

2018-2022 Sustainability Plan

Objectives, targets and actions

FINCANTIERI
The sea ahead



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Strategic direction and sustainability

Sustainability is not just an opportunity but a genuine mission for Fincantieri to represent a model of excellence in the world, by adopting a pervasive approach to business that is able to respond to the challenges of a globalised world and is increasingly sensitive to the impacts generated by industrial processes on society and the environment.

Fincantieri has decided to structure its sustainability path by adopting an **integrated strategy** that is capable of combining business growth and financial stability with social and environmental sustainability, creating **value in the long term**.

This is why the topics that are significant (material) for the Group have been integrated into the business strategy.

The **Sustainability Plan** is Fincantieri's strategic approach to sustainability and it addresses some global challenges (the UN's **Sustainability Development Goals** or SDGs). The **Charter of Sustainability Commitments** details the commitments undertaken by the Group and breaks them down into qualitative and quantitative targets that can be measured over time.

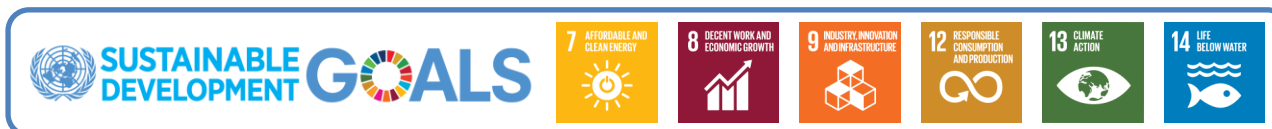
With this integrated strategy (**Sustainability Plan** and **Business Plan**) Fincantieri is able to manage its response to the market challenges of today and tomorrow in a sustainable way.

The Sustainability Plan, approved by the **Board of Directors of FINCANTIERI S.p.A.**, comprises:

- 16 material topics
- 23 sustainability commitments
- 31 objectives to be achieved in the short, medium and long term

The **16 material topics for Sustainability** are linked to the **4 Pillars** of the **Business Plan** (Long term visibility, New horizons and markets, Innovation, Streamlined production). In particular:

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



Strategic direction and sustainability

To ensure that the Sustainability Plan objectives are achieved, Fincantieri has created a special **Governance** structure, which consists of:

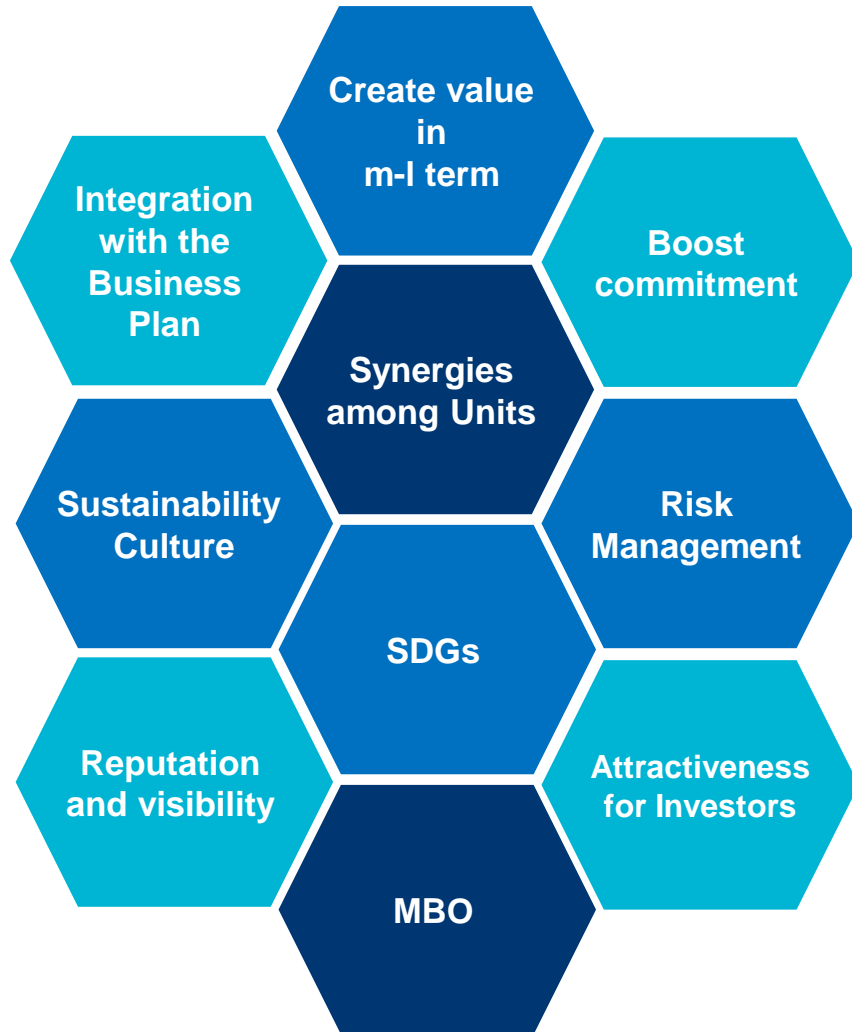
- The **Sustainability Committee**, established in 2016 with the role of supervising the overall management of sustainability in the Company and providing a strategic direction to the Plan in line with the Group's business strategies
- A **multifunctional Working Group** for sustainability tasked with defining objectives, targets and timetables for the sustainability commitments already undertaken by the Group in the Charter of Sustainability Commitments
- Responsibility for achieving the objectives in the Sustainability Plan lies with the representatives of the **units** involved, which dedicate resources, tools and know-how to implement the actions underlying those objectives
- The **Sustainability unit** ensures compliance with the commitments undertaken by monitoring the progress of projects and achievement of the objectives and continually keeping the Sustainability Committee informed

The Plan's objectives are updated on a yearly basis starting with the results achieved and adding the new needs that arise over time.

The **base year** against which the quantitative targets in the Plan are defined is **2017**.







Purpose of the Sustainability Plan

- Contributes to **creating value for the Group over the medium and long term**, in line with the direction given in the **Business Plan**
- Acts as a guideline for implementing **corporate commitment**, which is expressed through the commitments contained in Fincantieri's **Charter of Sustainability Commitments**
- Enables the creation of **synergies between units** and a **sustainability culture**
- Attributes **ownership** of the above actions to the various company **Units**, including through the company's variable remuneration system (**MBO**)
- Addresses the **internal risk drivers** identified (Non-Financial Risks in the Group's Risk Model)
- Contributes to improving the **corporate reputation** by attracting the best talent and strengthening the Group's **visibility**
- Defines the Group's set of actions to respond to **Stakeholders' expectations**, in particular those of Investors, Rating Agencies and Shareholders
- Responds to external drivers such as the UN's **Sustainable Development Goals (SDGs)** and, in particular, recognises those that are linked to corporate development strategies

Strategic direction and sustainability

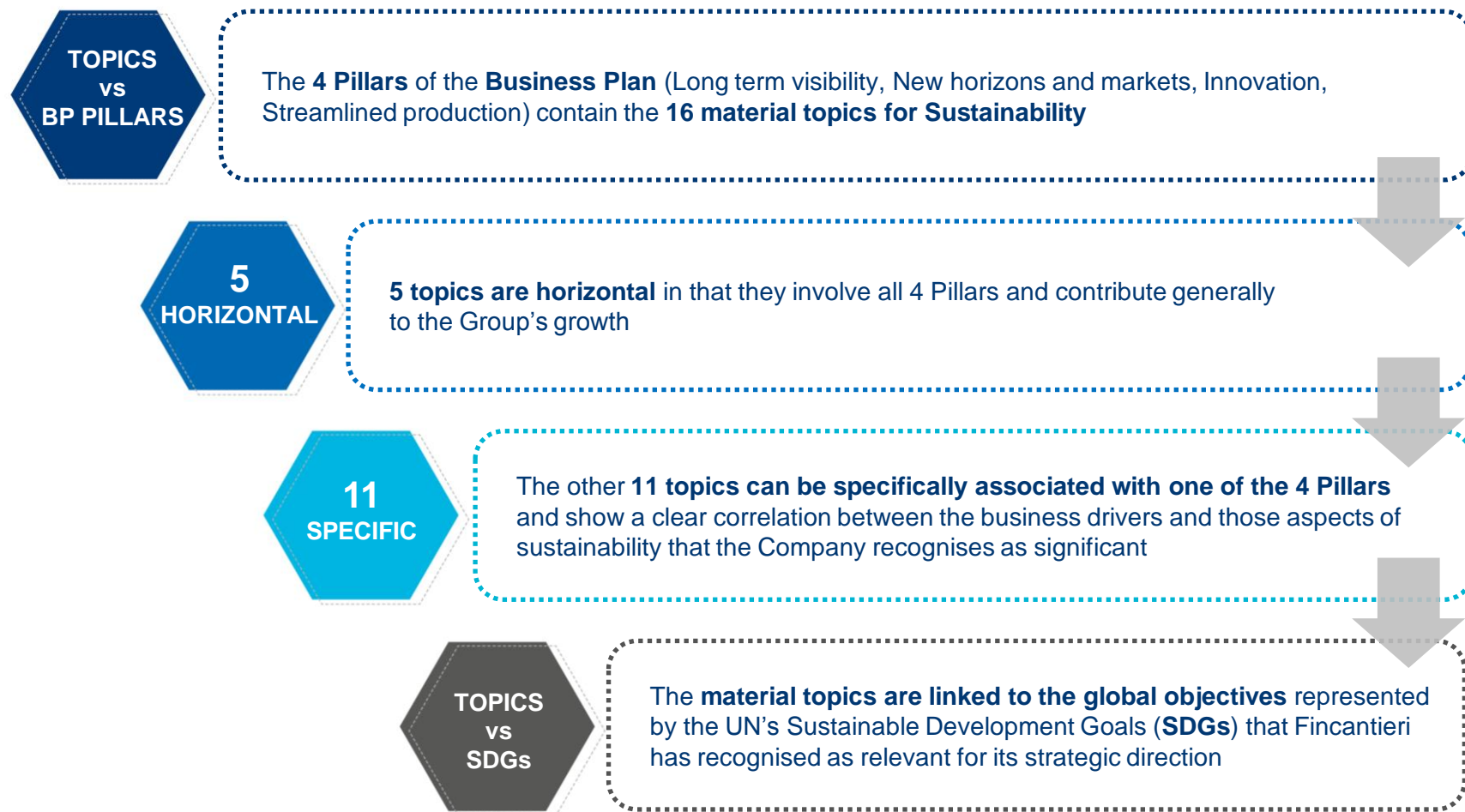
Methodology

In terms of methodology, the Plan is developed along the following steps, which were started in 2017:



Strategic direction and sustainability

Logical steps for aligning the Sustainability Plan with the Business Plan



Strategic direction and sustainability

BUSINESS PLAN

4 Pillars

Long term visibility

Backlog supported by positive underlying momentum, particularly in the cruise segment

New horizons and markets

Expansion into new geographical areas and development of after-sales services

Innovation

Proven capability to develop cutting edge designs and technological solutions to meet clients' evolving needs

Streamlined production

Continued focus on seamless execution through streamlining of processes and production

SUSTAINABILITY PLAN

5 Horizontal topics

1. Governance and business integrity

2. Economic and financial sustainability

3. Climate change

4. Relations with local communities

5. Human rights

11 Specific topics

6. Protection of employment and industrial relationships

7. Training and education

8. Diversity and equal opportunity

9. Company welfare

10. Customer satisfaction

11. Product quality, compliance with technical standards

12. Innovation, research and development

13. Environmental impact of products and services

14. Health and safety in the workplace

15. Procurement activities

16. Environmental management



Strategic direction and sustainability

Structure and content of the Sustainability Plan

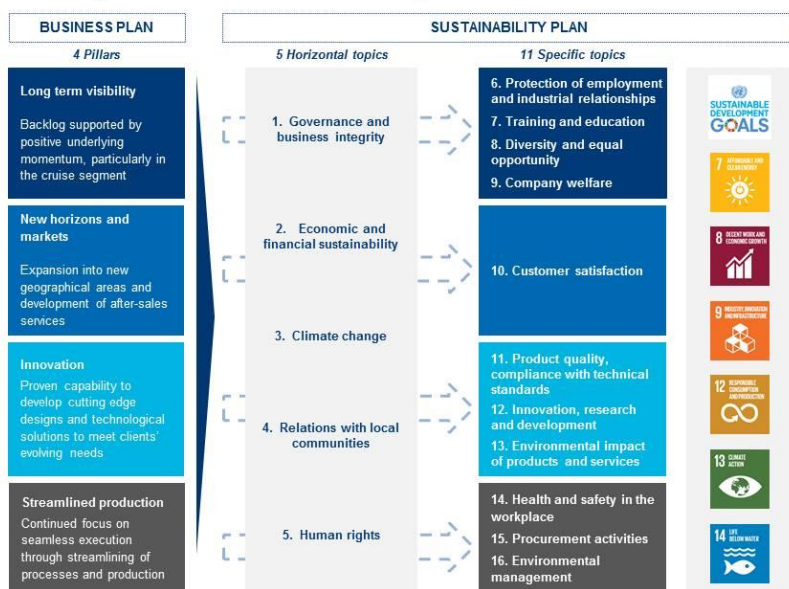
1

Within the Sustainability Plan, the 16 material topics follow the four Pillars of the Business Plan

2

For each material topic for sustainability under taken by the Group: **Commitments, Objectives, Description/Target, Expected benefits, Timetable**

Strategic direction and sustainability



Horizontal topics Governance and business integrity



Commitments	Objectives	Description / Target	Benefits	Timetable
Promotion of the sustainability culture in line with the Group Values. Encouraging managers to think in a sustainable manner within their sphere of influence	<i>Gradual assignment of sustainability objectives in the Company's variable remuneration system</i>	Assign objectives related to sustainability to Italian personnel interested in the variable remuneration system	Raise awareness, assign responsibility and promote focus on the issue of sustainability	2019
Maintenance of the Corporate Governance system and risk management (including sustainability risk) in line with international best practices	<i>Structure an Emergency Response & Crisis Management process in Safety & Security</i>	Implement the project which consists of: • Appointment of the Crisis Management Team (CMT) and deputies • Periodic CMT training • Definition of methods for activating and managing the CMT • Virtual Crisis Management Room • Definition of standards for future physical Control Room	Reduce decision-makers' engagement times in relation to recovery measures. Be resilient, and ensure regulatory compliance and reduction of damage to human resources, company property and reputation	2019
	<i>Implementation of the International Ship and Port Facility Security Code (ISPS Code)</i>	Create a single CMT through official appointments, training and equipping a Virtual Crisis Room Implement the project which consists of: • Updating of the security plans for those sites subject to the ISPS Code • Personnel training • Drills • Adoption of the security process methodology even in those sites where compliance with the regulation is not compulsory	Ensure: • Regulatory compliance • Resilience to criminal and/or terrorist threats • A high level of expertise of personnel with security tasks • Awareness of all other personnel who access the sites	2020
		100% Italian sites		

3

For each Pillar, the **SDGs** that contribute to them have been identified

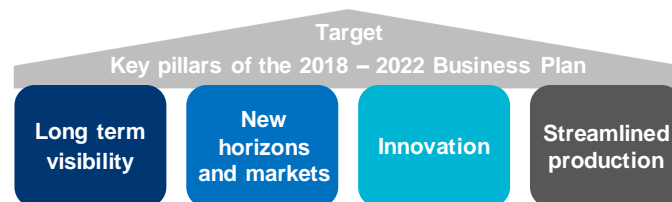
SUSTAINABLE DEVELOPMENT GOALS




FINCANTIERI
The sea ahead

Horizontal topics

Governance and business integrity



Commitments	Objectives	Description / Target	Benefits	Timetable
Promotion of the sustainability culture in line with the Group Values. Encouraging managers to think in a sustainable manner within their sphere of influence	Gradual assignment of sustainability objectives in the Company's variable remuneration system	Assign objectives related to sustainability to Italian personnel interested in the variable remuneration system	Raise awareness, assign responsibility and promote focus on the issue of sustainability	2019
Maintenance of the Corporate Governance system and risk management (including sustainability risk) in line with international best practices	Structure an Emergency Response & Crisis Management process in Safety & Security Implementation of the International Ship and Port Facility Security Code (ISPS Code)	Implement the project which consists of: <ul style="list-style-type: none"> • Appointment of the Crisis Management Team (CMT) and deputies • Periodic CMT training • Definition of methods for activating and managing the CMT • Virtual Crisis Management Room • Definition of standards for future physical Control Room Creation of a single CMT through official appointments, training and equipping a Virtual Crisis Room Implement the project which consists of: <ul style="list-style-type: none"> • Updating of the security plans for those sites subject to the ISPS Code • Personnel training • Drills • Adoption of the security process methodology even in those sites where compliance with the regulation is not compulsory 100% Italian sites	Reduce decision-makers' engagement times in relation to recovery measures. Be resilient, and ensure regulatory compliance and reduction of damage to human resources, company property and reputation Ensure: <ul style="list-style-type: none"> • Regulatory compliance • Resilience to criminal and/or terrorist threats • A high level of expertise of personnel with security tasks • Awareness of all other personnel who access the sites 	2019 2020

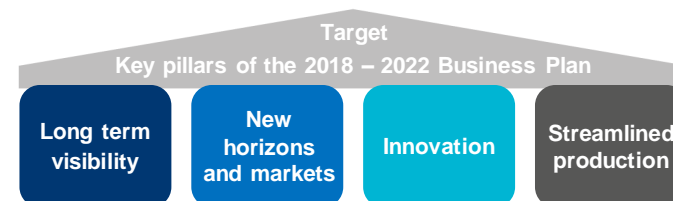


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1

Horizontal topics

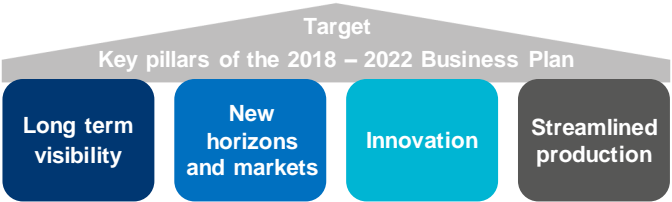
Governance and business integrity



Commitments	Objectives	Description / Target	Benefits	Timetable
Respect for the law and prevention of corruption in all spheres of influence	ISO 37001 Certification	Obtain ISO 37001 certification, which defines the requirements of the Anti-Corruption Management System, in order to support public and private organisations in combating and preventing corruption and disseminate a culture based on ethics and good conduct <i>Obtain ISO 37001 Certification for Fincantieri SpA</i>	Improve perception of the Company's and Group's ethical standing	2020
Integration of sustainability topics in dialogue with stakeholders (timeliness, accuracy, and exhaustive flow of information to stakeholders)	Implement an external Stakeholder engagement programme	Implement stakeholder engagement, a process aimed at developing constant dialogue and direct interaction with the Group's internal and external stakeholders <i>At least 1 stakeholder engagement meeting/contact each year</i>	<ul style="list-style-type: none"> Identify and understand stakeholders' priorities, expectations and needs in terms of sustainability Share decisions, actions and performance in sustainability aspects with them (materiality analysis) Create continuous dialogue in order to identify critical aspects and mitigate risks 	2022

Horizontal topics

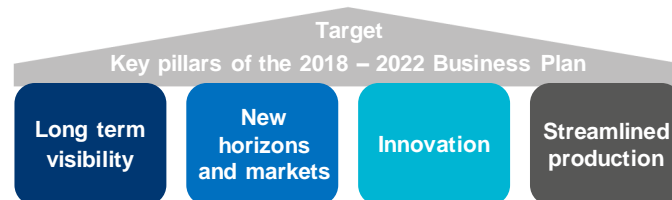
Economic and financial sustainability




Commitments	Objectives	Description / Target	Benefits	Timetable
Increasingly sustainable and responsible corporate performance, creating the conditions for development that ensures the needs and expectations of all stakeholders are met	<i>Contents of the Business Plan</i>			<div></div> <div>2022</div>

Horizontal topics

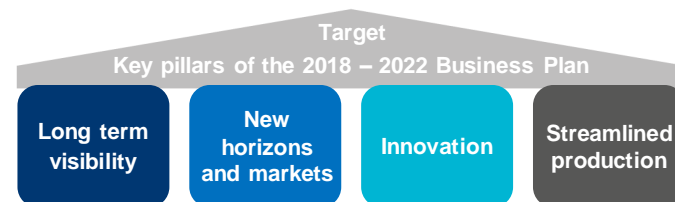
Climate change



Commitments	Objectives	Description / Target	Benefits	Timetable
Support for research to improve the analysis and management of risks associated with climate change	<i>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</i>	<p>Activate collaborations with universities / research institutes in order to develop new solutions for energy savings or reduction of greenhouse gas emissions</p> <p><i>1 project in 2019</i> <i>5 projects by 2030</i></p>	Increase / maintain product competitiveness, reduce greenhouse gas	 2019-2030

Horizontal topics

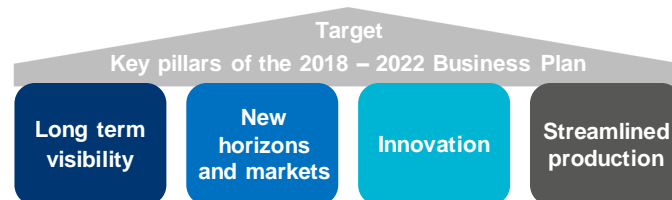
Relations with local communities




Commitments	Objectives	Description / Target	Benefits	Timetable
Dialogue with and support for local communities through social, cultural and educational initiatives	<i>Commitment to managing social activities</i>	Draft a policy that expresses the Company's commitment with regard to local community initiatives	Increase transparency and improve management of initiatives	2019
Collaboration with governments, national and international associations to adopt policies and strategies to contribute to a healthy, resilient and sustainable society for everyone	<i>Enter into agreements with Food Banks or other Associations to redirect food surpluses in canteens at Fincantieri sites</i>	<p>Enter into agreements with food associations in order to get involved in redirecting surplus food in canteens at Fincantieri sites</p> <p><i>Enter into agreements in all Italian cities in which Fincantieri has a site with a canteen</i></p>	Reduction of waste and increase the well-being of those in need and increasing the Company's reputation	2020

Horizontal topics

Human rights



Commitments	Objectives	Description / Target	Benefits	Timetable
Respect for human rights through the adoption of policies and creation of programmes to promote diversity and inclusion within the Group	<i>Annual audits to assess and monitor the most critical suppliers in terms of human rights, health and safety and the environment (Second Party Audit)</i>	<p>Conduct annual audits - tool for an informed management of the supply chain</p> <p><i>35 audits per year</i></p>	Ensure that the level of compliance is aligned with Fincantieri's standards and observance of a sustainable supply chain	 <p>2019</p>



Section 1

Long term visibility

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

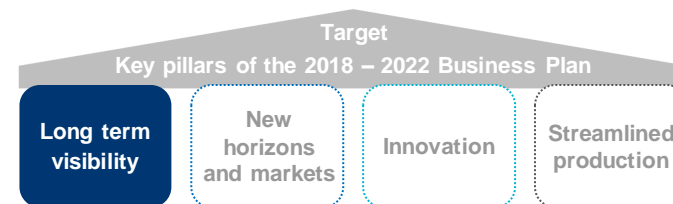
12 RESPONSIBLE CONSUMPTION AND PRODUCTION




MSC Seaside
MSC Cruises

Long term visibility

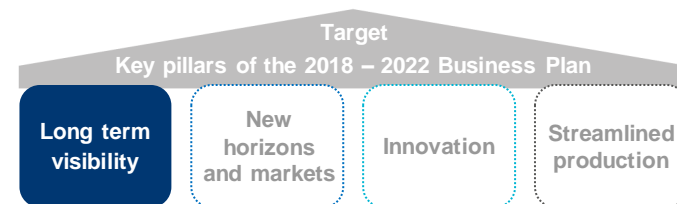
Protection of employment and industrial relationships



Commitments	Objectives	Description / Target	Benefits	Timetable
Employment and job protection to promote economic and financial sustainability	Promoting the hiring of under-35s	<p>Promote young people's employment using multiple collaboration channels with Schools and Universities. Promote activities aimed at directing young people's choices of studies in line with the demands of the employment market (graduate programmes)</p> <p><i>Keep the percentage of hires of under-35s above 40% of all new hires per year in Italy</i></p>	Encourage generational turnover and create the right mix of professional skills within the workforce, developing the required skills	 2022

Long term visibility

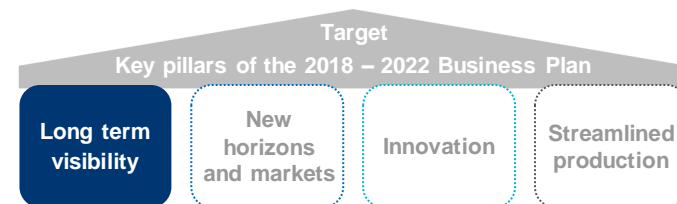
Training and education



Commitments	Objectives	Description / Target	Benefits	Timetable
Promotion of growth, training and enhancement of human capital	Collect proposals and improvement initiatives with regard to sustainability from employees and implement them (FincantieriON project)	<p>Activate, as part of the FincantieriON project, the implementation of sustainability initiatives proposed by employees with the aim of ensuring the active involvement of personnel</p> <p><i>Implement at least 4 of the most innovative ideas of employees in Italy</i></p>	Increase the active involvement of employees, contributing to the creation of a cooperative climate, and exploit the innovative benefits arising from implementing “winning” ideas	2020
	Include a sustainability module in the Fincantieri Corporate University training programmes	<p>Implement training modules on sustainability, as part of the training given by the Fincantieri Corporate University (Academy, Competency Management, PM for Staff, PM Advanced)</p> <p><i>Include 1 module on sustainability per course</i></p>	Raise staff awareness of sustainability issues	2020

Long term visibility

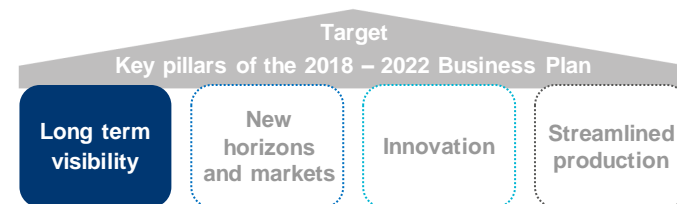
Diversity and equal opportunity



Commitments	Objectives	Description / Target	Benefits	Timetable
Promotion of programmes to promote diversity and inclusion within the Group	Commitment to human rights and diversity	Draft a policy on human rights and diversity which will enable a set of principles and rules to be defined, allowing the Group to improve commitment to these aspects	<ul style="list-style-type: none"> • Access new markets and develop employer branding • Protect against risks • Promote equality • Promote salary equality • Ensure national and European compliance 	2019
	Develop a training programme for facilitators on sustainability issues and in particular on diversity and its promotion in the Company	<p>Develop a training programme for facilitators on sustainability issues and on their promotion in the Company, as part of the Fincantieri for the Future project</p> <p><i>At least 40 facilitators trained in Italy</i></p>	Disseminate widely and naturally new behaviour and an open mentality also on sustainability issues	2020

Long term visibility

Company welfare



Commitments	Objectives	Description / Target	Benefits	Timetable
Increase the wellbeing of personnel through innovative solutions rather than traditional ones	Launch the smart working tool to support maternity from before birth until the child reaches one year as well as resources with evident non-fitness to work certified by the competent doctor	Launch a smart working project for specific categories of employees in Italy (<i>pregnant women, illness, new mothers</i>)	Increase work hour flexibility for employees with particular conditions to improve work-family life balance	2021
	Company car pooling project	Implement a platform to manage company car-pooling. Employees will be able to organise home-work commutes autonomously and immediately through a personalised portal or App downloaded to a mobile phone, benefiting from a system of promotions and incentives <i>2019 Fincantieri SpA, 2020 Italian subsidiaries</i>	Reduce the costs and consumption of fuel for employees as well as emissions associated with home-work commutes	2019 - 2020

Section 2

New horizons and markets

8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE

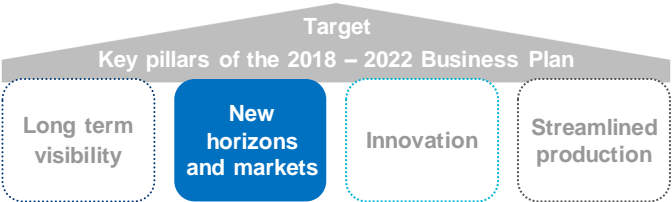


12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



New horizons and markets

Customer satisfaction



Commitments	Objectives	Description / Target	Benefits	Timetable
Listen to expectations / demands and maximize customer satisfaction	<i>Develop and apply methodologies for detecting the level of customer satisfaction. Identify new organisational solutions to strengthen customer loyalty</i>	Develop a Customer Satisfaction Index (CSI) System that consists of: <ul style="list-style-type: none"> • A CSI development plan • CSI measures and calibration • An intra-group CSI benchmark • CSI objectives for each company 	Monitor trends and act in a specific and targeted way on the areas of client dissatisfaction	 2019-2021



Section 3

Innovation

8

DECENT WORK AND
ECONOMIC GROWTH

9

INDUSTRY, INNOVATION
AND INFRASTRUCTURE

12

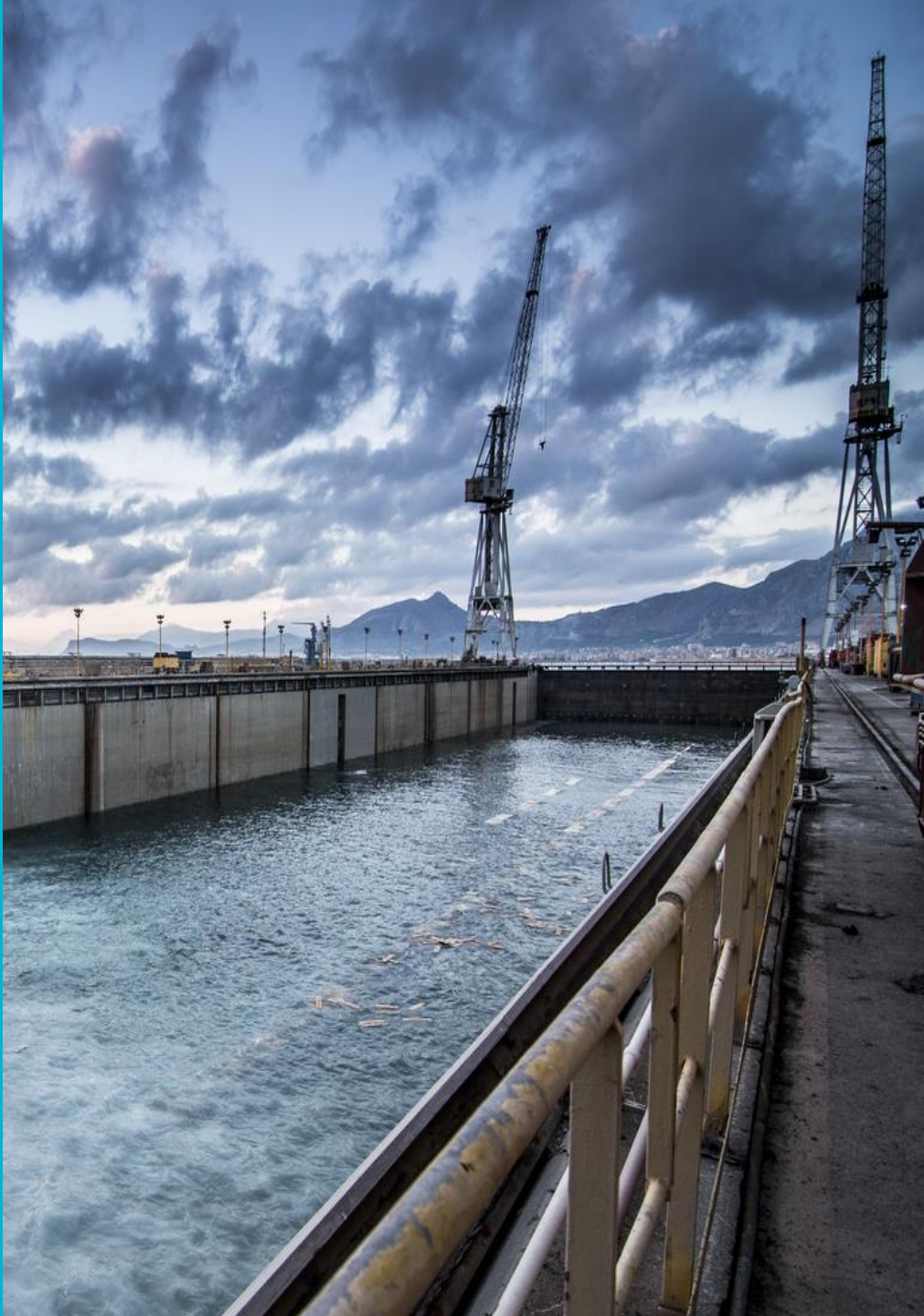
RESPONSIBLE
CONSUMPTION
AND PRODUCTION

13

CLIMATE
ACTION

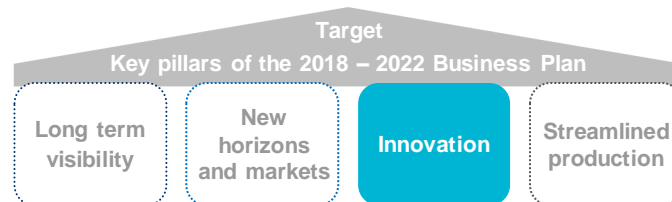
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LIFE
BELOW WATER



Innovation

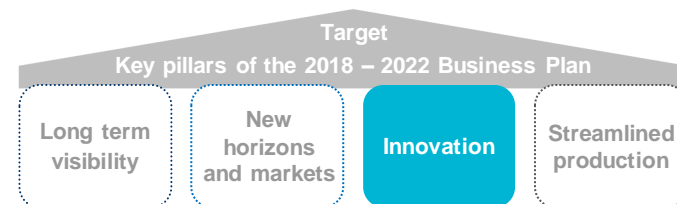
Product quality, compliance with technical standards




Commitments	Objectives	Description / Target	Benefits	Timetable
Continuous improvement of quality and respect for technical standards, in all phases of the production process to meet the high standards required by the business	<i>Keep ISO 9001 certifications on the Quality Management Systems and product certifications in line with market expectations</i>	Keep certifications active and up-to-date in every Italian site. The ISO 9001 standard defines the requirements for the Quality Management System Keep product certifications in line with sustainability paradigms (e.g. Green Passports)	Ensure observance of the quality requirements of processes in an efficient and integrated way, in line with market expectations	 Annually

Innovation

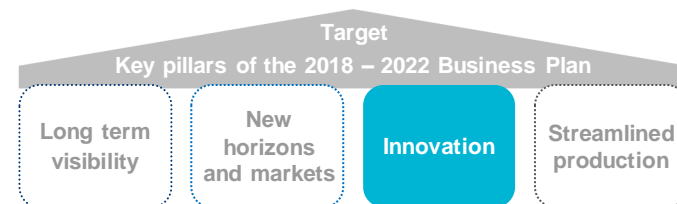
Innovation, research and development



Commitments	Objectives	Description / Target	Benefits	Timetable
Investments in research and innovation with the aim of developing sustainable, efficient, safe and competitive products and processes	<i>Development of intelligent ships and platforms (smart ships / smart offshore infrastructure) and autonomous ships. Development of innovative solutions for yards (Smart Yards)</i>	Develop: <ul style="list-style-type: none"> • A reference framework for secure interconnection (in terms of cybersecurity) between all the on-board systems to exchange/record data in real time (or near real time) on open formats • On-board systems to support the average level of autonomy (e.g. L4 as defined by LLOYD) • Offshore platforms capable of collecting double the energy of current platforms • Industria 4.0 tool to be adopted at yards to increase productivity by 50% • Tool to access digital assembly instructions and monitor progress of production work in real time on company technical systems 	<ul style="list-style-type: none"> • Optimise performance, minimise operating costs and adhering to the highest safety standards • Obtain information on the operating status in order to prepare the best operating scenario, even for critical or emergency situations • Support development of the blue economy 	 2030

Innovation

Environmental impact of products and services



Commitments	Objectives	Description / Target	Benefits	Timetable
Development of ecologically sustainable products and services with the aim of contributing to a low carbon economy	<i>Develop technological solutions that enable energy savings to be increased for ships with the same features (green ships)</i>	<p>Develop ships with high energy savings from eco-friendly/renewable sources, with reduced environmental impact in terms of emissions into the air, discharges into the sea and noise</p> <p><i>Increase ship efficiency by 30%</i></p> <p><i>Eliminate ship emissions in ports and halve navigation emissions</i></p>	Decrease greenhouse gas and other environmental impacts while maintaining competitiveness and product compatibility with the new advanced regulations	2030
	<i>Definition of an eco-design system to promote the development of environmentally sustainable ships</i>	<p>Make ready-to-use technical solutions available to the designers in the Merchant Ship Division, with systems and components with low environmental impact.</p> <p>The system will be based on a policy outlined in the Organisation Manual, on a design procedure that gathers initiatives and provides the KPIs proposed internally</p>	Implement new systems and components with low environmental impact	2019

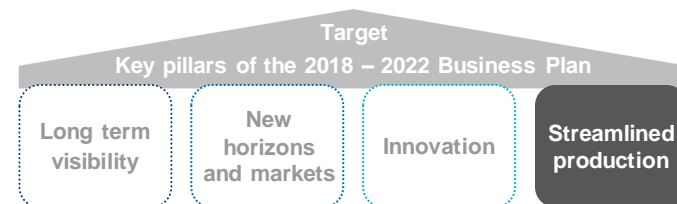
Section 4

Streamlined production



Streamlined production

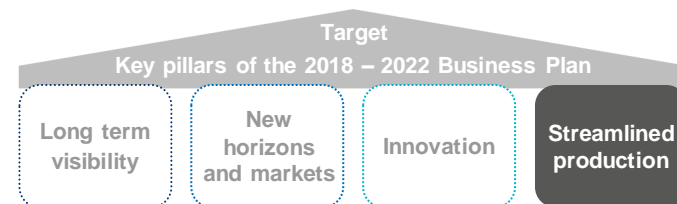
Health and safety in the workplace



Commitments	Objectives	Description / Target	Benefits	Timetable
Pursue improvements in workers' health and safety	Obtain ISO 45001 certification	Move from the current OHSAS 18001 certification to the ISO 45001 standard. ISO 45001 certification defines the requirements of the Health and Safety at Work Management System <i>100% of Italian yards certified</i>	Minimise risks, improve levels of health and safety at work, improve the Company's image, reduce insurance premiums and financial guarantees where required	2020
	Initiatives to engage subcontractors (workshops, "last metre") on issues associated with health and safety	Develop a project to engage subcontractors on issues of health and safety management <i>75% of the population that can be informed in Italy</i>	Improve awareness and management of health and safety for subcontractors' workers	2021
	Health promotion to disseminate healthy lifestyles	Develop a project to promote health in the workplace aimed at disseminating healthy lifestyles and preventing illnesses such as obesity, diabetes, strokes, etc. <i>75% of the population that can be informed in Italy</i>	Reduce absenteeism, increase productivity, reduce turnover, facilitate hiring and promotion of a positive image and one attentive to employees' needs	2022

Streamlined production

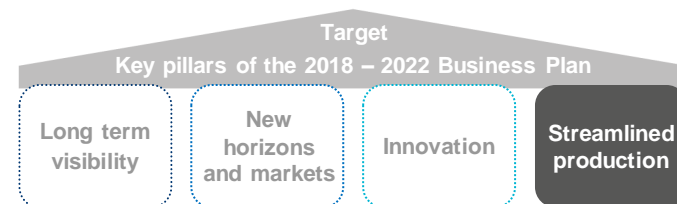
Procurement activities



Commitments	Objectives	Description / Target	Benefits	Timetable
Promotion of a responsible and sustainable supply chain based on long-lasting relationships founded on integrity, transparency and respect	Code of Ethics for suppliers	Draft a document containing a set of rules, principles and conduct in terms of sustainable procurement, in compliance with international standards and best practices	Develop a sustainable supply chain, improve positioning on the market and image. Guarantee coverage of risks associated with sustainability	2019
	Organise meetings and opportunities for dialogue with suppliers as well as training on sustainability issues	Send a questionnaire on sustainability issues (and organise meetings) to suppliers identified as priority/strategic <i>Send the questionnaire to 100% of strategic suppliers</i>	Increase engagement with suppliers in order to identify best practices and common initiatives on sustainability issues	2019
	Deliver a training course on sustainability and responsible procurement principles to employees who interact directly with suppliers	Develop an e-learning training module on sustainable procurement for employees who interact directly with suppliers in Italy <i>100% of buyers</i>	Raise awareness and train staff on sustainability issues in order to improve relations with suppliers on these specific topics	2022

Streamlined production

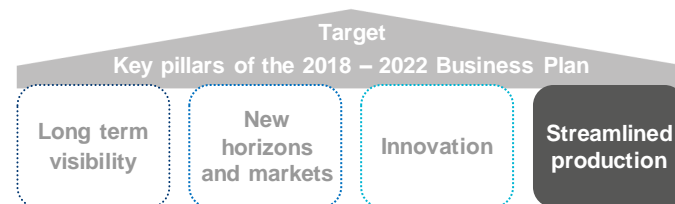
Environmental management




Commitments	Objectives	Description / Target	Benefits	Timetable
Action to raise energy efficiency and reduce carbon dioxide (CO ₂) and other pollutant emissions	Reduction of Scope 2 greenhouse gas (GHG) emissions	<p>Reduce Scope 2 greenhouse gas (GHG) emissions (associated with electricity consumption)</p> <p><i>-20% of GHG emissions compared to 2017</i></p>	Contribute to the fight against climate change (most sustainability ratings require objectives to reduce GHG emissions)	2020
Conservation of natural resources, biodiversity, and reduction of environmental impact	Obtain ISO 50001 certification	<p>Obtain ISO 50001 certification which defines the requirements for an efficient management of direct electricity consumption</p> <p><i>Obtain certification in Italy (Fincantieri SpA)</i></p>	Make rational use of energy sources, achieving specific reduction targets. Increase transparency and ease of communication regarding management of energy sources, improving image and compliance with Legislative Decree 102/2014	2021
	Increase the portion of electricity from renewable sources	<p>Purchase electricity produced by certified renewable sources</p> <p><i>100% electricity purchased in Italy</i></p>	Reduce GHG emissions with benefits for the Company image and competitive advantage on the market	2020

Streamlined production

Environmental management



Commitments	Objectives	Description / Target	Benefits	Timetable
Increase employee awareness of environmental impact and promote virtuous behaviour	Launch the Sustainable Office Project (10 rules)	<p>Launch an initiative promoting protection of natural resources within the Group, clearly defining a set of rules. The initiative also includes the digitalisation of company documents</p> <p><i>100% employees in Italy</i></p>	Promote the protection of natural resources within the Group and reducing related costs	 2019