

# FINCANTIERI



## **OFFSET CONTRACTS** **- Summary -**

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## 1. INTRODUCTION

FINCANTIERI operates according to principles of fair competition with honesty, integrity, fairness and good faith and with the highest degree of respect for the legitimate interests of shareholders, employees, customers, commercial and financial partners, and countries and communities where it conducts business. In particular, FINCANTIERI proactively promotes Corporate Social Responsibility as a social and environmental focus integrated into its business model, and informs the public of all related activities in its periodic reports.

Integrity, Ethics and Respect, Merit, Excellence and Innovation, as well as Health and Safety, Environment Protection, Quality and Performance, Sustainable Growth, International Outlook, Rights and Client Focus are the fundamental values behind FINCANTIERI's approach. It is on these values that FINCANTIERI focuses and promotes its relationship of trust with its Stakeholders, that is everyone with an interest in the company, such as shareholders, employees, suppliers and clients.

Within this framework, all those who work or operate in Italy or abroad on behalf of or for FINCANTIERI, or who have business relationships with it, without any distinction or exception, are required to comply with these principles and ensure that they are complied with, each within its/his/her functions and responsibilities. The belief that one is operating in the interests or to the advantage of the Company can in no way whatsoever justify a conduct in conflict with these principles.

In light of this, bribery is an unacceptable obstacle to the ability of the Company to do business. FINCANTIERI is committed to systematically promoting fair competition, which is an essential element for pursuing its interests and a guarantee for all market participants, clients and stakeholders in general. Strict compliance with laws and regulations, ethical integrity and fairness, transparency and honesty are a commitment and constant duty for all FINCANTIERI personnel.

FINCANTIERI condemns the use of any unlawful or inappropriate behaviour to achieve its business goals, which it intends to pursue exclusively through excellent performances in terms of innovation, quality and economic, social and environmental sustainability.

FINCANTIERI confirms its commitment to fight bribery in all its forms by taking a zero tolerance approach against it and to constantly improve the integrity and transparency of its corporate conduct, that will reflect positively on the Company's reputation in the countries in which it operates.

## 2. OFFSET DEFINITION

The term "Offset" refers to any arrangement made under, or in connection with, a contract between the Fincantieri and a customer to generate work or create capability or economic value, in that customer's Country for which that customer's Offset Authority may grant "Offset credits" or otherwise release it from its Offset obligations. Offset programs are often required by foreign governments or companies as a prerequisite to the award of a given contract.

Fincantieri adopted an offset procedure to manage this international business practice, with the aim to increase its analysis capability and the monitoring of the offset programs and offset transactions, in order to avoid any risk of negative impact or reputational damage

## 3. MANAGEMENT

### Offset procedure - Initial request

In case of an offer to a customer for a contract that include an offset, the offset type is determined and the offset Committee is activated to examine the offset policy of the customer Government/company, to study the applicable law and to identify the related potential risks.

### Due diligence

Third parties involved in an offset (suppliers, subcontractors, partners, to be referred as “offset partners”) shall be subject to a due diligence to ensure that:

- their role in the offset is clear;
- they are financially robust with reference to the activity to be performed;
- they appear to be transparent, ethical and compliant with applicable laws and regulations, including applicable anticorruption laws, export control laws and regulations;
- it is clear the corporate structure and beneficial ownership, by description of the corporate structure of the proposed offset partner, including any parent and subsidiary companies, and the ownership of its parent and subsidiary companies.

In case the offset partner is involved in any other commitments or relationships with the Company, the Offset Committee assesses the presence or absence of conflicts of interest, prohibitions or restrictions.

The intensity of the due diligence (high or low risk) conducted varies in accordance with the risk profile of the offset program/transaction, or the offset partner in case of identified red flags.

Due diligence shall be carried out again every year in respect of any offset partner.

All the information collected during the due diligence process shall be treated in accordance with applicable data privacy legislation and the Company’s data privacy policy.

The Offset Committee is in charge of:

- advise the relevant Business Unit on: i) the offset policy of the purchasing government/company, providing guidance on each potentially eligible offset transactions, ii) the potential risks relating to the offset commitment, and issue recommendations;
- verify and control the compliance of the offset transactions with the Company’s procedures and with the applicable law in particular in respect of import - export law and regulations.

### Confirmations and approval

To complete the due diligence process, is necessary to obtain the following confirmations:

- the acceptance or mitigation of the identified red flags;
- the compliance to laws and regulations, and in particular on the export control laws;

- the correctness of notifications, registrations, authorizations or permits requested by the Italian or foreign applicable laws.

Based on the above mentioned confirmations, the final approval is obtained by the function in charge.

## **Execution**

The offset commitment plan must be continuously updated and submitted to the approval of the function in charge.

The offset contracts must be dealt with accordingly to the principles and the competences contained in the procedure.

The monitoring on offsets is performed by the Offset Committee by controls and support to the Project management functions engaged in relation to the offset transactions.

## **Reporting**

The representative of the Offset Committee informs and updates periodically on a six-month basis the General Manager and the Oversight Board of Fincantieri on offset activities, also reporting the latter on any non-compliance.

An half-year report on the offset activity and overall performance is provided to the Fincantieri top management.

## **Record-keeping**

A full record of each offset program or transaction is maintained for a period of 20 years.