instruments provided for by national collective bargaining agreements and contracts and supplementary company contracts. The minimum period in Italy varies according to the contracts from 0 to 3 weeks, in Norway and Romania it is 4 weeks, in the Rest of Europe it varies from 0 to 4 weeks based on the contract, in North America it is 0 since it is not contemplated in the contract, in South America it is 0, in Asia and Oceania it varies from 0 to 4 weeks based on the contract.									
OCCUPATIONAL HEALTH AND SAFETY									
103-1 103-2 103-3	Management approach	127-133							
403-1	Occupational health and safety management system	133							
403-2	Hazard identification, risk assessment, and incident investigation	127-133							
403-3	Occupational health services	129-130							
403-4	Worker participation, consultation, and communication on occupational health and safety	129-130							
403-5	Worker training on occupational health and safety	130-131							

CODE	INDICATOR DESCRIPTION	PAGE							
403-6	Promotion of worker health	127-133							
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	127-133							
403-8	Workers covered by an occupational health and safety management system	133							
The number of employees at yards covered by a health and safety at work management system at Group level is 14,008 equal to 94% (in Italy, Romania and Vietnam it is 100%). While the number of non-employee staff at yards covered by an occupational health and safety management system is 40,367 for Italy (100%) and the United States (43%).									
403-9	Work-related injuries	130							
HEALTH AND SAFETY INDICATORS									
2019									
		ITALY	NORWAY	ROMANIA	REST OF EUROPE	NORTH AMERICA	SOUTH AMERICA	ASIA AND OCEANIA	TOTAL
Severity index		0.4	0.0	0.1	0.0	0.1	0.6	0.0	0.2
Injury rate/Frequency rate		15.7	25.7	1.7	0.0	10.2	0.0	8.6	10.9
Rate of work-related injuries		12.9	25.7	1.6	0.0	10.2	0.0	8.6	9.7
Rate of high-consequence work-related injuries		0.1	0.4	0.0	0.0	0.0	0.0	0.0	0.1
Rate of fatalities as a result of work-related injury		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of injuries		239	68	19	0	44	0	13	383
- of which work-related		197	68	17	0	44	0	13	339
- of which high-consequence work-related		2	1	0	0	0	0	0	3
- of which fatalities as a result of work-related		0	0	0	0	0	0	0	0
- of which while travelling		42	0	2	0	0	0	0	44
2020									
		ITALY	NORWAY	ROMANIA	REST OF EUROPE	NORTH AMERICA	SOUTH AMERICA	ASIA AND OCEANIA	TOTAL
Severity index		0.4	0.1	0.1	0.1	0.0	0.0	0.0	0.2
Injury rate/Frequency rate		14.0	19.3	1.9	6.7	4.5	8.1	3.3	9.0
Rate of work-related injuries		11.3	19.3	1.9	6.7	4.2	4.1	3.3	7.7
Rate of high-consequence work-related injuries		0.2	0.0	0.0	0.0	0.0	4.1	0.0	0.1
Rate of fatalities as a result of work-related injury		0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Number of injuries		209	42	19	1	19	2	5	297
- of which work-related		168	42	19	1	18	1	5	254
- of which high-consequence work-related		3	0	0	0	0	1	0	4
- of which fatalities as a result of work-related		0	0	1	0	0	0	0	1
- of which while travelling		41	0	0	0	1	1	0	43

CODE	INDICATOR DESCRIPTION							PAGE
HEALTH AND SAFETY INDICATORS – WOMEN								
2019								
	ITALY	NORWAY	ROMANIA	REST OF EUROPE	NORTH AMERICA	SOUTH AMERICA	ASIA AND OCEANIA	TOTAL
Severity index	0.0	0.0	0.1	0.0	0.0	4.3	0.0	0.1
Injury rate/Frequency rate	4.4	3.1	1.1	0.0	19.5	0.0	0.0	5.0
Rate of work-related injuries	2.9	3.1	1.1	0.0	19.5	0.0	0.0	4.5
Rate of high-consequence work-related injuries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rate of fatalities as a result of work-related injury	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of injuries	6	1	2	0	12	0	0	21
- of which work-related	4	1	2	0	12	0	0	19
- of which high-consequence work-related	0	0	0	0	0	0	0	0
- of which fatalities as a result of work-related	0	0	0	0	0	0	0	0
- of which while travelling	2	0	0	0	0	0	0	2
2020								
	ITALY	NORWAY	ROMANIA	REST OF EUROPE	NORTH AMERICA	SOUTH AMERICA	ASIA AND OCEANIA	TOTAL
Severity index	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Injury rate/Frequency rate	3.2	3.1	0.0	0.0	4.4	0.0	0.0	2.1
Rate of work-related injuries	2.6	3.1	0.0	0.0	3.0	0.0	0.0	1.6
Rate of high-consequence work-related injuries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rate of fatalities as a result of work-related injury	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of injuries	5	1	0	0	3	0	0	9
- of which work-related	4	1	0	0	2	0	0	7
- of which high-consequence work-related	0	0	0	0	0	0	0	0
- of which fatalities as a result of work-related	0	0	0	0	0	0	0	0
- of which while travelling	1	0	0	0	1	0	0	2

CODE	INDICATOR DESCRIPTION							PAGE
HEALTH AND SAFETY INDICATORS – NON-EMPLOYEE WORKERS								
2019								
	ITALY	NORWAY	ROMANIA	REST OF EUROPE	NORTH AMERICA	SOUTH AMERICA	ASIA AND OCEANIA	TOTAL
Rate of work-related injuries	13.6	12.2	3.7	0.0	3.0	0.0	11.2	13.1
Rate of high-consequence work-related injuries	0.1	1.0	0.0	0.0	0.0	0.0	0.0	0.2
Rate of fatalities as a result of work-related injury	0.0	0.0	0.9	0.0	0.0	0.0	0.0	0.0
Number of recordable work-related injuries	619	74	4	0	3	0	1	701
- of which high-consequence	3	6	0	0	0	0	0	9
- of which fatalities	0	0	1	0	0	0	0	1
Number of injuries - women	0	3	0	0	0	0	0	3
Number of non-employee staff trained on health and safety	27,918	4,113	7,579	6	557	312	328	40,813
2020								
	ITALY	NORWAY	ROMANIA	REST OF EUROPE	NORTH AMERICA	SOUTH AMERICA	ASIA AND OCEANIA	TOTAL
Rate of work-related injuries	13.3	16.9	3.4	0.0	0.0	0.0	22.7	13.3
Rate of high-consequence work-related injuries	0.1	1.0	3.4	0.0	0.0	0.0	0.0	0.1
Rate of fatalities as a result of work-related injury	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of recordable work-related injuries	513	34	1	0	0	0	5	553
- of which high-consequence	2	2	1	0	0	0	0	5
- of which fatalities	0	0	0	0	0	0	0	0
Number of injuries - women	0	0	0	0	0	0	0	0
Number of non-employee staff trained on health and safety	15,064	329	7,088	6	2,116	0	350	24,953

The data refer to the entire Fincantieri Group.

As regards injuries involving non-employee workers in 2020, 553 injuries were recorded in the workplace at Group level, of which no fatality.

The severity index was calculated as: (number of days lost due to injury/hours worked) x 1,000

The rate of occupational disease was calculated as: (number of cases of occupational disease/hours worked) x 200,000

The rate of absenteeism was calculated as: (number of days absent due to injury and/or illness/workable days) x 100

The injury rate/frequency rate was calculated as: (number of injuries/hours worked) x 1,000,000

The rate of recordable work-related injuries was calculated as: (number of recordable work-related injuries/hours worked) x 1,000,000

The rate of high-consequence work-related injuries was calculated as: (number of high-consequence work-related injuries/hours worked) x 1,000,000

The rate of fatalities as a result of work-related injury was calculated as: (number of fatalities as a result of work-related injury/hours worked) x 1,000,000

The hours employees worked at Group level in 2019 totalled 35,032,254, while they came to 33,120,005 in 2020.

The hours non-employees (workers of outside firms who access all operating units) worked at Group level in 2019 totalled 53,675,401, while they came to 41,519,058 in 2020.

CODE	INDICATOR DESCRIPTION	PAGE	
TRAINING AND INSTRUCTION			
103-1 103-2 103-3	Management approach	121-122	
404-1	Average hours of training per year per employee	121	
TOTAL HOURS OF TRAINING			
	2019	2020	VAR 2020/2019
SENIOR MANAGERS	3,689	3,740	1%
MIDDLE MANAGERS	20,030	19,718	-2%
WHITE COLLAR EMPLOYEES	154,196	157,620	2%
BLUE COLLAR EMPLOYEES	411,461	212,738	-48%
TOTAL	589,376	393,816	-33%
TOTAL HOURS OF TRAINING – WOMEN			
	2019	2020	VAR 2020/2019
SENIOR MANAGERS	548	340	-38%
MIDDLE MANAGERS	2,088	1,962	-6%
WHITE COLLAR EMPLOYEES	30,303	30,276	0%
BLUE COLLAR EMPLOYEES	62,456	27,611	-56%
TOTAL	95,395	60,188	-37%
AVERAGE HOURS OF TRAINING			
	2019	2020	VAR 2020/2019
SENIOR MANAGERS	9.5	9.4	0%
MIDDLE MANAGERS	15.7	17.5	11%
WHITE COLLAR EMPLOYEES	20.3	19.0	-6%
BLUE COLLAR EMPLOYEES	39.0	20.6	-47%
TOTAL	29.7	19.5	-34%
AVERAGE HOURS OF TRAINING – WOMEN			
	2019	2020	VAR 2020/2019
SENIOR MANAGERS	18.9	12.6	-33%
MIDDLE MANAGERS	13.0	12.8	-1%
WHITE COLLAR EMPLOYEES	18.0	16.3	-10%
BLUE COLLAR EMPLOYEES	84.4	38.3	-55%
TOTAL	36.6	21.8	-40%
The data refer to the entire Fincantieri Group.			
404-3	Percentage of employees receiving regular performance and career development reviews	123	
DIVERSITY AND EQUAL OPPORTUNITY			
103-1 103-2 103-3	Management approach	124-126	
405-1	Diversity of governance bodies and employees	48; 126	

CODE	INDICATOR DESCRIPTION										PAGE
EMPLOYEES BY CATEGORY											
	SENIOR MANAGERS		MIDDLE MANAGERS		WHITE COLLAR EMPLOYEES		BLUE COLLAR EMPLOYEES		TOTAL		
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	
ITALY	279	281	514	563	5,108	5,505	3,433	3,495	9,334	9,844	
NORWAY	25	19	137	91	638	615	725	554	1,525	1,279	
ROMANIA	29	23	371	170	1,053	1,242	4,325	4,184	5,778	5,619	
REST OF EUROPE	5	5	17	20	53	59	11	10	86	94	
NORTH AMERICA	41	57	181	229	606	693	1,385	1,399	2,213	2,378	
SOUTH AMERICA	4	4	4	5	34	36	79	140	121	185	
ASIA AND OCEANIA	7	7	50	51	116	134	593	559	766	751	
TOTAL	390	396	1,274	1,129	7,608	8,284	10,551	10,341	19,823	20,150	
Incidence%	2.0%	2.0%	6.4%	5.6%	38.4%	41.1%	53.2%	51.3%	100%	100%	
EMPLOYEES BY CATEGORY – WOMEN											
	SENIOR MANAGERS		MIDDLE MANAGERS		WHITE COLLAR EMPLOYEES		BLUE COLLAR EMPLOYEES		TOTAL		
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	
ITALY	14	13	57	69	875	983	8	6	954	1,071	
NORWAY	0	0	17	14	154	164	49	26	220	204	
ROMANIA	8	6	51	20	410	451	550	540	1,019	1,017	
REST OF EUROPE	1	1	2	3	13	13	0	0	16	17	
NORTH AMERICA	4	5	29	42	183	199	131	146	347	392	
SOUTH AMERICA	0	0	0	0	6	8	2	3	8	11	
ASIA AND OCEANIA	2	2	5	5	38	37	0	0	45	44	
TOTAL	29	27	161	153	1,679	1,855	740	721	2,609	2,756	
Incidence%	7.4%	6.8%	12.6%	13.6%	22.1%	22.4%	7.0%	7.0%	13.2%	13.7%	
EMPLOYEES BY AGE GROUP											
	≤ 30		30-50		≥ 50		TOTAL				
	2019	2020	2019	2020	2019	2020	2019	2020			
ITALY	768	885	5,967	6,038	2,599	2,921	9,334	9,844			
NORWAY	279	230	760	619	486	430	1,525	1,279			
ROMANIA	1,072	950	2,876	2,923	1,830	1,746	5,778	5,619			
REST OF EUROPE	24	22	59	68	3	4	86	94			
NORTH AMERICA	471	507	960	1,069	782	802	2,213	2,378			
SOUTH AMERICA	41	37	74	133	6	15	121	185			
ASIA AND OCEANIA	161	154	583	567	22	30	766	751			
TOTAL	2,816	2,785	11,279	11,417	5,728	5,948	19,823	20,150			
Incidence%	14.2%	13.8%	56.9%	56.7%	28.9%	29.5%	100%	100%			

CODE	INDICATOR DESCRIPTION								PAGE
EMPLOYEES BY AGE GROUP - WOMEN									
	≤ 30		30-50		≥ 50		TOTAL		
	2019	2020	2019	2020	2019	2020	2019	2020	
ITALY	202	234	566	626	186	211	954	1,071	
NORWAY	37	37	121	111	62	56	220	204	
ROMANIA	184	184	488	501	347	332	1,019	1,017	
REST OF EUROPE	1	3	14	13	1	1	16	17	
NORTH AMERICA	77	84	166	195	104	113	347	392	
SOUTH AMERICA	3	4	4	6	1	1	8	11	
ASIA AND OCEANIA	5	4	36	35	4	5	45	44	
TOTAL	509	550	1,395	1,487	705	719	2,609	2,756	
Incidence%	19.5%	20.0%	53.5%	54.0%	27.0%	26.0%	100%	100%	
PERCENTAGE OF EMPLOYEES BELONGING TO VULNERABLE CATEGORIES									
	% EMPLOYEES IN VULNERABLE CAT. OUT OF TOT. EMPLOYEES		% EMPLOYEES WOMEN IN VULNERABLE CAT. OUT OF TOT. WOMEN		% EMPLOYEES WITH DISABILITIES OUT OF TOT. EMPLOYEES				
	2019	2020	2019	2020	2019	2020			
ITALY	4.6%	4.5%	7.0%	6.3%	3.7%	3.6%			
NORWAY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
ROMANIA	0.3%	0.4%	0.1%	0.2%	0.3%	0.4%			
REST OF EUROPE	0.0%	1.1%	0.0%	0.0%	0.0%	1.1%			
NORTH AMERICA	5.6%	7.2%	5.0%	7.9%	4.8%	4.5%			
SOUTH AMERICA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
ASIA AND OCEANIA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
TOTAL	2.9%	3.2%	3.2%	3.7%	2.3%	2.4%			
The data refer to the entire Fincantieri Group.									
405-2	Ratio of basic salary and remuneration of women to men								136-137
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING									
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk								135
LOCAL COMMUNITIES									
103-1 103-2 103-3	Management approach								140-141
413-1	Operations with local community engagement, impact assessments, and development programs								140-141
SUPPLIER SOCIAL ASSESSMENT									
103-1 103-2 103-3	Management approach								86-88
414-1	New suppliers that were screened using social criteria								95
414-2	Negative social impacts in the supply chain and actions taken								95-97; 98; 100
PUBLIC POLICY									
103-1 103-2 103-3	Management approach								53-54

CODE	INDICATOR DESCRIPTION								PAGE
415-1	Political contributions								
Fincantieri Marine Group gave the Democratic Governors Association a contribution of 8.8 thousand euros.									
CUSTOMER HEALTH AND SAFETY									
103-1 103-2 103-3	Management approach								112-114
416-1	Assessment of health and safety impacts of product and service categories								77-81; 112-114; 176-177
CUSTOMER PRIVACY									
103-1 103-2 103-3	Management approach								61-63
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data								
During 2020, 1 grievance regarding the violation of customers' privacy was filed. It was resolved during the reporting period.									
SOCIOECONOMIC COMPLIANCE									
103-1 103-2 103-3	Management approach								53-57
419-1	Non-compliance with laws and regulations in the social and economic area								
No significant fines were received in the reporting period.									

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www.deloitte.it**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267/2018****To the Board of Directors of
Fincantieri S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Fincantieri S.p.A. and its subsidiaries (hereinafter "Fincantieri Group" or "Group") as of December 31, 2020 prepared on the basis of art. 4 of the Decree and approved by the Board of Directors on February 25, 2021 (hereinafter "NFS").

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

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI (hereinafter "GRI Standards"), which they have identified as reporting framework.

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

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Deloitte.**Auditor's Independence and quality control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Fincantieri Group as of December 31, 2020;

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4. understanding of the following matters:

- business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point [5], letter a) of this report;

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out remote interviews and discussions with the management of Fincantieri S.p.A. and with the employees of Fincantieri Marine Group LLC, Marinette Marine Corporation, Vard Group AS, Vard Tulcea SA, Vard Braila SA and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the group level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the following companies, Fincantieri S.p.A. (sites of Monfalcone, Marghera, Muggiano, Ancona, Sestri Ponente), Marinette Marine Corporation, Vard Tulcea SA, Vard Braila SA, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out remote meetings, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Deloitte.**Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Fincantieri Group as of December 31, 2020 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards.

Other matters

The NFS for the year ended December 31, 2019, whose data are presented for comparative purposes, have been subject to a limited assurance engagement by another auditor that, on April 20, 2020 expressed an unmodified conclusion.

DELOITTE & TOUCHE S.p.A.

Signed by
Franco Amelio
Partner

Udine, Italy
March 15, 2021

This report has been translated into the English language solely for the convenience of international readers.

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