



fincantieri

**report on corporate governance  
and ownership structure**

Pursuant to art. 123-*bis* of the Italian Consolidated Financial Act

Approved by the Board of Directors  
on 13 March 2015

**FINCANTIERI**  
The sea ahead



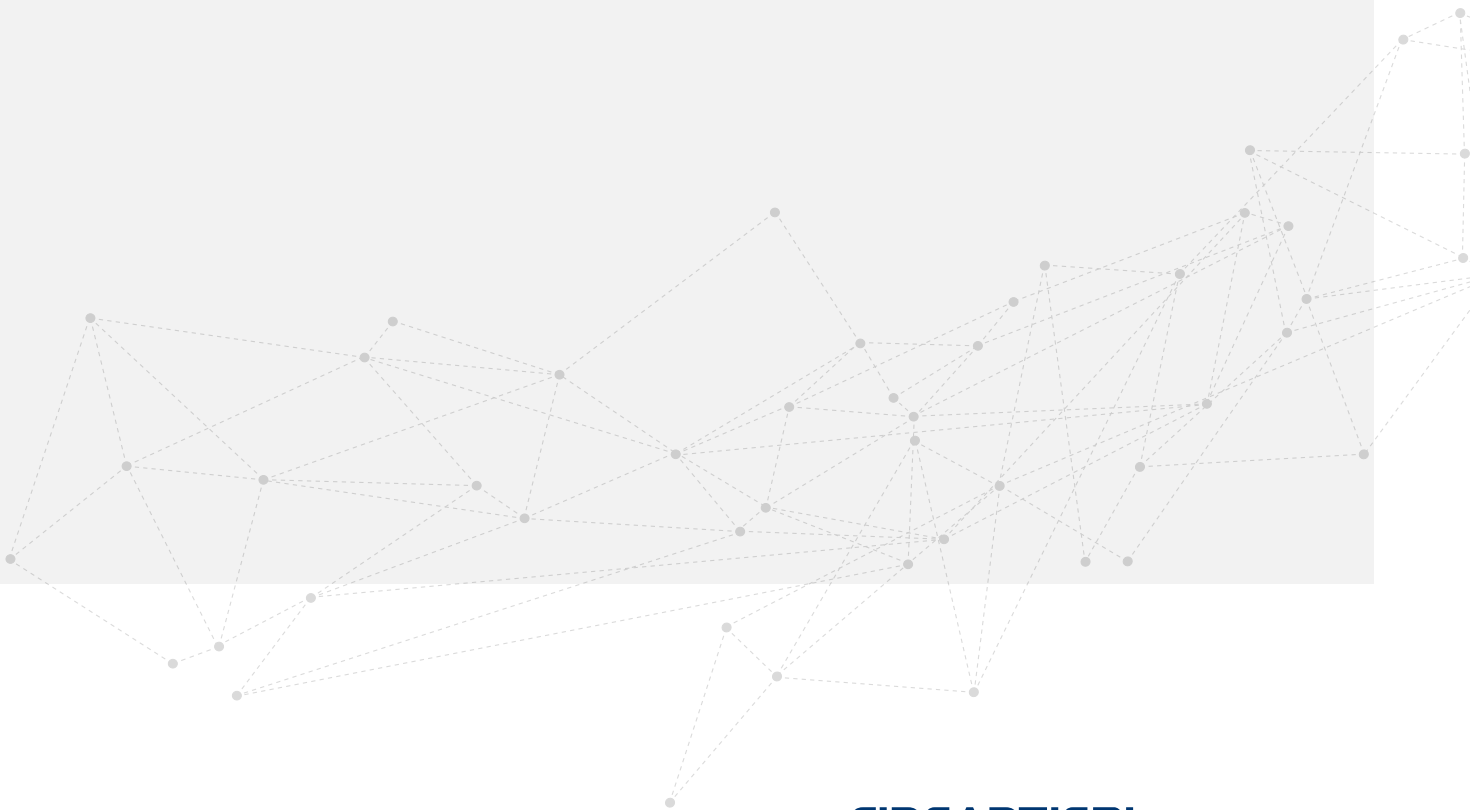


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# Glossary

## **Board of Directors or Board**

Fincantieri's Board of Directors

## **Borsa Italiana**

Borsa Italiana S.p.A.

## **By-laws**

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

## **Code of Conduct or the Code**

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

## **Committee for related party transactions or RPT Committee**

The Committee that serves as the related party transactions committee in accordance with the Consob Regulation approved through resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented

## **Compensation Committee**

The Committee established by the Board of Directors in accordance with art. 6 of the Corporate Governance Code

## **Consob Regulation on Related Party Transactions**

The Regulation adopted by Consob through resolution no. 17221 dated 12 March 2010, as subsequently amended and supplemented.

## **Control and Risk Committee**

The Committee established by the Board of Directors in accordance with art. 7 of the Corporate Governance Code

## **Corporate Governance Code**

The Self-Governance Code of listed companies, as most recently approved in July 2014, by the Corporate Governance Committee

## **Corporate Governance Committee**

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

**Corporate Governance Report or Report**

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

**Fincantieri or the Company**

FINCANTIERI S.p.A.

**Group**

Fincantieri and its subsidiaries within the meaning set forth in art. 93 of the Italian Consolidated Financial Act (TUF)

**Head of Internal Auditing**

The Head of the Internal Auditing Function appointed in accordance with art. 7.C.1 of the Corporate Governance Code

**Issuers Regulation**

The Regulation issued by Consob through resolution no. 11971 dated 14 May 1999 on issuers, as subsequently amended and supplemented

**Italian Consolidated Financial Act (TUF)**

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

**Nomination Committee**

The Committee established by the Board of Directors in accordance with art. 5 of the Corporate Governance Code

**Offering Circular**

The offering circular for the public offer for sale and subscription and admission to listing on the electronic stock market organized and managed by Borsa italiana S.p.A. of Fincantieri's ordinary shares

**Organizational Model**

The Organizational Model adopted by the Company in accordance with Legislative Decree No. 231/2001

**Disclaimer**

This Report has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the Report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.





# report on corporate governance and ownership structure

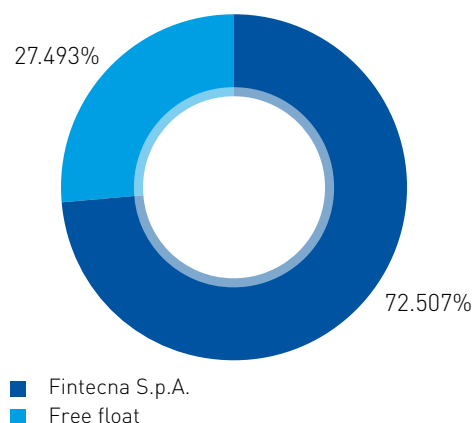
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# Executive Summary

## SHAREHOLDERS

Set forth below are graphs showing the composition of the shareholder structure and type of investors.

### SHAREHOLDER STRUCTURE



### CHARACTERISTICS OF THE SHAREHOLDER STRUCTURE

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

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

DIRECTOR	OFFICE	EXPIRY OF TERM	ROLE	IND. BY LAW	IND. UNDER CODE	CRC	CC	NC
Giuseppe Bono	Chief Executive Officer	Sh. meeting for appr. financial statements 2015	Executive	-	-	-	-	-
Vincenzo Petrone	Chairman	Sh. meeting for appr. financial statements 2015	Executive	-	-	-	-	-
Simone Anichini	Director	Sh. meeting for appr. financial statements 2015	Non-executive	✓	✓	(*)	C	C
Massimiliano Cesare	Director	Sh. meeting for appr. financial statements 2015	Non-executive	✓	✓	C	-	X
Andrea Mangoni	Director	Sh. meeting for appr. financial statements 2015	Executive under the Code (**)	-	-	-	-	-
Paolo Scudieri	Director	Sh. meeting for appr. financial statements 2015	Non-executive	✓	✓	X	X	-
Paola Santarelli	Director	Sh. meeting for appr. financial statements 2015	Non-executive	✓	-	-	-	-
Anna Molinotti	Director	Sh. meeting for appr. financial statements 2015	Non-executive	-	-	-	X	-
Leone Pattofatto	Director	Sh. meeting for appr. financial statements 2015	Non-executive	-	-	X	-	X

(\*) Member of the CRC replacing Director Pattofatto when the Committee reviews particularly important related party transactions.

(\*\*) By virtue of his appointment to the role of General Manager on 13 February 2015, with assumption of the role on 13 March 2015.

CRC: Control and Risk Committee

CC: Compensation Committee

NC: Nomination Committee

C: Chairman of the Committee

✓: Meets the requisite

X: Member of the Committee



## COMPOSITION OF THE BOARD OF DIRECTORS OVER THE COURSE OF 2014<sup>1</sup>

DIRECTOR	OFFICE	EXPIRY OF TERM	ROLE	IND. BY LAW	IND. UNDER CODE	CRC	CC	NC
Giuseppe Bono	Chief Executive Officer	Sh. meeting for appr. financial statements 2015	Executive	-	-	-	-	-
Vincenzo Petrone	Chairman	Sh. meeting for appr. financial statements 2015	Executive	-	-	-	-	-
Simone Anichini	Director	Sh. meeting for appr. financial statements 2015	Non-executive	✓	✓		X	C
Massimiliano Cesare	Director	Sh. meeting for appr. financial statements 2015	Non-executive	✓	✓	C		X
Andrea Mangoni	Director	Sh. meeting for appr. financial statements 2015	Non-executive	✓	✓	(*)	C	
Paolo Scudieri	Director	Sh. meeting for appr. financial statements 2015	Non-executive	✓	✓	X		
Paola Santarelli	Director	Sh. meeting for appr. financial statements 2015	Non-executive	✓	-			
Anna Molinotti	Director	Sh. meeting for appr. financial statements 2015	Non-executive	-	-		X	
Leone Pattofatto	Director	Sh. meeting for appr. financial statements 2015	Non-executive	-	-	X		X

<sup>1</sup> Since the date of admission to listing of the company's shares

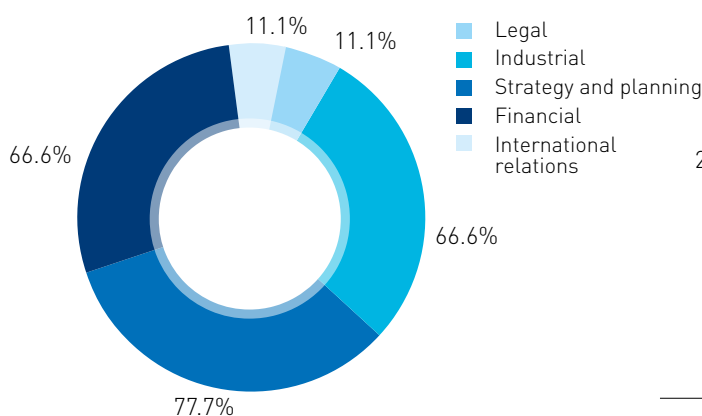
(\*) Member of the CRC replacing Director Pattofatto when the Committee reviews particularly important related party transactions

✓: Meets the requisite

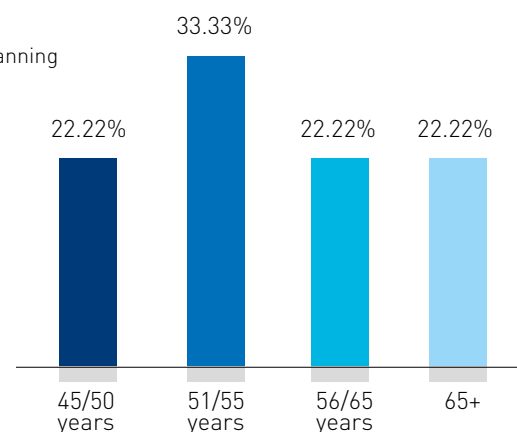
X: Member of the Committee

## CHARACTERISTICS OF THE MEMBERS OF THE BOARD OF DIRECTORS

### AREAS OF EXPERTISE



### AGE



## COMPOSITION OF THE BOARD OF STATUTORY AUDITORS

MEMBERS	ROLE	EXPIRY OF TERM
Gianluca Ferrero	Chairman	Sh. meeting for appr. financial statements 2016
Alessandro Michelotti	Standing auditor	Sh. meeting for appr. financial statements 2016
Fioranna Vittoria Negri	Standing auditor	Sh. meeting for appr. financial statements 2016
Claudia Mezzabotta	Alternate auditor	Sh. meeting for appr. financial statements 2016
Flavia Daunia Minutillo	Alternate auditor	Sh. meeting for appr. financial statements 2016

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

	FINCANTIERI	AVERAGE FOR LISTED COMPANIES (**)	
		ALL-SHARE	MID CAP
Number of Directors	9	9.8	11.4
% executive	22.2	29.5	23.6
% non-executive	77.8	70.5	76.4
% non-executive not qualifiable as independent under the Code	33.3	31.6	33
% independent under the Code	44.4	39.9	44
% less represented gender	22.2	-	-
Average age of Directors	56.6	58.4	59.1
No. BoD meetings	5	10.2	10.3
% attendance at BoD meetings	95.5	91	-
Average duration of BoD meetings	150 min	132 min	145 min
Board evaluation	Planned for mid-year 2015	79%	87.9%
View on multiple roles/offices	Adopted	46%	57%
No. of CRC meetings	3	7	7
% attendance at CRC meetings	100	78	-
Average duration of CRC meetings	80 min	106 min	111 min
No. of CC meetings	7	3.8	3.9
% attendance at the CC meetings	100	87	-
Average duration of CC meetings	75 min	70 min	69 min
No. of NC meetings	2	3.8	2.8
% attendance at NC meetings	100	-	-
Average duration of NC meetings	75 min	62 min	53 min
Number of Auditors	3	-	-
Average age of Auditors	54.6	57.2	57.4
No. of meetings	3	11.9	12.8
Average duration of meetings	300 min	147 min.	137 min
% attendance by auditors	95.3%	96%	-

(\*) The statistical data of this table for Fincantieri refers to the composition and functioning of the Board of Directors, the Committees and the Board of Statutory Auditors over the course of year 2014, starting from the admission to listing of the Company's shares.

(\*\*) Most recent available information taken from the Assonime - Emittenti Titoli S.p.A. report "La Corporate Governance in Italia: autodisciplina, remunerazioni e comply-or-explain (year 2014)" published in December 2014.

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## INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

BODY / FUNCTION		NOTES
Director in charge of the ICRMS	Chief Executive Officer	
Internal Auditing Function	-	Within the Company
Head of Internal Auditing	Stefano Dentilli	Reports to the BoD
Manager responsible for preparing financial reports	Carlo Gainelli	Head of Group Accounting and Administration
Oversight Board	Guido Zanardi (Chairman) Giorgio Pani Stefano Dentilli	External member External member Internal member
Independent Auditors	PricewaterhouseCoopers S.p.A.	Expiry of term: Shareholders' Meeting for the approval of the financial statements for year 2021

## Introduction

This Report sets forth the information required under art. 123-*bis* of the Italian Consolidated Financial Act (TUF) and the laws and regulations in force applicable to the Corporate Governance system implemented by the Company, as well as its ownership structure. In line with the recommendations set forth in the Corporate Governance Code,<sup>1</sup> followed by the Company, this Report also contains accurate and thorough information on the methods by which the Company abides by the principles/standards and criteria laid down by the Code, indicating, where applicable, any specific recommendations not followed by the Company.

## Company Profile

Fincantieri's business is focused on high value added segments, with a high level of engineering know how and a high unitary value of manufactured vessels. In all of these segments, Fincantieri holds a leadership position making it one of the most technologically sophisticated groups in the world. The Fincantieri Group is the world leader in the design and construction of cruise ships, one of the world leaders in the design and construction of military combat, auxiliary and special vessels, including submarines, and is one of the main operators at the worldwide level in the design and construction of high level offshore support vessels. The Group operates in all of its business segments with a distinctive positioning and with a diversified product portfolio that includes, in addition to cruise ships, naval and high level offshore support vessels (OSV), also ferries, mega-yachts, other offshore ships and marine systems and components. The Group also provides repair and conversion services and post-sale services.

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1. Available, in its various editions, on the website of the Corporate Governance Committee at the following address <http://www.borsaitaliana.it/committee-corporate-governance/code/2014clean.pdf>.

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

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

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

Lastly, the Equipment, systems and services operating segment is engaged in the design and manufacturing of systems and components as well as in the provision of after-sales services. These activities are carried out by FINCANTIERI S.p.A. and its subsidiaries Isotta Fraschini Motori S.p.A., Delfi S.r.l., Seastema S.p.A. and FMSNA Inc.

The Fincantieri Group's headquarters are located in Trieste. The Group has a total headcount of approximately 21,700 employees, of whom approximately 7,700 are based in Italy, and operates in 13 countries on 4 different continents. Fincantieri has 56 subsidiaries, of which 11 are Italian and 45 are foreign; the Group's main subsidiaries are: Orizzonte Sistemi Navali S.p.A., Isotta Fraschini Motori S.p.A., Fincantieri Marine Systems North America Inc., Fincantieri Marine Group LLC, CETENA S.p.A. and VARD, a group with operating headquarters in Norway that is listed on the Singapore Stock Exchange.



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# Information on Ownership Structure

## 1. Ownership structure

### 1.1 STRUCTURE OF THE SHARE CAPITAL

The Company's capital is comprised exclusively of ordinary shares without nominal value. The shares are registered, indivisible and each share entitles its holder to one vote. The shares are freely transferable.

As of 31 December 2014, Fincantieri's share capital amounted to Euro 862,980,725.70 comprised of 1,692,119,070 shares. Such figure is also confirmed as of the date of this Report.

The Company's shares are listed on the Italian stock market (*Mercato Telematico Azionario* - MTA) organized and managed by Borsa Italiana.

### 1.2 SIGNIFICANT SHAREHOLDINGS AND SHAREHOLDERS' AGREEMENTS

Based upon Fincantieri's shareholders' register, reports made to Consob and received by the Company and other information available to the Company, as of the date of this Report, no person - with the exception of the controlling shareholder (see below) - holds a shareholding in Fincantieri that exceeds 2% nor there is knowledge of the existence of any shareholders' agreements within the meaning set forth in art. 122 of the Italian Consolidated Financial Act (TUF) concerning the Company's shares.

As for the controlling stake, 72.507% of the share capitale is held indirectly by Cassa depositi and prestiti S.p.A. (a company controlled by the Italian Ministry of the Economy and Finance) through its subsidiary Fintecna S.p.A.

MAIN SHAREHOLDERS		% OF FINCANTIERI'S SHARE CAPITAL
INDIRECT	DIRECT	
Cassa Depositi e Prestiti S.p.A.	Fintecna S.p.A.	72.507%

Since the start date of trading on the Italian stock market (*Mercato Telematico Azionario* - MTA) of Fincantieri's shares (3 July 2014), the Company is no longer subject to guidance and coordination activities within the meaning set forth in arts. 2497 et seq. of the Italian Civil Code, previously performed by Fintecna S.p.A. As indicated in the Offering Circular (to which reference is made), starting on such date, Fintecna S.p.A. ceased to exercise direction and coordination over the Company. In line with the foregoing, Fincantieri: (i) operates fully autonomously in its relationships with clients and suppliers without being subject to any outside interference; (ii) autonomously prepares strategic, business, financial and/or budget plans of the Company and the Group; (iii) is not subject to rules issued by Fintecna; (iv) has no treasury contracts in place with Fintecna and has not entrusted to Fintecna any financial assistance or coordination functions; (v) does not receive

any directives or instructions from Fintecna either on financial and lending matters or on the execution of extraordinary transactions or on business strategies.

### 1.3 LIMITS ON THE POSSESSION OF SHAREHOLDINGS AND VOTING RIGHTS

Pursuant to art. 3 of Draft Law No. 332 of 31 May 1994, converted with amendments to Law No. 474 of 30 July 1994, (known as the “Law on Privatizations”), art. 6-*bis* of the By-laws provides that no person or entity other than the Italian State or public entities or other entities controlled by it may hold, on any basis whatsoever, shares in Fincantieri representing more than 5% of its share capital except to the extent allowed under the applicable laws.

The maximum limit on shareholdings is calculated also taking into account overall equity stakes held by the controlling person or entity, whether it be an individual, legal entity, company or other entity; all direct and indirect subsidiaries, as well as companies controlled by a single controlling entity; affiliate entities, as well as individuals who are connected by virtue of family relationships or the like up to the second degree or by marriage, provided that the spouse in question is not legally separated. For purposes of calculating the above-mentioned maximum limit on shareholdings of 5%, shares held through trust companies and/or indirectly through other persons or agents are also taken into account.

Voting rights pertaining to shares held in excess of the above-mentioned limit of 5% may not be exercised and the voting rights that would be exercisable by each of the parties subject to the shareholding limit would be proportionately reduced, unless joint indications are received in advance from the shareholders interested. In case of breach of the above rules, the shareholders’ resolution is challengeable under article 2377 of the Italian Civil Code if it is found that the required majority would not have been reached without the votes in excess of the above-mentioned maximum limit. Shares for which the voting rights may not be exercised are nonetheless taken into account for purposes of the determining whether the Shareholders’ Meeting has been duly constituted.

However, on the basis of the provisions of the Law on Privatizations, the By-laws provision that limits shareholdings and voting rights would cease to apply if the 5% limit is exceeded following a public tender offer as a result of which the offeror ends up holding shares for at least 75% of the share capital with voting rights on resolutions concerning the appointment and removal of directors.

### 1.4 SPECIAL POWERS OF THE ITALIAN STATE

As a result of the type of business operations conducted, the Company is subject to the provisions set forth in art. 1 of Draft Law No. 21 of 15 March 2012, converted with amendments into Law No. 56 of 11 May 2012, (“D.L. No. 21/2012”), on the special powers of the State in defense and national security sectors (referred to as “golden powers”).

In particular, the above-mentioned art. 1 establishes that, with reference to companies that engage in “*business operations of strategic importance for the defense and national security system*”, the Italian State, in the event of a threat of serious harm to the fundamental interest of defense and national security, and regardless of any By-laws provisions in such regard<sup>2</sup>, may:

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2. Such powers are exercised through a Decree issued by the Council of Ministers that was adopted through a conforming resolution passed by the Council of Ministers to be sent simultaneously to the competent Parliamentary Commissions.

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- a) Impose specific conditions on the security of procurements, the security of information, technological transfers, controls on exportations in the event of acquisition, of any nature, of shareholdings in enterprises that engage in business operations of strategic importance for the defense and national security system;
  - b) Prohibit the adoption of resolutions by the Shareholders' Meeting or management bodies of an enterprise referred to in letter a), concerning the merger or spin-off of the company, the transfer of the company or business units of the same, or of subsidiaries, the transfer abroad of the registered office, the change in corporate purpose, the dissolution of the company, the amendment of By-laws provisions that may be adopted pursuant to art. 2351, paragraph 3, of the Italian Civil Code, or introduced pursuant to art. 3, paragraph 1, of D.L. No. 332/1994<sup>3</sup>, sales of *in rem* rights or rights of use related to tangible or intangible assets or the acceptance of restrictions limiting their use;
  - c) Oppose the acquisition, of any nature, of shareholdings in a company referred to in letter a) by an entity other than the Italian State, Italian public entities or entities controlled by the same, if the purchaser ends up holding, directly or indirectly, including through subsequent acquisitions, or indirectly through agents or otherwise affiliated entities, voting shares capable of jeopardising, in the specific case, defense and national security interests. For this purpose, the above rules apply to any shareholding held by third parties with whom the purchaser has entered into any of the agreements referred to under art. 122 of the Italian Consolidated Financial Act (TUF) or those referred to in art. 2341-*bis* of the Italian Civil Code.

In implementation of D.L. No. 21/2012, the “*business operations of strategic relevance for the defense and national security system*” were identified under Decree No. 253 issued by the President of the Council of Ministers on 30 November 2012, (“DPCM No. 253/2012”), as subsequently abrogated and replaced by Decree no. 108 issued by the President of the Council of Ministers on 6 June 2014, (“DPCM No. 108/2014”).

#### 1.4.1 Veto power of the Italian State with regard to the adoption of certain corporate resolutions

As described above, the Italian State may exercise a veto power with regard to resolutions passed by the Shareholders' Meeting or the Board of Directors of Fincantieri on the matters indicated in art. 1, paragraph 1, letter b), of D.L. No. 21/2012 (see point b) of paragraph 1.4 above).

In order to assess the possible threat of serious harm to the fundamental interests of defense and national security that may derive from such resolutions, in accordance with art. 1, paragraph 2, of Draft Law No. 21/2012, the Italian Government considers, also taking into account the subject matter of the resolution, the strategic importance of the assets or enterprises being transferred, the capacity of the structure resulting from the resolution or the transaction to guarantee the integrity of the defense and national security system, the security of information related to military defense, international interests of the State, the protection of the national territory, critical and strategic infrastructures and borders, as well as the other elements subject to assessment in the event of acquisition of shareholdings in the situations referred to in paragraph 1.4.2. below.

For purposes of a possible exercise of the veto power, Fincantieri is required to provide to the President of the Council of Ministers, prior to the adoption of a resolution or other act or deed on the above-mentioned matters, full disclosure on the resolution or act or deed to be adopted and the President of the Council of Ministers makes the related decisions in such regard and notifies

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3. As most recently amended pursuant to art. 3 of the Draft Law No. 21/2012.

Fincantieri of the same in accordance with the procedures and timetables provided under D.L. No. 21/2012 and Presidential Decree No. 35 issued by the President of the Republic on 19 February 2014 (“DPR No. 35/2014”).

In particular, within fifteen business days from the notification, which term may be extended by an additional ten business days in the event of a request for additional information, the President of the Council of Ministers would notify the veto, if any. Upon the expiry of such deadline without any veto measure having been passed, the transaction may be executed (silence implies consent). The veto power may also take the form of an imposition of specific requirements or conditions where considered sufficient to ensure the protection of fundamental defense and national security interests.

Any resolutions, documents or actions adopted in breach of the above-mentioned veto power are null and void. The President of the Council of Ministers may furthermore enjoin the company and any counterparty to restore the prior situation at their own expense.

Draft Law No. 21/2012 imposes upon any person in breach of these provisions administrative sanctions up to twice the value of the transaction, and in any case not lower than 1% of the overall turnover realized by the enterprises involved in the most recent financial year for which a financial statements has been approved.

#### 1.4.2 Power of the Italian State to impose conditions or to challenge the acquisition of shareholdings in the Company

Pursuant to art. 1, paragraph 5, of D.L. No. 21/2012, any person - with the exception of the Italian State, Italian public entities or entities controlled by them - who acquires a shareholding in the Company exceeding the threshold provided under art. 120, paragraph 2, of the Italian Consolidated Financial Act (TUF) or a shareholding that exceeds the thresholds of 3%, 5%, 10%, 15%, 20% and 25%, is required, within ten days of such acquisition, to notify the President of the Council of Ministers of the same. Following such notification, the Italian State may impose specific conditions in accordance with art. 1, paragraph 1, lett. a), of D.L. No. 21/2012 (see point a) of paragraph 1.4 above) or oppose the acquisition of the shareholding in accordance with art. 1, paragraph 1, lett. c), of D.L. No. 21/2012 (see point c) of paragraph 1.4 above), in the event that it finds a threat of serious harm to the fundamental defense and national security interests as a result of such acquisition.

Under art. 1, paragraph 3, of D.L. No. 21/2012, in order to assess the threat of serious harm to fundamental defense and national security interests deriving from the purchase of the shareholding, the Government, in accordance with principles of proportionality and reasonableness, considers, taking into account the purchaser’s potential influence over the company, also in consideration of the size of the shareholding acquired:

- a) The adequacy, also taking into account the methods of financing of the acquisition, the economic, financial, technical and organizational capabilities of the purchaser, as well as the industrial plan, in order to ensure the regular continuation of business operations, the maintenance of technological assets, also with reference to key strategic assets and continuity of procurements, as well as the proper and exact performance of contractual obligations undertaken toward government and public entities, whether directly or indirectly, by the company a shareholding in which is being purchased, with specific regard to relationships related to national defense, public order and national security;
- b) The existence, also taking into account the official positions of the European Union, of objective reasons that may support a finding of a possible existence of connections between the purchaser and third party countries which do not recognize principles of democracy or the rule of law, which do not honor rules of international law or which have engaged in risky conduct vis-à-vis the international community, as proven by the nature of their alliances, or



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which have relationships with criminal or terrorist organizations or with persons or entities related to such organizations.

Decisions on any imposition of conditions or the exercise of the power of opposition are made by the President of the Council and notified to the purchaser in accordance with the procedures and timetables provided under D.L. No. 21/2012 and DPR No. 35/2014.

In particular, within fifteen business days of the notification, subject to extension by an additional ten business days in the event of a request for additional information, the President of the Council of Ministers notifies any imposition of conditions or the exercise of the power of opposition.

Until the expiry of the deadline for the imposition of conditions or for the exercise of the power of opposition, voting rights and rights other than economic rights, related to shares representing the material shareholding are suspended.

If the President of the Council of Ministers exercises the power to impose conditions, in the event of breach or failure to fulfill the conditions imposed upon the purchaser and for as long as any such breach or non-fulfillment may continue, voting rights or rights other than economic rights, related to shares or quotas representing the material shareholding are suspended.

Any resolutions adopted with the decisive vote of such shares or quotas, as well as resolutions, agreements or actions adopted in breach of the conditions imposed, are null and void. A purchaser who fails to honor the conditions imposed is furthermore, unless the relevant conduct amounts to a criminal offense, subject to an administrative monetary sanction equal to twice the value of the transaction and, in any case, not lower than 1% of the turnover realized in the most recent financial year for which a financial statements has been approved.

In the event of exercise of the power to oppose the acquisition of the shareholder, the purchaser may not exercise voting rights and, in any case, rights other than economic rights, related to the shares representing the material shareholding, and will be under an obligation to transfer such shares within one year. In case of breach of the above requirement, the Court, at the request of the President of the Council of Ministers, orders the sale of the above-mentioned shares in accordance with the procedures provided under art. 2359-ter of the Italian Civil Code. Any Shareholders' Meeting resolutions passed with the decisive vote of such shares are null and void.

Therefore, without prejudice to the limits on shareholdings provided under art. 6-bis of the Company's By-laws (see paragraph 1.3 above), any person – with the exception of the Italian State, Italian public entities or entities controlled by them – who acquires shareholdings exceeding the thresholds provided under art. 1, paragraph 5, of D.L. No. 21/2012, will be subject to the procedure entailing the notification to the President of the Council of Ministers for purposes of the possible exercise by the Italian State of its special powers, which may, in certain cases, lead to the imposition of conditions or the opposition by the latter to the acquisition of corporate shareholdings in the Company on the part of third parties.

Furthermore, it should be noted that art.3 of D.L. No. 21/2012 provides that, subject to the power to oppose the acquisition (provided under art. 1, paragraph 1, letter c) of D.L. 21/2012), any acquisition of any nature by a non-EU party<sup>4</sup> of shareholdings in Fincantieri is permitted subject to reciprocity, in accordance with international agreements entered into by Italy or the European Union.

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<sup>4</sup> Under art. 2, paragraph 5, last sentence, of Draft Law No. 21/2012, the term "non-EU person/party" means "any individual or legal entity that does not have residence, habitual domicile or registered office or administrative office or main center of business operations in a Member State of the European Union or the European Economic Area or that is, in any case, not established there".

## 1.5 SHAREHOLDINGS HELD BY EMPLOYEES: MECHANISMS FOR THE EXERCISE OF VOTING RIGHTS

Art. 137, third paragraph, of the Italian Consolidated Financial Act (TUF) provides that the By-laws of listed companies may contain provisions aimed at facilitating the voting by proxy by shareholders who are employees.

In line with the foregoing, art. 15 of Fincantieri's By-laws expressly provides that, in order to facilitate the gathering of proxies from shareholders who are employees of the Company and its subsidiaries and members of associations of shareholders who meet the requisites provided under the applicable legal framework on this matter, areas to be used for communications and gathering proxies must be made available to such associations, in accordance with the timetables and procedures from time to time agreed with their legal representatives.

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

## 1.6 APPOINTMENT AND REPLACEMENT OF DIRECTORS AND AMENDMENTS TO THE BY-LAWS

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

Amendments to the By-laws are adopted by the extraordinary Shareholders' Meeting of the Company with the quorums provided under the applicable legal framework.

Subject to the foregoing, art. 25 of the By-laws entrusts to the Board of Directors, pursuant to art. 2365 of the Italian Civil Code:

- Resolutions concerning mergers and spin-offs in the situations provided by law;
- The establishment or closure of secondary offices;
- An indication of which directors have powers to represent the Company;
- Reduction of the share capital in the event of withdrawal of one or more shareholders;
- Amendment of the By-laws to comply with applicable laws and regulations;
- Transfer of the registered office within Italy.

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

As of the date of this Report, no mandates have been granted to the Board of Directors aimed at increasing the share capital in accordance with art. 2443 of the Italian Civil Code nor have any authorizations been issued for the issue of equity securities or the purchase of treasury shares of the Company in accordance with arts. 2357 et seq. of the Italian Civil Code.

## 1.8 CHANGE OF CONTROL CLAUSES

### A) 2013 Bond Issue

In November 2013, Fincantieri issued unsecured bonds reserved to institutional investors in the total amount of Euro 300 million, aimed at ensuring that the Company would have adequate financial flexibility to pursue its development plans and to complete the expansion projects already

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underway. The bonds, which were placed at an issue price equal to 99.442% of its face value, pay a fixed interest rate per annum of 3.75% to be paid through annual coupons in arrears, falling due every year on 19 November and redemption of principal in a bullet payment on 19 November 2018. The bonds are listed on the Luxembourg Stock Exchange.

The terms and conditions of the bond provide for a right on the part of the bondholders to request early redemption of the bonds in the event of a change of control (referred to as a “change of control clause”). In this regard, the term “change of control” refers to a circumstance in which an entity other than the Italian State (or Ministries) or entities or companies directly or indirectly controlled by the Italian State or by its Ministries, ends up holding: (a) power (i) to exercise or control the exercise of over one half of the votes capable of being expressed in the ordinary Shareholders’ Meeting of the Company or (ii) to appoint or remove (as a result of the exercise of dominant influence within the meaning set forth in art. 2359, paragraph 1, numbers 2 and 3, of the Italian Civil Code or otherwise), all or a majority of the members of the Company’s Board of Directors or (iii) to give binding instructions to the Company’s Board of Directors with reference to operational and financial guidelines and directives; or (b) the capacity to exercise a dominant influence within the meaning set forth in art. 2359, paragraph 1, numbers 2 and 3, of the Italian Civil Code upon the Company or upon the entity that controls it.

#### **B) EIB Loan**

In 2012, in order to finance its research and development programs, the Company requested and obtained a loan from the European Investment Bank (“EIB”) in the total amount of Euro 140 million. The total amount of such loan was disbursed in three different tranches, as follows: (i) the first tranche in the amount of Euro 80 million disbursed in July 2012 is repayable in 12 semi-annual installments starting in January 2014, with final maturity in July 2019 and accrues interest at Euribor plus a spread of 1.799%; (ii) the second and third tranches, each in the amount of Euro 30 million, disbursed in March 2013, are repayable in a single bullet payment in March 2017 and accrues interest at Euribor plus spreads of, respectively, 0.433% and 0.63%.

The loan in question includes a change of control clause on the basis of which EIB may request early repayment of the loan and the payment of amounts due in such regard, upon the expiry of at least thirty days from the related request for repayment, in the event that (i) any person/entity or group of persons/entities acting in concert were to obtain control over the Company or the entity that directly or indirectly controls the same, or (ii) the Italian Ministry of the Economy and Finance ceases to hold, directly or indirectly, over 50% of the Company’s share capital, it being agreed that no change of control would occur under such loan in the event that the Italian State, through one or more Ministries (including the Ministry of the Economy and Finance) and/or other entities directly or indirectly controlled by the Italian State, maintain control over the Company or the party that directly or indirectly controls the Company or becomes the actual holder, whether directly or indirectly, of over 50% of the Company’s share capital.

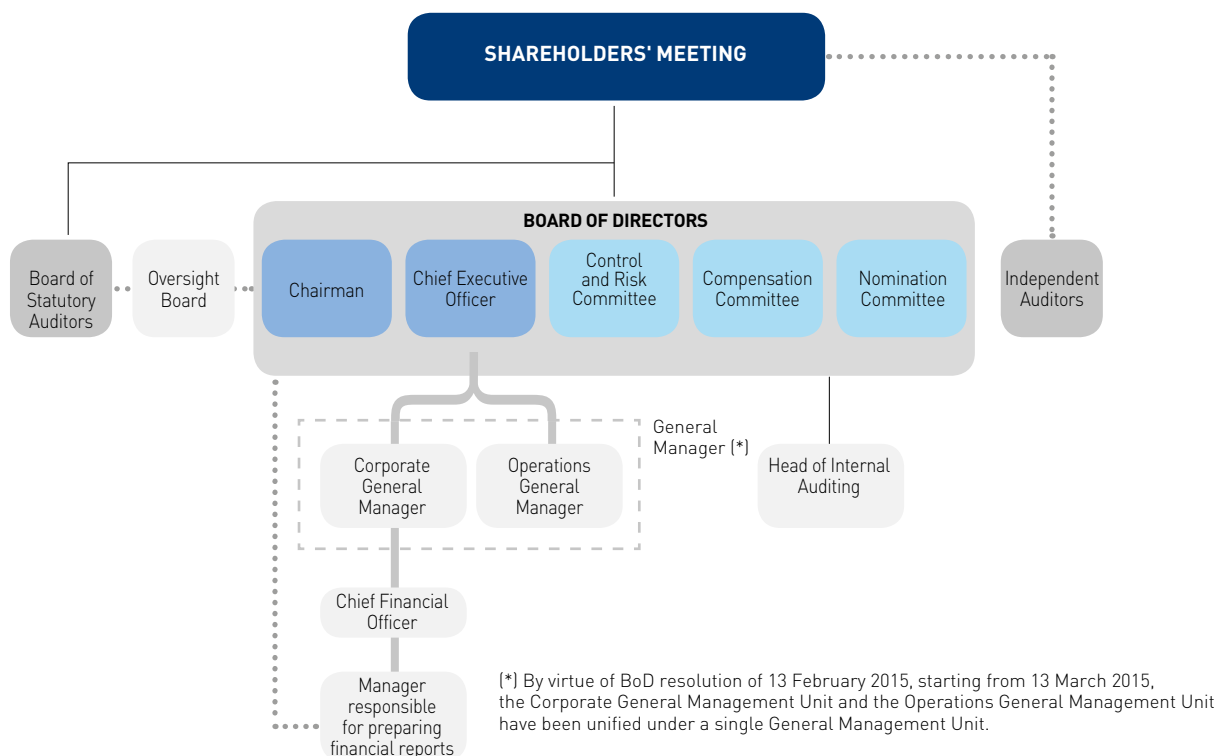
### 1.9 INDEMNITIES OWED TO THE DIRECTORS IN THE EVENT OF EARLY TERMINATION OF THE RELATIONSHIP, INCLUDING FOLLOWING A PUBLIC TENDER OFFER

For a description of the indemnities payable in the event of early termination of the relationship, see paragraphs 2.1.6 (Section I) and 5 (Section II) of the Compensation Report approved by the Board of Directors on 27 February 2015 in accordance with art. 123-*ter* of the Italian Consolidated Financial Act (TUF) and available on the Company’s website at [www.fincantieri.com](http://www.fincantieri.com), in the Section “Corporate Governance – Compensation”.

# Information on Corporate Governance

## 2. Corporate Governance system

Fincantieri's Corporate Governance is structured as follows:



### 2.1 SHAREHOLDERS' MEETING

The Shareholders' Meeting is the corporate body through which the Shareholders take part in the Company's decisions on matters reserved to them by law and under the By-laws.

The Shareholders' Meeting to be called to approved the financial statements for 2014 will be the first Shareholders' Meeting to be held following the Company's listing.

During such Shareholders' Meeting, the Board of Directors will report on activities performed and planned and will ensure that the Shareholders are given adequate disclosure on elements necessary for making informed and carefully pondered decisions.

#### 2.1.1 Areas of competence and quorums

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

The ordinary Shareholders' Meeting is therefore competent to resolve upon, *inter alia*: (i) the approval of the financial statements and allocation of profit; (ii) the appointment of corporate bodies and their compensation; (iii) any revocation of corporate bodies and liability actions; (iv)

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the grant of the mandate to the Company's auditors; (v) the purchase of treasury shares; and (vi) the approval of the Shareholders' Meeting regulation.

The extraordinary Shareholders' Meeting resolves upon amendments to the By-laws and extraordinary transactions such as mergers, spin-offs and capital increases, subject to the Board of Directors' reserved matters indicated in paragraph 1.6 above, to which reference is made.

Resolutions, for both ordinary Shareholders' Meetings and extraordinary Shareholders' Meetings, whether on first, second or third call, or through a single call, are as a result adopted with the quorums required by law for each individual situation. The election of the corporate bodies takes place using the "slate voting" system, as described in paragraphs 2.2.4 and 2.4.2 below.

Specific majorities are required under art. 29 of the By-laws for related party transactions in the event that the Shareholders' Meeting is called to resolve upon (i) in the event of urgency due to crisis situations faced by the Company where the control body's assessment on the existence of reasons for urgency were negative, (ii) in the event of a negative opinion by the related party transaction Committee (RPT Committee) on Most Significant Transactions (for definitions see paragraph 4.1 below). In such cases, the resolutions passed by the Shareholders' Meeting are deemed approved if (a) they have been reached with the quorums provided under the By-laws and (b) if the unrelated shareholders in attendance at the Shareholders' Meeting represent at least ten percent of the voting share capital, the majority of the unrelated voting shareholders does not vote against the transaction.

### 2.1.2 Procedures for calling Shareholders' Meetings

Under art. 13 of the By-laws, the Shareholders' Meetings, whether ordinary or extraordinary, are normally held upon a single call. It is therefore up to the Board of Directors to establish, where deemed advisable, that ordinary and/or extraordinary Shareholders' Meetings should be held with more than one call.

The ordinary Shareholders' Meeting must be called at least once annually for the approval of the financial statements, at the latest within one hundred eighty days from the close of the financial year. The Shareholders' Meeting is called through a notice of call drafted in accordance with applicable provisions of law and published at least thirty days prior to the scheduled date of the Shareholders' Meeting in accordance with the procedures provided under the applicable legal framework<sup>5</sup>. The deadline is moved forward by forty days in the event of Shareholders' Meetings called to appoint corporate bodies.

In accordance with the same procedures and by the same deadline for publication of the notice of call, the Board of Directors – unless otherwise provided by law – makes available to the public a report on the matters on the agenda of the Shareholders' Meeting.

### 2.1.3 Eligibility to attend Shareholders' Meetings and procedures for the exercise of voting rights.

Eligibility to attend Shareholders' Meetings and the procedures for the exercise of voting rights are governed by the applicable legal framework in force.

In particular, under art. 83-*sexies* of the Italian Consolidated Financial Act (TUF), eligibility to attend the Shareholders' Meeting and to exercise voting rights must be certified through a notification sent to the Company by a qualified intermediary in favor of the person entitled to exercise the voting right. Such notification is made by the intermediary on the basis of accounting

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<sup>5</sup> The notice is published on the Company's website and, in excerpt form, in at least one national newspaper, as well as in accordance with the other procedures provided under the applicable legal framework.

records at the end of the accounting day of the seventh trading day prior to the scheduled date of the Company's Shareholders' Meeting (referred to as the "*record date*"). Registrations (whether credit or debit registrations) made on the intermediary's accounts after the above-mentioned deadline of seven days are not relevant for purposes of eligibility to exercise voting rights at the Shareholders' Meeting.

Notifications made by the intermediary must be received by the Company within the terms laid down by the regulation in force, without prejudice to eligibility to attend and vote in situations in which the notifications are received by the Company after the above-mentioned deadline, provided they are received before the commencement of works at the Shareholders' Meeting held on a single call.

Under art. 15 of the By-laws, each shareholder who is entitled to attend the Shareholders' Meeting may be represented, through a written proxy or a proxy granted electronically, in accordance with the applicable legal framework. The voting proxy may be notified to the Company electronically through the use of a certified e-mail or through a dedicated section of the website, in accordance with indications given from time to time in the notice of call.

Furthermore, the By-laws, in order to facilitate the gathering of proxies from Shareholders who are employees of the Company and its subsidiaries and members of shareholders' associations that meet the requisites provided under the applicable legal framework on this matter, provide that areas to be used for communications and gathering proxies must be made available to such associations, in accordance with the terms agreed from time to time with their legal representatives. The Company is also entitled to designate, for each Shareholders' Meeting, a person to whom the shareholders may grant a proxy with voting instructions on all or some of the proposals set forth on the agenda in accordance with the methods provided under the applicable regulations. In such cases, the proxy has no effect with regard to proposals for which no voting instructions have been given.

Under the By-laws, the notice of call may also provide, on a case-by-case basis, that those who are entitled to vote (i) may take part in Shareholders' Meetings through telecommunications means and exercise voting rights through correspondence and/or electronically, in accordance with the applicable legal framework.

#### 2.1.4 Shareholders' rights

Under the applicable legal framework in force:

- Shareholders who, individually or jointly, represent at least one fortieth of the share capital, within ten days of the publication of the notice of the Shareholders' Meeting, may (except on matters upon which the Shareholders' Meeting resolves at the Directors' proposal or on the basis of plans or reports prepared by them) (i) request that specific items are added to the agenda, indicating in the request the additional matters proposed and (ii) submit proposals for resolutions on matters already included on the agenda;
- Those who are entitled to vote may ask questions on the items on the agenda even prior to the Shareholders' Meeting by the deadline indicated in the notice of call. Such questions are answered, at the latest, during the Shareholders' Meeting.

In any case, during the Shareholders' Meeting, those who are entitled to vote may submit, even individually, questions or resolution proposals.

#### 2.1.5 Conduct of the Shareholders' Meeting

Under the By-laws, the Shareholders' Meeting is chaired by the Chairman of the Board of Directors or by another person delegated by the Board of Directors. In the absence of such delegated chairman,

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the Shareholders' Meeting elects its own Chairman. The Shareholders' Meeting appoints a Secretary, who need not be a shareholder, and may select among attendees one or more scrutineers.

On 5 May 2014, the ordinary Shareholders' Meeting of the Company approved the Rules of procedure for the Shareholders' Meetings with effect as of the start of trading of Fincantieri's shares on the Italian stock market (*Mercato Telematico Azionario* - MTA).

The above-mentioned Rules govern, *inter alia*, the methods for verifying eligibility to attend Shareholders' Meeting, access to premises where the Shareholders' Meeting is held and voting procedures, as well as the role of the Chairman of the Shareholders' Meeting, who is entrusted with the task of overseeing the meeting's works, ensuring the properness of discussions and safeguarding the attendees' rights. For this aim, the Chairman of the Shareholders' Meeting, at the commencement of works, establishes the maximum duration of each presentation, which as a result would not exceed fifteen minutes. The request to make a presentation on individual items on the agenda may be submitted to the chairman's office from the constitution of the Shareholders' Meeting until the Chairman of the Shareholders' Meeting has opened discussions on each item on the agenda. Each attendee is entitled to give only one presentation on each item on the agenda. After the close of discussions, only brief statements on voting are permitted.

Minutes for the Shareholders' Meetings are drafted and signed by the Chairman and the Secretary.

The minutes of extraordinary Shareholders' Meetings must be drafted by a notary.

For information on the additional provisions set forth in the Rules governing Shareholders' Meetings, see the full text of the same published on the Company's website at [www.fincantieri.com](http://www.fincantieri.com), in the Section "*Corporate Governance – Shareholders' Meetings – Tasks and Regulation*".

## 2.2 BOARD OF DIRECTORS

### 2.2.1 Composition of the Board

Under art. 19 of the By-laws, the Board of Directors is comprised of seven or more members, up to a maximum of thirteen members appointed by the ordinary Shareholders' Meeting in accordance with the procedures described in paragraph 2.2.4 below. The Shareholders' Meeting determines, from time to time, the number of members of the Board subject to the foregoing limits.

The Board of Directors currently in office, whose term of office will expire on the occasion of the approval of the financial statements for the financial year closed on 31 December 2015, is comprised of: Vincenzo Petrone (Chairman), Giuseppe Bono (Chief Executive Officer)<sup>6</sup>, Simone Anichini, Massimiliano Cesare, Andrea Mangoni, Anna Molinotti, Leone Pattofatto, Paola Santarelli, Paolo Scudieri<sup>7</sup>.

The Board of Directors was appointed by the Company's ordinary Shareholders' Meeting held on 27 June 2013 for years 2013, 2014 and 2015. The above-mentioned Shareholders' Meeting had set at five the number of members of the Board of Directors, appointing as Directors the following individuals: Vincenzo Petrone, Giuseppe Bono, Andrea Mangoni, Anna Molinotti and Giovanni Masini.

Through a notification received by the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors on 14 May 2014, Director Giovanni Masini submitted his

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6. Mr. Giuseppe Bono was appointed for the first time as Chief Executive Officer of the Company on 29 April 2002.

7. The Board of Directors currently in office was not elected using the slate voting system since the appointment of the Board of Directors took place, albeit at different times, prior to the admission to listing of the Company's shares. The slate voting mechanism will be used to appoint Directors on the occasion of the next renewal of the Board of Directors, which is expected to take place in 2016.

resignation, with effect as of 13 May 2014. To replace the latter, the Board of Directors co-opted on 26 May 2014, Director Leone Pattofatto, whose appointment was later confirmed by the ordinary Shareholders' Meeting held on 28 May 2014.

The above-mentioned Shareholders' Meeting held on 28 May 2014, in view of the listing of the Company's shares on the Italian stock market (*Mercato Telematico Azionario* - MTA) also approved an increase in the number of directors from five to nine, with effect as of the start date of trading. This increase was approved in order to ensure that the number of independent directors on the Board of Directors was in line with applicable laws and regulations in force, to allow for the establishment of Committees within the Board of Directors in accordance with the provisions of the Corporate Governance Code and to ensure the presence of the less represented gender. On such occasion, the Shareholders' Meeting supplemented the Board of Directors by appointing the following individuals: Simone Anichini, Paola Santarelli, Paolo Scudieri and Massimiliano Cesare, with effect subject to the start of trading of the Company's shares on the Italian stock market (*Mercato Telematico Azionario* - MTA) organized and managed by Borsa Italiana.

Starting on 3 July 2014 (start date of trading), the Board of Directors is comprised of nine members, two of whom (the Chief Executive Officer and the Chairman of the Board of Directors) are executive. Under the Corporate Governance Code, starting on 13 February 2015 Director Andrea Mangoni is also considered as an executive, even if no mandate was granted to him by the Board of Directors, by virtue of his appointment to the role of General Manager, with assumption of the role on 13 March 2015. All of the remaining Directors are non-executive. Over the course of 2014, four Directors were also independent within the meaning set forth under the Corporate Governance Code<sup>8</sup>.

Attached to this Report are the Directors' *curricula vitae* which set forth the main personal and professional information showing the expertise and experience gained in the area of business management (see **Annex 1**).

## 2.2.2 Professional qualification and integrity requisites and causes for ineligibility and incompatibility of Directors

Under art. 19 of the By-laws, the directors must be chosen in accordance with criteria of professional qualifications and expertise from among persons who have gained overall experience of at least three years through the exercise of:

- Management or control activities, or management tasks in corporations or
- Professional practice or academic positions in the areas of law, economics, finance or technical-scientific areas, pertaining to or useful in connection with the business operations, or
- Management/administrative or executive functions at public or government entities operating in sectors related to that of the business operations, or at public or government entities that do not pertain to the above-mentioned sectors, provided that the functions entail the management of economic-financial resources.

Under the applicable legal framework, the Directors must meet the integrity requisites established for members of control bodies under the regulation issued by the Italian Ministry of Justice pursuant to article 148, paragraph 4, of the Italian Consolidated Financial Act (TUF) (DM 30 March 2000, n. 162).

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<sup>8</sup> For a thorough description of the characteristics of the executive Directors, non-executive directors and independent directors, see paragraphs 2.2.7, 2.2.8, 2.2.9 and 2.2.10 below. Following the appointment of Director Mangoni to the role of General Manager, with assumption of such role on 13 March 2015, the latter may no longer be qualified as independent.



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Under the By-laws, the issuance of a court judgment, even if not final and without prejudice to rehabilitation effects, for any of the criminal offenses indicated below, also constitutes a cause for ineligibility or removal from the office of director for just cause:

- a) The provisions governing banking, financial, securities and insurance activities and provisions on securities markets and securities and payment instruments;
- b) The provisions of title XI of book V of the Italian Civil Code (“*Criminal provisions on matters related to companies and consortia*”) and Royal Decree No. 267 of 16 March 1942 (the Bankruptcy Law);
- c) The provisions that identify criminal offenses against public and government entities, against the public trust, against assets, against public order, against the public economy or concerning tax matters;
- d) Article 51, paragraph 3-*bis*, of the code of penal procedure, as well as article 73 of Decree No. 309 issued by the President of the Republic on 9 October 1990.

A decree ordering the judgment or an accelerated proceeding (“*giudizio immediato*”) for any of the crimes under a), b), c) and d) and does not result in an acquittal, even if appealable, or a final judgment of conviction which finds the commission of an intentional damage to the State treasury (*danno erariale*) also constitute grounds for ineligibility.

The directors who, during their office, should receive a notification of the decree ordering the judgment or the accelerated proceeding for any of the crimes under a), b), c) and d), or a final judgment of conviction that finds the willful commission of a *danno erariale* shall immediately notify the Board of Directors, who will act under a confidentiality obligation. The Board of Directors will assess whether one of the above cases has occurred at the earliest possible meeting and in any event within ten days after becoming aware of the measures above.

If the Board of Directors so finds, the director shall be removed from office for cause, without any right to damages unless the Board of Directors, within ten days, convenes a Shareholders’ Meeting to be held within the following sixty days, and submits to the shareholders’ vote a proposal whereby such directors remain in office and that this is in the best interest of the Company. If the assessment by the Board of Directors is made after the end of the financial year, the proposal is submitted to the Shareholders’ Meeting convened for approval of the financial statements, without prejudice to any term imposed by applicable law.

If the Shareholders’ Meeting does not approve the proposal of the Board of Directors, the director is immediately removed for cause, without any right to damages.

Notwithstanding the above, if the Chief Executive Officer (*amministratore delegato*) becomes subject to: a) imprisonment, or b) pre-trial detention or house arrest, following the procedure under Article 309 or Article 311, paragraph 2, of the Italian Code of Criminal Procedure, or after the expiration of the term thereof, he or she shall automatically be removed for cause, without any right to damages, and all powers delegated to him or her are immediately revoked.

The Chief Executive Officer shall automatically be removed if he or she is subject to other restrictions of personal freedom, whenever the Board of Directors considers such measures to be incompatible with the performance of the director’s duties.

For the purposes of this provision, a plea bargain judgment under Article 444 of the Italian Code of Criminal Procedure is equivalent to a final judgment of conviction, except in case of extinction of the crime.

For the purposes of this provision, the Board of Directors shall ascertain the existence of the facts provided for therein, for cases governed in whole or in part by foreign laws, on the basis of substantial equivalence.

In addition to the foregoing, under the Decree issued by the President of the Council of Ministers on 25 May 2012, setting forth “*Criteria, conditions and procedures for adopting the ownership separation model for SNAM S.p.A. pursuant to article 15 of Law No. 27 of 24 March 2012*”, the Company’s Directors may not hold any role on the management or control bodies or executive positions at Eni S.p.A. or its subsidiaries, or be party to any relationship, whether direct or indirect, of a professional or economic nature with such companies.

### 2.2.3 The Board’s stance on the maximum number of roles that may be held by the Directors at other companies

In line with the recommendations set forth in the Corporate Governance Code, on 19 December 2014, the Board of Directors, at the Nomination Committee’s proposal, defined its policy on the maximum number of management and control roles that would be compatible with an effective performance of the role of Director of the Company, also taking into account the Directors’ participation in Committees established within the Board.

Under such policy, the Company’s Directors may accept the mandate and continue to keep them where they are of the view that they are capable of dedicating, for purposes of ensuring the effective performance of their tasks, the necessary time, taking into account the number and nature of roles held in the management and control bodies of other large companies and the commitment asked of them in connection with professional activities engaged in as well as roles held within associations. For such purposes, the term “large companies” means:

- a) Companies whose shares are listed on regulated stock exchanges, including foreign stock exchanges;
- b) Italian or foreign companies whose shares are listed on regulated stock exchanges and which operate principally in the insurance, banking, securities brokerage, asset management or financial sectors;
- c) Other Italian or foreign companies whose shares are not listed on regulated stock exchanges and which, while operating in sectors other than those indicated in letter b) above, have assets exceeding Euro 1,000 million and/or revenues exceeding Euro 1,700 million on the basis of the most recently approved financial statements.

In particular, the policy approved by the Board provides as follows:

- 1) For the person holding the role of Chief Executive Officer and for the executive Directors (with specific management mandates) of Fincantieri: (i) it is generally not permitted, unless otherwise decided through a reasoned assessment expressed by the Board of Directors - to hold any role as Chief Executive Officer in the companies indicated in letter a) above; (ii) a maximum of 3 roles as Director (whether as executive director with specific mandates or as non-executive director) and/or as standing auditor with the companies indicated in point (i) above is permitted; (iii) a maximum of 5 roles as Director (whether as executive director with specific management mandates or as non-executive director) and/or in a supervisory body in the companies indicated in letters b) and c) above is permitted.

In any case, unless otherwise decided through a reasoned assessment expressed by the Company’s Board of Directors, Fincantieri’s Chief Executive Officer may not hold the role of director in any of the companies indicated in letter a) above that do not belong to the Fincantieri Group and the Chief Executive Officer of which is a Director of Fincantieri;

- 2) For Fincantieri’s Directors other than the Chief Executive Officer and executive Directors (with specific management mandates), the number of roles held with management or control bodies of other companies referred to in letters a), b) and c) may not exceed 5.

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In calculating the roles indicated in points 1) and 2) above, roles held in direct and/or indirect subsidiaries or affiliates of Fincantieri are not taken into account. Moreover, if a Director holds roles in several companies belonging to the same group, only one role within such group is counted for purposes of calculating the number of roles.

Without prejudice to the foregoing, the Company's Board of Directors may grant exemptions (which may be temporary) from the parameters indicated in points 1) and 2) above, based upon the total roles held by the related members of the management and control bodies of other large companies. In granting such exemptions, the Board of Directors takes into consideration the following elements: (i) the specific characteristics of the roles held by the person in question, also considering the nature and size of the company in which such roles are held; (ii) the commitment required by any additional professional activities engaged in by the person in question and any roles in associations held; (iii) the commitment required in connection with the Company's Board of Directors (with particular reference to situations involving a non-executive Director who is not a member of any Committee).

Based upon declarations rendered by the Directors to the Company - verified by the Secretary of the Board of Directors and the Corporate Bodies and submitted for review by the Board of Statutory Auditors on 11 March 2015 – the number of roles currently held by Fincantieri's Directors in management and control bodies of other large companies is in line with the policy described above. Information on mandates held by Fincantieri's Directors in management and control bodies of other large companies is set forth in the table attached to this Report.

#### 2.2.4 Appointment and replacement of Directors

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

The appointment of Directors is governed by art. 19 of the By-laws, to which reference is made for a full description of the relevant provisions<sup>9</sup>.

#### **Slate voting**

The Board of Directors is appointed by the Shareholders' Meeting on the basis of slates submitted by the Shareholders and by the Board of Directors and in compliance with the applicable legal framework on equal access to corporate bodies by the less represented gender.

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

Each Shareholder may submit or take part in the submission of only one slate. Only those Shareholders who, on their own or together with other shareholders represent at least 1% of the share capital or such other percentage, if lower, established by Consob through a regulation, are entitled to submit slates.

Ownership of the minimum shareholding necessary to submit slates must be proven by the deadline and in accordance with the procedures provided under the applicable legal framework in force from time to time.

Candidate slates may also be submitted by the out-going Board of Directors.

Each person entitled to vote may vote for only one slate.

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<sup>9</sup> The By-laws is available on the Company's website at [www.fincantieri.com](http://www.fincantieri.com), in the Section entitled "Corporate Governance – Corporate Governance System".

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

Each candidate may be presented on only one slate, failing which he or she would become ineligible.

Within the slates, the candidates must be listed in progressively ordered numbered slots.

Each slate must include at least two candidates meeting the independence requisites provided by law, indicating such candidates separately and indicating one of them in the first slot on the slate.

Furthermore, slates that present three or more candidates must include candidates of different genders, in accordance with the indications set forth in the notice of call of the Shareholders' Meeting, so as to ensure that the composition of the Board of Directors complies with the applicable legal framework in force on the balance of genders.

The slates must be filed with the Company's registered office in accordance with the procedures and by the deadlines provided under the applicable legal framework (i.e. at least twenty-five days before the date of the Shareholders' Meeting called to appoint the Board of Directors).

Together with the filing of each slate, the professional curricula vitae of the candidates as well their declarations in which they accept the candidatures and certify the inexistence of causes for ineligibility or incompatibility, as well as the satisfaction of integrity requisites provided under the applicable legal framework and the By-laws (see paragraph 2.2.2 above) and, where applicable, the independence requisites provided by law and/or the Corporate Governance Code (see paragraph 2.2.10 below) must also be filed, and failure to do so would result in the inadmissibility of the slate.

### **Appointment procedures**

The Directors are elected as follows:

- a) The following number of Directors is taken from the slate that has obtained the majority of votes expressed, in the progressive order in which they are listed on the same slate:
  - 2/3 of the Directors, rounding down to the lower integer in the event of a fraction, if the Board is comprised of up to a maximum of 9 members;
  - 7 Directors, where the Board is comprised of 10 members;
  - 8 Directors, where the Board is comprised of 11 members;
  - 9 directors, where the Board is comprised of 12 members, and
  - 10 directors, where the Board is comprised of 13 members;
- b) The remaining Directors are taken from the other slates that are not related in any manner, even indirectly, with the shareholders who submitted or voted for the slate that achieved the highest number of votes. For this aim, the votes obtained by the same slates are later divided by one, two or three, depending upon the number of Directors to be elected. The ratio obtained in this manner are assigned in progressive order to the candidates of each of such slates, following the order provided respectively under each. The ratios so assigned to the candidates on the various slates are then arranged in a single declining ranking. Those who have obtained the highest ratios are elected.

Where more than one candidate has obtained the same ratio, the candidate who is elected is the one from the slate that has not yet elected any Director or that has elected the lowest number of Directors. If none of such slates has elected a Director or all have elected the same number of Directors, the candidate who is elected is the one who has achieved the highest number of votes. In the event of a tie in slate votes and a tie in the ratios, a new vote is held by the Shareholders' Meeting, with the majority quorums provided by law, from among the candidates who attained the same ratio from the slates that elected the same number of Directors (or no Director) and that have obtained the same number of votes;

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- c) If, following the conclusion the above-described procedure, the minimum number of independent Directors required under the applicable legal framework has not been elected (see paragraph 2.2.10 below), the ratio of votes attributable to each candidate taken from the slates is calculated, dividing the number of votes obtained by each slate by the ranking number of each of said candidates so as to form in this manner a single declining ranking; the candidates who do not meet the independence requirements having the lowest ratios among the candidates taken from all of the slates are replaced, starting from the last and up to the minimum number of independent Directors required under the applicable legal framework, by the independent candidates indicated on the same slate as the candidate who is replaced (following the order in which they are indicated) or by persons meeting the independence requirements appointed in accordance with the procedure provided under letter e) of art. 19 of the By-laws.

In the event that candidates on different slates have attained the same ratio, the candidate to be replaced is the one from the slate from which the highest number of Directors have been elected or, in the event of the same number of Directors elected, the candidate from the slate that obtained the lowest number of votes or, in the event of a tie, the candidate who obtains the fewest votes by the Shareholders' Meeting in a special vote, with the majorities/quorums provided by law, from among all of the candidates who obtained the same ratio from slates that have elected the same number of Directors and have obtained the same number of votes;

- d) if application of the procedure described in letters a) and b) above does not allow for compliance with the applicable legal framework on the balance between genders, the ratio of votes to be assigned to each candidate taken from the slates comprised of at least three candidates is calculated by dividing the number of votes obtained by each slate by the ranking number of each of said candidates so as to form a single declining ranking; candidates of the more represented gender having the lowest ratios among the candidates taken from the above-mentioned slates are replaced, up to the number of Directors sufficient to allow for compliance with the applicable legal framework on the balance of genders and provided that the minimum number of independent Directors continues to be met, by the candidate of the less represented gender, if indicated (with the successive lowest slate ranking number) on the same slate as the candidate who is replaced.

In the event that candidates on more than one of the above-mentioned slates have obtained the same ratio, the candidate to be replaced is the one from the slate from which the greatest number of Directors have been elected or, in the event of a tie in elected Directors, the candidate taken from the slate that has obtained the lowest number of votes or, in the event of a tie, the candidate who obtains the fewest votes by the Shareholders' Meeting in a special vote, with the majorities/quorums provided by law, among all of the candidates having the same ratio, on slates that have elected the same number of Directors and that have obtained the same number of votes.

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

Directors who, for any reason, are not appointed in accordance with the foregoing procedure, are appointed by the Shareholders' Meeting with the majorities/quorums provided by law, taking care to ensure that the composition of the Board complies with the applicable laws and the By-laws, as well as the legal framework on balance of genders.

## Replacement

If during the year one or more Directors were to cease to hold office due to resignation or any other reason, the procedure provided under article 2386 of the Italian Civil Code is followed.

In any case, fulfillment of the requirement on the minimum number of independent Directors provided under the applicable legal framework must be guaranteed, as well as compliance with the applicable legal framework on the balance of genders and protection of minorities.

If the majority of the directors ceases to hold office, due to resignation or other reasons, the entire Board shall cease to hold office and the Shareholders' Meeting must be called for the full reconstitution of the same, in accordance with the procedures provided under article 2386 of the Italian Civil Code.

### 2.2.5 Responsibilities of the Board

The Company's Board of Directors is the central body of the Company's Corporate Governance system, since it is vested with the broadest powers for the ordinary and extraordinary management of the same, including the definition of strategic, organizational and control guidelines of the Company and the Group.

In particular, the Board of Directors, in line with applicable provisions of law, the By-laws and its own resolutions (most recently, that passed on 12 July 2013) and the recommendations set forth in the Corporate Governance Code:

- May delegate, in whole or in part, its powers, with the exception of those that may not be delegated by law, to one or more members and/or to an executive committee;
- Appoints a Secretary of the Board of Directors, who need not be from within the Company;
- defines the Company's strategic and organizational guidelines (including plans, programs and budgets);
- Calls the ordinary and extraordinary Shareholders' Meeting in accordance with the procedures and by the deadlines provided under the applicable legal framework, ensuring that the Shareholders are given adequate disclosure on the elements necessary in order to take part in an informed manner in the decisions resting with the Shareholders' Meeting;
- Establishes internal board Committees, with consultative and propositive functions, that are recommended by the Corporate Governance Code, appointing the members of the same and establishing their tasks and the related functioning rules and, where applicable, approving any compensation and budgets;
- On the matter of internal control and risk management:
  - Identifies within the Board, in addition to a Control and Risk Committee having the task of supporting, with adequate review activities, the Board of Directors' assessments and decisions on the internal control and risk management system, as well as those related to the approval of periodic reports, one or more Directors in charge of establishing and maintaining an effective internal control and risk management system;
  - Upon receiving an opinion from the Control and Risk Committee, defines the guidelines for the internal control and risk management system;
  - Upon proposal of the Director in charge of the internal control and risk management system and upon receiving a favorable opinion from the Control and Risk Committee, and after consulting with the Board of Statutory Auditors, appoints the Head of Internal Auditing, ensuring that the same is endowed with adequate resources for the fulfillment of its responsibilities, defining his compensation in line with company policies;

- Upon receiving an opinion from the Control and Risk Committee, assesses, on an annual basis, the adequacy of the internal control and risk management system taking into account the Company's characteristics and risk profile, as well as its effectiveness;
- Upon receiving an opinion from the Control and Risk Committee, after consulting with the Board of Statutory Auditors and the Director in charge of the internal control and risk management system, approves, on an annual basis, the plan of works prepared by the Head of Internal Auditing;
- Upon receiving an opinion from the Control and Risk Committee, describes, in the Report on Corporate Governance and Ownership Structure, the main characteristics of the internal control and risk management system, expressing its assessment on the adequacy of the same;
- Upon receiving an opinion from the Control and Risk Committee, and after consulting with the Board of Statutory Auditors, assesses the results presented by the legal auditor in its letter of suggestions and in the report on fundamental issues that emerged during the audit;
- Upon receiving a mandatory opinion from the Board of Statutory Auditors, appoints the Manager responsible for preparing financial documents, for a period at least equal to the duration of the Board's term of office and not to exceed six financial years, determining the term of office, duties, powers and compensation; where necessary, it also orders the revocation of the same;
- Approves the Organization, Management and Control Model in accordance with Legislative Decree 231/2001;
- At the Chief Executive Officer's proposal, defines the composition of the Oversight Board and appoints its members and establishes their compensation;
  - At the Compensation Committee's proposal, defines the policy on the compensation of Directors and Key Executives;
  - Assesses whether to adopt a plan for the succession of executive Directors;
  - At the Nomination Committee's proposal, expresses its view on the maximum number of roles as director or statutory auditor at large companies that may be considered compatible with an effective performance of the role of Director of the Company;
  - Adopts company procedures for the internal management and disclosure outside the Company of information concerning the Company, particularly with reference to Inside Information;
  - Defines rules that ensure transparency and substantive and procedural propriety of related party transactions;
  - Has reserved to itself responsibility over the following matters:
    - Agreements with operators in the sector, other companies or groups, whether national or foreign, that are considered of strategic;
    - Acquisition and sale of shareholdings and/or businesses or business units;
    - Execution, amendment and termination of agreements related to large orders;
    - Purchase, exchange, sale of real estate properties, as well as lease agreements for terms exceeding nine years; medium/long-term lending transactions, in the capacity of borrower or lender, for sums exceeding Euro 300 million per individual transaction;
    - Grant of bank guarantees for amounts exceeding Euro 300 million per transaction, without prejudice to the Chief Executive Director power to grant guarantees on an urgent basis;
  - Designates the directors and the Statutory Auditors of directly controlled subsidiaries;
  - Hires and appoints executives at levels at or above that of Central Manager or the equivalent;
  - Grants consulting mandates of a continuous nature for terms exceeding one year entailing fees exceeding Euro 100 thousand.

In accordance with the foregoing, over the course of 2014, the Board of Directors:

- Established the board Committees recommended under the Corporate Governance Code, and appointed the respective members of the same (see paragraph 2.3 below);
- Selected from within the Board the Director in charge of the internal control and risk management system, in the person of the Chief Executive Officer;
- Upon a favorable opinion on the part of the Control and Risk Committee and after consulting with the Board of Statutory Auditors, verified that the Head of Internal Auditing is endowed with adequate resources for the performance of his responsibilities and is compensated in line with company policies<sup>10</sup>; upon receiving the Control and Risk Committee's opinion, approved the guidelines for the internal control and risk management system;
- At the Nomination Committee's proposal, defined its view on the maximum number of roles as director or statutory auditor in large companies that may be considered compatible with an effective performance of the role of Director of the Company;
- At the Chief Executive Director proposal, adopted the "*Procedure for the management and disclosure to the market of company information*";
- Approved the "*Rules governing related party transactions*" in accordance with art. 2391-bis of the Italian Civil Code and the Consob Regulation on Related Party Transactions.
- Has approved the update of the project "Infortuni zero".

In the first months of 2015, the Board of Directors also:

- Examined the periodic reports transmitted by board Committees and by the Oversight Board;
- Examined the period report by the Head of Internal Auditing for 2014, which also sets forth an assessment on the suitability of the internal control and risk management system;
- Upon receiving the Control and Risk Committee's opinion and after hearing the Board of Statutory Auditors' opinion approved the annual audit plan prepared for 2015;
- Upon receiving the Control and Risk Committee's opinion, found that the internal control and risk management system was adequate and effective in consideration of the characteristics of the business and the types of risks assumed;
- Assessed and confirmed the adequacy of the organizational and accounting structure of the Company and its main subsidiaries, also verifying that the Manager responsible for preparing financial reports documents has adequate powers and means to perform the tasks assigned to him, and monitoring such Executive's actual compliance with administrative and accounting procedures;
- Approved the Company's annual budget for year 2015;
- Upon receiving the Internal Control and Risk Management's opinion, approved the impairment test procedures and their outcomes
- Decided not to adopt succession plans for executive Directors in consideration of the nature of the Company's Ownership Structure, as well as the fact that, pursuant in accordance to law and the By-laws, the Directors are appointed by the Shareholders' Meeting on the basis of the slates submitted by the Shareholders.

### 2.2.6 Meetings and Functioning of the Board

Following the admission to listing of the Company's shares, which took place on 3 July 2014, the Board of Directors has met seven times, for an average of approximately two hours and thirty

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<sup>10</sup>. The appointment of the Head of Internal Auditing took place prior to the admission to listing of the Company's shares.



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minutes, and with attendance, on average, of 95.5% of the Directors and, in particular, of 98% of the Independent Directors<sup>11</sup>.

The meetings were regularly attended by members of the Board of Statutory Auditors and, at the Chairman's invitation, by the heads of the corporate functions from time to time in charge of the individual matters on the agenda.

The meetings were all duly called by the Chairman, generally with at least five days' advance notice. The Chairman also ensured that, prior to each meeting, the documentation related to the items on the agenda was sent with congruous advance notice to all of the Directors and Statutory Auditors. For 2015, and as of the date of this Report, ten meetings have been planned, five of which have been held in the first few months of the year. The number of meetings may be subject to change over the course of the year.

The tables attached to this Report set forth the attendance record (as a percentage) of each Director at the meetings of the Board of Directors and the respective Committees to which each belongs. Over the course of year 2015, the Company, through the Chairman of the Board of Directors who will act as a coordinator, intends to encourage the attendance on the part of Directors and Statutory Auditors at initiatives aimed at gaining further knowledge on all areas of Fincantieri's business operations and strategies, as well as matters pertaining to governance, the compliance system and the organization of the Company (referred to as *board induction*).

### 2.2.7 Chairman of the Board

The Chairman has all of the powers foreseen by law and under the By-laws with regard to the functioning of the corporate bodies (Shareholders' Meeting and Board of Directors) and legal representation of the Company, as well as the verification that the Board of Directors' resolutions are implemented.

Furthermore, on 6 February 2014, the Board of Directors resolved to grant to the Chairman Vincenzo Petrone the following mandates, to be performed in coordination and consultation with the Chief Executive Officer to ensure the uniformity and effectiveness of the Company's actions:

- Relationships with Italian institutions, with particular regard to the Ministry of Foreign Affairs and its foreign network, the Ministry of Economic Development/Foreign Trade, the foreign embassies in Rome, as well as the European Union and its institutions;
- Institutional relationships abroad, particularly with a view to promoting the production of military and offshore vessels, without prejudice to the Chief Executive Officer responsibility in connection with acts/deeds that entail commitments undertaken by Company;
- Relationships with universities, research centers and associations and international activities conducted by the same;
- Supervision and implementation of specific resolutions passed by the Board of Directors on the matter of internal controls, upon a mandate granted by the above-mentioned Board.

### 2.2.8 Chief Executive Officer

Without prejudice to the responsibilities reserved to the Board, the Chief Executive Officer, in the capacity as head of the company, has the power to legally represent the Company, subject to the limits of the powers granted, and to manage the Company, in accordance with the guidelines formulated by the Board of Directors.

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11. During the months of 2014 that preceded the admission to listing, the Board of Directors met seven times, for an average of approximately 3 hours and with the attendance on the part of, on average, 98% of the Directors.

The Chief Executive Officer ensures that the organizational and accounting structure is adequate in consideration of the nature and size of the business and reports periodically to the Board of Directors and to the Board of Statutory Auditors, on a quarterly basis, on the general trend in business performance, the outlook on business performance for the foreseeable future, transactions with significant impact and the performance of mandates.

On 12 July 2013, the Board of Directors granted to the Chief Executive Director, Mr. Bono, the following mandates and powers, to be exercised with individual signatory powers:

- a) To submit to the Board of Directors the Company's strategic and organizational guidelines;
- b) To implement the resolutions passed by the Board of Directors and Board of Statutory Auditors (collegial bodies), performing the acts, including extraordinary management acts, resolved by the same;
- c) To carry out all acts of administration and management of the business.

The Chief Executive Officer's powers include, merely by way of example and without any limitation, the following:

- a) To represent the Company, whether as claimant or defendant, before any administrative, tax or judicial authority, to appoint legal counsel, general attorneys and special attorneys delegated to handle litigation matters;
- b) To represent the Company at national and international entities, bodies and public and private operators;
- c) To grant to third parties, including government and public entities, banks and lending institutions, guarantees for amounts not to exceed Euro 300 million to secure obligations assumed and to be assumed towards any party, including by Fincantieri's subsidiaries or any other Company in which Fincantieri may have an interest, in accordance with the terms and conditions that may be requested and, in cases of urgency, guarantees even for amounts exceeding Euro 300 million, with a duty to report such circumstance to the Board of Directors at the next meeting;
- d) To conclude any lending/financial transaction, whether as lender or borrower, for amounts to exceeding Euro 300 million, including loans, undertaking the necessary commitments and performing the necessary formalities;
- e) To execute, amend and terminate any deed or agreement related to the corporate purpose; in addition, to manage the establishment, renewal, reduction, subordination and cancellation of mortgages and liens on ships or other products under construction or constructed by the Company, including in favor and in the interest of third parties, and reaching settlements on any disputes in which the Company may have an interest;
- f) To represent the Company – also by delegating other persons in such regard – before entities and companies in which Fincantieri holds interests, quotas, shares or shareholdings or has powers of representation and, therefore, also at ordinary and extraordinary Shareholders' Meetings of such entities and companies, exercising all other rights pertaining to such shares;
- g) To define the organizational macrostructure to submit to the Board of Directors; to define the Company's operational organization on the basis of guidelines formulated by the Board of Directors;
- h) To propose to the Board of Directors the hiring and appointment of executives of a level equal to or higher than General Manager or the equivalent;
- i) To hire, appoint and dismiss personnel in all positions and at all levels, including executives up to, but excluding, the level of General Manager or the equivalent; to manage personnel, including the power to negotiate changes in economic terms or other terms and conditions set forth in the employment contracts, and to settle the related disputes;

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- j) To grant professional and consultancy mandates for terms not to exceed one year or for amounts not exceeding Euro 100 thousand, in connection with specific requirements related to the company's business operations.

The Chief Executive Officer may grant and revoke, in the context of the powers granted above, general powers-of-attorney and special powers-of-attorney for individual acts or transactions, and for groups of acts or transactions, to the Company's employees and to third parties, including on a continuative basis.

The Chief Executive Officer has also been assigned by the Board of Directors' meeting held on 21 July 2014 the role of Director in charge of the internal control and risk management system (see paragraph 3.2.1 below).

### 2.2.9 Non-executive Directors

The non-executive Directors bring their specific professional expertise and experience to the board discussions, paying particular attention to ensure that the Board's decisions are adequately weighed and justified, particularly in the areas in which conflicts of interest may arise.

The number of non-executive Directors (who represent the majority of the Board), their expertise and availability in terms of time dedicated must be of such a nature as to ensure that their opinion is given due consideration when board decisions are made.

### 2.2.10 Independent Directors

Pursuant to art. 147-ter, paragraph 4, of the Italian Consolidated Financial Act (TUF), at least two of the members of the Board of Directors – when the latter is comprised of over seven members – must meet the independence requisites established for the Statutory Auditors under art. 148, paragraph 3, of the Italian Consolidated Financial Act (TUF).

Article 3 of the Corporate Governance Code also recommends that an adequate number of non-executive directors be independent, and in other words that they do not maintain, and have not recently maintained, directly or indirectly, with the issuer or with persons/entities connected with the issuer, relationships capable of potentially compromising their independence of judgment. The Code further recommends that the number and expertise of the independent Directors be adequate, taking into account the size of the board and the business operations conducted by the issuer, also in order to allow for the establishment of board committees.

The Board of Directors assesses the independence of its non-executive members, giving greater consideration to substance as opposed to form, and bearing in mind that a director would, as a rule, not be deemed independent in the situations, which are not exhaustive, described in art. 3.C.1 of the Corporate Governance Code.

In accordance with the foregoing, the Company's Board of Directors is comprised of an adequate number of Independent Directors, who bring their important contributions to the Board, providing independent and impartial opinions on the proposed resolutions, and allow for a composition of board Committees in line with the recommendations under the Corporate Governance Code. In particular, the Board of Directors currently in office is comprised of three Independent Directors within the meaning provided by law and under the Corporate Governance Code.

The Directors' independence was certified by them at the time of their appointment, through a presentation of specific declarations, and verified by the Board of Directors' meeting held on 21 July 2014 through the application of the criteria provided under the above-mentioned art. 3.C.1 of the Corporate Governance Code. On such occasion, the Board found that it was unable to consider the Director Paola Santarelli independent by virtue of the criterion set forth in art. 3.C.1, lett. b) of the Corporate Governance Code, in consideration of the role she held from June 2006 until 1

August 2012, as Chief Executive Director of a company controlled by Fintecna S.p.A., Fincantieri's controlling shareholder.

In relation to the position of Director Massimiliano Cesare, the Board examined, in particular, a number of professional relationships in place between the Director and Cassa depositi and prestiti S.p.A., the company that controls the Company indirectly. Based upon the declarations provided by the above-mentioned Director, certifying the undisputedly negligible amount of the compensation received in such regard, the Board of Directors resolved to conclude that Director Massimiliano Cesare met the independence requisites provided under the Corporate Governance Code.

The verification that the independence requisites are met was later repeated by the Board of Directors' meeting held on 20 February 2015, following a review by the Nomination Committee, based upon the declarations provided by the persons in question and taking into account the criteria recommended by the Code.

During such meeting, the Board concluded that the Directors Simone Anichini and Paolo Scudieri meet the independence requisites provided under the Corporate Governance Code.

On such occasion, the Board also examined the position of the Director Massimiliano Cesare and, after considering the circumstances referred to in art. 3, letter d) of the Corporate Governance Code and acknowledging the declaration rendered by the Director himself, concluded that he meets the independence requisites provided under the Corporate Governance Code.

The Board then acknowledged that Director Andrea Mangoni no longer meets such requisites, following his appointment to the role of General Manager of the Company.

In both cases, the Board of Statutory Auditors, at the meeting held on 20 February 2015, verified the proper application of the verification criteria and procedures followed by the Board in assessing the independence of its members.

The Board of Directors did not designate a lead independent director since the relevant conditions for such appointment provided under the Corporate Governance Code have not been met. The Chairman of the Board of Directors is not the main person in charge of managing the business, nor does he hold a controlling stake in the Company.

On 28 January 2015, the Independent Directors met alone, without the other Directors, in order to establish the operating procedures to be followed in the future, envisaging four meetings per year with the following frequency: at the beginning of each year and on the occasion of the approval of the Financial statements and the two Interim Reports. The Independent Directors may also hold additional meetings to discuss particular matters that may be determined from time to time.

#### 2.2.11 Evaluation on the functioning of the Board and the Committees

At the meeting held on 27 February 2015, the Board of Directors, at the Nomination Committee's proposal and taking into account the fact (i) that the Board, in its current composition, has been in office since July 2014 and (ii) that in the first few months after the listing, they inevitably required an initial transition period, resolved to commence the board review procedure in the first quarter of 2015 in order to complete it by the end of the second quarter of 2015.

In particular, the evaluation process, which will be entrusted to external consultants, will concern the functioning of the Board and the Board Committees as well as the size and composition of the same, taking into account elements such as the professional qualifications, experience, including managerial experience and gender of the members, as well as their seniority in office.

Based upon the above-mentioned evaluation, information will be provided in the Report on Corporate Governance and Ownership Structure that will be published next year. The Board will take into account the results of the board evaluation in the event that, prior to the renewal of the

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management body (expected to take place in 2016) it intends to express to the Shareholders its views on the professional figures whose presence on the Board is considered advisable.

### 2.2.12 Compensation

The information on the compensation of the Directors, the Statutory Auditors, the General Managers and other Key Executives are set forth in the Compensation Report prepared by the Company in accordance with art. 123-ter of the Italian Consolidated Financial Act (TUF) and available on the Company's website at [www.fincantieri.com](http://www.fincantieri.com) in the Section "Corporate Governance – Compensation".

## 2.3 BOARD COMMITTEES

The Board of Directors has established three internal Committees with consultative and propositive functions and, namely: the Control and Risk Committee, the Compensation Committee and the Nomination Committee<sup>12</sup>.

The composition, the tasks and functioning procedures, as well as the powers and means of the Committees are governed by specific organizational rules approved by the Board of Directors.

All of the Committees are comprised of three non-executive Directors, the majority of whom are independent. The Members have responsibilities that are functional to the performance of the tasks that they are called upon to perform. Moreover, within the Control and Risk Committee, at least one member must have adequate expertise on accounting and financial matters and risk management, while the Compensation Committee must include at least one member having adequate expertise and experience on financial or compensation policy matters.

The Chairman of each Committee is appointed by the Board of Directors. The role of Secretary of the Committees is performed by the Secretary of the Board of Directors, who drafts the minutes of the meetings.

The Committees meet periodically as often as necessary to perform their functions. The meetings are called by the Chairman of the Committee or, where requested by at least two members for purposes of discussing a specific matter deemed particularly important by them. The notice of call is sent by the Secretary at the request of the Chairman of the Committee as a rule at least three days before the meeting. Any documentation related to the items on the agenda is provided to the members by the Secretary, usually together with the notice of call.

The Committee meetings are validly constituted with the attendance of the majority of the members in office and reach their decisions with an absolute majority vote by the attendees. In the event of a tie, the Chairman of the Committee has the casting vote.

In performing their functions, the Committees are entitled to gain access to the information and company functions necessary to perform their tasks.

To perform their tasks, the Committees may avail themselves, through the Company's structures and at the Company's expense of external consultants/advisors, provided that they are adequately bound by the necessary confidentiality duty. In addition to the foregoing, the Committees, if they deem it necessary, may prepare an annual budget to be submitted to the Board of Directors for approval.

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<sup>12</sup> The Control and Risk Committee were established by the Board of Directors on 5 May 2014, with date of effect conditioned upon the start of trading of the Company's shares on the Italian stock market (*Mercato Telematico Azionario - MTA*) managed by Borsa Italiana. The Compensation Committee had already been established prior to that time. The composition of all of the Committees, in line with the recommendations set forth in the Corporate Governance Code, was therefore determined for the first time by the Board of Directors' meeting held on 21 July 2014.

### 2.3.1 Control and Risk Committee

#### Composition

The Control and Risk Committee is comprised of the Directors Massimiliano Cesare (non-executive and independent), Paolo Scudieri (non-executive and independent) and Leone Pattofatto (non-executive), appointed by the Board of Directors' meeting held on 21 July 2014. The role of Chairman was assigned by the same Board of Directors to the Director Massimiliano Cesare.

At the time of appointment, the Board acknowledged that Director Leone Pattofatto had gained adequate experience in accounting and financial and risk management matters.

Without prejudice to the foregoing, when the Control and Risk Committee meets to express its opinion on the more important related party transactions (see the paragraph entitled "Tasks" below) it is comprised of three non-executive Directors, all independent, and therefore the non-independent member, the Director Leone Pattofatto, is replaced by an independent Director selected by the Board of Directors. Until 13 February 2015, the role of substitute was assigned to the Director Andrea Mangoni, appointed to such role by the Board of Directors' meeting held on 21 July 2014. On the occasion of Director Mangoni's appointment as General Manager, the Board of Directors' meeting held on 13 February 2015 assigned the above-mentioned role to the Director Simone Anichini.

The meetings of the Control and Risk Committee are attended by the Chairman of the Board of Statutory Auditors or a standing statutory auditor designed by the latter. They may also be attended by the Chairman of the Board of Directors, the Chief Executive Director (including in his capacity as Director in charge of the internal control and risk management systems) and the Head of Internal Auditing. The meetings may also be attended by other Statutory Auditors and, at the Committee's invitation, other persons, including other members of the Board or employees of the Company, in order to provide information and express assessments concerning their respective areas of expertise with reference to individual items on the agenda.

#### Tasks

The Control and Risk Committee has the task of supporting, through adequate review activities, of a propulsive and consultative nature, the Board's assessments and decisions concerning the internal control and risk management system, as well as those concerning the approval of periodic financial reports. In this context, the Committee submits its opinion to the Board, in advance, on the following:

- a) The guidelines for the internal control and risk management system, such that the main risks pertaining to Fincantieri and its subsidiaries are properly identified and adequately measured, managed and monitored;
- b) The level of compatibility of risks referred to in letter a) above with managing the business in a manner that is in line with the strategic objectives identified;
- c) Adequacy of the internal control and risk management system in consideration of the characteristics of the business and the types of risks assumed, as well as the effectiveness of the system;
- d) The work plan prepared by the Head of Internal Auditing;
- e) The description set forth in the Report on Corporate Governance and Ownership Structure of the main characteristics of the internal control and risk management system, including the assessment on adequacy of the system;
- f) The results expressed by the Independent Auditors in its letter of suggestions, if any, and in the report on fundamental issues that emerged during the Statutory Audit;

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- g) The proposal for the appointment, revocation and compensation of the Head of Internal Auditing, as well as the adequacy of resources assigned to the latter in order to perform his functions.

The Committee, in assisting the Board, is also assigned the following tasks:

- a) To assess, together with the Manager responsible for preparing financial reports and after consulting with the Independent Auditors and the Board of Statutory Auditors, the proper use of accounting standards and their homogeneity for purposes of drafting periodic financial reports;
- b) To express opinions on specific matters pertaining to the main risks faced by the Company;
- c) To examine periodic reports concerning the assessment of the internal control and risk management system, and those of particular importance prepared by the Internal Auditing Function;
- d) To monitor the autonomy, adequacy, effectiveness and efficiency of the Internal Auditing Function;
- e) To ask the Internal Auditing Function to perform checks on specific operating areas, giving simultaneous notice in such regard to the Chairman of the Board of Statutory Auditors and the Director in charge of the internal control and risk management system, except in situations where the subject matter of the request relates specifically to their work;
- f) To report to the Board on work performed and on the adequacy of the internal control and risk management system at least every six months and not after the deadline for the approval of the annual financial statements and the half-year financial report, at the board meeting indicated by the Chairman of the Board of Directors.

In addition to the foregoing, the Control and Risk Committee have, on an *ad interim basis* been assigned the functions of the related party transactions, according to Consob Regulation on Related Party Transactions, and better described on paragraph 4.1. The function of the related party transactions committee (RPT Committee) have been assigned on an *interim basis* to the Compensation Committee as described on the paragraph 2.3.2. below.

In the event of the Most Significant Transactions, in accordance with the procedure implemented by the Company (see paragraph 4.1 below), in performing such functions, the Committee is comprised of three non-executive Directors, all of whom are independent. For this aim, the non-independent member of the Committee (currently the Director Leone Pattofatto) is replaced by an independent Director appointed by the Board.

#### **Work performed over the course of 2014**

Over the course of 2014 (and specifically, starting from the appointment of the Committee on 21 July 2014), the Control and Risk Committee met three times, on average for about one hour and twenty minutes, with attendance, on average, on the part of 100% of its members.

The meetings were regularly attended by one member of the Board of Statutory Auditors.

The meetings were duly called by the Chairman, as a rule with at least three days' advance notice. As a rule, the documentation concerning the items on the agenda was provided to the members by the same deadline.

Minutes for all of the meetings were duly drafted by the Secretary.

For year 2015, as of the date of this Report, 7 meetings have been planned, 3 of which have already been held over the first few months of the year. The number of meetings may be subject to change over the course of the year.

**Table 1** attached to this Report sets forth the attendance record, expressed as a percentage, of each member at the Committee's meetings.

During the above-mentioned meetings, the Committee:

- Expressed to the Board of Directors its opinion on the confirmation of Mr. Stefano Dentilli in the role of Head of Internal Auditing and the circumstance that the same is endowed with adequate resources for fulfilling his responsibilities and that his compensation is in line with company policies;
- Expressed to the Board of Directors its opinion on guidelines for the internal control and risk management system;
- Received and examined the periodic report by the Head of Internal Auditing for year 2014, which also includes an assessment on the suitability of the internal control and risk management system;
- Expressed to the Board of Directors its opinion on the approval of the annual audit plan for 2015 prepared by the Head of Internal Auditing;
- Found the internal control and risk management system to be adequate and effective considering the characteristics of the business and the types of risk assumed, and expressed its opinion to the Board of Directors, monitoring the autonomy, adequacy, effectiveness and efficiency of the Internal Auditing Function;
- Expressed to the Board of Directors its opinion on the level of compatibility of the risks pertaining to Fincantieri and its subsidiaries with business management that is in line with the strategic objectives identified;
- Expressed its opinion to the Board of Directors on the description of the internal control and risk management system set forth in this Report;
- Reported once to the Board on its activity and on the adequacy and efficiency of the internal control and risk management system; expressed its opinion to the Board of Directors on the results stated by the Independent Auditors in its letter of suggestions and in the report on fundamental issues that emerged during the statutory audit;
- Assisted the Board in assessing, together with the Manager responsible for preparing financial reports and after consulting with the Independent Auditors and the Board of Statutory Auditors, the proper use of accounting standards and their homogeneity for purposes of drafting the periodic financial reports;
- Supported the Board of Directors in its assessments and decisions on the approval of periodic financial reports;
- Examined the consolidated financial statements at 31 December 2014;
- Approved the half-year report for the Board on work performed and on the adequacy of the internal control and risk management system;
- Performed its activity through Company's structures, and, where necessary, within the budget of the Board of Directors.

### 2.3.2 Compensation Committee

#### **Composition**

Until 13 February 2015, the Compensation Committee was comprised of Directors Andrea Mangoni (non-executive and independent), Simone Anichini (non-executive and independent) and Anna Molinotti (non-executive), appointed by the Board of Directors' meeting held on 21 July 2014<sup>13</sup>. The role of Chairman was assigned by the Board of Directors to the Director

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<sup>13</sup>. Over the period prior to the admission of the Company's shares to listing, the Compensation Committee was comprised by: Mrs. Anna Molinotti, Chairman, Mr. Andrea Mangoni and Mr. Giovanni Masini.



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Andrea Mangoni, who was deemed by the Board to have adequate experience on financial and compensation policy matters.

On 13 February 2015, the Board of Directors appointed as new member of the Committee, replacing Mr. Mangoni, the Director Paolo Scudieri (non-executive and independent), at the same time assigning the role of Chairman of the Committee to the Director Simone Anichini, who had already been deemed by the Board to have adequate experience on financial and compensation policy matters. The meetings of the Compensation Committee may be attended by the Chairman of the Board of Directors, the Chief Executive Director and the Chairman of the Board of Statutory Auditors or a standing Statutory auditor designated by the latter. The meetings may also be attended by other Statutory Auditors and, at the Committee's invitation, other persons, including other members of the Board or employees of the Company, in order to provide information and express assessments concerning their respective areas of expertise with reference to individual items on the agenda. In any case, no Director attends meetings of the Committee in which proposals are made to the Board on his own compensation.

### **Tasks**

The Compensation Committee performs propositive and consultative functions in its relationship with the Board. In particular, the Committee:

- a) Formulates to the Board proposals on the policy on the compensation of Directors and Key Executives, availing itself with regard to such executives of the information provided by the Chief Executive Officer, which may also make reference to market practice on the matter of compensation policies;
- b) On a periodic basis, assesses the adequacy, overall consistency and effective application of the policy on compensation of Directors and Key Executives;
- c) Presents proposals or expresses opinions to the Board on the compensation of Executive Directors and the other Directors who hold particular roles, as well as on the establishment of performance targets linked to the variable component of such compensation;
- d) Monitors the application of the decisions made by the Board on the matters referred to in letter c) above, verifying, in particular, the actual achievement of performance targets;
- e) Reports to the Board on the work performed, at least once every six months, and, in any case, by the deadline for the approval of the annual financial statements and half-year financial report, at the board meeting indicated by the Chairman of the Board of Directors;
- f) Reports on the procedures to be followed in exercising its functions at the Shareholders' Meeting called to approve the annual financial statements through the Chairman of the Committee or another member designated by him.

In addition to the foregoing, the Compensation Committee has been assigned, on an *ad interim* basis, the functions of the related party transactions committee (RPT Committee) in the event of deliberations concerning compensation.

### **Work performed in 2014**

Over the course of 2014 (and specifically since the appointment of the Committee on 21 July 2014), the Compensation Committee met seven times, for an average of about one hour and fifteen minutes, with attendance, on average, on the part of 100% of its members and the attendance of the Chairman of the Board of Statutory Auditors or another Statutory Auditor at the majority of the meetings held by the Committee.

The meetings were all duly called by the Chairman, as a rule with at least three days' advance notice. The documentation concerning the items on the agenda was provided to the members by the same deadline.

Minutes of all of the meetings were duly drafted by the Secretary.

For year 2015, 5 meetings have been planned, 2 of which have already been held during the first few months of the year.

**Table 1**, which is attached as a schedule to this Report, sets forth the attendance record (expressed as a percentage) of each member at the meetings of the Committee.

During the above-mentioned meetings, the Committee:

- Expressed to the Board of Directors its opinion on the compensation policy for executive Directors, General Managers and Key Executives for year 2015<sup>14</sup>;
- Submitted to the Board of Directors its proposal on establishing performance targets related to the variable component of executive Directors' compensation for year 2015;
- Verified the achievement of performance targets related to the variable component of the Chief Executive Officer's compensation for year 2013;
- Approved the half-year report for the Board of Directors on the work performed by the Committee;
- Performed its activity through Company's structures, and, where necessary, within the budget of the Board of Directors.

### 2.3.3 Nomination Committee

#### Composition

The Nomination Committee is comprised of Directors Simone Anichini (non-executive and independent), Massimiliano Cesare (non-executive and independent) and Leone Pattofatto (non-executive), appointed by the Board of Directors' meeting held on 21 July 2014. The role of Chairman was assigned by the Board of Directors to the Director Simone Anichini.

The meetings of the Nomination Committee may be attended by the Chairman of the Board of Directors, the Chief Executive Officer and, for matters falling under the Board of Statutory Auditors' area of responsibility, the Chairman of the Board of Statutory Auditors or a standing Statutory Auditor designated by the latter. The meetings may also be attended by other Statutory Auditors and, at the Committee's invitation, other persons, including other members of the Board or employees of the Company, in order to provide information and express assessments concerning their respective areas of expertise with reference to individual items on the agenda.

#### Tasks

The Nomination Committee performs propositive and consultative functions in its relationship with the Board and, in particular:

- a) Formulates opinions to the Board on the size and composition of the Board itself and expresses recommendations on professional figures whose presence on the Board is deemed advisable;
- b) Proposes to the Board candidates for the role of Director in the event of co-optation, or where it becomes necessary to replace Independent Directors;

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<sup>14</sup> For information on the General Managers and Key Executives, see the Compensation Report prepared in accordance with art. 123-ter of the TUF that has been published on the Company's website at [www.fincantieri.com](http://www.fincantieri.com), within the Section entitled "Corporate Governance - Compensation".

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- c) Proposes to the Board its view on the maximum number of roles as director or Statutory Auditor that a Director may hold and performs the relevant periodic assessments and assessments to be submitted to the Board;
  - d) If the Shareholders' Meeting authorizes on a general basis in advance exemptions from the restriction on competition provided under art. 2390 of the Italian Civil Code, formulates an opinion to the Board on any activities engaged in by the Directors in competition with the Company;
  - e) Oversees the annual self-assessment of the Board and its Committees and, taking into account the results of the autoassessment, formulates opinions to the Board on the size and composition of the same, as well as its Committees, also with regard to expertise and professional figures whose presence on the Board or the Committees is deemed advisable to ensure that the Board is capable of expressing its own view to the shareholders prior to the appointment of the new Board;
  - f) Performs a review on the annual verifications on whether or not the Directors meet the independence and integrity requisites and on the absence of causes for incompatibility or ineligibility of the same;
  - g) Reports to the Board on the work performed at least once every six months, by the deadline for the approval of the annual financial statements and the half-year financial report at the board meeting indicated by the Chairman of the Board of Directors.

#### **Work performed in 2014**

Over the course of 2014 (and specifically since the appointment of the Committee on 21 July 2014), the Nomination Committee met twice, for an average of approximately one hour and fifteen minutes, and with attendance, on average, on the part of 100% of its members.

The meetings were all duly called by the Chairman, as a rule with at least three days' advance notice. The documentation concerning the items on the agenda was provided to the members by the same deadline.

Minutes of all of the meetings were duly drafted by the Secretary.

For year 2015, 5 meetings have been planned, 1 of which has already been held during the first few months of the year.

**Table 1**, which is attached to this Report, sets forth the attendance record (expressed as a percentage) of each member at the meetings of the Committee.

During the above-mentioned meetings, the Committee:

- Proposed to the Board of Directors its view on the maximum number of roles as director or statutory auditor in large companies that may be considered compatible with an effective performance of the role of Director of the Company;
- Prepared the review in preparation of the board works on the possible preparation of a succession plan for the executive Directors and on the annual self-assessment of the Board of Directors and the Committees;
- Supported the Board of Directors in performing review activities in connection with verifications that the Directors meet the independence and integrity requisites and on the absence of causes for incompatibility or ineligibility of the same;
- Approved the half-year report for the Board of Directors on the work performed by the Committee

Performed its activity through Company's structures, and, where necessary, within the budget of the Board of Directors.

## 2.4 BOARD OF STATUTORY AUDITORS

### 2.4.1 Composition of the Board of Statutory Auditors

Under art. 30 of the By-laws, the Board of Statutory Auditors is comprised of three standing Statutory Auditors and three alternate Statutory Auditors who are appointed by the ordinary Shareholders' Meeting in accordance with the procedures described in paragraph 2.4.2 below.

The Board of Statutory Auditors currently in office – appointed by the ordinary Shareholders' Meeting held on 28 May 2014<sup>15</sup>, whose term of office expires on the occasion of the approval of the financial statements for year ended 31 December 2016 – is comprised of the following standing Statutory Auditors: Gianluca Ferrero (Chairman), Alessandro Michelotti and Fioranna Vittoria Negri. The Shareholders' Meeting held on the 28 May 2014 also appointed, as alternate Statutory Auditors, Claudia Mezzabotta and Flavia Daunia Minutillo<sup>16</sup>.

The Statutory Auditors in office meet the integrity and professional qualification requisites required under art. 148, paragraph 4, of the Italian Consolidated Financial Act (TUF) and the Regulation adopted through Decree No. 162 issued by the Ministry of Justice on 30 March 2000. For purposes of the provisions of art. 1, paragraph 2, letters b) and c), of such Decree, matters pertaining to commercial law and tax law, business administration and corporate finance, as well as areas pertaining to naval engineering, are considered closely related to the Company's business. The members of the Board of Statutory Auditors also meet the independence requisites provided under art 148, paragraph 3, of the Italian Consolidated Financial Act (TUF) as well as those recommended under the Corporate Governance Code. The satisfaction of such requisites was verified through specific declarations prepared for such purpose and signed by the Statutory Auditors and verified by the Board of Statutory Auditors' meeting held on 20 February 2015. Also by virtue of the foregoing, the Statutory Auditors act autonomously and independently from all of the Shareholders. For this aim, a Statutory Auditor who, on his own account or on behalf of third parties, has an interest in a given transaction of the Company, must inform, in a timely and comprehensive manner, the other Statutory Auditors and the Chairman of the Board of Directors of the nature, terms, origins and scope of his interest.

The Statutory Auditors must also comply with the provisions on limitations on the accumulation of management and control roles at Italian capital companies imposed under the applicable legal framework and the By-laws (see **Table 2** on the "Structure of the Board of Statutory Auditors" attached to this Report).

In accordance with the requirements provided under the Decree of the President of the Council of Ministers (DPCM) 25 May 2012 and the By-laws, the Statutory Auditors do not hold any role in a management or control body or executive functions at Eni S.p.A. or its subsidiaries, nor do they maintain direct or indirect relationships of a professional or economic nature with such companies. Attached to this Report are the *curricula vitae* of the Statutory Auditors, setting forth the main personal and professional information pertinent to them (see **Annex 2**).

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<sup>15</sup>. On the occasion of the appointment of the Board of Statutory Auditors by the Shareholders' Meeting held on 28 May 2014, the By-laws provisions on slate voting described below did not apply since the appointment took place prior to the admission to listing of the Company's shares. The slate voting mechanism will be used on the occasion of the renewal of the Board of Statutory Auditors, on which occasion the Shareholders' Meeting will also appoint the alternate Statutory Auditors.

<sup>16</sup>. Prior to that time, the Board of Statutory Auditors was comprised of Mr. Luigi Orlando (Chairman), Mr. Mauro D'Amico and Mr. Giovanna D'Onofrio (standing Statutory Auditors), appointed by the ordinary Shareholders' Meeting held on 22 September 2011.

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### 2.4.2 Appointment and replacement of the Statutory Auditors

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

The appointment of the Statutory Auditors is governed by art. 30 of the By-laws, to which reference is made for a full description of the provisions on this matter<sup>17</sup>.

#### **Slate voting**

The Board of Statutory Auditors is appointed on the basis of slates submitted by the Shareholders and in compliance with the applicable legal framework on equal access to corporate bodies by the less represented gender.

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

Only those Shareholders who, on their own or together with other shareholders represent at least 1% of the share capital or such other percentage, if lower, established by Consob through its own regulation.

With regard to the submission, filing and publication of slates, the By-laws provisions on the appointment of the Board of Directors (see paragraph 2.2.4 above) as well as the applicable laws and regulations in force shall apply to the extent applicable.

#### **Composition of slates**

Within the slates, the candidates must be listed by a progressive number and the slate must not contain more candidates than the number of members to be elected.

The slates are comprised of two sections: one for candidates for the role of standing Statutory Auditor and the other for candidates for the role of alternate Statutory Auditor. The first of the candidates of each section must be enrolled in the register of certified auditors and must have at least three years of experience in the field of statutory auditing.

In addition, the slates which, considering both sections, present a number of candidates equal to or exceeding three must include, both in the first two slots on the section of the slate related to standing Statutory Auditors, and in the first two slots of the section of the slate related to alternate Statutory Auditors, candidates of different genders, so as to ensure that the composition of the Board of Statutory Auditors complies with the regulation in force on the balance of genders.

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<sup>17</sup>. The By-laws are available on the Company's website at [www.fincantieri.com](http://www.fincantieri.com), in the Section entitled "Corporate Governance - Corporate Governance System".

### **Appointment procedures**

The Statutory Auditors are elected as follows:

- a) two standing Statutory Auditors and two alternate Statutory Auditors are taken from the slate which obtained the highest number of votes, in the progressive order in which they are listed in the sections of such slate;
- b) the remaining standing Statutory Auditor and alternate Statutory Auditor are appointed in accordance with the applicable legal framework and the procedures provided under the By-laws for the appointment of Directors taken from minority slates (on this point, see paragraph 2.2.4 above), to be applied separately to each of the two sections comprising the other slates.

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

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

### **Replacement**

If over the course of the year it becomes necessary to replace one of the Statutory Auditors taken from the slate that obtained the greatest number of votes, then the first of the alternate Statutory Auditors taken from the same slate would replace the out-going Auditor. If the replacement procedure described above does not allow for the reconstitution of a Board of Statutory Auditors that complies with the applicable legal framework on the balance of genders, then the second of the alternate Statutory Auditors taken from the same slate would replace the out-going Auditor. If it later becomes necessary to replace the other Statutory Auditor taken from the slate that obtained the highest number of votes, then the first of the alternate Statutory Auditors taken from the same slate would replace such Auditor.

If the Chairman needs to be replaced, such role is undertaken by the alternate Statutory Auditor who is appointed with the same procedures as the Chairman.

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

Pursuant to art. 149 of the Italian Consolidated Financial Act (TUF), the Board of Statutory Auditors oversees: (i) compliance with the law and the By-laws; (ii) compliance with principles of proper administration; (iii) the adequacy of the Company's organizational structure for the matters for which it is responsible, of the internal control system and of the administrative-accounting system, as well as the reliability of the latter in accurately representing the operating results; (iv) the procedures for the actual implementation of the Corporate Governance rules provided under the Corporate Governance Code, including those on resolutions approving compensation and other benefits; (v) the adequacy of instructions given by the Company to its subsidiaries in order to ensure the proper fulfillment of disclosure obligations imposed by law.

In addition to the foregoing, art. 19, paragraph 1, of Legislative Decree No. 39 of 27 January 2010, assigns to the Board of Statutory Auditors additional functions as "Internal control and auditing Committee". In this capacity, the Company's Board of Statutory Auditors oversees: (a) the process of financial disclosure; (b) the effectiveness of the internal control, internal auditing and risk management systems; (c) the auditing of annual accounts and consolidated accounts; (d) the independence of the certified auditor or auditing firm, particularly with regard to the performance of non-auditing services to the entity subjected to the statutory audit.

Under art. 13 of the Legislative Decree No. 39/2010, the Board of Statutory Auditors has the task of formulating a reasoned proposal to the Shareholders' Meeting for the grant of the auditing mandate and for the determination of the related fees. The Board of Statutory Auditors is also asked to

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express its opinion on the determination of compensation of Directors with particular mandates, in accordance with art. 2389, paragraph 3, of the Italian Civil Code and for the appointment of the Manager responsible for preparing financial reports, in accordance with art. 154-*bis*, paragraph 1, of the Italian Consolidated Financial Act (TUF).

In line with what is recommended under the Corporate Governance Code, the Board of Statutory Auditors:

- Is heard by the Board of Directors: (i) for purposes of the approval of the audit plan prepared by the Head of Internal Auditing; (ii) on the results issued by the certified auditor in the letter of suggestions and in the report on fundamental issues that emerged during the statutory audit; (iii) for the appointment of the Head of Internal Auditing, and for a verification that the same is endowed with adequate resources and that his compensation is defined in line with company policies;
- Is heard by the Control and Risk Committee for purposes of the assessment on the proper use of accounting standards;
- Receives, through the Chairman of the Board of the Statutory Auditors, the periodic reports transmitted to him by the Head of Internal Auditing;

For purposes of the foregoing, the Statutory Auditors, including on an individual basis, may ask the Company's Internal Auditing Function to perform verifications on specific operating areas or company transactions. The Board of Statutory Auditors, also exchanges with the Control and Risk Committee, in a timely manner, information relevant for performing their respective tasks.

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

Following the admission to listing of the Company's shares in July 2014, the Board of Statutory Auditors has met seven times, for an average of approximately five hours, and attendance, on average, of 95.2% of the standing Statutory Auditors<sup>18</sup>.

For 2015, ten meetings have been planned, of which four have already been held during the first few months of the year.

**Table 2**, attached as a schedule to this Report sets forth the attendance record, expressed as a percentage, of each standing Statutory Auditor at the meetings of the Board of Statutory Auditors. Over the course of year 2015, the Company, through the Chairman of the Board of Directors who will act as coordinator, intends to encourage initiatives aimed at gaining further knowledge on all areas of Fincantieri's business operations and strategies, as well as matters pertaining to governance, the compliance system and the organization of the Company (referred to as "board induction"), to which the Statutory Auditors will also be invited.

#### 2.4.5 Compensation

The compensation of the standing members of the Board of Statutory Auditors is determined by the ordinary Shareholders' Meeting at the time of appointment. The information on the compensation of the Statutory Auditors is set forth in the Compensation Report prepared by the Company in accordance with art. 123-*ter* of the Italian Consolidated Financial Act (TUF), available on the Company's website at [www.fincantieri.com](http://www.fincantieri.com), in the Section entitled "*Corporate Governance – Compensation*".

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<sup>18</sup>. During the months prior to the admission to listing, the Board of Statutory Auditors met four times, for an average of two hours, with attendance, on average, of 83% of the standing Statutory Auditors.

### 3. Internal control and risk management system

The Company's internal control and risk management system ("ICRMS") consists of a set of instruments, organizational structures and company procedures that are codified in a special "Organizational Handbook" that is periodically updated and disseminated within the Company, aimed at contributing, through a process of identifying, managing and monitoring the main risks faced by the Company, to a management of the Company that is sound, proper and consistent with the objectives set by the Board of Directors.

The Company's ICRMS is integrated within the more general organizational and Corporate Governance structures implemented by the Company and takes into account relevant models, recommendations provided under the Corporate Governance Code and national and international best practices on the matter.

Fincantieri has adopted the framework "CoSO – Internal Control Integrated Framework" and "COBIT – Control Objectives for Information and related Technology" as the main company-wide instruments for the assessment of the Internal Control System, with particular reference to financial reporting.

The ICRMS allows for, at the same time, the identification, measurement, management and monitoring of the main risks, as well as the soundness, accuracy, reliability and timeliness of financial reporting.

Fincantieri is well aware that an effective ICRMS contributes toward managing the business in a manner in line with the corporate objectives defined by the Board of Directors, facilitating informed decisions. In particular, the ICRMS contributes toward ensuring the safeguarding of corporate assets, efficiency and effectiveness of corporate processes, the reliability of financial information, compliance with laws and regulations, as well as the By-laws and company procedures.

Such system, which is defined on the basis of international leading practices, is comprised of the following three levels of control:

- 1<sup>st</sup> level: the operating functions identify and assess risks and implement specific actions for the management of the same;
- 2<sup>nd</sup> level: the functions in charge of risk management define methods and instruments for managing risks and perform monitoring activities
- 3<sup>rd</sup> level: the Internal Auditing function provides independent assessments on the entire System.

#### 3.1 MAIN CHARACTERISTICS OF THE ICRMS

As already indicated in paragraph 2.2.5 above, through a resolution dated 9 December 2014, the Company's Board of Directors, upon receiving the Control and Risk Committee's opinion, adopted guidelines for the internal control and risk management system (the "**Guidelines**"), so as to define the procedures through which risks pertaining to the Company and its subsidiaries may be accurately identified and adequately measured, managed and monitored.

In this context, the Company has decided to launch a project aimed at developing and optimizing the risk management system with a view to ensuring the ongoing improvement of the internal control and Corporate Governance system in order to meet, as quickly as possible, the guidelines approved by the Board of Directors. With reference to the Corporate Governance Code, the criteria on the mapping of reporting and compliance risks, the identification of mitigating controls and the verification of their application, as well as the use of the internationally recognized framework



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(CoSO Framework) currently appear to have been met. The project launched aims to integrate the existing model, in line with best practices in this area (CoSO ERM), through:

- The identification and classification of the main risks within a structured process that integrates and includes the activities that are already in place (compliance, reporting, etc.), with a particular focus on operating risks;
- Sharing of business objectives and the implementation and pursuit of the same at the business unit level;
- The planning and realization of a reporting system for the ongoing monitoring of risks for the benefit of the BoD and the business units;
- The measurement and quantification of risks in relation to the company objectives identified.

This project, which will last approximately 6 months, will already by the end of 2015 allow for structured information to be provided to the Board of Directors and the Control and Risk Committee on the main corporate risks, as well as an assessment of the same taking into consideration the mitigating actions in place. Pending the completion of the project, the Audit Plan prepared by the Internal Auditing Function envisages verification activities in all areas of risk (compliance, reporting, operating) and, where a shared mapping is lacking, discretionary assessments have been made in order to identify operating areas to be monitored. For this reason, we are of the view that the Company's alternative conduct in this regard, which will be only temporary, will in any case allow for the achievement of the sound Corporate Governance objectives, as recommended in the Corporate Governance Code of listed companies.

[In the context of such project, the Board of Directors will receive the necessary support from the competent functions in order to define the nature and level of risks that would be compatible with the Company's strategic objectives.]

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, defining their tasks and responsibilities and envisaging a system of information flows that allows for the maximization of results.

Fincantieri's internal control and risk management system, as delineated in the Guidelines, involves, each with respect to its own area of responsibility, the following bodies: (i) Board of Directors; (ii) Control and Risk Committee; (iii) Director in charge of the ICRMS; (iv) Head of Internal Auditing and Internal Auditing Function; (v) Manager responsible for preparing financial reports; (vi) Oversight Board and (vii) Board of Statutory Auditors. It is also envisaged that the Group's entire personnel, in the context of the functions and responsibilities held, proactively takes part in, in accordance with the procedures defined in the Group's internal system of rules and procedures, the maintenance, updating and proper functioning of the ICRMS.

Without prejudice to what is described in paragraphs 2.2.5 and 2.3.1 above with regard to the tasks on internal control and risk management assigned, respectively, to the Board of Directors and the Control and Risk Committee and subject to what is stated below with specific reference to the other parties involved, set forth below is a description of the main characteristics of the ICRMS adopted by the Company.

#### **Identification of the risks**

The risks are identified on the basis of the following criteria:

- a) nature of the risk, with particular reference to the operating and financial risks, those related to accounting rules (reporting risks) and compliance risks that could potentially have a material impact on the Company's reputation;
- b) material extent of the risk;

- c) material probability that the risk will materialize;
- d) limited capacity on the part of the Company to reduce the impact of the risk on its business operations.

The complete identification and classification of the risks will depend upon the realization and implementation of the project aimed at developing and optimizing the above-described risk management system.

### **Implementation of the ICRMS**

The ICRMS consists of policies, procedures and actions which, considered together, enable the Group:

- a) to facilitate the efficiency of its transactions, enabling it to react adequately to operating, financial, legal and other risks that hinder it in the achievement of its business objectives;
- b) to ensure the quality of its internal and external reporting system. This requires the use of an effective registration system and a system of processes that generate a flow of meaningful and reliable information both within the organization and outside it;
- c) to contribute toward compliance with laws and regulations and internal procedures;
- d) to protect the corporate assets from being inappropriately or fraudulently used or lost.

For this aim, the Director in charge of the ICRMS ensures that the ICRMS:

- (i) is an integral part of the Group's business and culture, activating for this purpose processes of information, disclosure and training, as well as compensation and disciplinary systems that encourage the proper management of risks and discourage conduct in breach of the principles envisaged with regard to such processes;
- (ii) is capable of reacting in a timely manner to material risks that may arise within the Group or from changes in the environment in which the Group operates;
- (iii) includes procedures for the immediate reporting to an appropriate level of the Group, adopting in such regard appropriate organizational solutions that ensure access by the functions directly involved in the ICRMS to the necessary information and the senior management;
- (iv) envisages regular controls on the effectiveness of the ICRMS, as well as the possibility of activating specific controls in the event that weaknesses in the ICRMS are reported;
- (v) facilitates the identification and timely performance of corrective actions.

The Company intends to optimize the internal control and risk management system and its integration within the corporate processes through a project aimed at developing and optimizing the above-described risk management system.

### **Assessment of the effectiveness of the ICRMS**

The periodic verification of the adequacy and effective functioning of the ICRMS structure, as well as the possible updating of the same, constitute an essential part of the ICRMS structure for purposes of ensuring that it is fully and properly effective.

Such periodic verification is performed by the Board of Directors, with assistance from the Control and Risk Committee. In performing such verification, the Board of Directors is careful not only to verify the existence and implementation within the Company of an ICRMS, but also to perform on a periodic basis a detailed examination of the structure of the System, its suitability and its actual and effective functioning.

For such aim, the Board of Directors consults with the Head of Internal Auditing on the audit activities performed, which have already been examined by the Control and Risk Committee, in order to verify whether the structure of the ICRMS in place within the Company is actually effective in pursuing the objectives and whether any weaknesses reported could denote the need to improve the System.

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Moreover, the Board of Directors, at the meeting held for the approval of the financial statements, has the duty to:

- Examine the material business risks brought to his attention by the Director in Charge of the ICRMS and assess how the same were identified, assessed and managed. For this aim, particular attention is focused on the examination of changes that occurred over the course of the most recent year of reference, the nature and extent of risks and the assessment of the Company's response to such changes;
- Assess the ICRMS's efficacy in addressing such risks, focusing special attention on any inefficiencies that have been reported;
- Consider which actions have been taken or should be taken in a timely manner in order to remedy such deficiency;
- Prepare any additional policies, processes and rules of conduct which would enable the Company to react adequately to new situations of risk that have not been adequately managed. The periodic verification of the adequacy and effective functioning and possible review of the ICRMS constitute an essential part of the ICRMS structure for purposes of ensuring its full and proper effectiveness.

It should be noted that, for the 2014 financial statements, as a result of the recent definition of the guidelines for the internal control and risk management system, it is not possible to conduct a comparison with respect to previous situations; the actions taken for purposes of analyzing the various areas of risk, even if not yet structured within an integrated risk detection system, nonetheless allows for the objectives related to the assessment of the ICRMS's effectiveness to be achieved.

#### **Information flows**

In order to enable the various persons/parties involved in the ICRMS to adequately perform their respective roles within such System, special information flows are established between the various levels of control and the competent management and control bodies, that are appropriately coordinated in terms of their content and timetables.

In addition to the information flows described in the following paragraphs, special information flows as also established between the corporate functions in charge of second and third level controls. In particular, the heads of the second level control functions inform the Head of Internal Auditing of the critical issues detected while performing their own activities, which could be of interest in connection with the verifications falling under the Internal Auditing Function's responsibility. In turn, the Head of Internal Auditing informs the persons in charge of the other control functions on any inefficiencies, points of weakness or irregularities discovered during the verifications conducted concerning specific areas or matters falling under the responsibility of such functions.

#### **Main characteristics of the risk management and internal control systems existing in connection with the financial disclosure process (Compliance model pursuant to Law 262/2005)**

The Internal Auditing Function has developed the Compliance Model pursuant to Law No. 262/2005 in order to analyze the material items of Fincantieri's consolidated financial statements and to trace back to the corporate processes that assist in the development/preparation of economic-financial information. Such Compliance Model defines, *inter alia*, the specific components of the administrative-accounting disclosure, providing for a system of administrative-accounting Procedures that is supported and, at times, appropriately supplemented by "Matrices of risks and controls"; lastly, it defines the procedures and timetables for the administrative-accounting risk assessment process in order to identify the most important processes related to accounting and financial disclosure.

Fincantieri has adopted the following plan of action in order to support the certifications due in accordance with Law 262/05:

- *Scoping*: identification of the area to be analyzed, or in other words the selection of the Companies, accounts and processes having a material impact on financial statements items, on the basis of quantitative and qualitative parameters. The goal of the scoping activities is, *inter alia*, to identify the companies, processes and sub-processes that are relevant for purposes of the Fincantieri Group's financial statement documents, through a quantitative and qualitative analysis. The quantitative analysis has been conducted starting from Fincantieri's consolidated financial statements for year ended 31 December 2013. The qualitative analysis has been used in order to validate the results of the quantitative analysis and to identify the Companies of the Group most expected to risks or material impacts, regardless of their meaningfulness with respect to the consolidated financial statements;
- Assessment of the "entity level" controls: assessment of the controls implemented at the level of the entities identified during the scoping phase, in order to verify whether they have been properly defined and operate effectively. The entity level controls are those controls relied upon by the management in order to ensure conduct that is appropriate and in line with the corporate approach aimed at maximizing the effectiveness of the functions considered critical from a standpoint of financial reporting integrity (including the Administrative, Finance and Control functions, the Project Management team, the Board of Statutory Auditors and the Board of Directors). Under the CoSO framework, this type of controls also includes those related to risk management, change management, integrity and ethical values, as well as controls related to the proactive involvement of the Board of Directors and of its Committees (if any), the corporate philosophy and business, effectiveness of corporate communications, policies and procedures.
- Assessment of the "*process level*" controls: assessment of the controls implemented at the process level in order to verify whether they are properly defined and operate effectively, in connection with the entities identified during the scoping phase. The management in charge of drafting corporate accounting documents must identify the processes and controls on business operations that are critical to the financial statements and financial reporting and then document these processes and controls in order to set the foundations for an assessment of the control model and its effectiveness at the operating level. In order to be effective, internal controls must be properly designed. Moreover, the internal controls necessary in order to provide reasonable certainty on the accuracy of the Company's accounting documents must be put in place and conducted by adequately qualified personnel who have the authority and responsibility to implement them (process owners). Based on a verification of the documentation related to the processes taken into consideration, the Internal Auditing Function provides to the Manager responsible for preparing financial reports its assessment on the effectiveness of the process controls design;
- Assessment of the controls at the IT level: assessment of the IT controls implemented within the organization in order to verify whether they have been properly defined and operate effectively. Transaction flows generally entail the use of application systems in order to automatize the related processes and to sustain high volumes of transactions. Such application systems are based upon various different IT support systems, including corporate networks, databases, operating systems and others. Collectively, they comprise the IT systems involved in the financial reporting process and, consequently, should be considered in the planning and assessment of internal controls. For these reasons, IT controls have a pervasive effect on the achievement of many control objectives. The General Computer Controls (GCC) are

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controls used to manage and control IT activities and the IT area as a whole. The automatized control procedures and the manual control procedures that use information generated by IT systems (referred to as Application Controls), depend upon the effectiveness of the GCC. The relationship between the Application Controls and the GCC consists in the fact that these latter are necessary to support the functioning of application controls and both are necessary to ensure the complete, accurate and valid processing of information. The corporate organizations need to be supported by IT in order to ensure that the general control area and the application controls exist and sustain the compliance objectives pursued by the Group. Fincantieri has adopted the COBIT as a general model for the assessment of internal controls in the IT area. The Corporate Disclosure Systems Function (*Information Technology* or CO-CIO), with support from the Internal Auditing Function, is responsible for assessing the level and adequacy of the internal controls in the IT area. The assessment process commenced by Fincantieri in order to assess the compliance of the GCC is based upon the following key activities:

- Comprehending the organization's internal control program and its financial reporting process;
- Mapping the IT systems that support internal controls and the financial reporting process related to the financial statements and the other corporate accounting documents;
- Identifying the risks related to IT systems;
- Planning and implementing controls to mitigate the risks identified and monitoring the same to ensure their effectiveness;
- Ensuring that the IT controls are updated and modified, if necessary, in order to reflect changes in the internal controls or processes that have an impact upon financial reporting;
- Monitoring the IT in order to ensure that it functions effectively over time;
- Pro-active participation on the part of CO-CIO in the analysis of compliance with applicable laws and regulations in force (in particular, Law 262/2005 as subsequently amended and supplemented);
- *Testing*: these activities are performed by the Internal Auditing Function to assess the effectiveness of the Internal Control System through audit activities, in preparation of the management's certification. Once the effectiveness of the plan of the controls has been established, the controls must be subjected to effectiveness tests in order to prove that they operate effectively. This assessment is applied to each control individually and the main steps to arrive at the assessment are the following: determination of the testing plan; testing activities; identification of operating deficiencies in the controls; discussions on and identification of corrective measures. The Internal Auditing Function formalizes the results of the tests by reporting them to the relevant entities/process owners and monitors the implementation of the plans of action agreed for purposes of mitigating the deficiencies detected. The process owners are in charge of implementing the plans of action aimed at improving the internal control area which forms the basis for the certification by the management in charge of drafting the corporate accounting documents;
- The Control Owners's self-certification: the process of self-assessment through which the Control Owners certify the proper functioning of the controls within the processes/sub-processes for which they are, respectively, directly responsible;
- Internal certifications (Fincantieri): prepared by the Process Owners as attachments to the self-certifications (preceding point);
- External certifications (subsidiaries included within the consolidation perimeter): the process through which the management certifies the formal assessment on the effectiveness of the internal control structure and the related procedures.

The testing activities, Control Owners' self-certifications, and the issuance of the internal and external Certifications comprise the entire set of activities put in place to verify the compliance program.

The results of such activities are brought to the attention of the Board of Directors' attention in connection with the half-year report and the annual financial statements.

## 3.2 PERSONS INVOLVED IN THE ICRMS AND THEIR RESPECTIVE TASKS

With reference to the tasks and activities conducted by the Board of Directors, the Control and Risk Committee and the Board of Statutory Auditors in connection with the ICRMS, see the descriptions set forth in paragraphs 2.2.5, 2.3.1 and 2.4.3 above.

### 3.2.1 Director in charge of the ICRMS

The Director in Charge of Fincantieri's ICRMS is responsible for:

- Overseeing the identification of the main business risks, taking into account the characteristics of the business operations conducted by the Company and its subsidiaries, and having them periodically examined by the Board of Directors;
- Implementing the guidelines defined by the Board of Directors, overseeing the planning, realization and management of the ICRMS, and verifying on an ongoing basis the adequacy and effectiveness of the same;
- Handling the adaptation of the ICRMS to trends in business conditions and the legislative and regulatory climate;
- Formulating to the Board of Directors, in agreement with the Chairman, proposals in connection with the appointment, revocation and compensation of the Head of Internal Auditing, taking care to ensure that the latter has adequate resources to perform his functions and is compensated in line with company policies;
- Asking the Auditing Function to perform verifications on specific operating areas and on compliance with internal rules and procedures in the performance of business transactions, providing simultaneous notice to the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
- Reporting in a timely manner to the Board of Directors on problematic and critical issues that may emerge while performing his work or that may come to his attention, so that the Board may take the appropriate actions.

Over the course of 2014 and in the first few months of 2015, the Director in charge of the ICRMS:

- Formulated his proposal on the confirmation of Mr. Dentilli as Head of Internal Auditing, also ensuring that the latter has adequate resources to perform his functions and that he receives compensation in line with company policies;
- Handled the identification of the main business risks, submitting them to the Board of Directors for review at the meeting held on 27 February 2015;
- Implemented the Guidelines on the ICRMS, handling the planning, realization and management of the ICRMS and verifying that it remains continuously adequate and effective, also taking into account business conditions and the legislative and regulatory climate;
- Received and reviewed the periodic reports sent by the Head of Internal Auditing.

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### 3.2.2 Head of Internal Auditing and Internal Auditing Function

The Head of Internal Auditing is Mr. Stefano Dentilli, who was confirmed in such role by the Board of Directors' meeting held on 27 February 2015, at the proposal of the Director in charge of the ICRMS, after receiving the favorable opinion of the Control and Risk Committee and consulting with the Board of Statutory Auditors.

The above-mentioned Board of Directors' meeting held on 27 February 2015, again at the proposal of the Director in charge of the ICRMS, after receiving the favorable opinion of the Control and Risk Committee and consulting with the Board of Statutory Auditors, also defined the compensation of the Head of Internal Auditing in line with company policies and ensured that he is endowed with adequate resources in order to fulfill his responsibilities.

The Internal Auditing Function's mission consists in the monitoring of the adequacy of the internal control system of the Parent Company and the subsidiaries, ensuring that its efficacy and effectiveness are improved on an ongoing basis through the performance of independent, autonomous and objective verification, validation and consultancy activities.

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

- To verify, both on an ongoing basis and in connection with specific needs, the operational functioning and suitability of the ICRMS at the Group level, with reference to company procedures, risk management and the measures implemented to mitigate the same, through an audit plan approved by the Board of Directors, based upon a process of analysis and prioritization of the main risks;
- To prepare periodic reports setting forth adequate information on its business, on the procedures followed for the management of risks, as well as on compliance with the plans established in order to contain them. The periodic reports set forth an assessment on the suitability of the internal control and risk management system;
- To prepare in a timely manner reports on particularly important events;
- To send its periodic reports to the chairmen of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as to the Director in charge of the internal control and risk management system;
- To verify, in the context of the audit plan, the reliability of the disclosure systems included within the accounting systems and the separation of functions;
- To analyze circumstantiated reports concerning problematic issues related to the financial statements, the internal and/or external audit and controls in general;
- To support the Boards of Statutory Auditors of the Company and the Group in selecting and preliminarily assessing the Independent Auditors's proposals concerning the statutory audit mandate.
- To assist the Supervisory Bodies (within the meaning set forth in Legislative Decree 231/2001) of the Company and the Group in performing their functions;
- To compare and exchange information with the Chief Executive Officer (as the person delegated by the ICRMS), the Oversight Board, the Board of Statutory Auditors, the Manager responsible for preparing financial reports and the Independent Auditors;

With regard to the tasks assigned, the Head of Internal Auditing:

- Is not responsible for any operating area and reports hierarchically to the Board of Directors;
- Does not hold any corporate offices of any type (with the exception of that of member of the Oversight Board) at the Company and/or at any of its operating subsidiaries;
- Has continuous and unconditional access to all company information, data, persons, databases/ files and assets that may be useful for performing his mandate;

- Reports on his work at least twice annually to the Board of Directors, liaising with the Director in charge of the ICRMS, the Control and Risk Committee and the Board of Statutory Auditors and, in performing his functions, also interacts with the Oversight Board and the Manager responsible for preparing financial reports;
- Autonomously manages the expense budget set for his function and for the Oversight Board, both of which are approved by the Board of Directors, upon agreement with the Director in charge of the internal control and risk management system;
- Entrusts to an external consultancy firm, which is completely independent from the Company and the Group, the performance of any activities pertaining to his function, if specific technical expertise not already found within the Internal Auditing Function are required.

Over the course of 2014, the Head of Internal Auditing:

- Verified, both on an ongoing basis and with regard to specific requirements and in accordance with international standards, the functioning and suitability of the internal control and risk management system, through an audit plan approved by the Board of Directors, based upon a structured process of analyzing and prioritizing the main reporting and compliance risks; as regards the operating risks, discretionary assessments were carried out in order to identify the operating areas to be monitored;
- Had direct access to all information useful for performing his mandate;
- Prepared periodic reports setting forth adequate information on his work and sent them to the Board of Directors; after the approval of the Guidelines for the Internal Control and Risk Management System, which took place on 9 December 2014, new information flows were defined, which are also directed toward Board of Statutory Auditors, the Control and Risk Committee and the Director in charge of the ICRMS. He also provided information on the procedures followed in the management of reporting and compliance risks, as well as compliance with risk containment plans, and the audit activities focusing on the operating risks identified by the function; lastly, he provided an assessment on the suitability of the internal control and risk management system on the basis of the audit plan performed;
- Verified, in the context of the audit plan, the reliability of the information systems including the accounting systems.

Over the course of 2014, the Head of Internal Auditing did not prepare reports on particularly important events since no requests in such regard were received from the top management.

In fulfilling his tasks, the Head of Internal Auditing has available the financial resources falling within the budget assigned to the function, the activities of which were not entrusted to third parties.

In 2014, the Head of Internal Auditing performed the following main activities:

- The activities envisaged under the audit plan and those which became necessary over the course of the year;
- Coordination of Internal Auditing's activities at the companies falling within the scope of work covered by Law 262/2005;
- Operating support for the optimization of the framework of controls pursuant to Law 262/2005 at the Group companies;
- Supporting the Oversight Board in accordance with Legislative Decree 231/2001 also with respect to the updating of the Company's Organizational Model;
- Participation as project manager in the project known as "SoD Remediation and Implementation SAP GRC";
- Coordination and development of anti-corruption initiatives within the company.



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### 3.2.3 Manager responsible for preparing financial reports

In 2014, the role of Manager responsible for preparing financial reports was assigned to Mr. Carlo Gainelli, Head of Group Accounting and Administration, who was confirmed in such role by the Board of Directors' meeting held on 22 November 2013, after receiving an opinion from the Board of Statutory Auditors, until the expiry of the term of office of the Board of Directors currently in office.

In accordance with the provisions of art. 26 of the By-laws, the Manager responsible for preparing financial reports is an expert on administration, finance and control and meets the integrity requisites imposed under the legal framework for Directors. In accordance with the Decree of the President of the Council of Ministers (DPCM) dated 25 May 2012, the Manager responsible for preparing financial reports does not hold any role on the management or control bodies or executive positions at Eni S.p.A. or its subsidiaries, nor is he party to any relationship, whether direct or indirect, of a professional or economic nature with such companies.

The Manager responsible for preparing financial reports puts in place adequate administrative and accounting procedures for the drafting of the annual financial statements and the consolidated financial statements, as well as all other financial disclosure.

The Company's acts and announcements disseminated to the market and the related financial disclosure, including the interim disclosure, must be accompanied by a written declaration by the Manager responsible for preparing financial reports, through which the latter certifies that the financial disclosure reflects the data set forth in the company's accounting books and records. In particular, the Manager responsible for preparing financial reports, together with the Chief Executive Officer, certifies through a special report on the annual financial statements, the consolidated financial statements and the short-form half-year financial statements:

- The adequacy and the actual application of the administrative and accounting procedures during the period to which the documents refer;
- That the documents are drafted in compliance with the applicable international accounting standards recognized in the European Community pursuant to EC Regulation No. 1606/2002 issued by the European Parliament and Council on 19 July 2002;
- That the documents reflect the data set forth in the accounting books and records;
- The suitability of the documents for purposes of providing a truthful and accurate representation of the balance sheet, results of operations and financial condition of the Company and of all of the companies falling within the consolidation perimeter;
- For the annual financial statements and the consolidated financial statements, that the directors' report includes a reliable analysis of the trend in business performance and the results of operations, as well as the financial condition of the Company and of all of the companies falling within the consolidation perimeter, together with a description of the main risks and uncertainties to which they are exposed;
- For the short-form half-year financial statements, that the interim directors' report sets forth a reliable analysis of the information referred to in paragraph 4 of art. 154-ter of the Italian Consolidated Financial Act (TUF).

In order to facilitate information flows, the Manager responsible for preparing financial reports is entitled to attend Board of Directors' meetings that address accounting matters.

The Manager responsible for preparing financial reports prepares periodic reporting on the planning of the activities to be performed and on the results of the controls conducted, which reporting is made available to the Board of Directors.

The Manager responsible for preparing financial reports activates a direct and mutual reporting channel not only with the Board of Statutory Auditors by organizing periodic meetings to review

material issues of an administrative nature and to review the results and outcomes of the work performed, but also with the Oversight Board by sending to the latter periodic reporting on the outcomes of controls conducted when they pertain to a specific area falling under the Oversight Board's responsibility.

The Board of Directors' meeting held on 20 February 2015 verified the adequacy of the powers and means available to the Manager responsible for preparing financial reports for the performance of his tasks, as well as the actual compliance with administrative and accounting procedures.

### 3.2.4 Organizational Model pursuant to Legislative Decree No. 231/2001 and Oversight Board

Fincantieri has adopted its own organizational, management and control Model within the meaning set forth in Legislative Decree No. 231/2001, which is comprised of a "general part" (most recently approved on 5 May 2014), which illustrates the principles, functions and essential components of the Organizational Model, and a "special part" (most recently approved on 26 November 2014), which indicates the objectives of the Model, the individual types of criminal offenses deemed material, the related control objectives, the standards of conduct and information flows.

The Organizational Model is available on the Company's website at [www.fincantieri.com](http://www.fincantieri.com), within the Section entitled "*Sustainability - Business Ethics - Model 231*".

Under the Organizational Model, the Company's Oversight Board is established in the form of a collegial body capable of ensuring an adequate level of independence, professional expertise and continuity of action. In particular, the Oversight Board is comprised of:

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

The Oversight Board is appointed by the Board of Directors and remains in office, as a rule, for three years.

The Oversight Board operates on the basis of "*Rules governing the Oversight Board's activities*" which are adopted, autonomously, by the body itself and sent to the Board of Directors for informational purposes. Such rules establish the procedures to be followed by the Oversight Board in formulating an annual expense budget which is duly approved together with the annual budget.

The main activities for which the Oversight Board is responsible are the following:

- Oversight on the efficacy of the Organizational Model, which consists in verifying that actual conduct is in line with the Model established;
- Review on the adequacy of the Organizational Model or, in other words, its actual (and not merely formal) capacity to essentially prevent undesirable conduct;
- Analysis to ensure that the Organizational Model continues to meet, over time, the solidity and functioning requisites;
- Management of the necessary updating of the Organizational Model on an ongoing basis, in the event that the analyses performed were to call for corrections or adjustments. This activity is, as a rule, carried out at two distinct and integrated moments in time:
  - Submission of proposals to modify the Model to the corporate bodies capable of effectively implementing them within the corporate culture;
  - Follow-up, or, in other words, verification of the implementation and actual functioning of the solutions proposed;
- Monitoring of the effectiveness of the internal procedures and the Corporate Governance rules;

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- Review of possible reports originating from the control bodies or from any employee and arrangement of any verifications deemed necessary.

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

In order to perform its tasks, the Oversight Board has free access to all of the corporate bodies and may request that such functions provide on a periodic basis and/or upon specific request, the information, data and news deemed useful for purposes of performing its tasks.

The verifications are conducted with support from the Legal Affairs Function, the Internal Auditing Function and, in certain specific cases, external consultants.

The Body receives reports on alleged breaches of the Code of Conduct and the Organizational Model from members of the Corporate Bodies, Heads of Functions, as well as employees, external collaborators, suppliers and clients, including on an anonymous basis. The Oversight Board decides whether to perform in-depth investigations or whether to abandon the report, and adequately justifies its determination in such regard.

At the end of each year, the Body drafts a report on activities performed that it sends to the Board of Directors and the Board of Statutory Auditors.

For further information on the requisites, tasks and responsibilities of the Oversight Board, see the Organizational Model that is available on the above-mentioned website.

Over the course of 2014, the Oversight Board, appointed by the Board of Directors' meeting held on 30 July 2012, was comprised of:

- Guido Zanardi (external Member and Chairman);
- Giorgio Pani (external Member);
- Stefano Dentilli (internal Member).

On 28 January 2015, the Board of Directors confirmed the above-mentioned members for the three-year period 2015-2017.

Over the course of 2014, the Body carried out the following activities:

- Continued to promote the maintenance and updating of the Organizational Model; in particular, the Model was updated: on 5 May, with respect to both the General part and the Special part; on 26 November 2014, only with respect to the Special part, in order to align it and render it more consistent with the most recent versions of the company procedures on the matter of Internal Company Audits on "Health and Safety" and "Environment". The Oversight Board also promoted an overall revisitation of the Model, that will be completed by the end of the first half of 2015, in consideration of the fact that the admission of the Company's shares to listing, which took place during the year, contributed toward changing a number of risk scenarios that must be appropriately taken into account;
- Through the Company's Internal Auditing Function, it became the promoter of a number of initiatives aimed at expanding corporate training on the matter of Legislative Decree 231/2001. The classroom training, for some time, has directly involved members of the Oversight Board as presenters;
- At all of the meetings held in 2014, the head of the Coordination of Prevention of and Protection against Risks (Safety and the Environment) and the head of the Italian Litigation Function within the Legal Affairs Office, were heard in order to be updated in a timely manner, by each with respect to their respective areas of responsibility, on any inspections at production facilities and any actual or potential legal ramifications in such regard from a standpoint of Legislative Decree 231/2001;

- Met during, in the performance of its activities, the Board of Statutory Auditors and a number of heads of entities and executives, including the Chief Executive Officer, the head of the Naval Business Unit, and head of the production facility in Monfalcone and the Manager responsible for preparing financial reports;
- Periodically assessed the quarterly “reports” issued by the company functions and, based upon the results of the same, carried out, where deemed necessary, specific in-depth investigations and/or reprimands reiterating the need for compliance with the company procedures;
- On the matter of relationships with Government and Public Entities, reviewed the results of an audit conducted on subsidized financing projects, examining the documentation related to 4 projects at both the national and international levels;
- Focused special attention on the matter of safety in the workplace, through both monitoring of accidents through special reports and on-site interventions alongside the function in charge on the occasion of safety audits at production sites;
- During the year, requested in-depth information from company functions and provided suggestions and indications on a number of sensitive matters;
- Examined all of the reports received through the dedicated channels; following a careful assessment of the same, those deserving of attention were further investigated through actions specifically requested and conducted by the Internal Auditing Function.

### 3.2.5 Independent Auditors

The Statutory Audit of the accounts is entrusted, in accordance with the applicable legal framework, to an Independent Auditors Firm whose appointment falls under the responsibility of the ordinary Independent Auditors firm, following a reasoned proposal by the Board of Statutory Auditors.

Through a resolution dated 28 February 2014, the Company’s Shareholders’ Meeting approved the grant of the statutory audit mandate to PricewaterhouseCoopers S.p.A. (including the verification of the due keeping of accounts, as well as the proper recording of relevant events and facts in the accounting records) for year ended 31 December 2013 and for the years to end on 31 December 2014 through 2021.

The Company’s Board of Directors, on 5 May 2014, extended the mandate to the Independent Auditors PricewaterhouseCoopers S.p.A., in order to include the so-called limited review on the short-form half-year financial statements (pursuant to art. 154-*ter*, paragraph 2, of the Italian Consolidated Financial Act (TUF) and 81 of the Issuers Regulation), as well as the assessment on the Report on Corporate Governance and Ownership Structure (pursuant to art. 123-*bis*, paragraph 4, of the Italian Consolidated Financial Act (TUF)).

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

### 4.1 REGULATION ON RELATED PARTY TRANSACTIONS

In accordance with art. 2391-*bis* of the Italian Civil Code and Consob rules on related party transactions, the Company's Board of Directors' meeting held on 5 May 2014 adopted the "*Regulation on related party transactions*" (the "**RPT Committee regulation**"), which set forth the principles followed by Fincantieri in order to ensure transparency and substantive and procedural propriety of related party transactions concluded by the Company, either directly or through its subsidiaries. The RPT Regulation – the full version of which is available on the Company's website at [www.fincantieri.com](http://www.fincantieri.com), within the Section entitled "*Corporate Governance – Internal Control and Risk Management - Short Explanation of the System*" – distinguishes between:

- (i) "Most Significant Transactions", such term referring to related party transactions that exceed the thresholds described in arts. 6.1 and 6.2 of the RPT Regulation; and
- (ii) "Less Significant Transaction", such term referring to related party transactions that do not reach the thresholds of importance referred to in point (i) above, unless one of the exclusions provided under CONSOB rules or one of the exemptions provided under the RPT Regulation applies to such transactions.

The provisions set forth in the RPT Regulation apply to the above-mentioned transactions, except in situations falling within the exclusions provided under the Consob Regulation on Related Party Transactions or in the cases of exemption provided under the RPT Regulation, regarding transactions of minor value, compensation plans based upon financial instruments approved by the Shareholders' Meeting, resolutions, in relation to the compensation of directors with particular duties (as well as other key managers), prepared in compliance with the provisions of the Company's compensation policy, ordinary transactions concluded at market conditions or standard, transactions with or between companies controlled (even jointly) by the Company, and urgent transactions.

#### **Less Significant Transactions**

Under the RPT Regulation, the approval of Less Significant Transactions falls under the responsibility of delegated bodies ("Delegated Bodies") which, as appropriate, have responsibility in relation to the specific Less Significant Transaction based upon the powers granted to them by the board resolution of appointment as delegated body of the Company. Where no Delegated Bodies exist, responsibility for the approval rests with the Company's Board of Directors.

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

The bodies that approved the Less Significant Transactions provide to the Board of Directors and the Board of Statutory Auditors complete information, at least on a quarterly basis, on the conclusion of such transactions.

Minutes of any resolutions approving Less Significant Transactions must contain an adequate motivation in relation to the interest of the Company in completing the operation, as well as to the appropriateness and substantial fairness of the respective conditions.

Where the RPT Committee has issued a negative opinion on one or more Less Significant Transactions, the Company (within fifteen days from the end of each financial quarter) makes

available to the public (at the company headquarters and by the methods indicated in Part III, Title II, Chapter I, of the Issuers Regulation) a document containing the indication of the counterparty, the subject and consideration for all Less Significant Transactions approved in the relevant quarter despite the aforementioned negative opinion, as well as the reasons for which it was decided not to accept that opinion. Within the same term, the opinion of the RPT Committee is made available to the public as an annex to the information document and on the Company's website.

### **Most Significant Transactions**

Under the RPT Regulation, responsibility for resolving upon More Important Transactions rests (exclusively) with the Board of Directors which resolves following an in-depth examination of the transactions and their terms and conditions. Such examination must be supported by sufficient documentation to explain the reasons for the RPT Transactions, their appropriateness, as well as the substantial fairness of the conditions under which those RPTs are concluded.

The Board of Directors resolves upon the Most Significant Transactions subject to prior motivated opinion of the RPT Committee in favor.

The company representative or person who commenced the negotiations or, as appropriate, the Board of Directors (through its Chairman or any of its members) inform the RPT Committee without delay of the start of the negotiations and the status of the same. The RPT Committee or one or more members delegated by the same ("Member(s) Delegated for Negotiations"), participate in the negotiations and the preliminary phase relating to the Most Significant Transactions by receiving a flow of complete and timely information and with the right to request information and to make observations to the Delegated Bodies and to the individuals assigned to lead the negotiations or the preliminary phase.

The delegated body of the Company that is responsible for performing individual More Important Transactions provides to the Board of Directors, the Board of Statutory Auditors and the RPT Committee complete disclosure, on at least a quarterly basis, on the performance of such transactions. The minutes of the resolutions approving Most Significant Transactions must contain an adequate motivation in relation to the Company's interest in completing the operation, as well as to the appropriateness and substantial correctness of the respective conditions.

The Board of Directors may approve Most Significant RPTs despite the contrary opinion of the RPT Committee, provided that the completion of those RPTs is authorised, in accordance with Article 2364, Paragraph 1, Number 5) of the Italian Civil Code, by the Shareholders' Meeting. In accordance with the provisions of Art. 11, Paragraph 3, of the CONSOB Regulation (so-called whitewash mechanism), the Shareholders' Meeting resolution of authorisation is considered approved if: i) the quorum and majority required by the Company's By-laws have been met and ii) where the unrelated shareholders attending the Shareholders' Meeting represent at least 10% of the share capital with voting rights, the majority of the unrelated voting shareholders do not vote against the transaction (on this point, see also paragraph 2.1.1. above)<sup>19</sup>.

For further information on, *inter alia*: (i) the definition of "related party" and "related party transaction"; (ii) exemptions from the application of the RPT Regulation; (iii) the RPT Committee and equivalent controls; (iv) procedures in the event that responsibility or authorization rests with the Shareholders' Meeting; (v) procedures for transactions concluded by the Company through subsidiaries; (vi) the disclosure obligations related to the conclusion of Most Significant and Less

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<sup>19</sup> The same quorum applies to transactions falling under the competence of the Shareholders' Meeting in urgent situations related to crisis situations faced by the Company.

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Significant Transactions; and (vii) the adoption of so-called “framework resolutions”, see the provisions of the RPT Regulation, which are available at the website indicated above.

## 4.2 INSIDE INFORMATION

On 11 June 2014, the Company’s Board of Directors, in accordance with the provisions of art. 1.C.1, letter j) of the Corporate Governance Code, approved the “*Procedure for management and public disclosure of corporate information*”. It defines the terms and modalities for Fincantieri’s internal management and public disclosure of corporate information in relation to the Company and its subsidiaries having specifically taken into account: (i) the obligation to publicly disclose Inside Information to the market, (ii) the obligation to restore the parity of information in the event of premature dissemination of Inside Information to third parties not bound by confidentiality undertakings arising from laws, regulations, statutes or contracts, and (iii) the need to ensure prudent, efficient and confidential management of all corporate information, including information other than Inside Information.

From a general standpoint, the internal management of confidential information (which shall mean information of a confidential nature regarding the Company and its subsidiaries which has not, or has not yet, the characteristics of Inside information) is the responsibility of the Chief Executive Officer.

For the purposes of ensuring the confidentiality of such information, all members of the Company’s governing bodies as well as the Company’s executives and employees are required to comply with a general confidentiality undertaking, and said persons may not disclose outside the Company any information and documents acquired in connection with the carrying out of their duties. More specifically, all such persons are required: (i) to maintain the utmost confidentiality about information acquired in the carrying out of their activity and, in particular, of Inside Information and confidential information; (ii) to keep and file with the utmost diligence the confidential documentation acquired in the carrying out of their duties with a view to guaranteeing access thereof only to authorized persons; (iii) to adopt every necessary precaution so that internal circulation of the information occurs without prejudicing the inside or confidential nature of the information, and in compliance with, *inter alia*, the applicable laws and regulations on personal data protection; (iv) to ensure that any communication of the information is made pursuant to this Procedure and in any event, in compliance with the principles of correctness, transparency, truthfulness and protection of the integrity of the information.

The disclosure to the public of Inside Information directly concerning the Company and its subsidiaries must be given promptly and in accordance with the following principles: clarity, symmetry of information, consistency and timeliness.

For further information on the procedure in question, see the full version of the document available on the Company’s website [www.fincantieri.com](http://www.fincantieri.com), in the Section entitled “*Corporate Governance – Internal Control and Risk Management – Short Explanation of the System*”.

The Company has also adopted a procedure for keeping and updating the “Insiders Register” and a “*Internal Dealing Procedure*”. Both documents are available, in their full versions, on the Company’s website at [www.fincantieri.com](http://www.fincantieri.com), respectively within the Sections “*Corporate Governance – Internal Control and Risk Management – Short Explanation of the System*” and *Corporate Governance – Internal Dealing*.

### 4.3 CODE OF CONDUCT

All of the business operations of the Company and the Group are conducted in compliance with the law, International Conventions (such as, for example, the OECD Anti-Bribery Convention of 1997) and with rigorous respect for the human rights established in the UN's Universal Declaration. Fincantieri operates according to the principle of fair competition, with honesty, integrity, uprightness and goodwill, respecting the legitimate interests of Shareholdings, employees, clients, commercial and financial partners as well as those of the general public and local communities where the Company conducts its business.

In particular, Fincantieri encourages Corporate Social Responsibility, meaning the integration of the social and environmental concerns within its own strategic vision, and provides disclosure on initiatives in such regard in its periodic reports.

All those who work for Fincantieri, without any exceptions or distinctions, are committed to observing and ensuring the observation of such principles in the context of their own functions and responsibilities.

For purposes of the foregoing, the Company has adopted a Code of Conduct, the compliance with which by all those who work at the company is of fundamental importance for the proper functioning, reliability and reputation of the Group, factors which constitute a determinant cultural heritage that ensures the success of its business.

In particular, Fincantieri's employees, in addition to fulfilling their general duties of loyalty, faithfulness, honesty and compliance with their contract in good faith, must refrain from engaging in activities in competition with those of the Group, honor the corporate rules and abide by the rules laid down in the Code of Conduct. Relationships between employees, of any level, must be inspired by principles of clearness, fairness, loyalty and mutual respect.

The Directors and all those who work at the Company are required to have full knowledge of the Code of Conduct, to contribute actively toward its implementation and to report any deficiencies or instances of non-compliance.

The verification on the implementation of the Code of Conduct and on its application rests with the Board of Directors and the corporate management, who may also make proposals to supplement or amend its provisions.

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

### 4.4 ANTI-CORRUPTION LAWS

In consideration of the broad geographic context in which Fincantieri operates, the Company has adopted various internal rules aimed at identifying and applying a global anti-corruption policy that defines expectations for the conduct of the business in rigorous compliance with the best international standards on anti-corruption legislation.

The first of such tools is the "anti-corruption policy" (the "*Policy*") adopted by the Company on 3 March 2014. The primary goal of such Policy, along with the procedures related to it, is to stress the Company's and the Group's commitment to fight corruption in all of its forms and to maintain a zero-tolerance stance on this phenomenon, through ongoing reinforcement of the level of integrity and transparency in internal conduct with a view to having a positive impact on the Group's reputation in the areas in which it operates.



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In particular, through the Policy, Fincantieri prohibits all practices that are corruptive in nature: illegitimate favors, collusive conduct, solicitations, whether direct and/or through third parties, of personal or career advantages for oneself or for others.

First of all, it is prohibited to procure, promise or to offer objects of value to any person, including Public Administration officers, in order to obtain or to keep a business deal in an improper manner or in order to ensure an undue advantage in doing business. In particular, it is prohibited to make payments in order to obtain new contracts or to keep old contracts, in order to accelerate the preparation of official documentation (for example, customs services or environmental certification) or to improperly influence any person.

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

Thirdly, since Fincantieri could be held liable in certain cases of corrupt conduct on the part of third parties such as agents, intermediaries, consultants and business partners, Fincantieri collaborates only with counterparties of proven reputation. For this reason, the Company subjects each commercial partner to a mandatory process of preliminary verification to ensure that the ethical requirements are satisfied.

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

The Group's commitment in the fight against corruption, set out primarily in the Code of Conduct, is reflected in a series of corporate documents that comprise the safeguards in place to fight corruption ("anti-corruption documents") in the functional and geographical areas in which the Group operates.

Such body of rules, which is subject to ongoing updates and supplements, contemplates the following matters considered to be sensitive in nature, each of which is governed by specific documents: (i) Relations with Public Administration; (ii) Agency, Brokerage and Services Provision Agreements; (iii) Grants, Donations, Sponsorships, Gifts, and Hospitality; (iv) External Collaborations and (v) Conflicts of Interest.

In addition to the foregoing, the Company has also adopted a procedure for the "*Violation report to the Oversight Board*" (so-called, "whistleblowing"), which permits employees and third parties to report problematic issues concerning the failure to honor the principles set forth in the Code of Conduct, the Organizational Model or the corporate procedures adopted by the Company.

For further information on such procedure and on all anti-corruption instruments in place within the Company, see the Section entitled "*Sustainability - Business Ethics*" on the Company's website at [www.fincantieri.com](http://www.fincantieri.com).

## 5. Relationships with shareholders and stakeholders

In accordance with the recommendations of the Corporate Governance Code, the Company, starting on the date of the listing of its shares on the Italian stock market (*Mercato Telematico Azionario* - MTA), has established an open and ongoing dialogue with retail shareholders, institutional investors and other stakeholders so as to ensure the timely dissemination of complete and accurate information on its activities.

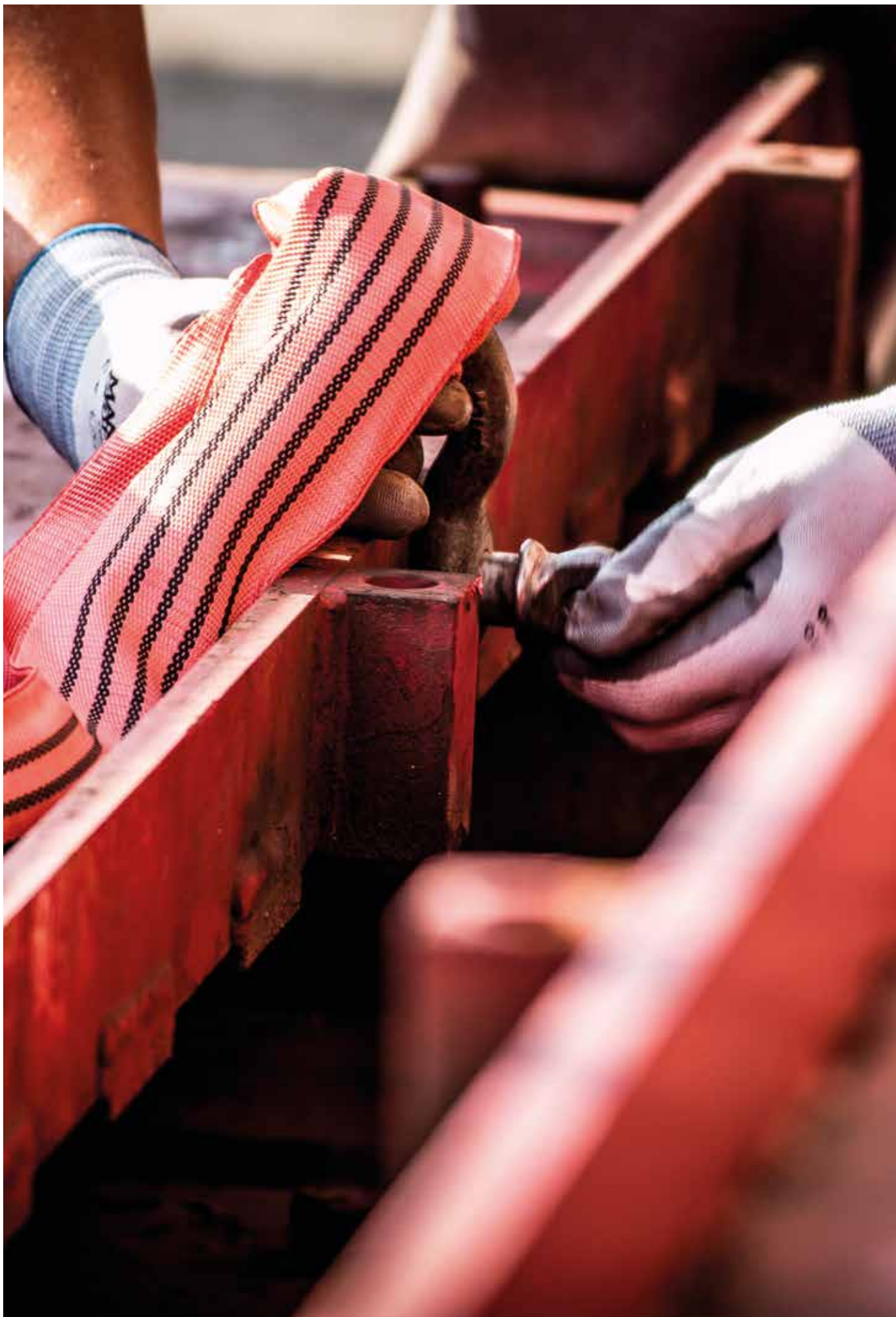
For this purpose, the Company (i) on 20 May 2014, appointed a head of relations with institutional investors and with other shareholders in the person of Mr. Luca Passa (Head of Investor Relations) and (ii) established a corporate structure dedicated to managing relationships with Shareholders and the market (Investor Relations Function).

In order to promote an ongoing dialogue with Shareholders and stakeholders, the Company has established and keeps updated on its website the dedicated Sections “*Investor Relations*” and “*Corporate Governance*”, where all the relevant information is available.

In particular, the “*Investor Relations*” Section contains main financial data of the Company and relevant financial documents (i.e. annual, half-year and interim reports, financial calendar, presentations to the financial community, stock performance data, financial press releases).

Disclosures concerning periodic reports, as well as those concerning major events and transactions are disseminated through press releases, meetings and conference calls with institutional investors and financial analysts, and are promptly made available to the general public, including by way of publication on the company website.

The “*Corporate Governance*” Section includes documents and information related to the Company’s Corporate Governance system such as: the Company’s By-laws, information on the composition of corporate bodies, the compensation of Directors, Statutory Auditors and Key Executives, as well as on the Internal Control and Risk Management system and the Internal Dealing Procedure. Within such section, the Company has created an area dedicated to Shareholders’ Meeting. In this area all documents related to the upcoming Shareholders’ Meeting will be published and additional information will be provided in order to facilitate the shareholders’ attendance at the event.



## Curricula vitae of the members of the Board of Directors

### Vincenzo Petrone

**Year of birth:** 1946

**Place of birth:** San Severo (FG)

**Role:** Chairman of the Board of Directors since June 2013

He graduated in Political Science and Economics.

**Assignments:** member of the Board of Directors of the Italy-China Foundation and the Steering Committee of the IAI (Institute of International Affairs) and member of the Board of Assonime (Italian Joint Stock Companies Association).

**Career:** in 1971 he was awarded a post in the diplomatic service and worked at the Ministry of Foreign Affairs until 1973, when he was assigned to the Permanent Mission of Italy to the United Nations in New York, where he directed the economic division and was the Italian Vice-representative in the Economic Commission of the United Nations General Assembly and the Italian representative on the Board of Directors of the United Nations development agencies (UNDP, UNICEF, UNIDO, Committee on Transnational Corporations).

In 1976, he was Head of the Commercial Department of the Italian Embassy in New Delhi, responsible among other things for the promotion of Italian defense systems.

In 1979, he worked at the Italian Embassy in Bonn, as Head of Home Affairs and issues related to the Italian community in Germany.

In 1982, he was responsible for General Management of Political Affairs and for NATO issues at the Ministry of Foreign Affairs and in 1984 was appointed Head of the European and the United States Office of the General Directorate for Economic Affairs, as well as head of international cooperation for the Defense Industry and of Promotion of Defense Systems in Western markets.

In 1986, he was Head of the Economic Division of the Italian Permanent Representation to the UN in New York, in 1991 Mission Deputy Chief at the Italian Embassy in Buenos Aires and in 1994 Head of the Crisis Unit at the Ministry of Foreign Affairs.

From 1998 to 2000, he was Director General for Development Cooperation in Italy. From 2000 to 2004, he was Italian Ambassador in Brazil as well as Chairman of the Group of Italian Industrial Representatives in Brazil.

From 2004 to 2008, he was Head of International Relations for Confindustria (the Italian employers' federation) and Advisor to the Chairman of Confindustria.

From 2008 to 2012, he was the Italian Ambassador in Tokyo and Co-Chairman of the Italy-Japan Business Group.

From 2012 to 2013, he was a member of the Board of the EDFI (European Development Finance Institutions) and until February 2014, Chairman of Simest S.p.A..

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## Giuseppe Bono

**Year of birth:** 1944

**Place of birth:** Pizzoni (VV)

**Role:** Chief Executive Director since April 2002

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He graduated in 1970 in Business Studies from the University of Messina, with a thesis on “Budgets and Long-term Plans In a Large Company”.

In 2006, he was awarded an honorary (honoris causa) degree in Naval Engineering by the University of Genoa.

**Assignments:** since February 2012, he has been the Chairman of Confindustria Gorizia and since October 2013 of Confindustria Friuli Venezia Giulia. Since April 2014, he is a director of Fondo Strategico Italiano.

In May 2014, he was appointed Cavaliere del Lavoro.

Since March 2013, he has been Chairman of Vard Holdings.

From October 2000 to April 2002, he was Chief Executive Officer of Finmeccanica, and before that, from 1997, General Manager and acting head of the companies belonging to the Alenia Difesa and Ansaldo Group.

**Career:** after joining Finmeccanica in 1993, he held top managerial positions until 1997, guiding the reorganization of the former defense companies EFIM and, as CFO, helping to define and implement the restructuring and reorganization plan of the group’s divisions, involving a re-aggregation of businesses into homogeneous operating companies, in line with the international growth strategy.

At Finmeccanica, he directed the expansion of the Company, consolidating the group’s business and financial position, by means of a major capital increase and a significant financial reorganization, strengthening the strategic and organizational activities of the group, and focusing on core business, involving the corporate reorganization of its main activities, the divestment of non-strategic assets and the creation of international alliances and joint ventures in the field of defense and helicopters. These included the joint ventures in defense electronics with GEC-Marconi, later BAE Systems, to create Alenia Marconi Systems (AMS), the merger with MEI—Microelettronica Italiana, an Italian company owned by the Ministry of the Treasury and IRI, which owned 22% of ST Microelectronics, the joint venture with GKN in the helicopter industry to create AgustaWestland, and the joint venture with EADS and BAE Systems in the missiles sector to create MBDA. In those years he succeeded in making Finmeccanica the leading Italian industrial group in the field of high tech and one of the top global players in defense, aerospace and security. In June 2000 he achieved an important result in Italy’s public divestments, reducing the state-owned share of Finmeccanica from 83% to 34% through a privatization process.

From 1991 to 1993, as General Manager of EFIM, he was in charge, just one year before its subsequent liquidation, of preserving the subsidiaries and related assets and succeeded in reaching a strategic agreement with Finmeccanica in the Defense and Transport sectors.

From 1987 to 1991, he was the CEO of Aviofer, personally handling the reorganization process of Agusta (now AgustaWestland) and laying the groundwork for the subsequent revival of the Italian helicopter company.

In 1981, he was appointed General Manager of Sopal, the food holding company of EFIM, where he restructured the subsidiaries and later designed and completed the privatization of the entire group. Previously, from 1971, he was the Head of Consolidated Financial Statements and Co-Director for the Control Programs and Management of EFIM, and participated among other things in the Commission set up by the Ministry of State Holdings to set up the accounting principles of

its subsidiaries. Earlier still he worked for Omeca (Officine Meccaniche Calabria), a company jointly owned by Fiat and Finmeccanica and acquired by EFIM in 1968, which he joined in 1963 as accounts manager. He has also taught “Management Control Systems (Planning and Control)” at LUISS—the Free International University of Social Studies in Rome. He is registered in the RUC (Senior Auditors Register).

### Simone Anichini

**Year of birth:** 1961  
**Place of birth:** Florence  
**Role:** Director since May 2014

He graduated in Business Studies.

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

Since 2010, he has served as the CEO of CO.FI.GI. S.p.A. He is also Chairman of the Board of Directors of ABR-Società Agricola A r.l., Agrisolar 2 Società agricola A r.l., Colline Senesi—Società Agricola S.r.l., Società agricola Bio Energia S.r.l. and sole director of Venezia Uno S.r.l.

**Career:** he started his professional career in 1985 in Vico Florence S.p.A. as Assistant to the Administrative Director until 1988.

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

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

From 1993 to 1998, he was Head of Administration, Finance, Control and IT systems for MALO.

From 1998 to 2004, he was Chief Financial Officer at Fingen S.p.A with responsibility for administration, finance and control of Cotton Belt, Calvin Klein, Guess and Immobiliare Frattini.

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

### Massimiliano Cesare

**Year of birth:** 1967  
**Place of birth:** Naples  
**Role:** Director since May 2014

He graduated in Law.

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

He also has extensive experience in the management and administration of corporate and real estate assets subject to seizure and/or preventive measures. In this context, he administered the corporate and real estate assets of the Cesarano criminal family, leading to their seizure and collaborating with the organized crime investigative group of Naples to implement such measures.

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He is also a trustee member of Boards of Directors, receiver of corporate and financial assets for the Court of Naples and the Public Prosecutor's Office as well as legal trustee of the bankruptcy and corporate section of the Court of Naples.

He has worked on behalf of the Government with the Garofoli Commission, set up to develop proposals, including of a financial nature, to fight organized crime. As economic and legal Advisor to the Presidency of the Council of Ministers for the Letta Government, he represented the Presidency in dealings with undersecretaries and economic ministries, gaining direct experience in the legislative process and administrative measures, and supervised the formal and substantial correctness of these processes.

He handled the Ansaldo Energia project with the top management of Finmeccanica and the Fondo Strategico Italiano.

He was also involved in managing the Telecom Italia issue, assessed the three-year business plan of Cassa Depositi e Prestiti on behalf of the Presidency of the Council of Ministers and examined and handled the Alitalia project, with particular reference to its possible integration with the Ferrovie dello Stato.

He has also contributed to government decisions on privatizing some of the largest state companies in Italy (Poste Italiane, Fincantieri and Enav) through IPOs, participating in the technical committees of the relevant ministries. Specifically, he has handled the economic and legal issues relating to Ilva in Taranto, contributing to the technical and legal solutions permitting the continuation of its industrial activities.

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## Andrea Mangoni

**Year of birth:** 1963

**Place of birth:** Terni

**Role:** Director since June 2013

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He graduated in Business Studies in 1988.

### **Main professional experience:**

SORGENIA S.p.A. - since July 2013, he has been Chairman and Chief Executive Officer.

The company, which has generation capacity of approximately 3,500 MW, has been involved, since last August, in a complex financial restructuring program (the indebtedness at such time totaled Euro 1,800 million) and operating turnaround, which also included its subsidiary Tirreno Power, with additional generation capacity of approximately 3,400 MW (and additional debts totaling Euro 1 billion).

TELECOM ITALIA S.p.A. – He was General Manager, head of operations in Brazil and Argentina from August 2012 to April 2013 when he left the Telecom Italia Group.

From April 2012 to March 2013, he was also Chief Executive Officer of Tim Brasil, the second-largest mobile telephony operator in Brazil, with approximately 62 million customers.

From October 2009 to September 2012, he was Group Chief Financial Officer of Telecom Italia. In this period, his main activities pertained to: 1) the reduction of the Group's indebtedness and the management of such indebtedness on the bond market, 2) the planning and control of the Group's costs and investments, with the goal of safeguarding the cash flow, 3) the management of extraordinary transactions, with particular reference to growth transactions in Argentina (through the acquisition of control over Telecom Argentina, the country's leading mobile and fixed telephony operator, where he is still a member of the company's Board of Directors) and Brazil (through the acquisition of infrastructures necessary to strengthen the mobile network and the management of the capital increases necessary to fund them on the Brazilian and international market).

From July 2009 to June 2010, he was Chairman and Chief Financial Officer of Sparkle, the company that manages, on a wholesale basis, the international traffic and network of Telecom Italia, with a footprint that covers Europe, Asia, the United States and Latin America. In this role, he was involved in the restructuring and relaunch of the company.

ACEA S.p.A. - from November 2003 to March 2009, he was Chief Executive Officer, after being appointed General Manager in March 2003.

In the same period, he was Chief Executive Officer of Acea Electrabel, the partnership between Acea and Gaz de France which was, at the time, one of the main national operations in the electricity generation, trading and sale.

From June 2001 to December 2003, he was Group Chief Financial Officer, and from January 2000 until May 2001 he was Head of Strategic Planning, which responsibility later fell within the Chief Financial Officer's area of responsibility.

From 1996 until 1999, as executive in the Finance Department, he was, first, head of extraordinary finance transactions (coordinating, *inter alia*, the operating activities necessary for the corporate reorganization and listing on the stock exchange) and, later planning and control activities.

Prior to that, he worked for the InterAmerican Development Bank (World Bank Group), handling projects aimed at the restructuring and regulation of the markets in Brazil and Argentina.

**Other assignments:**

Since June 2013, he has been a member of the Board of Directors of Fincantieri S.p.A. and Prelios SpA. In this role, he coordinates the Committee of independent Directors, which handles the project aimed at the capital reinforcement of the company post financial restructuring and the related contacts with Consob.

Since July 2009, he has been a member of the Board of Directors of Amber Capital.

From July 2009 to October 2014, he was an independent member of the Management Board and the Investment Committee of Marguerite Sgr, which manages the infrastructural fund of the European Investment Bank, one of whose main sponsors is Cassa Depositi e Prestiti.

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**Anna Molinotti**

**Year of birth:** 1958  
**Place of birth:** Imola (BO)  
**Role:** Director since June 2013

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She graduated in Business Studies.

**Assignments:** she is currently Head of Equity Investment operations at Cassa Depositi e Prestiti S.p.A..

She has also been a member of the Board of Directors of Fintecna S.p.A. since 2013, of CDP Investments Sgr since 2012, of Fondo Italiano di Investimento Sgr since 2010.

Since 2009 she has been the Chairman of Galaxy SICAR Sarl, a Galaxy Fund investment company and sole director of CDP GAS S.r.l. since 2011.

Finally, since 2010 she has been a member of the Fondo Immobiliare di Lombardia advisory board and since 2009 a member of the Investment Committee of the infrastructural investment fund F2i and investment fund in public-private partnership initiatives PPP Italia.

**Career:** in the past, she was a member of the Advisory Committee to West Private Equity Fund (UK), of the Investment Committee of the Euromed Fund, of the Advisory Board of the Fondo Centro Impresa, the Fondo Nord Ovest Impresa, and of the Fondo Mezzogiorno, managed by the Intesa Sanpaolo Group.



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She has also held positions as Board member of Farbanca S.p.A., sole director of Eptaventure S.p.A., Board member of LDV Holding B.V., Chief Executive of NHS Investments S.A. Board member of Imaging S.p.A. and Esaote S.p.A., Mecaer S.p.A., Cattleya S.p.A. and Data Service S.p.A. Previously, she was Head of Management and Administration of Equity Investment and Investments for IMI S.p.A., Head of Investment Monitoring at Sanpaolo IMI Private Equity S.p.A., and Head of Investments and Administration at Fincardine S.p.A, after previous experience in M&A in the CAER banking group and, in Credit and Large Customers at CARISBO and Credito Romagnolo.

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### Leone Pattofatto

**Year of birth:** 1968  
**Place of birth:** Genoa  
**Role:** Director since May 2014

He graduated from Bocconi University in Milan in Economic and Social Sciences in 1991.  
**Assignments:** since 2013, he has been a member of the Board of Directors of the consulting company SINLOC S.p.A. and of SACE S.p.A and since 2014 of Fintecna and CDP Immobiliare. Since 2013, he has been a member of the Oversight Board of the European Energy Efficiency Fund (Luxembourg) and member of the Advisory Board of FIA, a residential property investment fund.  
**Career:** he started his career in 1990 in the Research Department of Manufacturers Hanover. In 1991, he joined Morgan Stanley (London) where he remained until 2005, initially dealing with M&A and Restructuring, and then in 1999 became COO of Europe M&A, a position he held until 2001, when he began working in the Italian Investment Banking department. In 2005, he joined Credit Suisse as Head of M&A for Italy where he remained until 2013 and advised a number of the Bank's key clients in some of the largest extraordinary financial transactions in the country. In 2013, he joined Cassa Depositi e Prestiti as Head of Equity Investments and M&A.

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### Paola Santarelli

**Year of birth:** 1959  
**Place of birth:** Rome  
**Role:** Director since May 2014

She graduated in Business Studies in 1982.  
**Assignments:** since 2007, she has been a Member of the Steering Committee of the charity organization "Associazione Internazionale Messaggeri della Pace" and since 2008 an individual supporter of the charity organization "Associazione Anima per il Sociale" nei valori d'Impresa. She is currently also Chairman of the Dino and Ernesta Santarelli Foundation. She is the director of the Casale del Giglio Azienda Agricola S.r.l. and Fondazione Musica per Roma.  
**Career:** she started her career in the real estate sector setting up numerous head offices of multinationals in Italy, including IBM S.p.A., Michelin Italiana S.p.A., Capgemini S.p.A., the administrative offices of Telecom Italia S.p.A., Telesoft S.p.A., Telespazio S.p.A., Buffetti Group S.p.A., the Ministry of the Economy and Revenue Agency and numerous buildings in Rome. She also executed a large number of real estate transactions, mainly for residential use, jointly with the groups of Francesco Gaetano Caltagirone, Toti and Edoardo Caltagirone and the Metropolitan Centre of Rome with the Bonifati group. From 2005 to 2011, she was Member of the Board and member of the Control and Risk Committee of UniCredit Medio Credito Centrale S.p.A. From 2006 to 2012, she was a Board member and CEO of Quadrante S.p.A and from 2008 to 2012 was Board member of Imprebanca S.p.A.

From 2012 to March 2014, she was Board member of the Special Palaexpo Company.  
She was also sole director of CO.GE.SAN. S.p.A, Fortuna Urbis S.r.l and Ara Pacis S.r.l.  
She holds shares in MV Yachting S.r.l. and until 2012 indirectly held a minority share in Quadrante S.p.A.  
She has received various business awards for entrepreneurial excellence and on June 2, 2010 the President of Italy awarded her the honorary title of Cavaliere del Lavoro.

## Paolo Scudieri

**Year of birth:** 1960  
**Place of birth:** Ottaviano (NA)  
**Role:** Director since May 2014

He graduated in Industrial Engineering.

**Assignments:** he is a member of the National Council of Confindustria and of the committee for internationalization.

He is also Head of the Master sull'Automobile sponsored by the University of Naples Federico II, a member of Unicredit's local Committee and Acl-Csal advisor (Italian Automobile Sports Committee).

From 2005 he was sole director of Tecnofibre, OR.A and AdlerGroup Holding S.r.l., as well as Sistema Campania system S.c.a.r.l. from 2011 (dormant company).

Since 2011 he has been the Chairman and Chief Executive Officer of Challenger Foam Italy, since 2012 Chairman of the Board of Directors of Editoriale Il Denaro S.p.A., AdlerGroup S.p.A and Adler EVO S.r.l., and since 2014 of Tecno Tessile Adler S.r.l. and Anfia Automotive. He is also a director of Dattilo—Distretto Alta Tecnologia Trasporti e Logistica S.c.a.r.l. (dormant company). Since 2013 he has been the CEO of Tramontano S.r.l. and since May 2014 he has sat on the Board of Directors of Banco di Napoli.

**Career:** in 1982, he joined the family firm, the Adler group, which he leads today as CEO.

In 2007, he was appointed Cavaliere del Lavoro in the industrial sector.

In 2009, he launched the Abarth Tales brand in the fashion industry. In 2011 he was nominated by the NIAF (National Italian American Foundation), as best Italian-American entrepreneur and won the Ferrari Podium in the Italian Excellence section, which the car manufacturer awards to its suppliers.

He also received the UK-Italy Business Award 2012, given by the British government for Italian excellence across the channel and in 2013 won the Premio Leonardo Qualità Italia prize.

He has won various international awards, among which the Premio Internazionale Qualitas, Gazzelle Poland, General Motors Award, Medici Prize for Innovation and Development.

He was also Vice Chairman of the Industrial Union of Naples, with internationalization responsibilities.

## Curricula vitae of the members the Board of Statutory Auditors

### Gianluca Ferrero

**Year of birth:** 1963

**Place of birth:** Turin

**Role:** Chairman of the Board of Statutory Auditors since May 2014

He graduated in Business Studies in 1988, and is a chartered accountant.

Since 1995, he has been on the role of Statutory Auditors and is also a technical consultant at the Court of Turin.

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

He is also a standing auditor at Fenera Holding S.p.A and Fenera Real Estate S.p.A., at Limoni S.p.A., at Alberto Lavazza e C. S.a.p.a. and at Emilio Lavazza e C. S.a.p.a., and at Gabriel Fiduciaria S.r.l. He is also Sole Statutory Auditor at P. Fiduciaria S.r.l. and IBE Fiduciaria S.r.l in PRO.MAR S.r.l. He has been a general partner of Giovanni Agnelli e C. S.a.p.a., Vice-chairman of the Board of Directors of the Banca del Piemonte and sole director of B.S.R.L. (in liquidation).

He is also a director of S.E.I.—Società Editrice Internazionale S.p.A., a director of the ACBGROUP S.p.A. and of LOL S.r.l. Lastly, he is alternate auditor on the Board of Statutory Auditors of Reale Immobili S.p.A.

### Alessandro Michelotti

**Year of birth:** 1960

**Place of birth:** Pescia (PT)

**Role:** Standing Statutory Auditor since May 2014

He graduated in Business Studies in 1988.

He is General Partner of C.E.D 3M S.a.S. di Magrini Valter and in 2008, he received the appointment of Judicial Commissioner of FilFashion S.r.l (in liquidation) and of Meg S.r.l. starting in 2013.

He was appointed Alternate Member of the Board of Statutory Auditors of the company Panapesca S.p.A. and Quattropetroli S.p.A.

Among the other positions currently held he is also the Sole Statutory Auditor of Emmegi S.r.l. and liquidator of S.A.M.P. S.r.l. and member of the of the Board of Statutory Auditors of PE.PAR S.p.A. He is also Chairman of the Board of Auditors of the Fondazione Cassa di Risparmio of Pistoia and Pescia and he was member of the Board of Statutory Auditors of SCM multidisciplinary consortium entity—Professional Service.

During his professional career, he has built up experience in various fields particularly with regard to administrative and accounting procedures and financial and corporate consulting. He has given numerous lectures including as guest professor in Technical and Commercial Institutes and contributes as speaker at conferences on financial and tax matters.

He is Chairman of the Commission for the Local Authorities of the Order of Certified Public Accountants of Pistoia and since 2013 he has also been a member.

He was appointed Senior Auditor of the Municipality of Colle Val d'Elsa and Chairman of the Board of Auditors of the Municipality of Montecatini Terme, subsequently re-elected for a second term. He is also Chairman of the Board of Auditors of the Fondazione Cassa di Risparmio of Pistoia and Pescia. He is member of the Order of Chartered Accountants and Commercial Experts in Pistoia. Lastly, he is the holder of one-third of the share capital of YAM2505 S.r.l. and of 40/240ths of Gold & Co.S.R.O. (Prague).

### Fioranna Vittoria Negri

**Year of birth:** 1958  
**Place of birth:** Acqui Terme (AL)  
**Role:** Standing Statutory Auditor since May 2014

She graduated in Business Studies in 1982, and is a chartered accounting and certified auditor. She is the sole Director of Negri S.r.l. and General Partner of Negri Carlo Legnami s.a.s. She is also a partner and Vice President of the Board of Directors of PKF Italia S.p.A and also of ISMGEO S.r.l (Experimental Institute For Geotechnical Models). She is the Chairman and CEO of IFIREVI S.r.l. In over 30 years of auditing, she has also gained experience with companies operating in the fields of commerce, industry, publishing, tourism, service industries, as well as the financial sector and, among these, companies listed on the Milan Stock Exchange and AIM. During this period, she also accumulated expertise in all areas related to the analysis of procedures at different levels. She began her professional career in 1982 at Italaudit S.p.A. (formerly Grant Thornton S.p.A), and in 1988 was promoted to director and in 1996 was promoted to partner. She then joined Fidalta S.p.A., as operating agent until 2006. Since 2007, she has been a signatory partner of P.K.F. Italia S.p.A, a company where she is responsible for national technical management, professional courses and technical professional updating, as well as for the quality control committee. She is a member of the Risk Management Committee, the Scientific Committee PKF and quality control committee of PKF International. She was also a member of the Board of Statutory Auditors of Marni Holding S.r.l. (from 2009 to 2011) now Break Holding S.r.l. (in liquidation). She collaborates with the magazine "Il Revisore legale" published by the Sole 24 ore Group and is a member of the Scientific Committee of the magazine. She is a member of several technical study and working groups of Assirevi, and a member of the Steering Committee of Assirevi. She is one of the speaker lecturers of the training course organized by the school of higher education (SAF) of the order of Chartered Accountants of Milan, which has as its theme "The professional activities of Auditors with statutory audit in SMEs". She has been a speaker at conferences organized by the Order of Chartered Accountants of Bergamo, Milan and Verona on the subject of SMEs listing and business continuity—Statutory audit activities and the supervision of Auditors in corporate crisis situations".

### Claudia Mezzabotta

**Year of birth:** 1970  
**Place of birth:** Fano (PU)  
**Ruolo:** Alternate Statutory Auditor since May 2014

She graduated in Business Administration in 1993. In 2002, she obtained a Master of Arts in Industrial/Organizational Psychology at New York University. She is a member of the Board of Statutory Auditors of listed and non-listed companies operating in the industrial/manufacturing sector and providing non-financial services, in some cases assigned to perform the legal audit, including as Chairman. Specifically, she is alternate auditor for Amplifon S.p.A., Barclays Family S.p.A., Computershare S.p.A., Gatelab S.r.l., Gommauto Ambrosiana S.p.A. and Computershare S.p.A. and of Prysmian S.p.A. and O.R.M.I.C. S.p.A.

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She is also standing Auditor on the Board of Statutory Auditors of Ottana Polimeri S.r.l. and SABRE Italia S.r.l. and of IFA S.p.A., RES S.r.l., Chairman of the Board of Auditors of Carrara S.p.A. and of Fultes S.p.A.

She is also Sole Statutory Auditor of GE Lighting S.r.l.

She is a member of the Board of Directors of ISAP (Institute for the science of Public Administration).

Her professional experience as a consultant covers the accounting/budget area and statutory audits, mainly for medium to large sized clients and national and international accounting bodies, as a member of the technical working team on budgetary matters set up by the Italian Accounting Body in Rome and at the European Financial Reporting Advisory Group (EFRAG) in Brussels. She also provides advice on tax matters for corporations.

She is engaged in numerous training activities at training companies in Italian and international academic institutions and is involved in ongoing editorial collaborations.

She is an adjunct lecturer in Financial Accounting at the Università Cattolica del Sacro Cuore in Milan.

She has participated in numerous commissions and study groups as well as in academic research.

She was Chairman of the Board of Statutory Auditors of Fiat Industrial S.p.A. in 2013 and member of the Board of Statutory Auditors of Florio Carta S.p.A. until 2012. She also holds one third of the shares of FQR S.r.l.

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**Flavia Daunia  
Minutillo**

**Year of birth:** 1971

**Place of birth:** Milan

**Ruolo:** Alternate Statutory Auditor since May 2014

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She graduated in Business Studies in 1995, and is a chartered accounting, certified auditor and qualified professional mediator.

She holds and holds the position of standing auditor and Chairman of the Board of Auditors in banks, listed companies, securitization companies, trust companies, finance companies, factoring companies, security broking companies, asset management companies, real estate and industrial companies.

In particular, she is a Oversight Board Member of BPM, standing auditor of E-MID SIM S.p.A., of Milan Entertainment S.r.l, I.M.S. Health S.p.A., Emittenti Titoli S.p.A. and Actavis Italy S.p.A., of the listed company Molmed S.p.A. and of Perani S.p.A., of Manufactures Dior S.r.l.; she is alternate auditor for the Board of Auditors of the listed companies Mediaset S.p.A., Prelios S.p.A., and of EI Towers S.p.A.

She is also a member of the supervisory bodies of Axitea S.p.A. and Milanosport S.p.A.

She is a founding member of Simonelli Associati.

Over the years, she has received numerous awards, including being elected one of the TOP 50 WOMEN by “Valore D” in 2012 and was included in the collection “1000 excellent curricula” by the Belisario Foundation and in the “Ready for Board Women” list of PWA under the patronage of the Ministry of equal opportunities.

Table 1

## Structure of the Board of Directors and the Committees over the course of year 2014

BOARD OF DIRECTORS												CRC		CC		NC		
Role	Members	Year of birth	Date of first appointment	In office since	In office until	Slate <sup>1</sup>	Exec.	Non-exec.	Ind. under Code	Ind. under TUF	No. other roles	% (*)	% (*)	(**)	% (*)	(**)	% (*)	(**)
Chairman BoD	Vincenzo Petrone	1946	27/06/2013	27/06/2013	Sh. meeting for approval of financial statements 2015	-	✓	-	-	-	3	100	-	-	-	-	-	-
Chief Executive Officer	Giuseppe Bono	1944	29/04/2002	27/06/2013	Sh. meeting for approval of financial statements 2015	-	✓	-	-	-	4	100	-	-	-	-	-	-
Director	Simone Anichini	1961	28/05/2014 (***)	28/05/2014 (***)	Sh. meeting for approval of financial statements 2015	-	-	✓	✓	✓	8	100	-	-	100	X	100	C
Director	Massimiliano Cesare	1967	28/05/2014 (***)	28/05/2014 (***)	Sh. meeting for approval of financial statements 2015	-	-	✓	✓	✓		100	100	C	-	-	100	X
Director	Andrea Mangoni	1963	27/06/2013	27/06/2013	Sh. meeting for approval of financial statements 2015	-	-	✓	✓	✓	10	92	100	<sup>2</sup>	100	C	-	-
Director	Paolo Scudieri	1960	28/05/2014 (***)	28/05/2014 (***)	Sh. meeting for approval of financial statements 2015	-	-	✓	✓	✓	18	100	-	X	-	-	-	-
Director	Paola Santarelli	1959	28/05/2014 (***)	28/05/2014 (***)	Sh. meeting for approval of financial statements 2015	-	-	✓	-	✓	4	100	-	-	-	-	-	-
Director	Anna Molinotti	1958	27/06/2013	27/06/2013	Sh. meeting for approval of financial statements 2015	-	-	✓	-	-	9	92	-	-	87	X	-	-
Director	Leone Pattofatto	1968	26/05/2014	26/05/2014	Sh. meeting for approval of financial statements 2015	-	-	✓	-	-	6	86	100	X	-	-	100	X
DIRECTORS WHO CEASED TO HOLD OFFICE IN THE YEAR OF REFERENCE																		
Director	Giovanni Masini	1953	27/06/2013	27/06/2013	14/05/2014 <sup>3</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>No. meetings held in 2014, starting from the listing</b>									BoD: 5 <sup>4</sup>			CRC: 3			CC: 7		NC: 2	
<b>Average duration of meetings, starting from the listing</b>									BoD: 3 hours <sup>5</sup>			CRC: 1 hour			CC: 1 hour		NC: 1 hour	
<b>Quorum required for the submission of slates by minorities for the election of Directors pursuant to art. 147-ter Italian Consolidated Financial Act (TUF): 1%</b>																		

CRC: Control and Risk Committee

CC: Compensation Committee

NC: Nomination Committee

C: Chairman of the Committee

✓: Meets the requisite

X: Member of the Committee

<sup>1</sup> the Board of Directors currently in office was not elected through the slate voting system since the appointment of the Board took place, albeit at different times, prior to the admission of the Company's to listing. The slate voting mechanism will be used for the nomination of Directors at the next renewal of the Board of Directors, which is expected to take place in 2016.

(\*) This column sets forth the attendance record in percentage terms of the Directors at the meetings of, respectively, the Board of Directors (starting from the listing) and the Board Committees.

(\*\*) This column sets forth the role of the Director within each Committee; "C" means Chairman; "X" means member.

(\*\*\*) The appointment became effective as of 3 July 2014, the start date of trading of the Company's shares on the Italian stock market (MTA).

<sup>2</sup> Member of the CRC replacing the Director Pattofatto on occasions when the Committee examines most significant related party transactions.

<sup>3</sup> On 14 May 2014, the Director Giovanni Masini submitted his resignation, with effect as of 13 May 2014. In order to replace him, the Board of Directors co-opted, on 26 May 2014, the Director Leone Pattofatto, who was later confirmed in such role by the ordinary Shareholders' Meeting held on 28 May 2014.

<sup>4</sup> During the months prior to the listing, 7 Board of Directors' meetings were held.

<sup>5</sup> During the months prior to the listing, the Board of Directors' meetings lasted, on average, three hours.

Table 2

## Structure of the Board of Statutory Auditors

BOARD OF STATUTORY AUDITORS IN OFFICE SINCE 28 MAY 2014											
Role	Members	Year of birth	Date of first appointment	In office since	In office until	Slate <sup>1</sup>	Ind. under Code	% attendance of meetings of Board of Statutory Auditors[*]	% attendance of meetings of Board of Directors[**]	No. of other appointments in listed companies	No. of other appointments
Chairman	Gianluca Ferrero	1963	28/05/2014	28/05/2014	Sh. meeting for approval of financial statements 2016	-	✓	100	91	none	21
Standing Statutory Auditor	Alessandro Michelotti	1960	28/05/2014	28/05/2014	Sh. meeting for approval of financial statements 2016	-	✓	80	91	none	4
Standing Statutory Auditor	Fioranna Vittoria Negri	1958	28/05/2014	28/05/2014	Sh. meeting for approval of financial statements 2016	-	✓	100	100	none	12
Alternate Statutory Auditor	Claudia Mezzabotta	1970	28/05/2014	28/05/2014	Sh. meeting for approval of financial statements 2016	-	✓			-	16
Alternate Statutory Auditor	Flavia Daunia Minutillo	1971	28/05/2014	28/05/2014	Sh. meeting for approval of financial statements 2016	-	✓			-	14
STATUTORY AUDITORS WHO CEASED TO HOLD OFFICE IN THE YEAR OF REFERENCE											
Chairman	Luigi Orlando	1948	22/09/2011	22/09/2011	28/05/2014	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Standing Statutory Auditor	Mauro D'Amico	1959	22/09/2011	22/09/2011	28/05/2014	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Standing Statutory Auditor	Giovanna D'Onofrio	1947	22/09/2011	22/09/2011	28/05/2014	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Alternate Statutory Auditor	Giuseppe Della Chiara	1941	22/09/2011	22/09/2011	28/05/2014	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Alternate Statutory Auditor	Costantino Leggeri	1941	22/09/2011	22/09/2011	28/05/2014	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>No. meetings held in 2014, since the date of listing<sup>2</sup>:</b>				<b>3</b>							
<b>Average duration of meetings, starting from the listing<sup>3</sup>:</b>						<b>5 hours</b>					
<b>Quorum required for the submission of slates by minorities for the election of the Statutory Auditors pursuant to art. 148 Italian Consolidated Financial Act (TUF): 1%</b>											

✓: Meets the requisite.

<sup>1</sup> The Board of Statutory Auditors currently in office was not elected through the slate voting system since the appointment of the Board took place, albeit at different times, prior to the admission of the Company's to listing. The slate voting mechanism will be used for the appointments at the next renewal of the Board of Statutory Auditors, which is expected to take place in 2017.

[\*] This column sets forth the attendance record in percentage terms of the Statutory Auditors at the meetings of the Board of Statutory Auditors since the date of listing.

[\*\*] This column sets forth the attendance record in percentage terms of the Statutory Auditors at the meetings of the Board of Directors since the date of listing.

[\*\*\*] This column indicates the number of other relevant roles held within the meaning set forth in art. 148-bis of the Italian Consolidated Financial Act (TUF). The complete list of roles held is published by Consob on its website pursuant to art. 144-quinquiesdecies of the Issuers Regulation.

<sup>2</sup> During the months prior to the listing, 4 meetings of the Board of Statutory Auditors no longer in office were held.

<sup>3</sup> During the months prior to the listing, the meetings of the Board of Statutory Auditors no longer in office lasted, on average, three hours.

# **FINCANTIERI**

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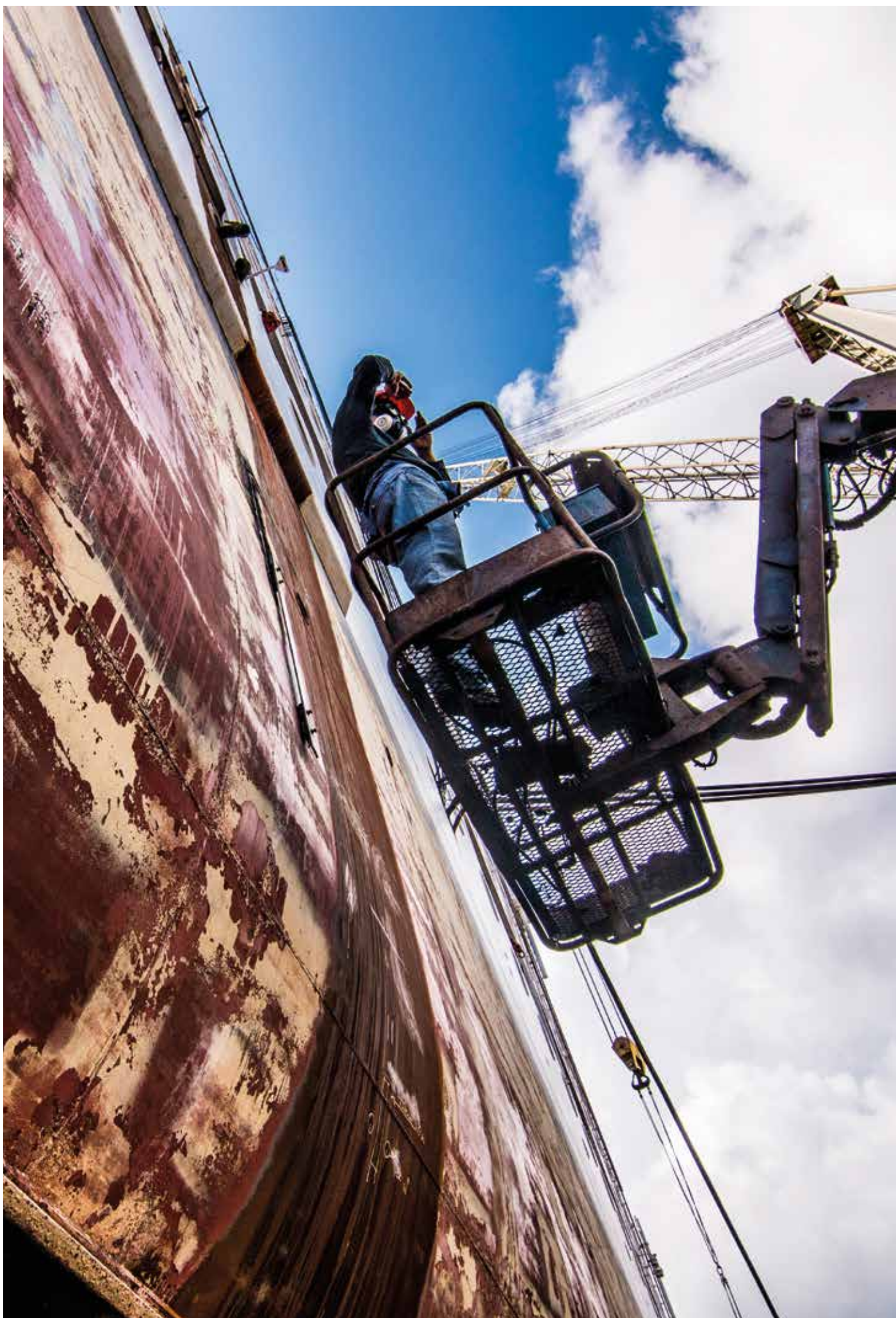
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