2018-2022 Sustainability Plan

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

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

This is why the topics that are significant (material) for the Group have been integrated into the business strategy. The Sustainability Plan is Fincantieri’s strategic approach to sustainability and it addresses some global challenges (the UN’s Sustainability Development Goals or SDGs). The Charter of Sustainability Commitments details the commitments undertaken by the Group and breaks them down into qualitative and quantitative targets that can be measured over time.

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

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

- 17 material topics
- 24 sustainability commitments
- 32 objectives to be achieved in the short, medium and long term

In particular, the 17 material topics were identified through stakeholder engagement activity that made it possible to consider both the Group's point of view and external stakeholders one who were involved through an on line survey.

Joint consideration of internal and external significance led to the identification of cyber security as a significant new material topic in addition to the 16 topics previously identified.
The **17 material topics for Sustainability** are linked to the **4 Pillars** of the **Business Plan** (Long term visibility, New horizons and markets, Innovation, Streamlined production). In particular:

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

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

- The **Sustainability Committee**, established in 2016 with the task of supporting, with adequate investigative activities, both proactive and advisory, the assessments and decisions made by the Board on sustainability issues connected with the Company activities and the dynamics of its interaction with all stakeholders
- A **multifunctional Working Group** for sustainability tasked with defining objectives, targets and timetables for the sustainability commitments already undertaken by the Group in the Charter of Sustainability Commitments. Responsibility for achieving the objectives in the Sustainability Plan lies with the representatives of the **units** involved, which dedicate resources, tools and know-how to implement the actions underlying those objectives
- The **Sustainability unit** ensures compliance with the commitments undertaken by monitoring the progress of projects and achievement of the objectives and continually keeping the Top Management and Sustainability Committee informed

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

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

Sustainability Plan

- 32 Objectives
  - 13 2019
  - 9 2020
  - 4 2021
  - 6 2022

- 24 Commitments
- 4 Pillars
- 17 Material topics
- 27 Units
Purpose of the Sustainability Plan

• Contributes to creating value for the Group over the medium and long term, in line with the direction given in the Business Plan
• Acts as a guideline for implementing corporate commitment, which is expressed through the commitments contained in Fincantieri’s Charter of Sustainability Commitments
• Enables the creation of synergies between units and a sustainability culture
• Attributes ownership of the actions to the various company Units, including through the company’s variable remuneration system (MBO)
• Addresses the internal risk drivers identified (Non-Financial Risks in the Group’s Risk Model)
• Contributes also to improving the corporate reputation by attracting the best talent and strengthening the Group’s visibility
• Defines the Group’s set of actions to respond to stakeholders’ expectations, in particular those of Investors, Rating Agencies and Shareholders
• Responds to external drivers such as the UN’s Sustainable Development Goals (SDGs) and, in particular, recognises those that are linked to corporate development strategies
In terms of methodology, the Plan is developed along the following steps, which were started in 2017:

- **TOPICS**
  - Definition of **material sustainability topics** for the Company
  - Involvement of external stakeholders to assess the **topics’ relevance**
  - Link between **non-financial risks** and the most significant sustainability topics

- **COMMITMENTS**
  - Definition of the **Charter of Sustainability Commitments** based on the significant topics to formalise corporate commitment
  - **Approval** of the Commitments by the **Board of Directors**

- **OBJECTIVES & TARGETS**
  - Involvement of the multifunctional Working Group in the definition of **objectives**, **targets** and **timetables** that meet the commitments undertaken by the Company
  - Alignment with the **drivers** of the **2018-2022 Business Plan**

- **SUSTAINABILITY PLAN**
  - Preparation of the proposed **Sustainability Plan**
  - **Assessment** of the Sustainability Plan by the **Top Management** and the **Sustainability Committee**, **approval** by the **Board of Directors**
Strategic direction and sustainability
Logical steps for aligning the Sustainability Plan with the Business Plan

The 4 Pillars of the Business Plan (Long term visibility, New horizons and markets, Innovation, Streamlined production) contain the **17 material topics for Sustainability**

6 topics are horizontal in that they involve all 4 Pillars and contribute generally to the Group’s growth

The other 11 topics are specifically associated with one of the 4 Pillars and show a clear correlation between the business drivers and those aspects of sustainability that the Company recognises as significant

The material topics are linked to the global objectives represented by the UN’s Sustainable Development Goals (SDGs) that Fincantieri has recognised as relevant for its strategic direction
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**

**6 Horizontal topics**

1. Governance and business integrity
2. Cyber security
3. Economic and financial sustainability
4. Climate change
5. Relations with local communities
6. Human rights

**11 Specific topics**

7. Protection of employment and industrial relations
8. Training and education
9. Diversity and equal opportunity
10. Company welfare
11. Customer satisfaction
12. Product quality, compliance with technical standards
13. Innovation, research and development
14. Environmental impact of products and services
15. Health and safety in the workplace
16. Procurement activities
17. Environmental management
Within the Sustainability Plan, the 17 material topics are aligned with the four Pillars of the Business Plan.

For each Pillar, the SDGs that contribute to them have been identified.
### Horizontal topics

**Governance and business integrity**

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

**Respect for the law and prevention of corruption in all spheres of influence**

**Integration of sustainability topics in dialogue with stakeholders**
* (timeliness, accuracy, and exhaustive flow of information to stakeholders)

### Objectives

**ISO 37001 certification**

**Implement an external stakeholder engagement programme**

### Description / Target

**Obtain ISO 37001 certification**, which defines the requirements of the Anti-Corruption Management System, in order to support public and private organisations in combating and preventing corruption and disseminate a culture based on ethics and good conduct.

**Implement stakeholder engagement**, a process aimed at developing constant dialogue and direct interaction with the Group’s internal and external stakeholders.

**At least 1 stakeholder engagement meeting/contact each year**

### Benefits

**Improve perception of the Company’s and Group’s ethical standing**

**Identify and understand stakeholders’ priorities, expectations and needs in terms of sustainability**

**Share decisions, actions and performance in sustainability aspects with them (materiality analysis)**

**Create continuous dialogue in order to identify critical aspects and mitigate risks**

### Timetable

2020

2022
# Horizontal topics

## Cyber security

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<thead>
<tr>
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</table>
| Guarantee protection of the computer systems and data by minimizing the risks of network breaches and corruption of data or sensitive processes, and develop the cyber security strategy for products and services | Development of a central information technology system and industrial platforms to bolster protection of industrial networks | • 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.)
• Automate cyber incident detection and management processes
• 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)
• Adopt a program to protect the industrial networks supporting ship production (OT/SCADA security) | Minimize the risks of data loss by protecting intellectual property and compliance with data and information protection regulations, reaping benefits to the corporate image and competitive advantages in the marketplace | 2021 |

Fincantieri SpA and Italian subsidiaries (Marine Interiors, Isotta Fraschini Motori, Cetena, Fincantieri Infrastructure, Seastema)
## Horizontal topics

### Economic and financial sustainability

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<tbody>
<tr>
<td>Increasingly sustainable and responsible corporate performance, creating the conditions for development that ensures the needs and expectations of all stakeholders are met</td>
<td>Contents of the Business Plan</td>
<td></td>
<td></td>
<td>2022</td>
</tr>
</tbody>
</table>
## Horizontal topics
### Climate change

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Support for research to improve the analysis and management of risks associated with climate change</td>
<td><strong>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</strong></td>
<td>Activate collaborations with universities / research institutes in order to develop new solutions for energy savings or reduction of greenhouse gas emissions</td>
<td>Increase / maintain product competitiveness, reduce greenhouse gas</td>
<td>2019-2030</td>
</tr>
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## Horizontal topics

### Relations with local communities

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<tr>
<td>Dialogue with and support for local communities through social, cultural and educational initiatives</td>
<td>Commitment to managing social activities</td>
<td>Draft a policy that expresses the Company's commitment with regard to local community initiatives</td>
<td>Increase transparency and improve management of initiatives</td>
<td>2019</td>
</tr>
<tr>
<td>Collaboration with governments, national and international associations to adopt policies and strategies to contribute to a healthy, inclusive, resilient and sustainable society for everyone</td>
<td>Enter into agreements with Food Banks or other associations to redirect food surpluses in canteens at Fincantieri sites</td>
<td>Enter into agreements with food associations in order to get involved in redirecting surplus food in canteens at Fincantieri sites</td>
<td>Reduction of waste and increase the well-being of those in need and increasing the Company’s reputation</td>
<td>2020</td>
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## Horizontal topics
### Human rights

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| Respect for human rights through the adoption of policies and creation of programmes to promote diversity and inclusion within the Group | Annual audits to assess and monitor the most critical suppliers in terms of human rights, health and safety and the environment (second party audit) | Conduct annual audits - tool for an informed management of the supply chain  
35 audits per year | Ensure that the level of compliance is aligned with Fincantieri’s standards and observance of a sustainable supply chain | 2019 |
Section 1

Long term visibility
### Long term visibility

**Protection of employment and industrial relations**

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

Promotion of growth, training and enhancement of human capital

**Objectives**

- Collect proposals and improvement initiatives with regard to sustainability from employees and implement them (FincantieriON project)
- Include a sustainability module in the Fincantieri Corporate University training programmes

**Description / Target**

- 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
  
  *Implement at least 4 of the most innovative ideas of employees in Italy*

- Implement training modules on sustainability, as part of the training given by the Fincantieri Corporate University (Academy, Competency Management, PM for Staff, PM Advanced)
  
  *Include 1 module on sustainability per course*

**Benefits**

- Increase the active involvement of employees, contributing to the creation of a cooperative climate, and exploit the innovative benefits arising from implementing "winning" ideas
  
  **2020**

- Raise staff awareness of sustainability issues
  
  **2020**
### Long term visibility

#### Diversity and equal opportunity

<table>
<thead>
<tr>
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</table>
| Promotion of programmes to promote diversity and inclusion within the Group | **Commitment to human rights and diversity** | Draft a policy on human rights and diversity which will enable a set of principles and rules to be defined, allowing the Group to improve commitment to these aspects | • Access new markets and develop employer branding  
• Protect against risks  
• Promote equality  
• Promote salary equality  
• Ensure national and European compliance | 2019 |
| | **Develop a training programme for facilitators on sustainability issues and in particular on diversity and its promotion in the Company** | Develop a training programme for facilitators on sustainability issues and on their promotion in the Company, as part of the Fincantieri for the Future project | Disseminate widely and naturally new behaviour and an open mentality also on sustainability issues | 2020 |

- **At least 40 facilitators trained in Italy**
## Long term visibility

### Company welfare

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<td>Increase the wellbeing of personnel through innovative solutions rather than traditional ones</td>
<td><strong>Launch the smart working tool to support maternity from before birth until the child reaches one year as well as resources with evident non-fitness to work certified by the competent doctor</strong></td>
<td>Launch a smart working project for specific categories of employees in Italy (pregnant women, illness, new mothers)</td>
<td>Increase work hour flexibility for employees with particular conditions to improve work-family life balance</td>
<td>2021</td>
</tr>
<tr>
<td></td>
<td><strong>Company car pooling project</strong></td>
<td>Implement a platform to manage company car pooling. Employees will be able to organise home-work commutes autonomously and immediately through a personalised portal or App downloaded to a mobile phone, benefiting from a system of promotions and incentives</td>
<td>Reduce the costs and consumption of fuel for employees as well as emissions associated with home-work commutes</td>
<td>2019 - 2020</td>
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*2019 Fincantieri SpA, 2020 Italian subsidiaries*
Section 2

New horizons and markets
**New horizons and markets**

**Customer satisfaction**

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</table>
| Listen to demands and expectations in order to maximize customer satisfaction | Develop and apply methodologies for detecting the level of customer satisfaction. Identify new organisational solutions to strengthen customer loyalty | Develop a Customer Satisfaction Index (CSI) System that consists of:  
• A CSI development plan  
• CSI measures and calibration  
• An intra-group CSI benchmark  
• CSI objectives for each company | Monitor trends and act in a specific and targeted way on the areas of client dissatisfaction | 2019-2021 |

**New horizons and markets**

**Customer satisfaction**

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Section 3

Innovation
## Innovation

### Product quality, compliance with technical standards

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

### Innovation, research and development

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</table>
| Investments in research and innovation with the aim of developing sustainable, efficient, safe and competitive products and processes | Development of intelligent ships and platforms (smart ships / smart offshore infrastructure) and autonomous ships. Development of innovative solutions for yards (smart yards) | Develop:  
- A reference framework for secure interconnection (in terms of cybersecurity) between all the on-board systems to exchange/record data in real time (or near real time) on open formats  
- On-board systems to support the average level of autonomy (e.g. L4 as defined by LLOYD)  
- Offshore platforms capable of collecting double the energy of current platforms  
- Industria 4.0 tool to be adopted at yards to increase productivity by 50%  
- Tool to access digital assembly instructions and monitor progress of production work in real time on company technical systems | • 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**

<table>
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| Development of ecologically sustainable products and services with the aim of contributing to a circular and low carbon economy | Develop technological solutions that enable energy savings to be increased for ships with the same features (green ships) | 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. *Increase ship efficiency by 30%*
*Eliminate ship emissions in ports and halve navigation emissions* | Decrease greenhouse gas and other environmental impacts while maintaining competitiveness and product compatibility with the new advanced regulations | 2030 |
| | Definition of an eco-design system to promote the development of environmentally sustainable ships | Make ready-to-use technical solutions available to the designers in the Merchant Ship Division, with systems and components with low environmental impact. The system will be based on a policy outlined in the Organisation Manual, on a design procedure that gathers initiatives and provides the KPIs proposed internally | Implement new systems and components with low environmental impact | 2019 |
Section 4

Streamlined production
## Streamlined production

### Health and safety in the workplace

<table>
<thead>
<tr>
<th>Commitments</th>
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<th>Timetable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuous improvement of the health and safety conditions of workers</td>
<td>Obtain ISO 45001 certification</td>
<td>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</td>
<td>Minimise risks, improve levels of health and safety at work, improve the Company’s image, reduce insurance premiums and financial guarantees where required</td>
<td>2020</td>
</tr>
<tr>
<td></td>
<td>Initiatives to engage subcontractors (workshops, “last metre”) on issues associated with health and safety</td>
<td>Develop a project to engage subcontractors on issues of health and safety management</td>
<td>Improve awareness and management of health and safety for subcontractors’ workers</td>
<td>2021</td>
</tr>
<tr>
<td></td>
<td>Health promotion to disseminate healthy lifestyles</td>
<td>Develop a project to promote health in the workplace aimed at disseminating healthy lifestyles and preventing illnesses such as obesity, diabetes, strokes, etc.</td>
<td>Reduce absenteeism, increase productivity, reduce turnover, facilitate hiring and promotion of a positive image and one attentive to employees’ needs</td>
<td>2022</td>
</tr>
</tbody>
</table>

*75% of the population that can be informed in Italy*
Promotion and maintenance of a responsible supply chain that shares our values and is based on long-lasting relationships founded on integrity, transparency and respect

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Code of Ethics for suppliers</td>
<td>Draft a document containing a set of rules, principles and conduct in terms of sustainable procurement, in compliance with international standards and best practices</td>
<td>Develop a sustainable supply chain, improve positioning on the market and image. Guarantee coverage of risks associated with sustainability</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>Organise meetings and opportunities for dialogue with suppliers as well as training on sustainability issues</td>
<td>Send a questionnaire on sustainability issues (and organise meetings) to suppliers identified as priority/strategic</td>
<td>Increase engagement with suppliers in order to identify best practices and common initiatives on sustainability issues</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>Deliver a training course on sustainability and responsible procurement principles to employees who interact directly with suppliers</td>
<td>Develop an e-learning training module on sustainable procurement for employees who interact directly with suppliers in Italy</td>
<td>Raise awareness and train staff on sustainability issues in order to improve relations with suppliers on these specific topics</td>
<td>2022</td>
<td></td>
</tr>
</tbody>
</table>

**Key Pillars of the 2018 – 2022 Business Plan**

- Long term visibility
- New horizons and markets
- Innovation
- Streamlined production

**Streamlined production**

**Procurement activities**

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<td>Develop a sustainable supply chain, improve positioning on the market and image. Guarantee coverage of risks associated with sustainability</td>
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<td>Send a questionnaire on sustainability issues (and organise meetings) to suppliers identified as priority/strategic</td>
<td>Increase engagement with suppliers in order to identify best practices and common initiatives on sustainability issues</td>
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<td>Develop an e-learning training module on sustainable procurement for employees who interact directly with suppliers in Italy</td>
<td>Raise awareness and train staff on sustainability issues in order to improve relations with suppliers on these specific topics</td>
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### Streamlined production

Environmental management

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<tr>
<td>Action to raise energy efficiency and reduce carbon dioxide (CO₂) and other pollutant emissions</td>
<td><strong>Reduction of greenhouse gas (GHG) emissions associated with electricity consumption (Scope 2)</strong></td>
<td>Reduce greenhouse gas (GHG) emissions associated with electricity consumption (Scope 2)</td>
<td>Contribute to the fight against climate change (most sustainability ratings require objectives to reduce GHG emissions)</td>
<td>2020</td>
</tr>
<tr>
<td>Conservation of natural resources, biodiversity, and reduction of environmental impact</td>
<td>Obtain ISO 50001 certification</td>
<td>Obtain ISO 50001 certification which defines the requirements for an efficient management of direct electricity consumption</td>
<td>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</td>
<td>2021</td>
</tr>
<tr>
<td></td>
<td>Increase the portion of electricity from renewable sources</td>
<td>Purchase electricity produced by certified renewable sources</td>
<td>Reduce GHG emissions with benefits for the Company image and competitive advantage on the market</td>
<td>2020</td>
</tr>
</tbody>
</table>
### Streamlined production

#### Environmental management

<table>
<thead>
<tr>
<th>Commitments</th>
<th>Objectives</th>
<th>Description / Target</th>
<th>Benefits</th>
<th>Timetable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase employee awareness of environmental impact and promote virtuous behaviour</td>
<td>Launch the sustainable office project (10 rules)</td>
<td>Launch an initiative promoting protection of natural resources within the Group, clearly defining a set of rules. The initiative also includes the digitalisation of company documents.</td>
<td>Promote the protection of natural resources within the Group and reducing related costs</td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100% employees in Italy</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>