

## 2018-2022 Sustainability Plan Update

### Objectives, targets and actions

**FINCANTIERI**  
The sea ahead



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# Strategic direction and sustainability

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

The Fincantieri Group is continuing along its path towards sustainable «success» by adopting an **integrated strategy** that is capable of combining business growth and financial stability with social and environmental sustainability, creating value in the long term. This is why the material topics for the Group have been integrated into the business strategy and the Fincantieri Group's Sustainability Plan has been implemented.

In July 2020, Fincantieri updated the **Sustainability Plan**, which is Fincantieri's strategic approach to sustainability and, through the Charter of Sustainability Commitments, it breaks down the commitments undertaken by the Group into qualitative and quantitative targets that can be measured over time. It respects the ten principles of the **Global Compact** and it contributes to the achievement of the **Sustainable Development Goals** (SDGs) of the UN's 2030 Agenda. In January 2021, it was aligned with the new materiality matrix and the respective commitments.



*Since 2019 Fincantieri has joined the United Nations Global Compact, the world's largest business sustainability initiative.*

Fincantieri's idea of **sustainable** and **responsible development** involves:

- a more widespread dissemination of the sustainability culture;
- promoting a responsible supply chain;
- employee involvement;
- constantly improving health and safety in the workplace;
- support for technological innovation;
- maintaining customer satisfaction and trust levels;
- continuous dialogue with and support for local communities;
- reducing environmental impacts;
- the fight against climate change.

With this integrated strategy, which considers both sustainability issues and business needs, Fincantieri is able to sustainably manage the challenges and opportunities the current and future macroeconomic context bring.

# Strategic direction and sustainability

In particular, the **Sustainability Plan**:

- defines the strategic guidelines linked to the **4 Pillars** of the **Business Plan** (Long term visibility, New horizons and markets, Innovation, Streamlined production);
- **confirms the objectives** laid out in the Sustainability Plan, approved in 2018, for 2020 and beyond; the timing of some objectives has been revised due to the limitations brought by the COVID-19 pandemic;
- defines new **objectives, targets and actions** in light of the pandemic.

The Fincantieri Group has been heavily impacted by the global health emergency resulting from the spread of COVID-19 which has radically changed the international economic and social context in which it operates. At this time of major interruption, sustainability is an essential enabling factor that helps to ensure a high level of resilience and sustainable development in the medium and long term. The Sustainability Plan reflects the decisions taken by company management to ensure the Group's **sustainable success**.

The Sustainability Plan comprises:

**15**  
material  
topics

identified through an online stakeholder engagement survey that enables both the point of view of the Group and that of customers, suppliers and partners, the financial community and other stakeholders to be taken into consideration.

**24**  
commitments

undertaken by the Group through the Charter of Sustainability Commitments.

**45**  
objectives

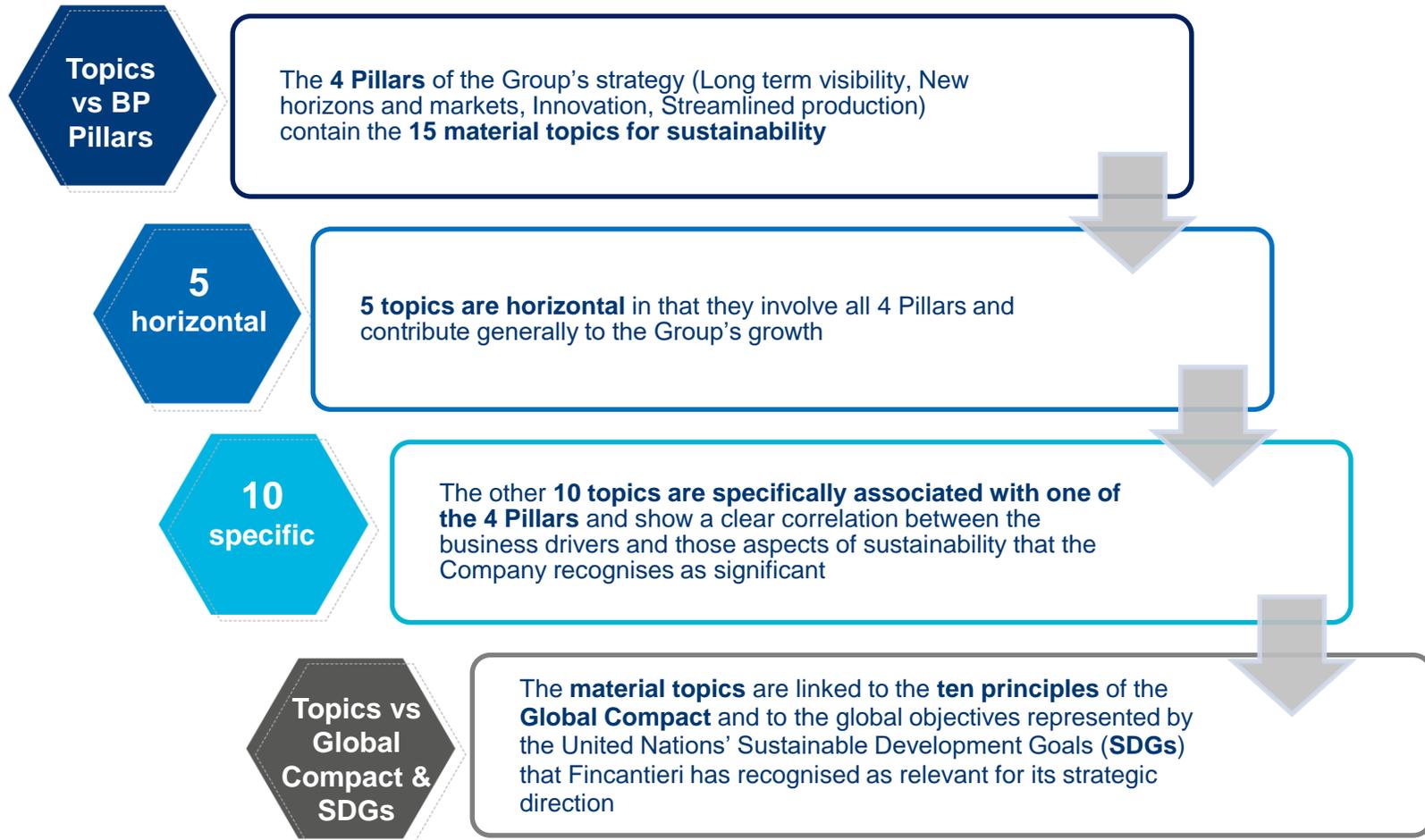
to be achieved in the short, medium and long term that will contribute in particular to the achievement of the **8 SDGs** that Fincantieri has recognised as significant for its business and in line with its strategic direction. The Plan's objectives are updated on a yearly basis starting with the results achieved and adding the new needs that arise over time.

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



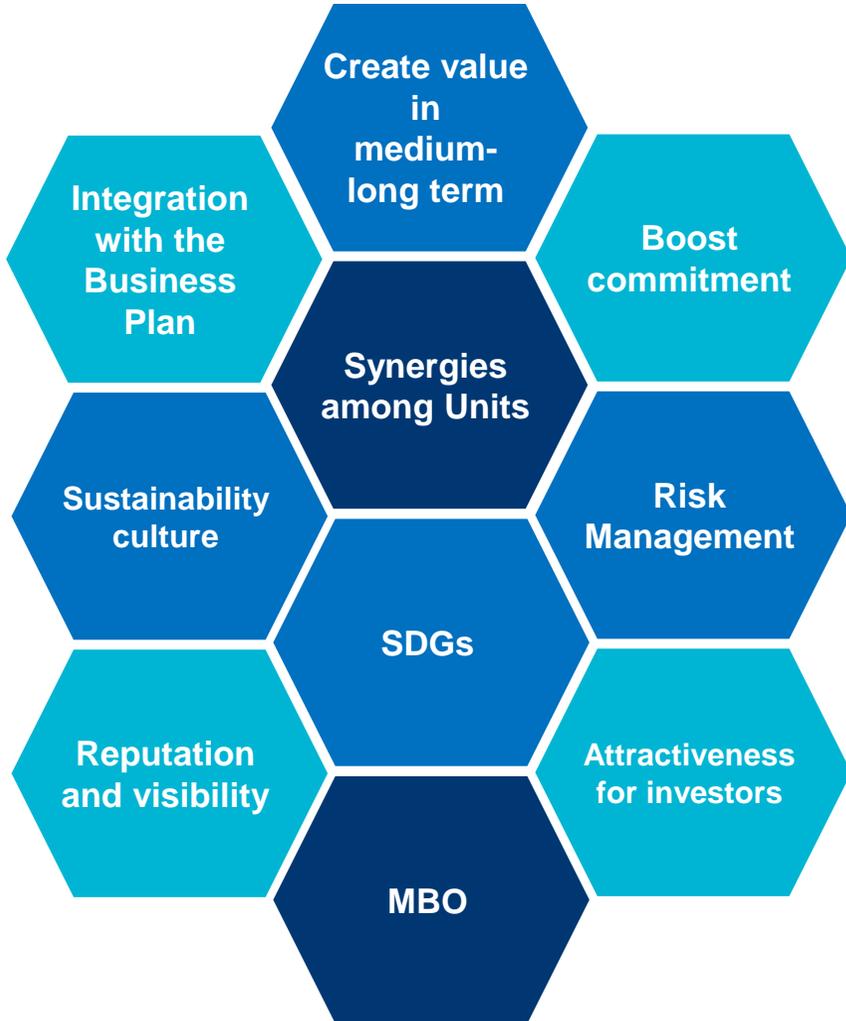
# Strategic direction and sustainability

## Logical steps for aligning the Sustainability Plan with the Business Plan



# Strategic direction and sustainability

## Purpose of the Sustainability Plan



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



# Strategic direction and sustainability

## Methodology

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



# Strategic direction and sustainability

## BUSINESS PLAN

### 4 Pillars

#### Long term visibility

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

#### New horizons and markets

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

#### Innovation

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

#### Streamlined production

Continued focus on seamless execution through streamlining of processes and production

## SUSTAINABILITY PLAN

### 5 Horizontal topics

1. Governance and business integrity

2. Cyber security

3. Climate change

4. Local communities and relations with the local area

5. Human rights

### 10 Specific topics

6. Development and safeguarding of human resources  
7. Diversity and equal opportunity  
8. Company welfare

9. Customer satisfaction

10. Product quality and safety  
11. Innovation, research and development  
12. Environmental impact of products and services

13. Health and safety in the workplace  
14. Sustainable supply chain  
15. Environmental management

### SUSTAINABLE DEVELOPMENT GOALS

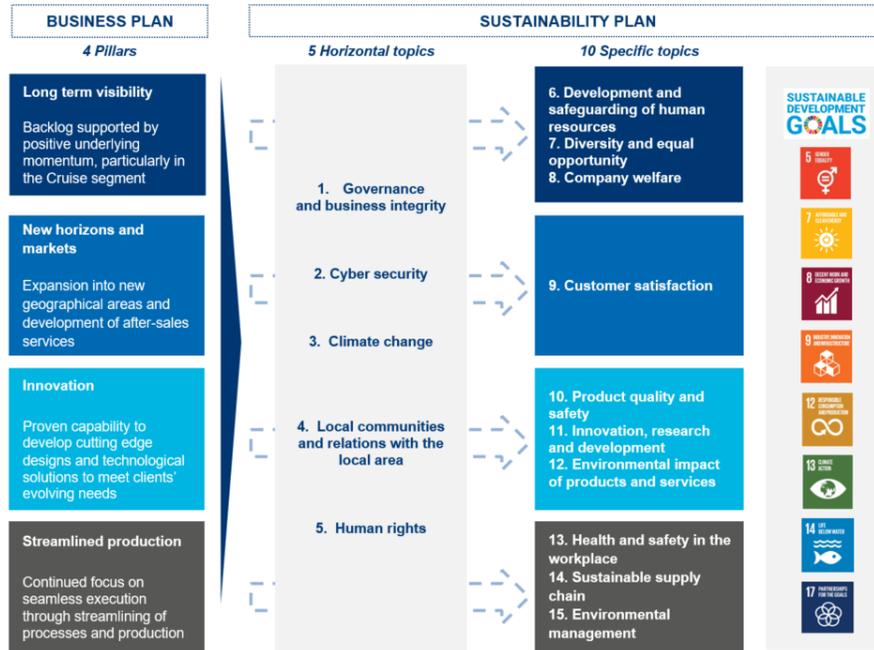


# Strategic direction and sustainability

## Structure and content of the Sustainability Plan

1

Within the Sustainability Plan, the 15 material topics are aligned with the **4 Pillars of the Group's strategy**



2

Each **material topic and commitment** for sustainability undertaken by the Group is declined in: **Objectives, Description / Target, Expected benefits, Timetable**

Commitments	Objectives	Description / Target	Benefits	Timetable
Promotion of the sustainability culture in line with the Group Values, encouraging managers to think in a sustainable manner within their sphere of action	<i>Gradual assignment of sustainability objectives in the Company's variable remuneration system</i>	Continue to include sustainability objectives in the assignment process of Italian personnel (over 750 employees) interested in the variable remuneration system <ul style="list-style-type: none"> <li>2020 - <i>15% of the staff concerned</i></li> <li>2021 - <i>Comparative analysis of the existing variable remuneration system of foreign subsidiaries with a view to future assignment of sustainability targets</i></li> </ul>	Raise awareness, assign responsibility and promote focus on the issue of sustainability	2020-2021

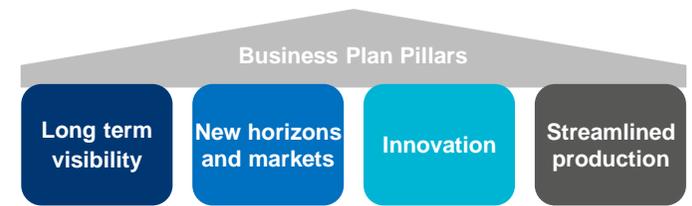
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For each Pillar, the **SDGs** that contribute to them have been identified



# Horizontal topics

## Governance and business integrity

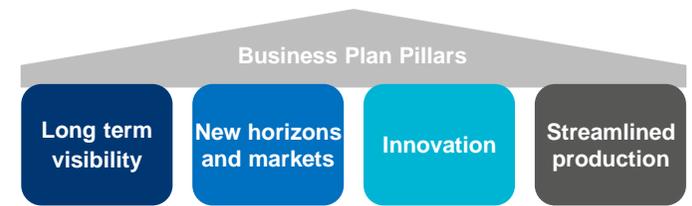


Commitments	Objectives	Description / Target	Benefits	Timetable
<p>Promotion of the sustainability culture in line with the Group Values, encouraging managers to think in a sustainable manner within their sphere of action</p>	<p><b><i>Gradual assignment of sustainability objectives in the Company's variable remuneration system</i></b></p>	<p>Continue to include sustainability objectives in the assignment process of Italian personnel (over 750 employees) interested in the variable remuneration system</p> <ul style="list-style-type: none"> <li>• <i>2020 - 15% of the staff concerned</i></li> <li>• <i>2021 - Comparative analysis of the existing variable remuneration system of foreign subsidiaries with a view to future assignment of sustainability targets</i></li> </ul>	<p>Raise awareness, assign responsibility and promote focus on the issue of sustainability</p>	<p>2020-2021</p>



# Horizontal topics

## Governance and business integrity

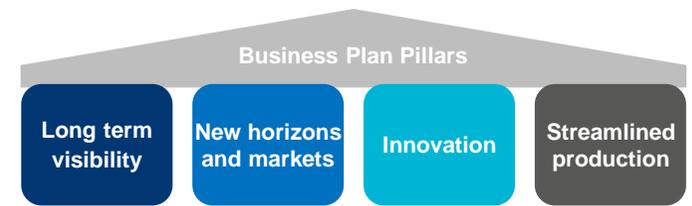


Commitments	Objectives	Description / Target	Benefits	Timetable
Maintenance of the Corporate Governance system and risk management (including sustainability risk) in line with international best practices	<b>Implementation of the International Ship and Port Facility Security Code (ISPS Code)</b>	<p>Implement the project which consists of:</p> <ul style="list-style-type: none"> <li>Updating of the security plans for those sites subject to the ISPS Code</li> <li>Personnel training</li> <li>Drills</li> <li>Adoption of the security process methodology even in those sites where compliance with the regulation is not compulsory</li> </ul> <p><u>100% Italian sites</u></p>	<p>Ensure:</p> <ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Resilience to criminal and / or terrorist threats</li> <li>A high level of expertise of personnel with security tasks</li> <li>Awareness of personnel who access the sites</li> </ul>	<p>2021</p>



# Horizontal topics

## Governance and business integrity

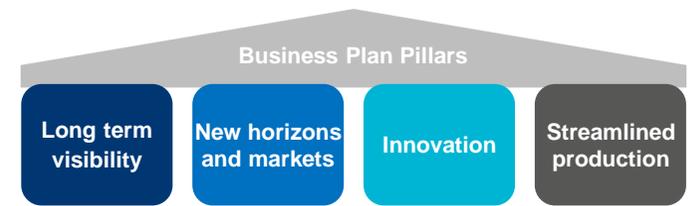


Commitments	Objectives	Description / Target	Benefits	Timetable
Adoption of preventative measures and policies geared towards the prevention of corruption in all spheres of influence	<b>Obtain ISO 37001 certification</b>	<p>Obtain ISO 37001 certification, which defines the requirements of the Anti-Corruption Management System, in order to support public and private organizations in combating and preventing corruption and disseminate a culture based on ethics and good conduct</p> <p><i>Obtain ISO 37001 certification for Fincantieri S.p.A.</i></p>	Improve perception of the Company's and Group's ethical standing	2020
	<b>Definition of the tax strategy</b>	<p>Definition of the tax strategy through the preparation of the tax policy containing the Group's principles and commitments with regard to tax compliance</p>	<ul style="list-style-type: none"> <li>• Improve the Group's tax compliance</li> <li>• Greater alignment between the tax strategy and sustainability strategy</li> </ul>	2021



# Horizontal topics

## Governance and business integrity

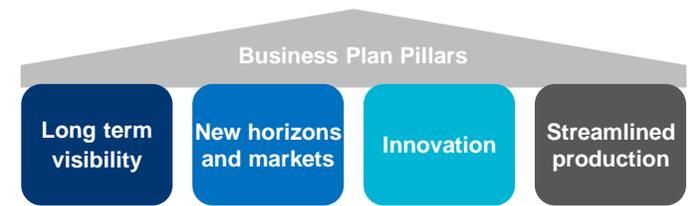


Commitments	Objectives	Description / Target	Benefits	Timetable
Integration of sustainability issues with stakeholders through the promotion of dialogue and listening initiatives with those involved in the Group's activities	<b>Implement an external stakeholder engagement program</b>	<p>Implement a process aimed at developing constant dialogue and direct interaction with the Group's internal and external stakeholders</p> <p><i>At least 1 stakeholder engagement meeting / contact each year</i></p>	<ul style="list-style-type: none"> <li>Identify and understand stakeholders' priorities, expectations and needs in terms of sustainability</li> <li>Share decisions, actions and performance in sustainability aspects with them (materiality analysis)</li> <li>Create continuous dialogue in order to identify critical aspects and mitigate risks</li> </ul>	<p>2022</p>



# Horizontal topics

## Governance and business integrity

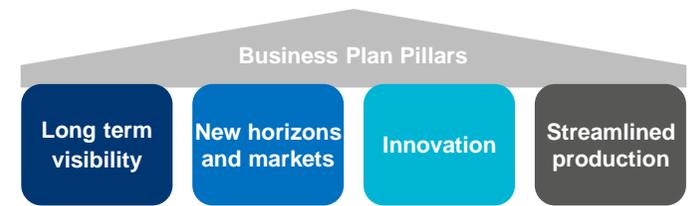


Commitments	Objectives	Description / Target	Benefits	Timetable
Increasingly sustainable and responsible corporate performance, creating the conditions for development that ensures the needs and expectations of all stakeholders are met	<b><i>Preparation of guidelines to assess the opportunity to make investments in accordance with sustainability principles</i></b>	Identify the principles to be used in the assessment process of the investment opportunity (e.g. purchase / construction of new plant, machinery and/or equipment, asset disposal) in order to consider both the economic and financial aspects as well as the Environmental, Social and Governance (ESG) issues  <i>Draft guidelines to assess the investments in terms of sustainability for Fincantieri S.p.A.</i>	<ul style="list-style-type: none"><li>• Reduce exposure to ESG risks and seize opportunities to reduce the impacts of not taking into account direct / indirect costs</li><li>• Generate greater value for the investor and the Company as a whole through a sustainable investment strategy geared towards the medium-long term</li></ul>	2021



# Horizontal topics

## Cyber security

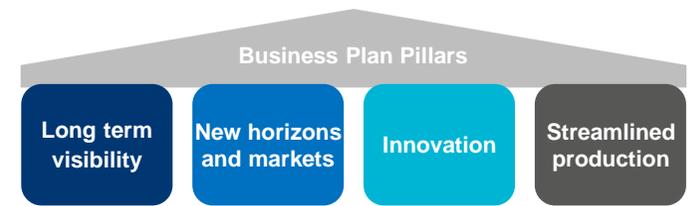


Commitments	Objectives	Description / Target	Benefits	Timetable
<p>Guarantee the protection of computer systems and data by minimizing the risk of network breaches, corruption of sensitive data or processes and develop the cyber security strategy for products and services</p>	<p><b>Develop a central information technology system and industrial platforms to bolster protection of industrial networks</b></p>	<p>Develop a central IT system and industrial platforms to bolster protection in order to:</p> <ul style="list-style-type: none"> <li>Expand the perimeter of the technological protection infrastructure in order to counter modern cyber security threats (email security review, anti malware evolution, Sandbox development, upgrade SIEM software development, etc.)</li> <li>Automate cyber incident detection and management processes</li> <li>Develop tools, processes and methodologies to support compliance with Regulation (EU) No. 2016/679 (GDPR) and international data protection and security standards (ISO 27001/9001)</li> <li>Adopt a program to protect the industrial networks supporting ship production (OT / SCADA security)</li> </ul> <p><i>Fincantieri S.p.A. and Italian subsidiaries (Marine Interiors Cabins, Luxury Interiors Factory, Marine Interiors, Seanergy A Marine Interiors Company, Isotta Fraschini Motori, Cetena, Fincantieri Infrastructure, Seastema)</i></p>	<ul style="list-style-type: none"> <li>Minimize the risk of data loss</li> <li>Reduce damage to image</li> <li>Protect intellectual property</li> <li>Comply with data protection regulations</li> </ul>	<p>2021</p>



# Horizontal topics

## Climate change



Commitments	Objectives	Description / Target	Benefits	Timetable
<p>Support for research to improve the analysis and management of risks associated with climate change</p>	<p><b>Conduct a climate change scenario analysis in compliance with the principles defined by the Task Force on Climate-related Financial Disclosures (TCFD)</b></p>	<p>Identify potential risks and opportunities for the core business related to climate change in accordance with the recommendations, defined by the TCFD of the Financial Stability Board, which help organizations to identify and communicate the information that the financial community needs to properly assess climate-related risks and opportunities.</p> <p>This analysis includes a specific focus on the financial impact that climate change may have on Fincantieri's performance and business model</p>	<p>Improve disclosure on:</p> <ul style="list-style-type: none"> <li>The organization's governance with regard to managing climate change</li> <li>Methods for identifying, assessing and managing climate-related risks</li> <li>The actual and potential impacts of climate risks and opportunities on the organization's activities, strategy and financial planning</li> </ul> <p>Proactive analysis in response to increased requests by investors on issues relating to climate change and the Company's exposure to climate risk</p>	<p>2021</p>

# Horizontal topics

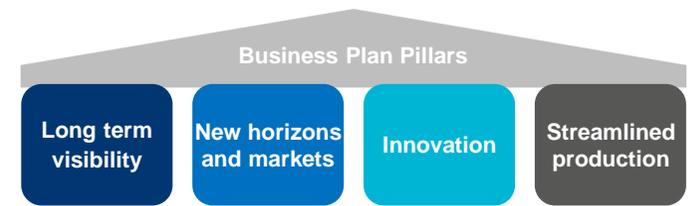
## Climate change



Commitments	Objectives	Description / Target	Benefits	Timetable
Support for research to improve the analysis and management of risks associated with climate change	<b>Promotion of research projects to develop new solutions for energy savings or reduction of emissions in collaboration with research institutes / universities on issues associated with climate risks</b>	Activate collaborations with universities / research institutes in order to develop new solutions for energy savings or reduction of greenhouse gas emissions  <u>5 projects completed by 2030, of which:</u> <ul style="list-style-type: none"> <li>• 1 project by 2022</li> <li>• 1 project by 2024</li> <li>• 1 project by 2026</li> <li>• 1 project by 2028</li> <li>• 1 project by 2030</li> </ul>	Increase / maintain product competitiveness, reduce greenhouse gas	 2030

# Horizontal topics

## Climate change

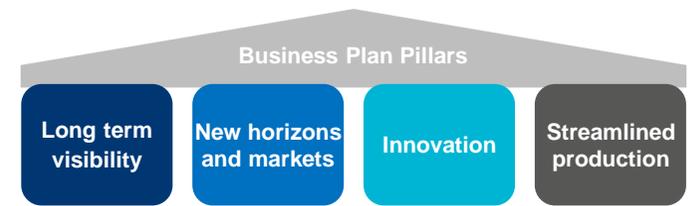


Commitments	Objectives	Description / Target	Benefits	Timetable
Reduction of carbon dioxide (CO <sub>2</sub> ) and other pollutant emissions with the aim of contributing to the fight against climate change	<b>Reduction of greenhouse gas (GHG) emissions from electricity</b>	Reduce greenhouse gas (GHG) emissions associated with electricity consumption (Scope 2)  <i>- 50% of GHG emissions compared to 2017</i>	Contribute to the fight against climate change	2022
	<b>Reduction of volatile organic compound (VOC) emissions</b>	Reduce VOC emissions through plant works and a gradual substitution of the products used with other solvent-free products or ones with a lower solvent content.  <i>- 20% of VOC emissions in relation to production volumes (hours worked) compared to 2017 in Fincantieri S.p.A.</i>	Improve workplaces and people's health	2022



# Horizontal topics

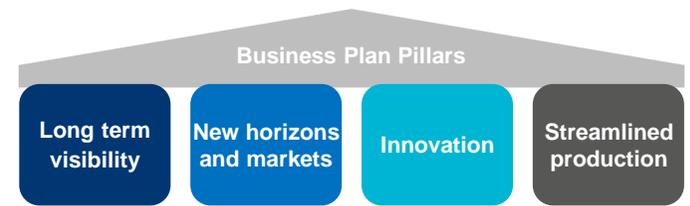
## Local communities and relations with the local area



Commitments	Objectives	Description / Target	Benefits	Timetable
Dialogue with and support for local communities through social, environmental, cultural and educational initiatives	<b>Promotion of initiatives to protect the sea</b>	Implement a feasibility study on implementing a Campaign to protect the sea which contains: <ul style="list-style-type: none"> <li>• Benchmark of already existing initiatives at international level</li> <li>• Creation and design of a Campaign to protect the sea</li> <li>• Definition of the budget, timescales, content and operating methods</li> <li>• Identification of potential partners (e.g. NGOs)</li> <li>• Definition of a related communication plan</li> </ul>	Become a point of reference in the field of environmental sustainability as a promoter of sea protection, a «natural» element of the Group's activities	2020

# Horizontal topics

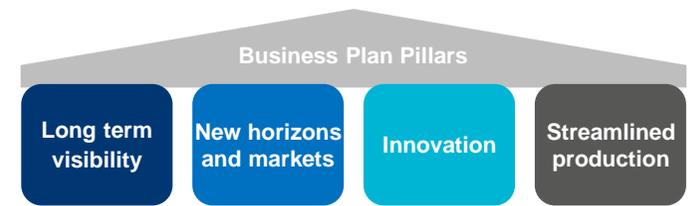
## Local communities and relations with the local area



Commitments	Objectives	Description / Target	Benefits	Timetable
Collaboration with governments, national and international associations to adopt policies and strategies to contribute to a healthy, inclusive, resilient and sustainable society for everyone	<b>Enter into agreements with Food Banks or other associations to redirect food surpluses in canteens at Fincantieri sites</b>	Enter into agreements with food associations, on the basis of the local requests, with the aim of redirect food surpluses from the canteens at Fincantieri sites  <i>Enter into agreements in the Italian cities where Fincantieri sites with canteens are located</i>	<ul style="list-style-type: none"><li>• Reduce waste</li><li>• Improve the well-being of those most in need</li><li>• Improve the Company's reputation</li></ul>	2020

# Horizontal topics

## Human rights



Commitments	Objectives	Description / Target	Benefits	Timetable
<p>Commitment to creating the socio-economic conditions to ensure respect for human rights throughout the value chain</p>	<p><b>Conduct annual audits to assess and monitor the most critical suppliers in terms of human rights, health and safety and the environment</b></p>	<p>Conduct annual audits at suppliers' premises on behalf of the organization (second party audit) a tool for an informed management of the supply chain</p> <p><i>100% of Fincantieri S.p.A.'s priority suppliers (120) by 2023, of which at least <u>40 per year</u>. The number of audits to be conducted will be strictly linked to the emergency situation due to the COVID-19 pandemic</i></p>	<p>Ensure that the level of compliance is aligned with Fincantieri's standards and observance of a sustainable supply chain</p>	<p>2023</p>



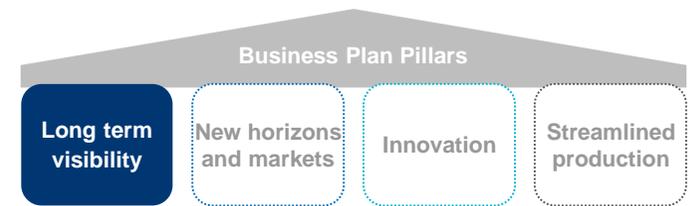
Section 1

## Long term visibility



# Long term visibility

## Development and safeguarding of human resources

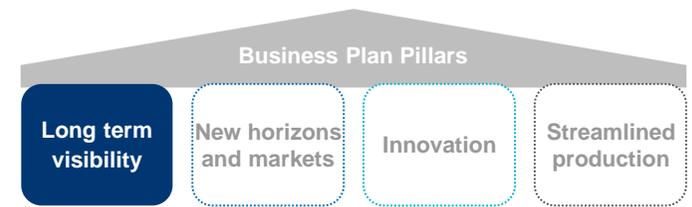


Commitments	Objectives	Description / Target	Benefits	Timetable
Promotion of growth, training and enhancement of human capital	<b>Promoting the hiring of under-35s</b>	<p>Promote young people's employment using multiple collaboration channels with schools and universities. Promote activities aimed at directing young people's choices of studies in line with the demands of the employment market (graduate programs)</p> <p><i>Keep the percentage of hires of under-35s <u>above 40%</u> of all new hires per year in Italy</i></p>	Encourage generational turnover and create the right mix of professional skills within the workforce, developing the required skills	2022



# Long term visibility

## Development and safeguarding of human resources

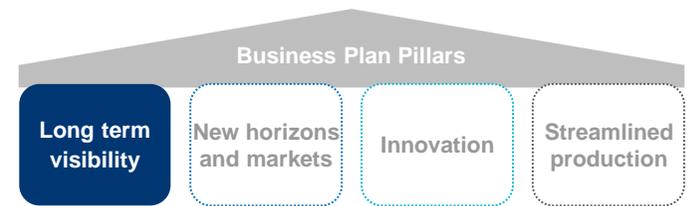


Commitments	Objectives	Description / Target	Benefits	Timetable
Constant collaboration and cooperation in an inclusive and international context in order to encourage the exchange of ideas, opinions and experiences and the development of multidisciplinary skills	<b>Collect proposals and improvement initiatives with regard to sustainability from employees and implement them (FincantieriON project)</b>	<p>Activate, as part of the FincantieriON project, the implementation of sustainability initiatives proposed by employees with the aim of ensuring the active involvement of personnel</p> <p><i>Implement <u>at least 4</u> of the most innovative ideas of employees in Italy</i></p>	Increase the active involvement of employees, contributing to the creation of a cooperative climate, and exploit the innovative benefits arising from implementing winning ideas	2021
	<b>Conduct regular climate surveys on employees</b>	<p>Conduct periodic surveys to update the risk analysis of work-related stress</p> <p><i>Over a period of 4 years, analyse the work-related stress risk on <u>100% of Italian yards and subsidiaries</u></i></p>	Map risk factors and identify possible improvement plans	2024



# Long term visibility

## Development and safeguarding of human resources

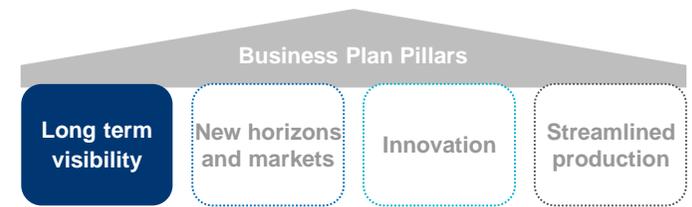


Commitments	Objectives	Description / Target	Benefits	Timetable
Industrial relations based on dialogue and listening to protect jobs and employment	<b><i>Draw up a policy or guidelines for the management of any business restructuring and reorganization</i></b>	Draw up a policy or guidelines that strengthen commitment and contain the lines of action that the Company undertakes to implement in the event of company restructuring and reorganization in Italy	Improve risk management, increase transparency, make Top Management aware of the issue and minimise intervention time	2021



# Long term visibility

## Diversity and equal opportunity

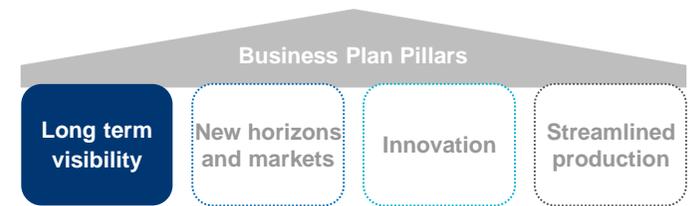


Commitments	Objectives	Description / Target	Benefits	Timetable
Promotion of programs offering equal opportunities to all employees in order to promote diversity and inclusion within the Group	<b>Develop a training program for facilitators on sustainability issues and in particular on diversity and its promotion in the Company</b>	<p>Develop a training program for facilitators on sustainability issues and on their promotion in the Company, as part of the Fincantieri for the Future project</p> <p><i>At least <u>40 facilitators</u> out of 70 trained in Italy</i></p>	Disseminate widely and naturally new behaviour and an open mentality also on sustainability issues	2020
	<b>Conduct a gender pay equality survey</b>	<ul style="list-style-type: none"> <li>• Conduct a survey on gender pay equality targeted on homogeneous groups by task and performance evaluation</li> <li>• Promote interventions on any misalignments identified</li> </ul> <p><i>Pay survey for Fincantieri S.p.A.</i></p>	Optimise business costs and employee benefits	2021
	<b>Define an action plan to increase employee awareness of diversity and inclusion</b>	<p>Define an action plan with training programs and specific projects on diversity and inclusion</p> <p><i>Definition of the action plan for Fincantieri S.p.A.</i></p>	<ul style="list-style-type: none"> <li>• Increase employee awareness of diversity and inclusion</li> <li>• Protect against risks</li> <li>• Access new markets and develop employer branding</li> </ul>	2021



# Long term visibility

## Company welfare



Commitments	Objectives	Description / Target	Benefits	Timetable
Increase the wellbeing of people through innovative solutions rather than traditional ones	<b>Structuring the smart working tool in general and as a support to particular situations</b>	<p>Enable smart working, where the opportunity / need is identified, also by strengthening the technological infrastructure, and where the specific work activities allow by identifying and implementing organizational areas and professional figures, as well as for pregnant women and new parents (until the child reaches its first birthday) and for special cases (health needs or fragility) or when there are extraordinary events (e.g. COVID-19)</p> <ul style="list-style-type: none"> <li>• <i>Identification and implementation of smart-working for the organizational areas and for those professional figures for whom it is applicable, where the system is compatible in Italy</i></li> <li>• <i>Renewal of individual equipment, upgrading of the technological infrastructure and adaptation of existing core applications in order to allow remote work to be carried out in Italy</i></li> </ul>	<ul style="list-style-type: none"> <li>• Ensure greater flexibility in carrying out work</li> <li>• Promote a work-family life balance and increase work hour flexibility for pregnant women and new mothers or employees with particular conditions</li> </ul>	<p>2020-2021</p>



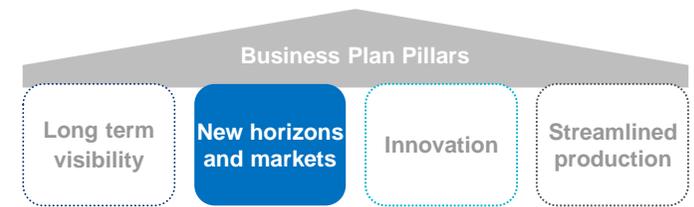
Section 2

## New horizons and markets



# New horizons and markets

## Customer satisfaction



Commitments	Objectives	Description / Target	Benefits	Timetable
Listen to needs and expectations to maximize customer satisfaction	<b>Develop and apply methodologies for detecting the level of customer satisfaction</b> <b>Identify new organizational solutions to strengthen customer loyalty</b>	Develop a Customer Satisfaction Index (CSI) System that will consists of the following stages: <ul style="list-style-type: none"> <li>• 2020 - A CSI development plan</li> <li>• 2021 - CSI monitoring and evaluation</li> <li>• 2021 - An intra-group CSI benchmark</li> <li>• 2022 - CSI objectives for each company</li> </ul>	Monitor trends and act in a specific and targeted way on the areas of client dissatisfaction	2020-2022



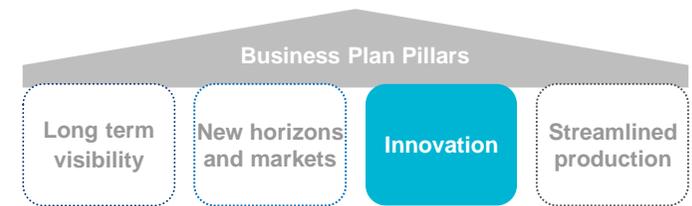
## Section 3

# Innovation



# Innovation

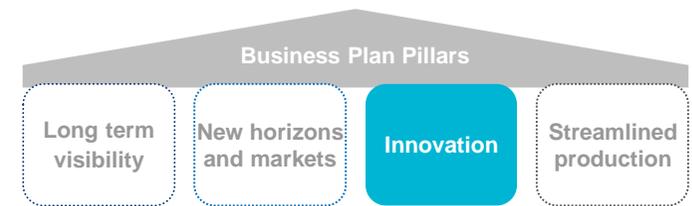
## Product quality and safety



Commitments	Objectives	Description / Target	Benefits	Timetable
Continuous improvement of the quality and safety of products and services in compliance with technical standards, in all phases of the production process to meet the high standards required by the business	<b>Keep ISO 9001 certifications on the Quality Management Systems and product certifications in line with market expectations</b>	<p>Keep certifications active and up-to-date in every Italian site. The ISO 9001 standard defines the requirements for the Quality Management System. Keep product certifications in line with sustainability paradigms</p> <p><i>100% Italian yards already have ISO 9001 certification</i></p>	Ensure observance of the quality requirements of processes in an efficient and integrated way, in line with market expectations	Annually
	<b>Increase the health and safety of the product</b>	<p>Launch a cross-divisional Research and Innovation project that will lead to the definition of a list of actions that have been tested for feasibility and pre-validated, aimed at reducing the risk of contagion from pathogens on board ship, which can be activated both for new orders and for refittings of existing ships</p> <p><i>Definition of the list of actions to be carried out to reduce the health risk on board ship for the Merchant Shipping Division, Naval Shipping Division Mega Yacht Management, Services Division and Marine Interiors</i></p>	Increase the level of safety of both passengers and crew on board the ship and ensure that potential passengers comply with the health plan and the relevant regulations	2021

# Innovation

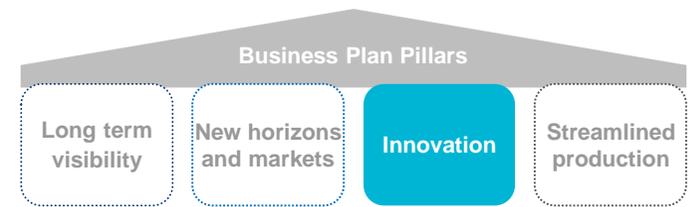
## Innovation, research and development



Commitments	Objectives	Description / Target	Benefits	Timetable
Investments in research and innovation with the aim of developing sustainable, efficient, safe and competitive products and processes with particular reference to the technologies needed to reduce environmental impact and increase their digitalization	<b>Keep a spending budget in R&amp;D (costs and investments) above € 90 mln / year (of which 60% in clean technologies)</b>	<p>Keep a spending budget in R&amp;D (costs and investments) for Fincantieri S.p.A. above € 90 mln / year (of which 60% in clean technologies)</p>	<p>Confirm the Company's commitment through Research and Development investments with specific reference to clean technologies that will contribute to:</p> <ul style="list-style-type: none"> <li>• Anticipating customer needs and providing state-of-the-art solutions</li> <li>• Bringing climate benefits</li> </ul>	<p>2020</p>
	<b>Development of solutions and technologies for the resumption of activities in the subsequent exit stages from the pandemic crisis</b>	<p>Develop the offer of solutions and technologies related to the resumption of activities in compliance with the indications and measures issued at national and international level to combat and contain the spread of the COVID-19 epidemic in workplaces and in social gathering places</p> <p><i>These services will be aimed at providing technical and professional support in the following activities:</i></p> <ul style="list-style-type: none"> <li>• <i>Outdoor detection tunnel (with related increase in outdoor detection capability)</i></li> <li>• <i>Indoor environmental sanitation mechanisms (through the ionisation of circulating air)</i></li> </ul>	<ul style="list-style-type: none"> <li>• Mitigate the risk of infection</li> <li>• Ensure business continuity</li> <li>• Maximise competitiveness and efficiency</li> <li>• Ensure legislative compliance</li> </ul>	<p>2020</p>

# Innovation

## Innovation, research and development



### Commitments

### Objectives

### Description / Target

### Benefits

### Timetable

Investments in research and innovation with the aim of developing sustainable, efficient, safe and competitive products and processes with particular reference to the technologies needed to reduce environmental impact and increase their digitalization

**Development of intelligent ships and platforms (smart ships / smart offshore infrastructure) and autonomous ships. Development of innovative solutions for yards (smart yards)**

The objective will be developed through the following activities:

- *A reference framework for secure interconnection (in terms of cyber security) between all the on-board systems to exchange / record data in real time (or near real time) on open formats*
- *On-board systems to support the average level of autonomy (e.g. L4 as defined by LLOYD)*
- *Offshore platforms capable of collecting double the energy of current platforms*
- *Industria 4.0 tool to be adopted at yards to increase productivity*
- *Tool to access digital assembly instructions and monitor progress of production work in real time on company technical systems*
- *Remotely controlled or unmanned military platforms able to operate in scenarios that are dangerous for operators (e.g. firefighting, detection of contaminated areas, etc.) or able to significantly increase the operational effectiveness of the mission*

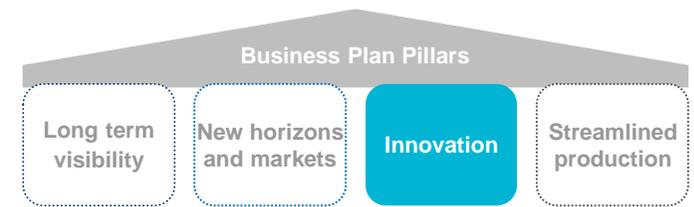
- Optimise performance, minimise operating costs and adhering to the highest safety standards
- Obtain information on the operating status in order to prepare the best operating scenario, even for critical or emergency situations
- Support development of the blue economy



**2030**

# Innovation

## Environmental impact of products and services

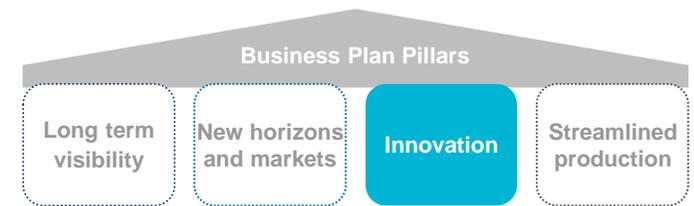


Commitments	Objectives	Description / Target	Benefits	Timetable
Development of ecologically sustainable products and services with the aim of contributing to a circular and low carbon economy	<b>Definition of an eco-design system to promote the development of environmentally sustainable ships</b>	<p>Identify for each project the ecologically sustainable design objectives and ensure that the assumptions, principles and control metrics (KPIs) identified for the construction of an ecologically sustainable product are translated into design choices and acquisition of the plant / machinery that make up the ship product following the internal eco-design procedure.</p> <p>In addition, the initiatives already made available will be updated based on the latest technological developments and those which, while widespread and in use for some time, are no longer innovative will be eliminated</p> <p><i>Define at least 8 low environmental impact initiatives for the Merchant Shipping Division</i></p> <p><i>Define 10 initiatives, 9 of which are related to CO<sub>2</sub> reduction and 1 to containment of noise emitted into water for the Naval Shipping Division</i></p>	Increase the number of eco-design initiatives available to designers in order to implement new systems and components with low environmental impact	2020



# Innovation

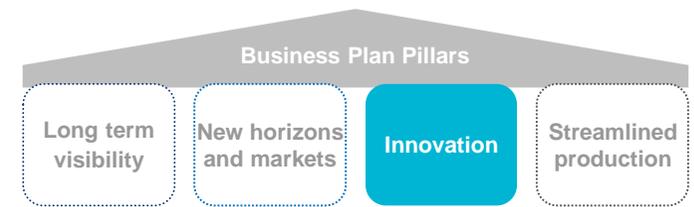
## Environmental impact of products and services



Commitments	Objectives	Description / Target	Benefits	Timetable
Development of ecologically sustainable products and services with the aim of contributing to a circular and low carbon economy	<b>Development of maritime ecological dredging services</b>	<p>Develop the offer of services related to maritime dredging by chartering the vessel Decomar from the company Fincantieri Dragaggi Ecologici S.p.A., with regard to:</p> <ul style="list-style-type: none"> <li>• Coastal nourishment</li> <li>• Reclamation of industrial sites</li> <li>• Port dredging</li> </ul> <p><i>The project will consist of the following stages:</i></p> <ul style="list-style-type: none"> <li>• 2020 - Functional test of the Decomar</li> <li>• 2022 - Launch of the service</li> </ul>	<ul style="list-style-type: none"> <li>• Maximise the extraction of available resources and minimise waste in individual dredging areas</li> <li>• Minimise the activity's footprint on the seabed</li> <li>• Minimise the negative environmental impacts of the aggregate extraction process</li> <li>• Mitigate the dredging effects of aggregates on other users of the seabed</li> </ul>	2020-2022
	<b>Promote studies and initiatives on the circular economy</b>	<p>Carry out a study on the circular economy for Fincantieri S.p.A.'s cruise ships in collaboration with a university / research centre in order to:</p> <ul style="list-style-type: none"> <li>• Analyse the level of maturity of the players in the shipbuilding industry</li> <li>• Identify an analysis methodology</li> <li>• Evaluate and identify the tools needed to implement the logic of the circular economy</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor and strengthen the Company in «green» markets and with customers with a strong focus on these issues</li> <li>• Objectively measure impacts along the entire value chain and product life cycle in order to make informed and effective decisions to improve environmental performance and / or to communicate this performance to investors</li> <li>• Support management of the brand reputation by improving the company image and relations with institutions and other stakeholders</li> </ul>	2025

# Innovation

## Environmental impact of products and services



Commitments	Objectives	Description / Target	Benefits	Timetable
<p>Development of ecologically sustainable products and services with the aim of contributing to a circular and low carbon economy</p>	<p><b><i>Develop technological solutions that enable energy savings to be increased for ships with the same features (green ships)</i></b></p>	<p>Develop ships with high energy savings from eco-friendly / renewable sources, with reduced environmental impact in terms of emissions into the air, discharges into the sea and noise</p> <p><u>30% increase in the energy efficiency of ships</u></p> <p><u>Eliminate ship emissions in ports and halve navigation emissions</u></p>	<ul style="list-style-type: none"> <li>• Decrease greenhouse gas and other environmental impacts</li> <li>• Maintain competitiveness and product compatibility with the new advanced regulations</li> </ul>	<p>2030</p>



## Section 4

# Streamlined production

7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION

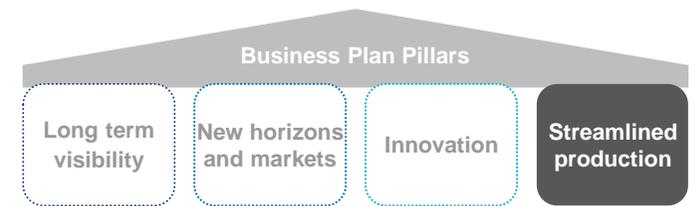


14 LIFE BELOW WATER



# Streamlined production

## Health and safety in the workplace

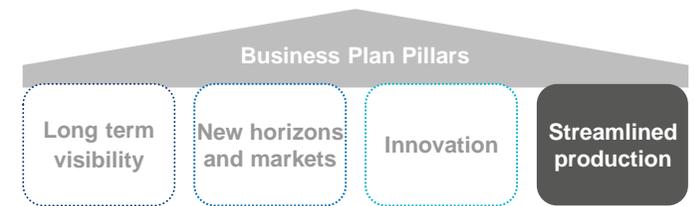


Commitments	Objectives	Description / Target	Benefits	Timetable
Continuous improvement of workers' health and safety conditions	<b>Obtain ISO 45001 certification</b>	<p>Move from the current OHSAS 18001 certification to the ISO 45001 standard. ISO 45001 certification defines the requirements of the Health and Safety at Work Management System</p> <p><i>100% of Italian yards certified</i></p>	Minimise risks, improve levels of health and safety at work, improve the company's image, reduce insurance premiums and financial guarantees where required	2020
	<b>Optimisation of the use of supplier evaluation tools</b>	<p>Extend the perimeter of suppliers, operating within the operating units of Fincantieri S.p.A., evaluated through score-cards with specific reference to safety and environmental issues</p> <p><i>The activity will be divided into the following stages:</i></p> <ul style="list-style-type: none"> <li>• 2020 - <i>100% main contractors</i></li> <li>• 2021 - <i>100% contractors with a significant presence (40 man-days/month in the six-month period)</i></li> <li>• 2022 - <i>Identification of criteria for awarding scores on the degree of health, safety and environmental compliance</i></li> </ul>	Strengthen the monitoring of the supplier base and greater risk control on safety and environmental issues	2020-2022



# Streamlined production

## Health and safety in the workplace

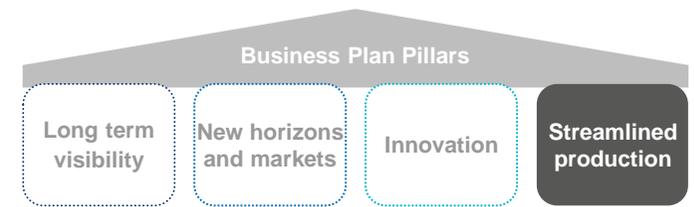


Commitments	Objectives	Description / Target	Benefits	Timetable
Continuous improvement of workers' health and safety conditions	<b>Promotion of initiatives to engage subcontractors on issues associated with health and safety</b>	<p>Develop a project («last metre») to engage subcontractors on issues of health and safety management</p> <p><i>75% of subcontractors present in Italian yards</i></p>	Improve awareness and management of health and safety for subcontractors' workers	2022
	<b>Health promotion to disseminate healthy lifestyles</b>	<p>Develop a project to promote health in the workplace aimed at disseminating healthy lifestyles and preventing illnesses such as obesity, diabetes, strokes, etc.</p> <p><i>75% of employees of Fincantieri S.p.A. and Italian subsidiaries</i></p>	Reduce absenteeism, increase productivity, reduce turnover, facilitate hiring and promotion of a positive image and one attentive to employees' needs	2022



# Streamlined production

## Health and safety in the workplace

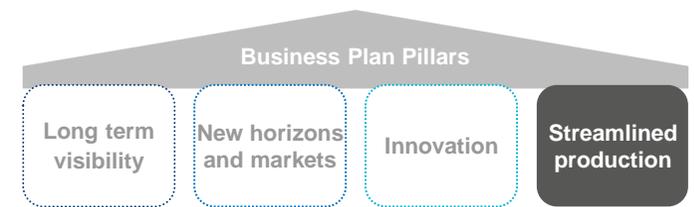


Commitments	Objectives	Description / Target	Benefits	Timetable
Continuous improvement of workers' health and safety conditions	<b>Improvement of health and safety at work performance</b>	<p>Obtain further improvement in the initiatives aimed at eliminating accidents and protecting the health of workers and the working environment</p> <p><i>Reduction of the severity index:</i></p> <ul style="list-style-type: none"> <li>• <u>15% of the severity index</u> (no. of days lost due to injury / hours worked x 1,000) compared to 2017 for Fincantieri S.p.A.</li> </ul> <p><i>Reduction of the frequency index:</i></p> <ul style="list-style-type: none"> <li>• <u>5% of the frequency index</u> (no. of injuries / hours worked x 1,000,000) compared to 2017 for Fincantieri S.p.A.</li> </ul>	<p>Confirm the Company's constant commitment to:</p> <ul style="list-style-type: none"> <li>• Improving health and safety in the workplace performance</li> <li>• Mitigate the risk of injury to employees</li> </ul>	<p>2022</p>



# Streamlined production

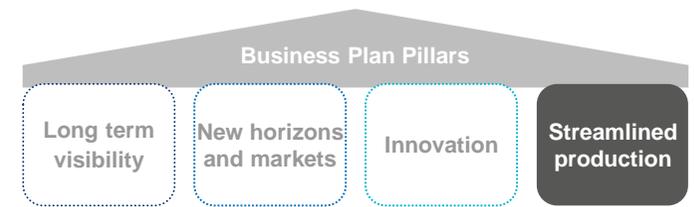
## Sustainable supply chain



Commitments	Objectives	Description / Target	Benefits	Timetable
Promotion and support of a responsible and sustainable supply chain that shares our values and is based on long-lasting relationships founded on integrity, transparency and respect	<b>Development of the supplier engagement path through workshops on sustainability issues</b>	<p>Organize workshops involving a panel of strategic suppliers to share a path of sustainability, training and discussion on ESG issues</p> <p><i>At least <u>40 suppliers</u> out of 200 considered strategic in terms of presence in the Supplier Register and turnover developed with Fincantieri S.p.A.</i></p>	Share and develop common initiatives on sustainability issues. Identify existing best practices with a view to embarking on a shared growth path	2020
	<b>Implementation of an action plan to promote the dissemination of the Suppliers' Code of Ethics</b>	<p>Define an action plan to disseminate the Suppliers' Code of Ethics that will follow these stages:</p> <p>2020:</p> <ul style="list-style-type: none"> <li>• Launch the request for suppliers' of Fincantieri S.p.A. to adhere to the Suppliers' Code of Ethics</li> <li>• Review of sustainability audit checklists for the implementation of the criteria on compliance with the Suppliers' Code of Ethics</li> </ul> <p>2021:</p> <ul style="list-style-type: none"> <li>• 1<sup>st</sup> half: Testing on a sample of <u>5 suppliers audited</u> using the revised sustainability audit checklists</li> <li>• 2<sup>nd</sup> half: Monitoring the adoption and verification of compliance with the Code by <u>100% of audited suppliers</u></li> </ul> <p><i>100% active suppliers of Fincantieri S.p.A.</i></p>	<ul style="list-style-type: none"> <li>• Ensure the dissemination of the principles, values and responsibilities of the Company through the acceptance and adoption of the Code</li> <li>• Contribute to the development of a responsible and sustainable supply chain</li> <li>• Ensure Environmental, Social and Governance (ESG) risk coverage</li> </ul>	2020-2021

# Streamlined production

## Sustainable supply chain

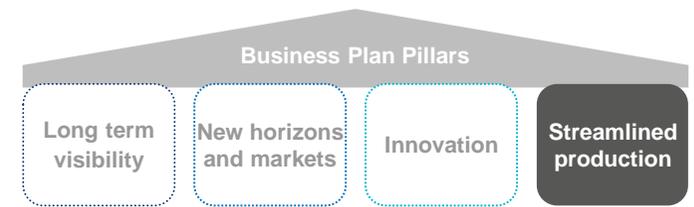


Commitments	Objectives	Description / Target	Benefits	Timetable
<p>Promotion and support of a responsible and sustainable supply chain that shares our values and is based on long-lasting relationships founded on integrity, transparency and respect</p>	<p><b>Launch of the Sustainable Supply Chain project</b></p>	<p>Launch a Sustainable Supply Chain project in order to integrate sustainability criteria into the supply chain and ensure adequate risk management</p> <p>The activity will be divided into the following stages:</p> <ul style="list-style-type: none"> <li>• Evaluation of processes based on ESG criteria within the quality and supplier management systems</li> <li>• Comparison with market benchmarks</li> <li>• Identification and mapping of ESG risks in the supply chain</li> <li>• Development of a system to collect information and mapping of ESG certifications</li> <li>• Definition of supplier monitoring KPIs, also according to a sustainability logic</li> <li>• Identification of areas of action and preparation of the improvement plan</li> </ul> <p><i>100% of strategic suppliers registered in the Supplier Register of Fincantieri S.p.A.</i></p>	<ul style="list-style-type: none"> <li>• Identify and manage ESG risks in the supply chain</li> <li>• Monitor any critical aspects of the supply chain through specific KPIs</li> <li>• Mitigate the reputational risk associated with supply chain management</li> <li>• Increase the supplier base's level of knowledge regarding to sustainability issues</li> </ul>	<p>2021</p>



# Streamlined production

## Sustainable supply chain

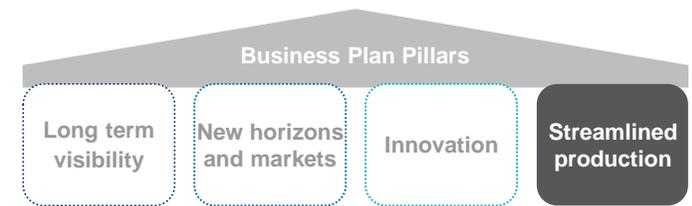


Commitments	Objectives	Description / Target	Benefits	Timetable
<p>Promotion and support of a responsible and sustainable supply chain that shares our values and is based on long-lasting relationships founded on integrity, transparency and respect</p>	<p><b><i>Deliver a training course on sustainability and responsible procurement principles to employees who interact directly with suppliers</i></b></p>	<p>Develop an e-learning training module on sustainable procurement for employees who interact directly with suppliers in Italy</p> <p><u>100% of Italian buyers</u></p>	<p>Raise awareness and train staff on sustainability issues in order to improve relations with suppliers on these specific topics</p>	<p>2022</p>



# Streamlined production

## Environmental management

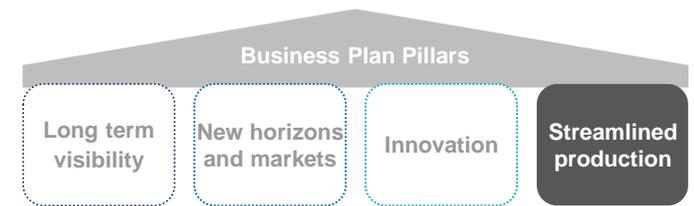


Commitments	Objectives	Description / Target	Benefits	Timetable
Implementation of projects to improve energy efficiency and conserve natural resources, protect biodiversity and reduce environmental impact to prevent soil, air and water pollution	<b><i>Increase the portion of electricity from renewable sources</i></b>	<p>Purchase electricity produced by certified renewable sources</p> <p><i>100% electricity purchased in Italy and in Romania</i></p>	Reduce CO <sub>2</sub> emissions and gain benefits for the company image with competitive advantage on the market	2020
	<b><i>Obtain ISO 50001 certification</i></b>	<p>Obtain ISO 50001 certification which defines the requirements for an efficient management of direct electricity consumption</p> <p><i>Obtain ISO 50001 certification for the Italian yards</i></p>	Make rational use of energy sources, achieving specific reduction targets. Increase transparency and ease of communication regarding management of energy sources, improving image and compliance with Legislative Decree 102/2014	2021



# Streamlined production

## Environmental management



Commitments	Objectives	Description / Target	Benefits	Timetable
Implementation of projects to improve energy efficiency and conserve natural resources, protect biodiversity and reduce environmental impact to prevent soil, air and water pollution	<p><b>Consolidation of the proportion of waste sent for recovery and decrease in the total quantity of hazardous waste compared to total waste</b></p>	<p>Consolidate the share of waste to be recycled and reduce the weight of hazardous waste on total waste</p> <ul style="list-style-type: none"> <li>• 2020 - Consolidation of the share of waste to be recycled between <u>80% and 90%</u> in Italy</li> <li>• 2022 - <u>5% reduction of hazardous waste</u> on total waste compared to 2017 in Italy</li> </ul>	Reduce the impacts of its activities on the environment	2020-2022
	<p><b>Focus on the type of water withdrawal and its impact in the value chain</b></p>	<p>Launch a multi-year study for Fincantieri S.p.A., developing the following stages:</p> <ul style="list-style-type: none"> <li>• 2020 - Assess water stress areas using the Water Risk Atlas software</li> <li>• 2022 - Define water consumption in the most sensitive areas</li> <li>• 2023 - Definition of targets and possible improvement actions</li> </ul>	<p>The analysis may be functional to integration as regards environmental certification (e.g. ISO 14001) and consolidates the Company's commitment to combat waste and preserve natural resources in line with the provisions of the Group's Policy on Environmental and Occupational Health and Safety Management</p>	2020-2023

