The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company’s scores per section:

<table>
<thead>
<tr>
<th>Section</th>
<th>Number of Questions*</th>
<th>Score Based on Publicly Available Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Leadership and Organisational Culture</td>
<td>4</td>
<td>6/8</td>
</tr>
<tr>
<td>2. Internal Controls</td>
<td>6</td>
<td>7/12</td>
</tr>
<tr>
<td>3. Support to Employees</td>
<td>7</td>
<td>9/14</td>
</tr>
<tr>
<td>4. Conflict of Interest</td>
<td>4</td>
<td>5/8</td>
</tr>
<tr>
<td>5. Customer Engagement</td>
<td>7</td>
<td>7/14</td>
</tr>
<tr>
<td>6. Supply Chain Management</td>
<td>5</td>
<td>6/10</td>
</tr>
<tr>
<td>7. Agents, Intermediaries and Joint Ventures</td>
<td>10</td>
<td>7/20</td>
</tr>
<tr>
<td>8. Offsets</td>
<td>4</td>
<td>3/8</td>
</tr>
<tr>
<td>9. High Risk Markets</td>
<td>4</td>
<td>5/8</td>
</tr>
<tr>
<td>10. State-Owned Enterprises</td>
<td>0</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>55 / 102</strong></td>
</tr>
<tr>
<td><strong>BAND</strong></td>
<td></td>
<td><strong>C</strong></td>
</tr>
</tbody>
</table>

*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.*
1. Leadership and Organisational Culture

<table>
<thead>
<tr>
<th>Question</th>
<th>1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>2</td>
</tr>
<tr>
<td>Comments</td>
<td>There is evidence that the company has a publicly stated anti-corruption commitment which details the company’s stance against corruption within the organisation. It is clear that this commitment was authorised and endorsed by the company's CEO.</td>
</tr>
</tbody>
</table>

**Evidence**

[1] Statement from the Chief Executive Officer (Webpage)

Accessed 31/10/2019


STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

To all FINCANTIERI Group personnel,

Company bodies and counterparts

The ever-growing geographic area in which FINCANTIERI operates requires paying even closer attention to a global anti-corruption policy. This policy has always been in force via well-defined internally applied procedures and is now expected to define the business expectations in compliance with international anti-corruption best practice and legislation.

The primary purpose of the anti-corruption policy, and of its associated procedures, is to highlight the Group’s commitment to fighting corruption of any kind with a zero tolerance approach. A constant reinforcement in the integrity and transparency of internal behaviors can positively affect the Company’s reputation in all the contexts it operates. To this end, I recommend that all Italian and foreign Companies in the Group adopt procedures in compliance with the above mentioned policy and in respect of their own laws and regulations.

A key factor of FINCANTIERI’s reputation is its capability to develop its business with loyalty, fairness, transparency, honesty and integrity, respecting national and foreign law. For this reason, FINCANTIERI’s aim is to ensure that its activities respect the Code of Conduct’s values and principles, adopted and widely publicized since 2002, in the firm belief that the management of the business should be ethically correct and in respect to the current legislations.

FINCANTIERI has been fighting corruption for many years, with a clear prohibition in its Code of Conduct of “Corrupt practices, illegal favors, collusive conduct, and requests (either direct or through third parties) of personal or career-related advantages for oneself or others (…)”. These principles are addressed to all Fincantieri personnel and are expressly accepted by all the suppliers in our Purchase Orders and by business partners when signing contracts.

We all have a duty to help maintain a solid reputation of honesty, integrity and fairness for all our Group Companies, by means of general behavior that complies with all the rules and regulations. For this reason, I invite you to follow this policy and its procedures in any situation you may face, whatever your position or your task may be, and to promptly inform the Oversight Board in case of policy and procedure violations of any kind, whether suspected or proven.

I thank you in advance for your dedication to FINCANTIERI and to the principles that have always inspired its work.

GIUSEPPE BONO
Chief Executive Officer FINCANTIERI S.p.A.
Question

1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories:
   a) All employees, including staff and leadership of subsidiaries and other controlled entities;
   b) All board members, including non-executive directors.

Score

2

Comments

There is evidence that the company publishes an Anti-Corruption Policy and a Code of Conduct. The Anti-Corruption Policy makes specific reference to prohibition of bribery, payments to public officials, commercial bribery and facilitation payments and applies to all employees as specified in (a) and (b) above. The Code of Conduct applies to all groups as specified in (a) and (b), and makes specific reference to prohibition of bribery and payments to public officials.

Evidence

[1] Statement from the Chief Executive Officer (Webpage)
Accessed 31/10/2019

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER
To all FINCANTIERI Group personnel, Company bodies and counterparts

The ever-growing geographic area in which FINCANTIERI operates requires paying even closer attention to a global anti-corruption policy. This policy has always been in force via well-defined internally applied procedures and is now expected to define the business expectations in compliance with international anti-corruption best practice and legislation.

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GIUSEPPE BONO
Chief Executive Officer FINCANTIERI S.p.A.
Accessed 31/10/2019  

[p.2] 2. RECIPIENTS

The recipients of this document are members of the Company Bodies of Group companies, all managers and employees, outsourcers and third parties that do business with the Group.

3. GENERAL PRINCIPLES

FINCANTIERI prohibits any kind of corrupt practice: unlawful favours, collusive behaviour, solicitation, directly and/or through third parties, as regards personal and career benefits for oneself or for others.

Firstly, it is prohibited to obtain, promise or offer objects of value to any person, including public officials, to obtain or maintain a business deal in an improper manner or to obtain an undue advantage in conducting business. In particular, making payments to obtain new contracts, retain old contracts, to speed up the processing of all official documents (for example customs services or environmental certification) or to unduly influence any person, is strictly prohibited.

Secondly, it is strictly prohibited to accept payments or objects of value in relation to conduct which goes against the principles set out in this document, in the FINCANTIERI Code of Conduct, as well as in applicable documents and laws.

[p.4] Donations, gifts, sponsorships, presents and hospitality

The document defines the roles, responsibilities, operating procedures and principles of conduct that personnel of the Company shall observe in managing donations, gifts and presents from the Company to third parties following their request, or on the initiative of the Company, and sponsorships for the Company; the document also regulates business courtesies, establishing limits and authorisation criteria.

[p.5] As provided for in the Code of Conduct: “Making or offering, directly or indirectly, payments and material benefits of any amount to third parties, public officials or private entities, to influence or recompense their duties is prohibited. Any employee receiving gifts or beneficial treatment which is not directly attributable to a normal courtesy shall refuse them (...) Presents, courtesies and hospitality for government representatives, public officials and public administration employees may be allowed only if they are of a modest value and in any case if they do not compromise the integrity or the reputation of one of the parties and may not be interpreted, by an impartial observer, as being intended to obtain advantages in an improper manner”.

The document includes the following principles of conduct:

- promising or offering money, benefits, promises of favours or other benefits is not allowed, even if indirectly by way of an intermediary (e.g. agent, consultant, etc.) to individuals in the Public Administration or private individuals, with the aim, even implicit, of obtaining preferential treatment for oneself or in the performance of any activity that could be attributed to the Company;

- employees may not request, solicit or accept money, gifts or benefits for themselves or for others, except for gifts of a modest value that may occasionally be offered as a normal courtesy;

- presents may be given to individuals or to Organisations, generally as seasonal gifts or to mark events, and in any case in accordance with the strategies established at a central level;

- it is the responsibility of FINCANTIERI to be aware of the prohibitions or limitations of the organisation to which the receiver belongs, before offering donations, gifts, sponsorships, presents and hospitality;

- the Company does not allow the making or offering, directly or indirectly, of payments and benefits of any amount/extent in order to speed up services already due by the parties it has dealings with (“facilitation payments”).

Accessed 31/10/2019
All those who work at FINCANTIERI, without any distinction or exception, are committed to observing and guaranteeing the observation of these principles with respect to their own functions and responsibilities. The conviction that one is operating in the interests or to the advantage of the Company may in no way whatsoever justify a conduct in conflict with these principles.

In view of the complexity of the situations in which FINCANTIERI is involved, it is imperative that the values acknowledged, accepted and shared by the Group, as well as all internal and external responsibilities it assumes, be clearly reiterated. It is for this reason that this Code of Conduct (the "Code") has been drawn up. Its observance by all those working for the Company is of paramount importance for the good operation, reliability and reputation of the Group, assets that are decisive for the success of the enterprise.

The employees of FINCANTIERI, in addition to fulfilling their general duties of loyalty, faithfulness, honesty and compliance with their employment contract in good faith, shall refrain from carrying out activities in competition with those of the Group, shall comply with Company regulations and shall follow the provisions of this Code. The relationships between employees of any level shall be based on clearness, fairness, loyalty and mutual respect.

Managers and all of those working for the Company must have knowledge of this Code, actively contribute to its observance, and report any weakness or evidence of non-compliance. FINCANTIERI undertakes to promote the awareness of this Code among its employees and encourage their constructive contribution to its contents. Any conduct in conflict with the letter and spirit of this Code shall be punished in accordance with the provisions set forth in this Code. The principles set forth in this Code of Conduct may be supported by specific provisions, regulations or internal procedures aimed at making its application more practical and timely. This Code shall be brought to the knowledge of all those with whom FINCANTIERI entertains business relations.

FINCANTIERI shall supervise the observance of this Code, providing suitable information, prevention and control instruments, as well as ensuring the transparency of the operations and behavior adopted.

The Board of Directors and Company Management shall monitor compliance with this Code of Conduct and its application. They may also forward proposals that integrate or amend its content.

1) Compliance with laws, rules, regulations and this Code of Conduct.

FINCANTIERI shall comply with the laws, rules and regulations in force in each country or environment in which it operates, consistent with the principles, objectives and commitments provided for by this Code.

Managers and all those working for the Company, already subject to compliance with the law, rules and regulations in force, shall conform their actions and conduct to the principles, objectives and commitments provided for by this Code.

In particular, members of the Board of Directors shall be guided by the principles of this Code when setting Company objectives. The Management shall comply with the contents of this Code when proposing and implementing the projects, actions and investments necessary for the long-term increase of the enterprise’s financial, managerial and technological values as well as the long-term welfare of both employees and the community. All actions, operations and negotiations undertaken and the general conduct adopted by employees in the performance of their working activities shall conform with the highest degree of fairness, thoroughness and transparency of information, the legitimacy under both formal and substantial aspects as well as to the clearness and truthfulness in accounting examinations in compliance with rules, regulations and internal procedures in force. Compliance with the provisions of this Code is to be considered an essential part of the contractual commitments of all employees pursuant to the law. FINCANTIERI, through its employees, shall cooperate actively and wholly with the Authorities.

It is strictly prohibited to make or offer, directly or indirectly, payments and material benefits of any amount whatsoever to third parties, public officers or private individuals, to influence or reward an action of their office. Every employee receiving gifts or preferential treatment not directly attributable to normal complimentary relations must refuse them and inform his/her superior promptly.
1.3. Does the board or a dedicated board committee provide oversight of the company’s anti-bribery and corruption programme?

Score

2

Comments

There is evidence that the board and the Sustainability Committee are ultimately responsible for the oversight of the company's anti-bribery and corruption programme. There is evidence to suggest that they engage in formal oversight functions, such as reviewing reports from management on the programme's performance, and ensuring that required changes are made.

Evidence

Accessed 31/10/2019

To guarantee adequate protection and monitoring of processes associated with sustainability, Fincantieri has a Sustainability Governance Model that provides for:

- The Sustainability Committee, established by the Fincantieri’s Board of Directors in 2016, aims to supervise overall management of sustainability in the Company and defined the strategic lines, commitments and projects for sustainable development and social responsibility. The Committee is composed of 4 independent members and provides the Board of Directors with proposals and consultation services, specifically it:
  - adequately investigates issues related to the sustainability of Company activities and the dynamics of its interaction with all stakeholders;
  - plays an advisory and informative role for the Board of Directors on non-financial matters such as the Company’s compliance with and promotion of human rights, labour rights, environmental rights, combating corruption, health and safety of corporate activities, the rights of all stakeholders, and product liability.

The Chairman of the Committee reports on the Committee’s activities at each meeting of the Board of Directors. The Committee met 6 times in 2018.

Accessed 31/10/2019

Tasks
The Sustainability Committee defines the strategic lines, commitments, plans and projects in the area of sustainable development and corporate social responsibility.

From this point of view, the following issues must be considered of material importance: those which directly or indirectly impact upon the organisation’s ability to generate, preserve or impair the economic, environmental and social value of the organisation, of its stakeholders and of the Company more generally.

The Committee benefits from the participation of a multifunctional team (the “Team”) coordinated by the Group Accounting and Administration Department, whose participants include representatives nominated for this purpose by the Legal Affairs Department; Human Resources and Industrial Relations Department; Marketing, Communication and Media Relations Department; as well as the Internal Auditing and Research and Innovation Departments.

The Sustainability Committee has proactive proposal and consultation powers in relation to the Board of Directors and, more specifically it:

• carries out suitable investigative activities related to sustainability issues associated with the Company’s activities and with its interaction dynamics with all stakeholders;
• supports the Board in matters related to the Company’s compliance with and promotion of human rights, labour rights, environmental rights, transparency and combating corruption, health and safety of corporate activities, the rights of all stakeholders, product liability and product innovation.

Activities during 2018

The Sustainability Committee met 6 times during 2018, and the meetings lasted approximately 77 minutes on average. All the Committee meetings were attended by 70.83% of its members and by at least one member of the Board of Statutory Auditors. The meetings were all duly convened by the Chairperson, generally with at least three days’ advance notice. The members were provided with the documentation on the items on the agenda by the same deadline.

The Secretary took the minutes for all the meetings. Following the amendments to the Corporate Governance Code of July 2015, the Committee Chairperson reports on the Committee’s activities to each Board of Directors meeting. For 2019, the Committee decided to make its meetings coincide with Board of Directors meetings as a rule.

[...]

During the meetings held in 2018, the Committee:

• expressed its views on the sustainability model for the purposes of the Sustainability Budget;
• examined the ERM Risk Assessment Report in relation to the sustainability aspects for a successful collaboration with the Control and Risk Committee;
• shared the Fincantieri Sustainability Charter and submitted it to the Board of Directors for approval;
• shared the Fincantieri Sustainability Plan, defined also with the involvement of the Team, and submitted it to the Board of Directors for approval;
• examined the Sustainability Budget for 2017;
• examined the sustainability profiles of the ERM Risk Assessment Report;
• analysed the activities carried out by the Company relating to the 2018 Sustainability

[p.51] During the first months of 2019, the Committee:

• gave its opinion on the sustainability model for the purposes of the Sustainability Budget;
• examined the Sustainability Budget for 2018;
• examined the ERM Corporate Social Responsibility Report as at 31 December 2018.

Accessed 31/10/2019
We are leaders in the global shipbuilding industry and, as such, we are responsible for acting in a sustainable way.

[...] To guarantee adequate protection and monitoring of processes associated with sustainability, Fincantieri has a Sustainability Governance Model that provides for:

**SUSTAINABILITY COMMITTEE**
The Sustainability Committee, established by the Fincantieri’s Board of Directors in 2016, aims to supervise overall management of sustainability in the Company and to define the strategic lines, commitments and projects for sustainable development and social responsibility. The Committee is composed of 4 independent members and provides the Board of Directors with proposals and consultation services. More specifically, it carries out investigative activities related to sustainability issues associated with the Company’s activities and with its interactive dynamics with all the stakeholders, supports the Board in matters related to the Company's compliance with and promotion of human rights, labour rights, environmental rights, transparency and combating corruption, health and safety of corporate activities, the rights of all the stakeholders and the product liability.

[...] **SUSTAINABILITY STRUCTURE**
The Sustainability unit was created to coordinate all aspects of sustainability and reports directly to the Deputy Chief Financial Officer. It manages the sustainability activities, ensures compliance with the commitments undertaken, monitors the projects progress and the sustainability objectives achievement, while continually keeping the Sustainability Committee informed.

A multifunctional Working Group was defined, coordinated by the Administration, Finance and Control Department, to prepare the Sustainability Report and define objectives, targets and timescales for the sustainability commitments undertaken by the Group. In order to collect and manage the Report information from the foreign companies, some local project managers were identified. They report directly to the Sustainability unit and/or the Working Group.

[5] Our Commitments (Webpage)
Access 31/10/2019
Our commitment to increasingly sustainable and responsible development is expressed through the dissemination of the sustainability culture, promotion of a responsible supply chain, involvement of employees, continuous improvement of health and safety at work, support of technological innovation, maintaining customer satisfaction.
and loyalty, continuous dialogue with and support of local communities, reducing environmental impacts and contributing to the fight against climate change.

The main sustainability commitments are set out below.

**OUR COMMITMENTS: GOVERNANCE**

**GOVERNANCE AND BUSINESS INTEGRITY**

- Promotion of the sustainability culture in line with the Group Values
- Encouraging managers to think in a sustainable manner within their sphere of influence
- Maintenance of the Corporate Governance system and risk management (including sustainability risk) in line with international best practices
- 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)
- Implementation of a reporting system for the non-financial information with the aim of informing stakeholders of the sustainability policies/strategies and the results attained in a transparent manner

[6] Corporate Governance System (Webpage)
Accessed 31/10/2019

The Board of Directors, which is responsible for the management of the Company, has delegated some of its powers to the Chief Executive Officer and has established four Internal Committees (Control and Risk Committee, Compensation Committee, Nomination Committee and Sustainability Committee) with advisory and consulting functions, in order to assist the Board in carrying out its business management activity.

Accessed 17/04/2020

In the meeting held on January 28, 2020, the Board of Directors resolved to establish the "Anti-Corruption" function, directly reporting to the Board. The function includes the following responsibilities:

- Ensuring the monitoring of anti-corruption legislation and jurisprudence as well as the evolution of leading practices at national and international level; Supervising the design and implementation of the Anti-Corruption Management System in accordance with the applicable standards and requirements of the UNI ISO 37001 standard;
- Coordinating the process of identifying and assessing risks (risk assessment) in the field of anti-corruption and identifying controls to monitor the aforementioned risks;
- Conducting checks on the implementation of the Anti-Corruption Management System; Promoting and supporting the competent corporate functions in the definition and implementation of training programs on anti-corruption and the functioning of the related Management System;
- Providing consultancy, specialist assistance and guidance to employees of the Company and to other Group companies on the Anti-Corruption Management System and on issues related to corruption;
- Providing specialist assistance in activities related to assessing the reliability of the counterparties, managing any critical issues that arise and processing the related controls in areas at risk of corruption;
- Ensuring periodic reporting, taking care of the preparation of reports, on the performance of the Anti-Corruption Management System towards the Board of Directors, the Chief Executive Officer and the other Corporate Bodies to which specific information flows are necessary;
- Informing, whenever it deems it appropriate, the Board of Directors and the CEO, in the event that any problem or suspicion needs to be raised in relation to acts of corruption or the Anti-Corruption Management System;
- Supporting the process of analyzing and evaluating reports of violations and / or offenses (e.g. pursuant to Legislative Decree 231/01) or in any case behaviors that are not in line with the rules of conduct adopted by the Company regarding the activity of preventing corruption.
<table>
<thead>
<tr>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.4.</strong> Is responsibility for implementing and managing the company’s anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company’s programme?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Score</th>
<th></th>
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</thead>
</table>

<table>
<thead>
<tr>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on publicly available information, there is evidence the company has established an Anti-Corruption Function, which manages and implements the company’s anti-corruption policy and has a direct reporting line to the Board of Directors. However, there is no clear publicly available evidence that a specific senior employee or executive has ultimate responsibility for implementing and managing the company’s anti-bribery and corruption programme.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evidence</th>
</tr>
</thead>
</table>
Accessed 31/10/2019  
We are leaders in the global shipbuilding industry and, as such, we are responsible for acting in a sustainable way.  
[...]  
SUSTAINABILITY STRUCTURE  
The Sustainability unit was created to coordinate all aspects of sustainability and reports directly to the Deputy Chief Financial Officer. |

Accessed 31/10/2019  
[p.27] • The Sustainability unit, which reports directly to the Deputy Chief Financial Officer, coordinates sustainability activities, ensures compliance with the commitments undertaken, monitors the progress of projects and achievement of the sustainability objectives while continually keeping the Sustainability Committee informed. |

Accessed 31/10/2019  
[p.21] |
In the meeting held on January 28, 2020, the Board of Directors resolved to establish the "Anti-Corruption" function, directly reporting to the Board. The function includes the following responsibilities:

- Ensuring the monitoring of anti-corruption legislation and jurisprudence as well as the evolution of leading practices at national and international level; Supervising the design and implementation of the Anti-Corruption Management System in accordance with the applicable standards and requirements of the UNI ISO 37001 standard;
- Coordinating the process of identifying and assessing risks (risk assessment) in the field of anti-corruption and identifying controls to monitor the aforementioned risks;
- Conducting checks on the implementation of the Anti-Corruption Management System; Promoting and supporting the competent corporate functions in the definition and implementation of training programs on anti-corruption and the functioning of the related Management System;
- Providing consultancy, specialist assistance and guidance to employees of the Company and to other Group companies on the Anti-Corruption Management System and on issues related to corruption;
- Providing specialist assistance in activities related to assessing the reliability of the counterparties, managing any critical issues that arise and processing the related controls in areas at risk of corruption;
- Ensuring periodic reporting, taking care of the preparation of reports, on the performance of the Anti-Corruption Management System towards the Board of Directors, the Chief Executive Officer and the other Corporate Bodies to which specific information flows are necessary;
- Informing, whenever it deems it appropriate, the Board of Directors and the CEO, in the event that any problem or suspicion needs to be raised in relation to acts of corruption or the Anti-Corruption Management System;
- Supporting the process of analyzing and evaluating reports of violations and / or offenses (e.g. pursuant to Legislative Decree 231/01) or in any case behaviors that are not in line with the rules of conduct adopted by the Company regarding the activity of preventing corruption.

As part of the process of constant evolution and continuous improvement of the Company’s anti-corruption system, we launched a project in 2019 with the aim of obtaining certification by the end of 2020 for its anti-corruption management systems, one objective included in the Sustainability Plan. The project, which avails itself of advisory support, envisages the Internal Auditing Function coordinating a working group made up of the company functions/departments most directly involved in sensitive processes, in order to prepare and/or integrate the
Company’s procedural and organizational controls to adapt them to the standards required by certification. At an organizational level, in order to oversee the Company’s anticorruption system, in accordance with the ISO 37001 standard, it is the responsibility of the Board of Directors to identify and appoint the “anti-corruption compliance function”, giving it the appropriate operational responsibilities and authority to carry out its duties. To this end, the Board of Directors established the Anti-Corruption function at the meeting held on 28 January 2020.

With reference to the Parent Company, the Internal Auditing function examines and independently evaluates the internal controls to verify if what is required by the anti-corruption procedures has been met within the range of the annual planned audits, approved by the Board of Directors. The Supervisory Body plays a special role. Its activities call for the periodic collection of confidential information in order to identify potentially risky conduct with reference to corruption both with respect to Italian and foreign Public Administrations, and to private parties. The Organizational, Management and Control Model according to Legislative Decree No. 231/2001 and the corporate regulatory framework are subject to a continuous updating process to comply with organizational and legal changes and to adequately respond to the possible risk of committing crimes.
2. Internal Controls

<table>
<thead>
<tr>
<th>Question</th>
<th>Score</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1. Is the design and implementation of the anti-bribery and corruption</td>
<td>2</td>
<td>Based on publicly available information, there is evidence that the company has a formal bribery and corruption risk assessment procedure that informs the design of the anti-bribery and corruption programme. The results of risk assessments are reviewed by the board on at least an annual basis. There is evidence indicating that the results of such reviews are used to develop tailored mitigation plans and to update specific parts of the company's anti-bribery and corruption programme.</td>
</tr>
</tbody>
</table>

Evidence

Accessed 31/10/2019
[p.33] SUSTAINABILITY IN RISK MAPPING
At Fincantieri, the Risk Officer is responsible for mapping the main company risks as well as reporting the mitigation actions that the business takes to manage the risk (Enterprise Risk Management). In 2017, the Risk Officer integrated the company risk model (Fincantieri Risk Universe) with additional risks concerning corporate social responsibility following a structured process specifically centred on sustainability.

The Fincantieri Risk Universe has been defined as part of the “ERM project” which provided the Company with an Enterprise level process for detecting, evaluating and monitoring the main company risks, in compliance with the requirements for listed companies as per the Corporate Governance Code for the Italian Stock Market. The Company’s Risk Universe is given below.
The process is divided into parts, starting with risk (and opportunity) mapping in terms of sustainability and climate change, using specific tools to identify the main risks by business area. The objective is to provide a vision of the set of pervasive and evolving risks and the interconnections that may pose a threat to the creation of value and achievement of the corporate objectives in a context similar to that of Fincantieri.

From this process, 16 potential categories of sustainability risk were identified. These risks were then compared with the Fincantieri company risk model and with the materiality matrix, to check whether it was necessary to add them to the Risk Universe.

From the analysis it emerged that some sustainability risks are already present in Fincantieri’s Risk Universe; others, following more in-depth checks, were not considered applicable to the Company. Consequently, the Risk Map and specific Corporate Social Responsibility (CSR) category was integrated.

[...] The first assessment of sustainability risks was prepared in time for the approval of the financial statements for 2017 and it continued in 2018 based on the new timescales laid down by the ERM procedure. Compared to last year, the Governance, Strategy and Sustainability Compliance, Implementation of the Mission and Values in terms of Sustainability risks were also assessed; they had been excluded from the 2017 evaluation because there was no Sustainability Governance Model, however one was adopted in December 2018.
The reporting required for the information to be provided to the company bodies envisages a specific report on CSR risks for the Sustainability Committee, with the aim of facilitating its function of providing guidance to the Company.

The System of Internal Control and Risk Management System (ICRMS) is formed by a set of tools, organizational structures, and Company procedures aimed at contributing business conduct which is honest, fair and consistent with the objectives set by the Board of Directors.

The ICRMS is integrated within the general organizational aspects and corporate governance system adopted by the Company and, taking into account the main reference models, allows and promotes the identification, measurement, management, and monitoring of the main risks as well as the dependability, accuracy, reliability and timeliness of the financial report. This system, based on leading international practices, is divided into the three traditional levels of control:
1st level: the operational functions identify and evaluate the risks and implement specific treatments for their management;
2nd level: the functions responsible for risk control define the methods and tools for risk management and perform monitoring activities;
3rd level: the Internal Auditing function provides independent evaluations regarding the entire system.

The Guidelines, approved by the Board of Directors, identify the main parties involved in the preparation and implementation of an effective internal control and risk management system, involving, based on their area of expertise the following parties, in addition to the Board of Directors and the Control and Risk Committee.

It is also required that all employees of the Group, as part of their functions and responsibilities, actively intervene according to the methods defined in the Group’s regulatory system and internal procedures or the maintenance, updating, and correct operation of the ICRMS. Following is a representative diagram of the parties involved in Risk Management at various titles.

[p.52] During 2018, the Control and Risk Committee reviewed the scheduling of ERM activities. The internal procedures were then changed to include, on the one hand, the activation of a process to assess the risks and controls (existing and to be implemented) at least once a year in order to monitor the dynamics in terms of exposure and operational effectiveness of the mitigation actions identified; and on the other, to activate specific checks on management of the main risks by the Risk Owners, particularly with regard to the existence, application and assessment of the effectiveness of the existing controls and/or actual implementation or progress of additional controls to be implemented.

In the ERM process, the following were updated in 2018:

- the Risk Universe, by fine-tuning possible existing risks and integration with specific risks related to sustainability;
- the Risk Management Model, in line with organizational changes;
- the economic parameters underlying the definition of the thresholds and the impact evaluation scale, in line with the business plan.

Accessed 31/10/2019
The Control and Risk Committee tasked with supporting the Board of Directors - by adequate investigative activities including consultative and proposal powers - in its assessments and decisions related to the ICRMS and related to the approval of periodic financial reports. The Committee submits its opinion in advance to the Board, on the following:

- on the guidelines of the ICRMS, to enable the main risks to Fincantieri and its subsidiaries to be properly identified and adequately measured, managed and monitored;
- on the degree to which the abovementioned risks are compatible with managing the Company consistently with the strategic objectives identified;
- on the extent to which the ICRMS is adequate and appropriate to the nature of the Company and its risk profile, and on the effectiveness of that system;
- on the work program drawn up by the Head of Internal Auditing;

- on the description - contained in the Report on Corporate Governance and Ownership Structure - of the main characteristics of the ICRMS and of the coordination methods of those involved therein, also assessing the adequacy of that system;
- on the external auditors’ findings indicated in the letter of suggestions, if any, and in the report on key issues arising during the audit;

- on the proposed terms of appointment, removal and remuneration of the Head of the Internal Auditing Department, and on the adequacy of the resources assigned to the latter for the performance of the relevant tasks. The Committee, in assisting the Board, also has the following duties:

- to assess - together with the Officer in Charge and after having consulted with the external auditors and the Board of Statutory Auditors - the proper application of accounting standards and their uniformity for the purposes of drawing up periodic financial reports;
- to give its views on specific matters pertaining to the key risks to which the Company is exposed;
- to examine the periodic reports assessing the ICRMS, and key reports drawn up by the Internal Auditing Department;

- to monitor the independence, adequacy, effectiveness and efficiency of the Internal Auditing Department;
- to request the Internal Auditing Department to carry out checks on specific operating areas, simultaneously notifying this to the Chairperson of the Board of Statutory Auditors and the Director in charge of the ICRMS, except where the subject-matter of the request relates to the activities of these persons;

- to report to the Board on the activities carried out and also on the adequacy of the ICRMS at least every six months, and no later than the deadline for approving the annual financial statements and the half-year financial report, at the Board meeting indicated by the Chairperson of the Board of Directors;

- to support (with adequate investigative activities) the Board’s assessments and decisions related to the management of risks deriving from adverse events that have come to the Board’s attention.

[9] Bodies (Webpage)
Accessed 31/10/2019

BOARD OF DIRECTORS
Based on the information received from the bodies responsible for ensuring that the organizational, administrative and accounting structure is appropriate for the size and nature of the business, the Board of Directors establishes guidelines for the internal control system and appoints the Head of Internal Audit.

CONTROL AND RISK COMMITTEE
The Control and Risk Committee has the task of assisting the Board of Directors in its evaluations and decisions regarding the Internal Control and Risk Management System of the Company (“ICRMS”). Specifically, the Control Committee assists and supports the Board of Directors, ensuring it is fully briefed when it assesses and decides upon matters related to the ICRMS of the Company, and those related to the approval of periodic financial reports. The Control and Risk Committee reports regularly to the Board the results of its activities and the assessments of the adequacy of the internal control system, formulating proposals.
DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM
On 8 June 2016 the Board of Directors appointed Mr. Giampiero Massolo as Director in charge of establishing and maintaining the Internal Control and Risk Management System.

HEAD OF INTERNAL AUDIT AND INTERNAL CONTROL
In Fincantieri S.p.A. the Head of Internal Audit is also Head of Internal Control (as defined by Italian Law 69 dated 18 June 2009). The mission of the Internal Audit function is to monitor the internal control system of the Parent Company and its subsidiaries, ensuring that the system’s effectiveness and efficiency is continuously improved by conducting independent, autonomous and objective auditing, validation and advisory activities.

BOARD OF STATUTORY AUDITORS
The Board of Statutory Auditors oversees the law and the Company’s Bylaws compliance, the application of sound management principles and the adequacy of the organizational, administrative and accounting structure adopted by the Company and its correct operation.

OVERSIGHT BOARD
With reference to Fincantieri’s organizational structure and in compliance with art. 6-b) of Italian Legislative Decree 231/2001, Fincantieri’s Oversight Board has been set up as a collegial body that is able to ensure a suitable level of independence, professional experience and continuity of action.

MANAGER RESPONSIBLE FOR PREPARING FINANCIAL REPORTS
Under art. 26 of the Bylaws, and after obtaining the compulsory opinion of the Board of Statutory Auditors, the Board of Directors appoints the Manager responsible for preparing financial reports for a period of not less than the term of office of the Board itself and of no more than six years, determining the term of the appointment, the duties, powers and remuneration. If necessary, the Board of Directors can also revoke this appointment. The Manager responsible for preparing financial reports will be experienced in the field of accounting, finance and control and satisfy the integrity requirements established by the Directors.

INDEPENDENT AUDITORS
By law, the statutory audit of the financial statements must be performed by a firm of Independent Auditors listed in the register of approved statutory auditors and audit firms established by art. 6 of Italian Legislative Decree 39 dated 27 January 2010; these auditors must be appointed by the shareholders in Shareholders’ Meeting, at the justified proposal of the Board of Statutory Auditors.


Accessed 17/04/2020
In the meeting held on January 28, 2020, the Board of Directors resolved to establish the “Anti-Corruption” function, directly reporting to the Board. The function includes the following responsibilities:

[...]
- Coordinating the process of identifying and assessing risks (risk assessment) in the field of anti-corruption and identifying controls to monitor the aforementioned risks;
Question

2.2. Is the company’s anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?

Score

2

Comments

Based on publicly available information, there is evidence that the company’s anti-bribery and corruption programme is subject to regular review. This includes provisions for continuous improvement, supplemented by an internal audit on an annual basis. There is evidence high-level audit findings are presented to the board, with clear ownership assigned to units/individuals for planned updates and improvements to the anti-bribery and corruption programme.

Evidence

Accessed 31/10/2019
[p.56] With reference to the Parent Company, the Internal Auditing function examines and independently evaluates the internal controls to verify if what is required by the anti-corruption procedures has been met within the range of the annual planned audits, approved by the Board of Directors.

Accessed 31/10/2019
[p.9] As regards the Parent Company, the Auditing Department independently examines and checks internal controls, to ensure, as part of the annual audit programme approved by the Board of Directors, that requirements of anti-corruption documents have been met.

[9] Bodies (Webpage)
Accessed 31/10/2019
HEAD OF INTERNAL AUDIT AND INTERNAL CONTROL
In Fincantieri S.p.A. the Head of Internal Audit is also Head of Internal Control (as defined by Italian Law 69 dated 18 June 2009). The mission of the Internal Audit function is to monitor the internal control system of the Parent Company and its subsidiaries, ensuring that the system’s effectiveness and efficiency is continuously improved by conducting independent, autonomous and objective auditing, validation and advisory activities.

Accessed 17/04/2020
In the meeting held on January 28, 2020, the Board of Directors resolved to establish the "Anti-Corruption" function, directly reporting to the Board. The function includes the following responsibilities:

- Ensuring the monitoring of anti-corruption legislation and jurisprudence as well as the evolution of leading practices at national and international level; Supervising the design and implementation of the Anti-Corruption Management System in accordance with the applicable standards and requirements of the UNI ISO 37001 standard;
- Coordinating the process of identifying and assessing risks (risk assessment) in the field of anti-corruption and identifying controls to monitor the aforementioned risks;
- Conducting checks on the implementation of the Anti-Corruption Management System; Promoting and supporting the competent corporate functions in the definition and implementation of training programs on anti-corruption and the functioning of the related Management System;
- Providing consultancy, specialist assistance and guidance to employees of the Company and to other Group companies on the Anti-Corruption Management System and on issues related to corruption;
- Providing specialist assistance in activities related to assessing the reliability of the counterparties, managing any critical issues that arise and processing the related controls in areas at risk of corruption;
- Ensuring periodic reporting, taking care of the preparation of reports, on the performance of the Anti-Corruption Management System towards the Board of Directors, the Chief Executive Officer and the other Corporate Bodies to which specific information flows are necessary;
With reference to the Parent Company, the Internal Auditing function examines and independently evaluates the internal controls to verify if what is required by the anti-corruption procedures has been met within the range of the annual planned audits, approved by the Board of Directors. The Supervisory Body plays a special role. Its activities call for the periodic collection of confidential information in order to identify potentially risky conduct with reference to corruption both with respect to Italian and foreign Public Administrations, and to private parties. The Organizational, Management and Control Model according to Legislative Decree No. 231/2001 and the corporate regulatory framework are subject to a continuous updating process to comply with organizational and legal changes and to adequately respond to the possible risk of committing crimes.
**Question**

2.3. **Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?**

| Score | 1 |

**Comments**

There is evidence that the company publicly commits to investigating incidents promptly, independently and objectively. There is evidence that the company takes steps to ensure the independence of its investigations. It commits to establishing root causes, putting in place remediation plans and reporting investigative findings to senior management and the board. For whistleblowing cases, there is a procedure in place that stipulates documentation and actions to be taken at every step of the case, from receipt to final outcome, and the company commits to ensure whistleblowers are informed of the outcome. There is evidence that summary information of all investigations is reviewed by a central body. However, it is not clear that this information is reviewed on at least a quarterly basis.

**Evidence**

### [8] Sustainability Report 2018 (Document)
Accessed 31/10/2019


[p.55] In addition to the foregoing, the Company has also - since 2009 - adopted a system for reporting infringements to the Supervisory Body (whistleblowing), also defined in the Organizational Model, which enables employees and third parties to report issues involving non-compliance with the provisions of the Code of Conduct, the Organizational Model, or of the corporate procedures adopted by the Company or, otherwise, the law.

Accessed 31/10/2019


[p.66] The Company’s Supervisory Body is established, pursuant to the Organisation System, in the form of a collegial body with an adequate level of independence, professional expertise and continuity of action. In particular, the Supervisory Body consists of:

- two members (one of whom acts as Chairperson) selected outside the Company from persons of proven experience, independence and professional expertise;
- one member from with the Company, who holds the role of Head of the corporate Department that is most involved in the activities provided by law (Internal Auditing Department).

The Supervisory Body is appointed by the Board of Directors and remains in office for three years.

The Supervisory Body operates on the basis of “Rules governing the Supervisory Body’s Activities” that it adopts independently, and that are transmitted to the Board of Directors for its information. These rules establish the procedures to be followed by the Supervisory Body in formulating an annual spending budget that is duly approved together with the annual budget.

The following are the main activities within the Supervisory Body’s purview:

 [...]  

- examining any reports originating from the control bodies or from any employee, and
- organising any investigations considered necessary.

### [10] Reporting violations to the Oversight Board (Whistleblowing) (Webpage)
Accessed 31/10/2019


REPORTING VIOLATIONS TO THE OVERSIGHT BOARD (WHISTLEBLOWING)
Any reports of an ambiguous nature, or not detailed, or clearly made in bad faith, or with slanderous and libelous content will not be taken into account. Any report not in the responsibility of the Oversight board will be addressed to the competent functions.

[31] Whistleblowing (Document)
Accessed 17/04/2020

[p.3] 5. REPORT MANAGEMENT
The Oversight Board / Anti-Corruption Function receives exclusively, through the two channels, reports about alleged violations and conduct not in line with the Code of Conduct, the Organizational Model, the Anti-

[p.4] corruption Policy, the Supplier Code of Ethics or the policies and anti-corruption corporate procedures adopted by the Company. The Oversight Board / Anti-corruption Function evaluates the reports received to decide whether:
• processing the report promoting in-depth analyses;
• forwarding the report to the competent functions requesting feedback on the actions taken;
• proceeding with the filing of the report (rejection), adequately justifying the choice made in line with the criteria mentioned in paragraph 4 "Reporting".

If deemed appropriate and the method of reporting allows it, the Oversight Board / Anti-corruption Function can consult both the whistleblower for additional information and the alleged infringer, also giving rise to all the verifications and investigations that are necessary to ascertain the validity of the report. The use of the IT platform allows the Oversight Board / Anti-corruption Function to communicate (also anonymously) with the whistleblower, that can verify the status and outcome of the report at any time thanks to the access credentials.

If, from the verifications carried out, the Oversight Board / Anti-corruption Function detects a violation of the rules of conduct and of the relevant policies and procedures (Code of Conduct, the Organizational Model, the Anti-corruption Policy, the Supplier Code of Ethics or the anti-corruption company policies and procedures), it reports the disciplinary offense to the Company for the appropriate decisions based on what is stated in the Organizational Model, action independent of any criminal proceedings against individuals or administrative proceedings against the company pursuant to Legislative Decree 231/01.

At least annually, both the Oversight Board and the Anti-corruption Function inform the Board of Directors and the Board of Statutory Auditors by means of a written report on the control and verification activities carried out and on any initiatives following violations of the rules of conduct and relevant policies and procedures.
In all cases, if the verifications carried out show that there has been a violation of the law, the Oversight Board / Anti-corruption Function informs the company to promote the consequent initiatives, including the report to the competent judicial authority.

The Oversight Board / Anti-corruption Function documents and archives the reports, the decisions taken and the documentation supporting the verifications carried out in compliance with the principle of confidentiality of the data and information contained therein, as well as the regulatory provisions on the processing of personal data.

[37] Sustainability Report 2019 (Document)
Accessed 15/06/2020

[p.48] Among the tools for preventing the risk of corruption, the Company has - since 2009 - adopted a system for reporting infringements to the Supervisory Body (whistleblowing), also defined in the Organizational Model, which enables employees and third parties to report issues involving non-compliance with the provisions of the Code of Conduct, the Organizational Model, or of the corporate procedures or, otherwise, the law. Since January 2019, an update of the whistleblowing computer system has been made operational. This system uses an independent platform to send reports and is an evolution in terms its suitability in order to ensure the confidentiality of the sources and of the information communicated (as required by Law No. 179 of 30 November 2017).
<table>
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<tr>
<td><strong>2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?</strong></td>
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<tr>
<td>There is no publicly available evidence that the company assures itself of the quality of its internal investigations.</td>
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<td>Evidence</td>
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<tr>
<td>No evidence found.</td>
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**Question**

2.5. Does the company’s investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?

**Score**

1

**Comments**

There is evidence that the company commits to report material findings of bribery and corruption from investigations to the board and to relevant authorities. However, based on publicly available information, the ownership process for reporting to relevant authorities is unclear. There is no evidence that an appropriate senior individual is responsible for ensuring that the disclosure of criminal offences to relevant authorities is evaluated and acted upon if necessary.

**Evidence**

[31] Whistleblowing (Document)
Accessed 17/04/2020

[p.4] If, from the verifications carried out, the Oversight Board / Anti-corruption Function detects a violation of the rules of conduct and of the relevant policies and procedures (Code of Conduct, the Organizational Model, the Anti-corruption Policy, the Supplier Code of Ethics or the anti-corruption company policies and procedures), it reports the disciplinary offense to the Company for the appropriate decisions based on what is stated in the Organizational Model, action independent of any criminal proceedings against individuals or administrative proceedings against the company pursuant to Legislative Decree 231/01.

At least annually, both the Oversight Board and the Anti-corruption Function inform the Board of Directors and the Board of Statutory Auditors by means of a written report on the control and verification activities carried out and on any initiatives following violations of the rules of conduct and relevant policies and procedures.

In all cases, if the verifications carried out show that there has been a violation of the law, the Oversight Board / Anti-corruption Function informs the company to promote the consequent initiatives, including the report to the competent judicial authority.

The Oversight Board / Anti-corruption Function documents and archives the reports, the decisions taken and the documentation supporting the verifications carried out in compliance with the principle of confidentiality of the data and information contained therein, as well as the regulatory provisions on the processing of personal data.
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<th>Question</th>
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<tr>
<td>2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?</td>
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<tr>
<td>The company states that no cases of corruption concerning companies in the Group were found in the previous two years. However, the information published is insufficiently detailed. The company does not publish information on the number of reports received, the number of investigations launched or disciplinary actions involving its employees.</td>
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<tr>
<th>Evidence</th>
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<tbody>
<tr>
<td>Accessed 31/10/2019</td>
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<tr>
<td>[p.57] As regards monitoring of corruption cases, it should be noted that no cases of corruption concerning companies in the Fincantieri Group were found in 2017 and 2018.</td>
<td></td>
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</tbody>
</table>

| [37] Sustainability Report 2019 (Document) |   |
| Accessed 15/06/2020 |   |
| [p.50] As regards monitoring of corruption cases, it should be noted that no confirmed cases of corruption involved companies in the Fincantieri Group were found in 2018 and 2019. |   |
3. Support to Employees

**Question**

3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?

**Score**

1

**Comments**

Based on publicly available information, there is evidence that the company provides a training module that outlines the basic principles of the anti-bribery and corruption policy, including the whistleblowing options available to employees. There is evidence that the training is conducted annually and is provided systematically to all employees across all divisions and in all countries and regions of operation. There is evidence to suggest that training is provided in all appropriate languages. However, while the company states it conducts periodic refresher training, there is no clear evidence that employees are required to undertake refresher courses at least every three years.

**Evidence**

Accessed 01/11/2019

To facilitate and promote the main issues relating to business ethics and raise awareness of the regulatory framework and the repercussions arising from the adoption of an Organization, Management and Control Model among all employees, Fincantieri has designed a training architecture that accompanies the employee from the moment they are hired and throughout their professional development within the company with periodic refresher training and institutional training events.

Therefore, this training system aims to promote greater awareness of employees regarding the Organizational Model and the administrative liability of legal entities under Legislative Decree 231. Training content is developed in collaboration with a leading international consultancy firm and is divided into "general" and "special" modules, enabling targeted dissemination of information based on an employee's position and responsibilities.

The "general" module illustrates the principle of the liability of entities and companies with the aim of spreading and sharing - at all levels of the Company - those measures adopted by Fincantieri to prevent crimes being committed by individuals that could entail liability for the Company. The "special" modules, on the other hand, give in-depth analysis, for attorneys and employees of specific company functions, regarding certain types of crimes that are particularly relevant for Fincantieri in relation to crimes such as corruption involving government authorities and between private parties, corporate crimes and crimes relating to the health and safety of workers and environmental protection. Periodic refresher training is also provided, customized for the organizational area, which enable employees to focus on the issues, regulations and related updates that have the greatest impact on their daily work.

[...]

Group-wide anti-corruption training is shown in the table below:
Since 2016, the Internal Auditing function, along with the Supervisory Body, has provided support to the Human Resources Management with preparatory activities for the expanded on-line training project based on Legislative Decree No. 231/01 which began in the same year. The training system for this course, primarily focused on anti-corruption and safety at work, has been divided into differentiated paths in order to allow targeted distribution of the
Information based on the roles of the people involved. It was held in e-learning mode over the platform adopted by the Company with the objective of expanding the population reached, offering greater flexibility of use for the users, guaranteeing the provision of uniform information, as well as reducing the costs of training and refresher courses. The course is divided into different paths based on the resources involved. The “general” path has been delivered to all employees of the Parent Company (equipped with company PC and email), while agents and specific corporate departments were also given specific modules.

During 2018, the program continued with the provision of a specific on-line course for agents focusing on anti-corruption and company risks, and new editions of the general course and on safety at work and the environment were started for those who had not participated in the previous edition. For employees of Italian subsidiaries, specific anti-corruption training meetings are held, organized by their supervisory bodies, while at this time the extension of this training to the e-learning mode is only at the planning stage. The Board of Directors receives an annual report from the Supervisory Body on the activities performed, including training.

Regarding foreign subsidiaries, the Fincantieri Marine Group (FMG), Fincantieri Marine Systems North America Inc. (FMSNA) and the VARD group have held training on the Code of Conduct and business ethics.

The table below shows the data on the overall number of employees who received training in 2017 and 2018.

![Table](image)

Accessed 31/10/2019

[37] Sustainability Report 2019 (Document)
Accessed 15/06/2020

Communication and training on the anticorruption procedures and policies

[...]
for those who had not participated in the previous editions. For employees of Italian subsidiaries, specific anti-corruption training meetings are held, organized by their supervisory bodies with a view to extending this training to the e-learning mode.

The Board of Directors receives an annual report from the Supervisory Body on the activities performed, including training. Regarding foreign subsidiaries, the VARD group and Fincantieri Marine Systems North America Inc. (FMSNA) have held training on the Code of Conduct and business ethics, while in 2019 Fincantieri Marine Group (FMG) did not carry out any training on the issues in question since the contents of the course have been revised and it will be resumed in 2020. The courses were held in the local language of the countries where the companies involved in training are based (Italy, USA, Norway, Croatia, Poland, Romania and Vietnam).

The table below shows the data on the overall number of employees who received training in 2018 and 2019.
**Question**

3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees:
   a) Employees in high risk positions,
   b) Middle management,
   c) Board members.

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**Comments**

The company states that employees in certain positions receive different anti-bribery and corruption training and makes specific reference to employees in high risk positions and middle management. However, there is no evidence that board members receive tailored training on the company’s anti-bribery and corruption programme. There is also no clear evidence that training for employees in high risk positions is refreshed on at least an annual basis.

**Evidence**

Accessed 31/10/2019
[p.8] 5. TRAINING AND MONITORING

All FINCANTIERI personnel are responsible for complying with applicable documents and for correctly adopting the internal documents system concerning anti-corruption, in relation to their duties and responsibilities. FINCANTIERI informs its employees and provides training on the risk profile associated with their function or activity.

Accessed 01/11/2019

The “general” module illustrates the principle of the liability of entities and companies with the aim of spreading and sharing - at all levels of the Company - those measures adopted by Fincantieri to prevent crimes being committed by individuals that could entail liability for the Company. The “special” modules, on the other hand, give in-depth analysis, for attorneys and employees of specific company functions, regarding certain types of crimes that are particularly relevant for Fincantieri in relation to crimes such as corruption involving government authorities and between private parties, corporate crimes and crimes relating to the health and safety of workers and environmental protection.

Accessed 31/10/2019
[p.56] Communication and training on the anti-corruption procedures and policies

Since 2016, the Internal Auditing function, along with the Supervisory Body, has provided support to the Human Resources Management with preparatory activities for the expanded on-line training project based on Legislative Decree No. 231/01 which began in the same year. The training system for this course, primarily focused on anti-corruption and safety at work, has been divided into differentiated paths in order to allow targeted distribution of the information based on the roles of the people involved. It was held in e-learning mode over the platform adopted by the Company with the objective of expanding the population reached, offering greater flexibility of use for the users, guaranteeing the provision of uniform information, as well as reducing the costs of training and refresher courses. The course is divided into different paths based on the resources involved. The “general” path has been delivered to all employees of the Parent Company (equipped with company PC and email), while agents and specific corporate departments were also given specific modules.

[12] Compulsory training (Document)
Accessed 01/11/2019
[p.1]
<table>
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<th>Compulsory training</th>
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<tr>
<td><strong>Transversal Focus</strong></td>
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<tr>
<td>3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?</td>
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<tr>
<td>Based on publicly available information, there is evidence that the company reviews its anti-bribery and corruption communications and personnel training programme through staff questionnaires. The company also publishes information on the number of personnel trained on an annual basis. The board receives an annual report regarding the company's training activities. There is evidence indicating that the results are used to update specific parts of the company's anti-bribery and corruption communications and training programme.</td>
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**Evidence**

Accessed 17/02/2020

Participants fill in a questionnaire at the end of training in order to ensure that the training is effective and to evaluate and monitor its content as well as the case studies, the methodologies used and the necessity of updates.

Accessed 31/10/2019

[p.56] Communication and training on the anti-corruption procedures and policies

Since 2016, the Internal Auditing function, along with the Supervisory Body, has provided support to the Human Resources Management with preparatory activities for the expanded on-line training project based on Legislative Decree No. 231/01 which began in the same year. The training system for this course, primarily focused on anti-corruption and safety at work, has been divided into differentiated paths in order to allow targeted distribution of the information based on the roles of the people involved. It was held in e-learning mode over the platform adopted by the Company with the objective of expanding the population reached, offering greater flexibility of use for the users, guaranteeing the provision of uniform information, as well as reducing the costs of training and refresher courses. The course is divided into different paths based on the resources involved. The “general” path has been delivered to all employees of the Parent Company (equipped with company PC and email), while agents and specific corporate departments were also given specific modules.

During 2018, the program continued with the provision of a specific on-line course for agents focusing on anti-corruption and company risks, and new editions of the general course and on safety at work and the environment were started for those who had not participated in the previous edition. For employees of Italian subsidiaries, specific anti-corruption training meetings are held, organized by their supervisory bodies, while at this time the extension of this training to the e-learning mode is only at the planning stage. The Board of Directors receives an annual report from the Supervisory Body on the activities performed, including training.

Regarding foreign subsidiaries, the Fincantieri Marine Group (FMG), Fincantieri Marine Systems North America Inc. (FMSNA) and the VARD group have held training on the Code of Conduct and business ethics.

The table below shows the data on the overall number of employees who received training in 2017 and 2018.

[p.57]
<table>
<thead>
<tr>
<th></th>
<th>SENIOR MANAGERS</th>
<th>MIDDLE MANAGERS</th>
<th>WHITE COLLAR EMPLOYEES</th>
<th>BLUE COLLAR EMPLOYEES</th>
<th>TOTAL</th>
<th>% of total employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINCANTIERI</td>
<td>151</td>
<td>99</td>
<td>310</td>
<td>69</td>
<td>3,189</td>
<td>500</td>
</tr>
<tr>
<td>VARD</td>
<td>4</td>
<td>9</td>
<td>43</td>
<td>38</td>
<td>10</td>
<td>75</td>
</tr>
<tr>
<td>FMG</td>
<td>23</td>
<td>35</td>
<td>99</td>
<td>129</td>
<td>261</td>
<td>387</td>
</tr>
<tr>
<td>FMSNA</td>
<td>1</td>
<td>1</td>
<td>8</td>
<td>16</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>TOTAL</td>
<td>179</td>
<td>144</td>
<td>460</td>
<td>244</td>
<td>3,476</td>
<td>978</td>
</tr>
<tr>
<td>% of total employees per category</td>
<td>50%</td>
<td>38%</td>
<td>42%</td>
<td>21%</td>
<td>52%</td>
<td>14%</td>
</tr>
</tbody>
</table>
Question

3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?

Score

1

Comments

Based on publicly available information, there is evidence that the company’s incentive schemes incorporate ethical and anti-bribery and corruption principles. An employee’s commitment to the company’s objectives on anti-corruption is one of the elements considered when awarding variable remuneration. However, there is no evidence that in the case of high risk employees, such as sales roles, financial rewards must be proportionate to the employee’s salary.

Evidence

Accessed 11/01/2019

[p.8] The aim of Fincantieri’s Remuneration Policy is to attract, motivate and retain the most adequate resources to successfully manage the Company, favouring retention capacity, encouraging the achievement of strategic objectives in order to align top management interests with the primary objective of creating sustainable value for the shareholders over the medium-long term.

In this regard, in the three financial years throughout which the policy was in force, the Remuneration Committee, with the expert contribution of the Company’s Human Resources and Industrial Relations Department, seamlessly and consistently advocated a Remuneration Policy for the Company organised along three important lines:

1. favouring the variable remuneration component of its management with respect to the fixed component and, in this context, the long-term average component rather than the short term one;
2. constantly monitoring the Company’s management remuneration components by promoting a targeted and progressive action plan to realign and readjust management remuneration arrangements in accordance with the relevant market;
3. promoting and supporting issues related to sustainability, in line with the growing expectations of the financial community in relation to sustainable development, consolidating its reputation vis-à-vis its stakeholders.

[p.9] Furthermore, Fincantieri has also confirmed its awareness and effort towards these topics by including certain objectives in the short term reward system (MBO Plan) tied to sustainability, including those on quality, safety, respect for the environment and anti-corruption.

[p.10] INTRODUCTION

[…]

In compliance with the provisions of Article 123–ter of the Italian Consolidated Law on Finance, this Report is divided into two sections:

• the first section illustrates the Policy adopted by Fincantieri on the remuneration of the members of the Board of Directors, the General Managers, the Executives with Strategic Responsibilities and other Key Executives with reference to the 2019 financial year, and until the approval of a new Remuneration Policy; in accordance with the provisions of Article 123-ter of the Italian Consolidated Law on Finance, this section is subject to the advisory vote of the Shareholders’ Meeting called to approve the financial statements as of 31 December 2018;
• the second section provides detailed information on the remuneration payable to the aforementioned subjects and the statutory auditors for the 2018 financial year.

Accessed 01/11/2019
The Remuneration Policy is aimed at achieving the Company's strategic priorities and enhancing sustainable performance. On 10th November 2016, the Board of Directors approved a medium to long-term incentive plan (Performance Share Plan 2016-2018) for the Company management.

The creation of sustainable value in the medium to long term, alignment of the interests of management with those of the shareholders and support for retention capacity are the primary objectives of this Plan, in line with the indications in the Corporate Governance Code and the best and most widespread market practices. Below is a graphic representation of the pay-mix.

The structure of the remuneration package is set out below.

<table>
<thead>
<tr>
<th>TYPE OF REMUNERATION</th>
<th>PURPOSE</th>
<th>POSITIONS INVOLVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed remuneration</td>
<td>Remunerates the role and more specifically the responsibilities assigned to the recipients, taking account, among other things, of the experience, quality of contribution made to achieving the business results and level of excellence with respect to the assigned duties.</td>
<td>• Chairman&lt;br&gt;• Chief Executive Officer&lt;br&gt;• Non-executive Directors&lt;br&gt;• General Managers&lt;br&gt;• Executives with Strategic Responsibilities&lt;br&gt;• Other Key Executives</td>
</tr>
<tr>
<td>Short-term variable remuneration (annual MBO)</td>
<td>Remunerates results achieved in the short term and is aimed at expressing the industrial plan strategies into a series of annual, individual and group objectives, capable of decisively influencing the performances of the executives involved.</td>
<td>• Chairman&lt;br&gt;• Chief Executive Officer&lt;br&gt;• General Managers&lt;br&gt;• Executives with Strategic Responsibilities&lt;br&gt;• Other Key Executives</td>
</tr>
<tr>
<td>Medium-long term variable remuneration (Performance Share Plan)</td>
<td>Remunerates results achieved in the medium-long term and is aimed at improving the alignment of interests of the recipients with those of the shareholders and supporting the retention capabilities for key resources.</td>
<td>The beneficiaries are individually identified at the discretion of the Board of Directors, on the advice of the Remuneration Committee, among the following persons: &lt;br&gt;• Chief Executive Officer&lt;br&gt;and, according to the Chief Executive Officer's indications, the following persons: &lt;br&gt;• General Managers&lt;br&gt;• Executives with Strategic Responsibilities&lt;br&gt;• Other Key Executives</td>
</tr>
</tbody>
</table>

REMUNERATION
The remuneration of employees, whether manual workers or office staff, is defined in relation to the relevant labour market and in accordance with the provisions of the National Collective Bargaining Agreement and company level contracts.

Remuneration consists of a fixed component, aimed at fairly rewarding the work performed, and a variable component, linked to predetermined and measurable performance objectives, mostly in the form of welfare and non-monetary benefits. In general, the fixed component remunerates the role and responsibilities assigned to each employee, taking account of the level of experience, the quality of the contribution that each employee brings to the attainment of the business results, as well as the level of excellence with respect to the duties assigned.

This component is sufficient to remunerate the services performed, including in the event of no payment or only partial payment of the variable components, where envisaged. The fixed component is also such as to ensure a suitably competitive position with respect to the level of salary paid by the market for the specific position. The variable component, on the other hand, remunerates the results achieved in the short and long term and is aimed at translating company strategies into a series of individual and Group objectives, capable of decisively influencing the performance of the people involved.

The variable component also focuses people’s attention and commitment on strategic objectives, though not necessarily economic ones, such as those related to sustainability, in line with the Sustainability Plan approved in December 2018, which also includes objectives on quality, safety at work, the environment and anti-corruption, among others.

Sustainability Report 2019 (Document)
Accessed 15/06/2020
The variable component is linked to predetermined and measurable Group and individual performance objectives and remunerates, according to the different structures, the results achieved in the short and long term. The latter, moreover, focuses people’s attention and commitment on the achievement of strategic objectives and can be provided not only in monetary form, but also in the form of welfare or non-monetary benefits.

As set out in the Sustainability Plan, to promote a culture of sustainability in line with the Group’s Values, sustainability objectives with a weight of no less than 10% up to a maximum of 30% have been included in the short-term variable remuneration system (MBO). In 2019, 13.3% of MBO Plan recipients received at least one sustainability target.

[38] Relazione sulla Politica in Materia di Remunerazione e sui Compensi Corrisposti (Document)
Accessed 15/06/2020

[p.10] 1. Politica in materia di remunerazione dei componenti il Consiglio di Amministrazione, dei componenti il Collegio Sindacale, del Direttore Generale e dei Dirigenti con Responsabilità Strategiche

1.1. Procedure per l’adozione della Politica e attuazione della medesima

1.1.1. Organi e soggetti coinvolti nella predisposizione, nell’approvazione e nell’attuazione della Politica

La Politica di Remunerazione di Fincantieri è approvata annualmente dal Consiglio di Amministrazione della Società su proposta del Comitato per la Remunerazione. Tale Politica è volta: (i) ad attrarre, motivare e fi delizzare le risorse più adeguate a gestire con successo l’azienda; (ii) a incentivare il raggiungimento degli obiettivi strategici; (iii) ad allineare gli interessi del top management all’obiettivo prioritario della creazione di valore sostenibile per gli azionisti nel medio-lungo termine, focalizzando l’attenzione e l’impegno su obiettivi strategici e specifici quali quelli collegati alla sostenibilità e (iv) a promuovere la missione e i valori aziendali.

Translate:

[p.10] 1. Policy on remuneration of members of the Board of Directors, of the members of the Board of Statutory Auditors, of the General Manager and Executives with Strategic Responsibilities

1.1. Procedures for the adoption and implementation of the Policy

1.1.1. Bodies and subjects involved in the preparation, the approval and the implementation of the Policy

Fincantieri’s Remuneration Policy is approved annually by the Board of Directors on proposal of the Remuneration Committee. This Policy is aimed at: (i) attracting, motivating and retaining the most appropriate talent to successfully manage the company; (ii) to incentivize the achievement of strategic objectives; (iii) to align the interests of top management with the priority objective of creating sustainable value for shareholders in the medium to long term, focusing attention and commitment on strategic and specific objectives such as those connected to sustainability and (iv) to promote the company’s mission and values.
3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?

<table>
<thead>
<tr>
<th>Score</th>
<th>1</th>
</tr>
</thead>
</table>

The company clearly states that any employee who refuses to act unethically, in keeping with the company’s anti-corruption commitments, will be protected and supported even where such actions result in disadvantages to the company. Although the company indicates that it carries out surveys of its employees, it is unclear whether these include a question relating to employees’ trust in this commitment.

**Evidence**

Accessed 01/11/2019  
[p.9] The confidentiality of persons reporting violations and information provided is guaranteed, without prejudice to legal obligations. In addition, FINCANTIERI will not take any retaliatory action (disciplinary sanctions, demotions, suspensions, dismissal), or discriminate in any way company personnel at work, who:

- have refused to take action that goes against this document or anti-corruption documents, even if this refusal results in negative consequences for the Company’s business;

[37] Sustainability Report 2019 (Document)  
Accessed 15/06/2020  
[p.142] WE LISTEN TO OUR PEOPLE

We believe that dialogue and listening are essential for creating relationships based on trust and transparency, which is why we have developed the following listening initiatives over the years.

2016

[...]

The first step of the project saw the active engagement of and listening to workers through an anonymous questionnaire aimed at identifying the organizational climate, people’s expectations and their suggestions.

2017

[...]

Using the same procedure as the first step, a monitoring process was set up to review the new change initiatives and collect people’s suggestions, with a view to continuous improvement through a new survey that recorded a higher response rate than the previous year (+7%).
**Question**

3.6. **Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?**

**Score**

1

**Comments**

Based on publicly available information, there is evidence that the company promotes a policy of non-retaliation against both whistleblowers and company employees who report bribery and corruption incidents. There is evidence this commitment extends to third parties, although the company does not refer to those engaged by the company as suppliers and joint venture partners specifically. There is no evidence that the company assures itself of its employees’ confidence in this commitment through surveys, usage data or other clearly stated means.

**Evidence**

[10] Reporting violations to the Oversight Board (Whistleblowing) (Webpage)
Accessed 01/11/2019

**WHAT IS IT**

With this whistleblowing policy, any employee or third party can report any problem related to non-compliance with our Code of Conduct, Organizational Model, Anti-Corruption Policy or with FINCANTIERI company procedures.

**SAFEGUARD RULES**

[...]

FINCANTIERI will avoid retaliation of any kind (disciplinary sanctions, downgrading, suspension, lay-off) as well as any discrimination to those Company employees who, in good faith, report events or situations connected to compliance with our Code of Conduct, Organizational Model, Anticorruption Policy, Company procedures and legal regulations.

[14] Violation Report to the Oversight Board (Whistleblowing Policy) (Document)
Accessed 01/11/2019

[Same evidence as above]

Accessed 01/11/2019
[p.2] 2. RECIPIENTS

The recipients of this document are members of the Company Bodies of Group companies, all managers and employees, outsourcers and third parties that do business with the Group.

[p.9] The confidentiality of persons reporting violations and information provided is guaranteed, without prejudice to legal obligations. In addition, FINCANTIERI will not take any retaliatory action (disciplinary sanctions, demotions, suspensions, dismissal), or discriminate in any way company personnel at work, who:

- have taken action, in good faith, to report events or situations relative to compliance with this document or with anti-corruption documents, or in any case with relative laws in force;
- have refused to take action that goes against this document or anti-corruption documents, even if this refusal results in negative consequences for the Company's business;

[31] Whistleblowing (Document)
Accessed 17/04/2020
[p.4] 6. WHISTLEBLOWER PROTECTION

The members of the Oversight Board / Anti-corruption Function - without prejudice to legal obligations - ensure the confidentiality of the sources and information they possess. The Company does not carry out retaliatory actions...
(disciplinary sanctions, downgrading, suspension, lay-off) or in any way discriminates in the workplace the company personnel who have carried out in good faith actions aimed at reporting events or situations related to failure to comply with the Code of Conduct, of the Organizational Model, the Anti-corruption Policy, the Supplier Code of Ethics, the anti-corruption company policies and procedures adopted by the Company or in any case the laws. The protections cannot be guaranteed if the whistleblower has acted in bad faith (for example by making false or defamatory accusations) or has contributed to the realization of an illegal conduct.

[37] Sustainability Report 2019 (Document)
Accessed 15/06/2020

[p.142] WE LISTEN TO OUR PEOPLE

We believe that dialogue and listening are essential for creating relationships based on trust and transparency, which is why we have developed the following listening initiatives over the years.

2016

[...]

The first step of the project saw the active engagement of and listening to workers through an anonymous questionnaire aimed at identifying the organizational climate, people’s expectations and their suggestions.

2017

[...]

Using the same procedure as the first step, a monitoring process was set up to review the new change initiatives and collect people’s suggestions, with a view to continuous improvement through a new survey that recorded a higher response rate than the previous year (+7%).
### Question

3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?

<table>
<thead>
<tr>
<th>Score</th>
<th>2</th>
</tr>
</thead>
</table>

### Comments

Based on publicly available information, there is evidence that the company has external and internal whistleblowing and advice channels that are confidential and allow for anonymous reporting. The channels are explicitly available to all employees in any country of operation and to third parties. There is evidence that the channels are provided in multiple languages.

### Evidence

[10] Reporting violations to the Oversight Board (Whistleblowing) (Webpage)
Accessed 01/11/2019

**WHAT IS IT**
With this whistleblowing policy, any employee or third party can report any problem related to non-compliance with our Code of Conduct, Organizational Model, Anti-Corruption Policy or with FINCANTIERI company procedures. The best way to send a report is to include your name, in order to help any verification of the facts and the collection of further information. The reporting system adopted by Fincantieri is in compliance with the requirements of the Law no. 179/2017 (“Whistleblowing Law”).

**WHAT TO SAY**
Here some illustrative, although incomplete, examples of possible reports:
- conflict of interest cases unknown to the company;
- corruption attempt of a third part towards any employee or of any employee towards a third party;
- fraud;
- inappropriate use of the company assets;
- intentional communication of false information to a Public Administration;
- …

Any reports of an ambiguous nature, or not detailed, or clearly made in bad faith, or with slanderous and libelous content will not be taken into account. Any report not in the responsibility of the Oversight board will be addressed to the competent functions.

**HOW TO SAY**
You can send your report to:

- online platform: it is possible to send reports with or without registration. The platform is a channel adequate to ensure the confidentiality of the data entered by the whistleblower, in compliance with the requirements of the Law no. 179/2017 (“Whistleblowing Law”). Use the following button to access the platform.

![WHISTLEBLOWING](image)

- mail: Fincantieri S.p.A.,
c/o CO-AUD,
Via Genova 1, 34121, Trieste
Riservato OdV

**SAFEGUARD RULES**
The Company guarantees the utmost confidentiality as far as the source and the information provided are concerned, except when legally required.
In addition to the foregoing, the Company has also, since 2009, adopted a system for reporting infringements to the Supervisory Body (whistleblowing), also defined in the Organizational Model, which enables employees and third parties to report issues involving non-compliance with the provisions of the Code of Conduct, the Organizational Model, or of the corporate procedures adopted by the Company or, otherwise, the law. In January 2019, an update of the Company's whistleblowing computer system was made operational. This system uses an independent platform that enables reports to be sent, without or without recording them on the system, and is an evolution in terms of its suitability in ensuring the confidentiality of the sources and of the information communicated.
Accessed 01/11/2019

[p.2] 2. RECIPIENTS

The recipients of this document are members of the Company Bodies of Group companies, all managers and employees, outsourcers and third parties that do business with the Group.

[p.9] Any suspected or known violation of anti-corruption documents or anti-corruption laws shall be immediately reported, anonymously if necessary, to:

- online platform: available on the Internet site in the “Ethics and Governance” section and in the company intranet
- postal address: Organismo di Vigilanza - Fincantieri S.p.A. c/o CO-AUD Via Genova 1 – 34121 Trieste – RISERVATO OdV

The confidentiality of persons reporting violations and information provided is guaranteed, without prejudice to legal obligations.

[1] Statement from the Chief Executive Officer (Webpage)
Accessed 01/11/2019

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER
To all FINCANTIERI Group personnel,
Company bodies and counterparts

[...]

We all have a duty to help maintain a solid reputation of honesty, integrity and fairness for all our Group Companies, by means of general behavior that complies with all the rules and regulations. For this reason, I invite you to follow this policy and its procedures in any situation you may face, whatever your position or your task may be, and to promptly inform the Oversight Board in case of policy and procedure violations of any kind, whether suspected or proven.

[...]

GIUSEPPE BONO
Chief Executive Officer FINCANTIERI S.p.A.

[31] Whistleblowing (Document)
Accessed 17/04/2020

[p.3] If there are any doubts about the interpretation of events or situations that could represent corrupt practices, it is possible to contact the Oversight Board / Anti-corruption Function

[19] Grants, Donations, Sponsorships, Gifts and Hospitality (Document)
Accessed 17/02/2020

[p.5] In the event of situations that are not clearly categorized among the types identified in this document, an interpretative opinion may be requested from the Oversight Board by using the IT platform available on the intranet and Internet sites of FINCANTIERI (https://www.fincantieri.com/it/governance/businessethics/whistleblowing/) or by sending the request to the mail address (FINCANTIERI SpA - Via Genova 1 - 34121 Trieste - RISERVATO Organismo di Vigilanza / Funzione Anti-corruzione).

Accessed 17/04/2020
In the meeting held on January 28, 2020, the Board of Directors resolved to establish the "Anti-Corruption" function, directly reporting to the Board. The function includes the following responsibilities:

[...]

- Informing, whenever it deems it appropriate, the Board of Directors and the CEO, in the event that any problem or suspicion needs to be raised in relation to acts of corruption or the Anti-Corruption Management System;
- Supporting the process of analyzing and evaluating reports of violations and / or offenses (e.g. pursuant to Legislative Decree 231/01) or in any case behaviors that are not in line with the rules of conduct adopted by the Company regarding the activity of preventing corruption.
### Question

4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?

| Score | 2 |

**Comments**

The company formally addresses conflicts of interest as a corruption risk, and has a policy that defines conflicts of interest, including actual, potential and perceived conflicts. The policy explicitly covers all of the categories of possible conflicts listed in the guidance. There is evidence that this policy applies to all employees and board members, including those of subsidiaries and other controlled entities.

### Evidence

[16] Conflicts of Interest (Document)
Accessed 01/11/2019

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.

[...]

2. **GENERAL ASPECTS**

The Code of Conduct adopted by FINCANTIERI states that "FINCANTIERI shall maintain a relationship of trust and loyalty with each of its employees. They must be loyal and fair, pursuing the interests and objectives of the Company. Employees shall avoid any situation or activity that may cause conflict of interests or that may interfere with their ability to make impartial decisions, in the best interest of the Company."

The definition of "conflict of interest" is any instance in which personal interest or the activity of an individual interferes, or even appears to interfere, with the interests of the Company. A situation of conflict arises when an employee performs an action or is susceptible to interests that interfere with his/her capacity to carry out his/her duties in an impartial and effective way. In this regard, when performing their work activities and duties, no FINCANTIERI employee must be influenced by personal interests that could shape or alter their ability to choose, even in a purely potential or theoretical way.
By way of example, but not exclusively, conflicts of interest occur in the following situations:

- when employees and/or their family have economic and financial interests in the business of suppliers, clients and competitors;
- when employees use their position in the company or use information acquired in their job in a way that could create conflict between their own interests and the Company's interests;
- when family ties exist among employees having hierarchical relationships in the Company;
- when performing activities of any kind for clients, suppliers, competitors, etc.;
- when accepting money, favours or benefits from persons or companies that have, or intend to enter into, business relations with FINCANTIERI or the Group's companies.

FINCANTIERI has always been committed to ensuring that any situation that could constitute or cause a conflict of interest is reported promptly, in order to verify whether it exists and how serious it is, so that the correct procedures to deal with it can be implemented.

The aim of this document is to establish the requirements to identify and manage any conflict of interest in the best way possible, both real and potential, addressing the following FINCANTIERI stakeholders: Directors, Managers, Company’s Attorneys, all employees, and suppliers of goods and services.

3. PROCEDURE FOR DEALING WITH CONFLICTS OF INTEREST

To deal with conflicts of interest properly, FINCANTIERI has established a procedure and a set of internal controls.

When FINCANTIERI Directors and Attorneys are nominated or employees are hired, must be signed a Declaration of responsibility and lack of conflicts of interest, duly filed and held by the Oversight Board for Directors and Company's Attorneys, and by the Human Resources, Organization and General Affairs department for employees. Any changes to the situation stated in the Declaration must be reported promptly.

Possible instances in which there could be conflicts of interest to report and to be dealt with by the Company include:

- potential influence from an employee concerning the hiring and career progression of candidates who are the spouse, direct relatives or in-laws to the second degree, cohabiting partner or anyone who has emotional ties with the employee.
- outside activities of employees, which could interfere with the employees' responsibilities to FINCANTIERI.
- charitable or public service work performed by employees, to be reported in case of potential conflicts with the interests of the Company.

As far as relations with third parties are concerned, the situations to be reported include conflicts of interest existing between personal and family economic activities and the duties that employees have or will have (if hired) within FINCANTIERI. In particular, each person is duly bound to report specific circumstances and activities in which they, or as far as they are aware, their spouse, direct relatives and in-laws to the second degree, or cohabiting partners and those who have emotional ties with them, have economic and financial interests (as owners or shareholders) with suppliers, clients, competitors, third party contractors (including potential ones), or their parent or subsidiary companies, or have company or controlling/managerial roles, or even only subordinate roles, to ensure that FINCANTIERI is neither advantaged nor disadvantaged by this personal relationship.

In particular, as far as relations with suppliers are concerned:

- FINCANTIERI cannot have business relations with suppliers represented by former employees of the Company that held key positions in which they could influence purchasing decisions (e.g. in procurement or technical and production assessment, etc.), for a period of at least 24 months after the termination of their employment.
- Furthermore, employees may not be involved in activities with a specific supplier if they:
- find themselves, or as far as they are aware, their spouse, direct relatives and in-laws to the second degree, or cohabiting partners and those who have emotional ties with them, in a position of debit or credit with a current or potential supplier;

- have a spouse, direct relatives and in-laws to the second degree, or cohabiting partners and those who have emotional ties with them, who have, as far as they are aware, company or controlling/managerial roles with a current or potential supplier.

When tasks are assigned, contracts drawn up and orders issued to potential suppliers of goods and services, FINCANTIERI, in order to find out about instances of conflict of interest, including potential ones, require a specific declaration to be signed. In this case too, suppliers undertake to report changes to the previously reported situation promptly.

If a potential conflict of interest exists, FINCANTIERI identifies the procedure to be followed to ensure that conduct when performing activities is transparent and correct in each specific case.

[17] Relations with Public Administration (Document)
Accessed 01/11/2019

[p.2] By "Public Administration" we mean national, European or other foreign public institutions, as well as private organisations and bodies that provide public services.

[p.4] FINCANTIERI, in whatever way has to relate to the Public Administration, is bound to comply with the law, the provisions provided for by the Code of Conduct and Organisational, Management and control Model pursuant to Legislative Decree 231/2001 adopted by the company, and the subsequent principles of conduct:

- the fulfilment of obligations to the Public Administration and the provision of the relative documentation must be carried out with the utmost diligence and professionalism so that clear, accurate, complete, faithful and truthful information is provided, avoiding, and in any case reporting, instances of conflicts of interest, following the appropriate procedures and protocols;

Accessed 01/11/2019

[p.2] 2. RECIPIENTS

The recipients of this document are members of the Company Bodies of Group companies, all managers and employees, outsourcers and third parties that do business with the Group.

[p.5] • Conflicts of interest
This document establishes the requirements for identifying and managing real or potential conflicts of interest; it also sets out the principles of conduct that each employee shall observe in carrying out their duties and in particular in managing relations with third parties.

A conflict of interest is defined as any instance in which personal interest or the activity of an individual interferes, or even appears to interfere, with the interests of the Company. A situation of

[p.6] conflict arises when an employee performs an action or is susceptible to interests that interfere with their capacity to carry out their duties in an impartial and effective way.

Any situation that could constitute or cause a conflict of interest shall be reported promptly, according to procedures in the document, so that the superior or assigned organisational unit may verify whether it exists and how serious it is, and correct procedures to deal with it can be implemented.

By way of example, but not exclusively, conflicts of interest occur in the following situations:
when employees and/or their spouse, relatives and relatives by marriage to the second degree, de facto cohabiting partners and persons to whom they have an emotional attachment, have economic and financial interests in the business of suppliers, clients and competitors;

- when they use their position in the company or use information acquired in their job in a way that could create conflict between their own interests and the company's interests;

- when employees who are connected by hierarchical relationships are related (by the spouse, relatives and relatives by marriage to the second degree, de facto cohabiting partners and persons to whom they have an emotional attachment);

- when performing work of any type for clients, suppliers, competitors, etc.;

- when accepting money, favours or benefits from people or companies that have, or who intend to enter into, business relations with FINCANTIERI or the Group's companies.

Accessed 31/10/2019

[p.2] The employees of FINCANTIERI, in addition to fulfilling their general duties of loyalty, faithfulness, honesty and compliance with their employment contract in good faith, shall refrain from carrying out activities in competition with those of the Group, shall comply with Company regulations and shall follow the provisions of this Code. The relationships between employees of any level shall be based on clearness, fairness, loyalty and mutual respect.

[p.3] 1) Compliance with laws, rules, regulations and this Code of Conduct.

FINCANTIERI shall comply with the laws, rules and regulations in force in each country or environment in which it operates, consistent with the principles, objectives and commitments provided for by this Code.

Managers and all those working for the Company, already subject to compliance with the law, rules and regulations in force, shall conform their actions and conduct to the principles, objectives and commitments provided for by this Code.

In particular, members of the Board of Directors shall be guided by the principles of this Code when setting Company objectives.

[p.4] 7) Loyalty to the Company and conflict of interests

FINCANTIERI shall maintain a relationship of trust and loyalty with each of its employees. They must be loyal and fair, pursuing the interests and objectives of the Company. Employees shall avoid any situation or activity that may cause conflict of interests or that may interfere with their ability to make impartial decisions, in the best interest of the Company. FINCANTIERI and its employees shall maintain a relationship of complete trust in which the primary duty of the employee is the use of the Company’s properties along with his/her own professional skills for the achievement of the interests of the Company.

In view of this, managers and employees shall avoid any situation and activity that might create a conflict with the interests of the Company or that might interfere with their ability to make impartial decisions in the best interests of the Company and in full compliance with the rules and regulations of this Code. Any situation that could constitute or determine a conflict of interests is to be promptly notified so that its existence and seriousness can be evaluated by a superior or the Corporate Body to which it is presented.

By way of example, the following situations may cause a conflict of interests:

- Economic and financial interests of employee and/or of his/her family in the activities of suppliers, customers and competitors;

- Use of his/her own position within the Company or of the information acquired in his/her own activity so that a conflict between his/her own personal interests and the interests of the Company may result;

- Performance of working activities of any type with customers, suppliers, competitors;

- Acceptance of money, favours or compensation from persons or companies that have or wish to have commercial relations with FINCANTIERI or Companies of the Group.
4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?

Score
2

Comments
Based on publicly available information, there is evidence that the company has procedures to identify, declare and manage conflicts of interest, including actual, potential and perceived conflicts. All employee and board member declarations are held in a dedicated register that is accessible to those responsible for oversight of the process. The description of this procedure also includes examples of criteria for recusals and potential punitive measures for breaches of the policy. There is evidence that potential or actual conflict of interest declarations are reviewed and overseen by the Oversight Board.

Evidence

[16] Conflicts of Interest (Document)
Accessed 01/11/2019

[p.2] 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.

[p.3] FINCANTIERI has always been committed to ensuring that any situation that could constitute or cause a conflict of interest is reported promptly, in order to verify whether it exists and how serious it is, so that the correct procedures to deal with it can be implemented.

[…]

3. PROCEDURE FOR DEALING WITH CONFLICTS OF INTEREST

To deal with conflicts of interest properly, FINCANTIERI has established a procedure and a set of internal controls.

When FINCANTIERI Directors and Attorneys are nominated or employees are hired, must be signed a Declaration of responsibility and lack of conflicts of interest, duly filed and held by the Oversight Board for Directors and Company’s Attorneys, and by the Human Resources, Organization and General Affairs department for employees. Any changes to the situation stated in the Declaration must be reported promptly.

[p.4] In particular, as far as relations with suppliers are concerned:

- FINCANTIERI cannot have business relations with suppliers represented by former employees of the Company that held key positions in which they could influence purchasing decisions (e.g. in procurement or technical and production assessment, etc.), for a period of at least 24 months after the termination of their employment.
- Furthermore, employees may not be involved in activities with a specific supplier if they:
  - find themselves, or as far as they are aware, their spouse, direct relatives and in-laws to the second degree, or cohabiting partners and those who have emotional ties with them, in a position of debit or credit with a current or potential supplier;
  - have a spouse, direct relatives and in-laws to the second degree, or cohabiting partners and those who have emotional ties with them, who have, as far as they are aware, company or controlling/managerial roles with a current or potential supplier.
When tasks are assigned, contracts drawn up and orders issued to potential suppliers of goods and services, FINCANTIERI, in order to find out about instances of conflict of interest, including potential ones, require a specific declaration to be signed. In this case too, suppliers undertake to report changes to the previously reported situation promptly.

If a potential conflict of interest exists, FINCANTIERI identifies the procedure to be followed to ensure that conduct when performing activities is transparent and correct in each specific case.

4. COMMUNICATION CHANNELS

FINCANTIERI asks anyone who learns of instances of conflict of interests or who requires further information to contact the Oversight Board via the dedicated communication channels:

email address: OdV@Fincantieri.it
postal address: Organismo di Vigilanza - Fincantieri S.p.A. c/o CO-AUD
Via Genova 1 – 34121 Trieste – Italy – RISERVATO OdV

Except when required by law, the Oversight Board guarantees the privacy of sources and information received via the dedicated communication channels.

[p.4] 5. DISCIPLINARY AND SANCTION CONSEQUENCES

FINCANTIERI disciplines conduct that violates the principles contained in this document by applying the Civil Code for Directors (see. art. 2391 c.c.) and, for employees, by applying the disciplinary provisions contained in the "Regulations for the application of disciplinary sanctions", referred to in the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001 adopted by the Company.

These provisions may lead to the revocation of powers or roles, dismissal and finally referral to the administrative or ordinary judicial authorities.

In the case of suppliers who provide false or incomplete declarations, FINCANTIERI reserves the right to terminate the contract and request compensation for damages.

Accessed 01/11/2019

[p.6] Any situation that could constitute or cause a conflict of interest shall be reported promptly, according to procedures in the document, so that the superior or assigned organisational unit may verify whether it exists and how serious it is, and correct procedures to deal with it can be implemented.

[p.9] 6. DISCIPLINARY AND SANCTION PROCEDURES

With reference to the anti-corruption document, FINCANTIERI adopts the disciplinary measures established in "Regulations for the application of disciplinary sanctions" to which the Compliance Programme pursuant to Italian Legislative Decree no. 231/2001 adopted by the Company refers, and clauses providing for early termination to apply in the case of subjects that, operating within or outside the Group, are found liable for the following:

- violations of anti-corruption documents;
- omissions in reporting violations of the above documents that come to their knowledge;
- retaliatory behaviour vis-à-vis persons reporting a violation.
**Question**

4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?

**Score**

1

**Comments**

There is evidence that the company has a policy which includes controls to assess and regulate consultancy engagements to current and recently departed public officials, including politicians. There is evidence indicating that the company undertakes a review of conflicts of interest and appointments require the approval of the company’s CEO. The company has a policy to implement a cooling-off period of 36 months before such public officials are permitted to have any form of contact or relationship with their former organisation on the company’s behalf. However, there is no clear publicly available evidence that the company has similar rules concerning the employment of current or former public officials.

**Evidence**

[32] Outsourcing and assignments to employees or former employees of the public administration (Document)

Accessed 17/02/2020


[p.4] 5. CONTRACT SIGNING The contractual agreement must provide for a defined duration, an appropriate consideration, payment methods in line with the relevant legislation, the delivery of specific outputs or verifiable progress. The external collaborator must issue a specific declaration to certify:

- the absence of incompatibility situations;
- to have received information on the (i) ethical policies of the Company and the Group, and (ii) legal requirements relating to corruption offenses;
- to have read the Code of Conduct and the Organization, Management and Control Model adopted by the Company available on the Company's website, undertaking to respect them;
- to acknowledge that the violation of the provisions contained in the aforementioned provisions entails the termination of the contractual relationship and the possibility to report the violation to the competent judicial authorities.

There is a termination clause in cases where the subject has provided untruthful declarations / selfcertifications in relation to the assignment and in the event that there is a failure to comply with the Organizational, Management and Control Model pursuant to Legislative Decree 231/01 of Fincantieri or the Code of Conduct.

In addition to the above, in the event that the assignment of a professional external collaboration takes place in favor of employees and former employees of the Public Administration or of Legal Persons / Other Legal Entities that employ former employees of the Public Administration, it is necessary to obtain, already in identification phase of the possible appointees, and in any case before the assignment of the contract, the signing of a declaration regarding the subject’s relations with the Public Administration.

The assignment of a professional external collaboration to employees and former employees of the Public Administration or to Legal Persons / Other Legal Entities that employ former employees of the Public Administration is allowed for:

[p.5] - employees of the Public Administration if in possession of a regular authorization issued by the same, or for employees exempted from requesting authorization;
- former employees of the public administration in the event that the service is considered indispensable for the pursuit of the interests of the company. In this case, it is necessary to verify the existence of the conditions established by law (termination of the public employment relationship by over three years, or non-exercise of authoritative or negotiating powers against Fincantieri in the last three years). The conferral of the assignment is subject to the approval of the CEO.

The organizational unit requesting collaboration must ascertain the existence of the aforementioned assumptions, obtaining the declaration in relation to the subject's relations with the Public Administration Similar rules are also followed in the event of establishing working or professional relationships in favour of employees and former employees of the Public Administration. The organizational unit requesting the collaboration is responsible for periodically monitoring the performance and ensuring compliance with the originally established timing and costs.
and on the basis of this verification and monitoring activity, the approval to proceed with the payment of the external collaborator is released.

Accessed 01/11/2019

[p.5] Outsourcing
This document defines the authorisation process for outsourcing and the measures necessary for assignment to Public Administration employees or to third parties operating with public organisations.

The aim of procedures is to guarantee the correct and transparent management of relations with outsourcers of FINCANTIERI, reducing the risk of the offences mainly connected with corruption from being committed.

[17] Relations with Public Administration (Document)
Accessed 01/11/2019

[p.2] By "Public Administration" we mean national, European or other foreign public institutions, as well as private organisations and bodies that provide public services.

[p.4] FINCANTIERI, in whatever way has to relate to the Public Administration, is bound to comply with the law, the provisions provided for by the Code of Conduct and Organisational, Management and control Model pursuant to Legislative Decree 231/2001 adopted by the company, and the subsequent principles of conduct:

- the fulfilment of obligations to the Public Administration and the provision of the relative documentation must be carried out with the utmost diligence and professionalism so that clear, accurate, complete, faithful and truthful information is provided, avoiding, and in any case reporting, instances of conflicts of interest, following the appropriate procedures and protocols;

Accessed 01/11/2019

Activities performed by an employee during working hours in favor of political organizations or trade unions shall be equivalent to a form of contribution in favor of the same. Therefore, in the event that an employee were candidate to public positions or covers a public position or participates in an electoral campaign of a candidate, he/she cannot be salaried for the period of time devoted to such activities, with the exception of cases explicitly provided for by law.
<table>
<thead>
<tr>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.4. Does the company report details of the contracted services of serving politicians to the company?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company does not publish details of the contracted services of serving politicians.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>No evidence found.</td>
</tr>
</tbody>
</table>
5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

<table>
<thead>
<tr>
<th>Question</th>
<th>5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>0</td>
</tr>
<tr>
<td>Comments</td>
<td>There is evidence that the company permits political contributions through its political action committee and therefore receives a score of ‘0’.</td>
</tr>
</tbody>
</table>

**Evidence**

Accessed 01/11/2019

[p.3] 1) Compliance with laws, rules, regulations and this Code of Conduct.

FINCANTIERI shall comply with the laws, rules and regulations in force in each country or environment in which it operates, consistent with the principles, objectives and commitments provided for by this Code.

Managers and all those working for the Company, already subject to compliance with the law, rules and regulations in force, shall conform their actions and conduct to the principles, objectives and commitments provided for by this Code.

In particular, members of the Board of Directors shall be guided by the principles of this Code when setting Company objectives.

[p.5] 10) Relations with political organizations and trade unions

FINCANTIERI shall manage its relations with political organizations and trade unions according to laws, regulations and agreements/contracts in force, guaranteeing the highest principles of transparency and fairness.

The Company shall not make any kind of contribution, direct or indirect, in any form whatsoever, to political parties, movements, associations, committees, political organizations and trade unions, to their representatives and candidates, with the exception of those due, or rather allowed, on the basis of specific provisions of the law. Certain initiatives can be excluded from this field – in respect of the laws in force and with prior authorization at an adequate level – whether strictly related to Company mission or social solidarity.

Activities performed by an employee during working hours in favor of political organizations or trade unions shall be equivalent to a form of contribution in favor of the same. Therefore, in the event that an employee were candidate to public positions or covers a public position or participates in an electoral campaign of a candidate, he/she cannot be salaried for the period of time devoted to such activities, with the exception of cases explicitly provided for by law.

When opinions on public matters are expressed, they must be made on personal account, without ever giving the impression of speaking or acting on behalf of the Company. Only those who have legal representation or have been formally authorized can express opinions in the name or on behalf of the Company, but limited to issues pertaining to the same and/or its business units.

Accessed 01/11/2019
[p.173]
<table>
<thead>
<tr>
<th>Code</th>
<th>Indicator Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-1</td>
<td>Management approach</td>
<td>54-57</td>
</tr>
<tr>
<td>103-2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>415-1</td>
<td>Total value of political contributions by country and recipient/beneficiary</td>
<td></td>
</tr>
</tbody>
</table>

Fincantieri Marine Group made a contribution of 50,381 euros to the Political Action Committee.

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<table>
<thead>
<tr>
<th>Code</th>
<th>Indicator Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-1</td>
<td>Management approach</td>
<td>46-50</td>
</tr>
<tr>
<td>103-2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>415-1</td>
<td>Political contributions</td>
<td></td>
</tr>
</tbody>
</table>

Fincantieri Marine Group made a contribution of 26,798 euros to the Political Action Committee.
Question

5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?

Score

2

Comments

Based on publicly available information, the company discloses the amount of money that it provided to its PAC. It is not clear whether this covers all corporate political contributions and the company does not disclose information about its PAC disbursements.

Evidence

Accessed 01/11/2019
[p.173]

COD

EVIDENCE

[37] Sustainability Report 2019 (Document)
Accessed 15/06/2020
[p.204]
**Question**

5.1.3. **Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?**

**Score**

1

**Comments**

Based on publicly available information, there is evidence that the company has a policy and procedure covering both charitable donations and sponsorships. The company publishes some information on its sponsorships and donations, including details of the recipient and the country of the recipient; the data is updated annually. There is also evidence that these policies and procedures include measures to ensure that donations are not used as vehicles for bribery and corruption, by specifying criteria for donations and procedures for senior sign-off. However, the company does not publish full details of all charitable donations made, such as the amount of donation or which corporate entity made the payment; it is also unclear whether the information provided includes donations made, whether financial or in-kind, to corporate foundations.

**Evidence**

[19] Grants, Donations, Sponsorships, Gifts and Hospitality (Document)
Accessed 17/02/2020

[p.3] FINCANTIERI personnel, in whatever capacity they are involved in giving grants, donations and/or managing sponsorships, gifts and hospitality, are duly bound to observe the following principles of conduct:

- grants and donations will not be given to individuals, but only to organisations;

- no donations are allowed that may either implicitly or explicitly constitute an obligation for the organisation to prefer the Company's products in the promotion and sales phase, nor that could influence the personal opinion of the staff of the recipient organisation;

- no contributions are allowed that benefit organisations with whom a conflict of interest could occur;

- anything given must be fair, appropriate and documentable;

- anything given must be given with a liberal attitude, with the aim of promoting technical progress and constant scientific advancement, or for charitable purposes;

- sponsorships must be aimed at promoting the image of the company or for institutional purposes (promoting the image of the company at institutional events);

- employees of the Company are forbidden from giving any form of donation to third parties in the name of the Company;

- grants, donations, sponsorships, gifts and hospitality must be managed in compliance with the applicable laws, including fiscal laws;

- it is the responsibility of the approving Department to be aware of the prohibitions or limitations of the beneficiary's organisation, before offering grants, donations, sponsorships, gifts and hospitality;

[p.4] 3. GRANTS, DONATIONS AND SPONSORSHIPS
All requests for grants, donations and sponsorships received by Company staff must be signed by the third party applicant / proponent and must contain exhaustive information about the nature of the initiative and the required expenditure.
FINCANTIERI provides adequate authorisation levels as laid out in the internal regulations.

Accessed 01/11/2019

Donations, gifts, sponsorships, presents and hospitality
The document defines the roles, responsibilities, operating procedures and principles of conduct that personnel of the Company shall observe in managing donations, gifts and presents from the Company to third parties following their request, or on the initiative of the Company, and sponsorships for the Company; the document also regulates business courtesies, establishing limits and authorisation criteria.

[p.5] - it is the responsibility of FINCANTIERI to be aware of the prohibitions or limitations of the organisation to which the receiver belongs, before offering donations, gifts, sponsorships, presents and hospitality;

Accessed 01/11/2019

[p.19]

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>DESCRIPTION</th>
<th>2017</th>
<th>2018</th>
<th>VAR 2018/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>f) Donations to associations</td>
<td>Community investments</td>
<td>euro/million</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

[p.28] COMMUNITY

- Fincantieri is aware of its role in the local community and considers the demands of the latter, collaborating systematically with all the relevant figures in the area. Fincantieri promotes proactive initiatives that foster the development of the local community and areas where the Company operates.

- Participation in working parties, meetings with representatives from NGOs and non-profit organizations, civil society institutions and associations, press conferences. Periodic meetings with schools and universities to discuss and develop topics for research, internships, work-study schemes

- Continuous dialogue and periodic meetings

[p.134] The initiatives and commitment of Fincantieri in support of communities help people and contribute to the socio-economic development of those areas where the Group is present

Establishing responsible relationships with communities is a priority for the Group, and dialogue and supporting them through social, cultural and educational initiatives is one of the commitments in Fincantieri’s Sustainability Plan. The Group is an important reference point in the areas in which it is present, and over time it has managed to build a solid cooperation relationship with the shared goal of creating long-term value and opportunities for growth and development.

Our presence throughout the world implies dialogue with very different realities and requires in-depth knowledge of the territory and the needs of stakeholders in order to effectively respond to demands and define the priorities. The issue of the relationship with local communities is managed at Parent Company level through the Central and Local Administration Relations function works closely with Public Administrations, associations and committees in order to channel the requests from and to the local areas. The Group’s activities are spread over various areas, from social and recreational to cultural and sporting. In 2018, Fincantieri allocated approximately 3.5 million euros to initiatives supporting communities.

[p.135] OUR INITIATIVES
The Group supports and involves local communities via numerous social projects, whether through donations or through direct involvement in the activities carried out. The main initiatives that the Group supported in 2018 with financial contributions are listed below.

PROTECTING HEALTH AND PROMOTING RESEARCH

ITALY

FINCArdiogen research project - which involves the University of Trieste, through the Department of Medical, Surgical and Health Sciences, the Cardiothoracic and Vascular Department A.S.U.I., the Cardiology Hub of Cattinara Hospital (Trieste). The research intends to develop customized cardiological medicine in order to optimize diagnoses and develop targeted therapies, with obvious benefits for patients.

Gaslini Onlus Association - supports the work of the Istituto Giannina Gaslini Hospital by funding research on paediatric tumors, technological improvement of the hospital, supporting its primary and most urgent needs in order to help children suffering from rare disease or disease that are difficult to cure.

Cystic Fibrosis Research Onlus Foundation - since 2002 the Foundation has funded 336 projects, 4 services useful for the entire Italian research network, 700 researchers and 200 research groups and institutes, 400 contracts and research grants. Moreover, it has invested 24 million euros, produced 500 publications on international scientific journals and given 550 conference presentations.

[It continues on the following 4 pages]

[p.140] STRENGTHENING THE GROUP’S IDENTITY AND SENSE OF BELONGING WITH EMPLOYEES AND WITH COMMUNITIES

The Group organizes numerous events for both employees and for the communities of the areas in which it operates. These events are particularly significant and they are an important opportunity for the Company to open itself to the outside.

Family Day

- this type of event promotes dialogue between employees’ work life and private life. In this way each employee can spend time in the areas they normally only share with their colleagues with their families and explain what their job involves.

Workers’ Visit

- before delivery, all the cruise ships are opened up to workers for a visit. These are opportunities to celebrate the completion of a job that lasted many months, and in addition to the employees, these events are also shared with the suppliers and the community. In 2018, 5 cruise ships were delivered by the Italian shipyards and, thanks to the Workers’ Visit, thousands of people were able to spend a couple of hours on board these splendid jewels of the sea.

Bimbi a Bordo

(Children on Board)

- where possible this event is organized on board cruise ships. The event was dedicated to all the children of employees from Fincantieri and the external companies aged between 4 and 10, allowing them to board and see the ship built by their family members. A theatre show was also offered by the shipowner and created expressly for them.

Marinette Logging and Heritage Festival Parade

- each year the subsidiary Fincantieri Marinette Marine participates in the parade with a LCS model designed and built by one of the employees in the shipyard. All colleagues actively participate in the organization of this parade.
Company Clubs

- employees and retired former employees can engage in recreational, sporting and cultural activities at these clubs. The premises of the company clubs, the staff in charge of the administrative management and the economic resources necessary for their maintenance are predominantly provided by Fincantieri.

In 2018, more than 17,000 registered members benefited from the activities of the 9 company clubs at national level, of which approximately 8,000 were current and retired Fincantieri employees.

Organization of visits to the shipyards
- in Italy and in Norway the shipyards host school children and university students and groups to show and explain the naval production process.

[p.141] ITALY-BARCOLANA

In the sports area, Fincantieri has, yet again, celebrated its connection with the Barcolana and with the city by sponsoring this sailing regatta.

The Barcolana has been held for the last 50 years in the Gulf of Trieste and attracts over 200,000 people. It focuses a lot of attention on Trieste and Friuli Venezia Giulia and has become a natural driver for promoting the local area.

Sport itself entails a huge responsibility, particularly towards young people. Sport is founded on values such as solidarity, healthy competition and merit and is supported by the Fincantieri Group.

FINCANTIERI FOUNDATION

Founded in 2008, the Fincantieri Foundation aims to promote the reclaiming and safeguarding of the Company’s corporate heritage, in the shape of historical documents about naval and merchant shipbuilding, as well as industrial archaeological items. It also promotes and actively participates in cultural and artistic initiatives, in the broadest sense, of local, national and international relevance. The Foundation intends to support business culture in a continuous, systematic and authoritative way, giving continuity to a history, to a collective memory.

The Foundation has become a link with the social fabric and it establishes a socially responsible, equitable and virtuous relationship with local territories, demonstrating its focus on the communities of which Fincantieri is now structural part. By managing and enhancing the Group’s Historical Archive, the Foundation has retrieved tens of thousands of publications, technical drawings and images relating to the industrial output of shipbuilding, documents produced in Italian shipyards since the end of the nineteenth century. Moreover, by participating in conventions, exhibitions and conferences it contributes to disseminating and promoting Fincantieri’s historical heritage, giving it a symbolic position between the world of culture and the world of business.

During 2018, the Fincantieri Foundation continued to give further impetus to its institutional activities by carrying out the following activities:

• contribution to the organization of the art exhibition on motor vessels held by the City of Monfalcone in the MuCa.
• As part of Palermo, Italian capital of Culture in 2018, a contribution to the exhibition on the History, present and future of rail transport.
• Management of guided tours at the Monfalcone and Palermo shipyards for groups organized by Universities, high schools, sailing schools, the Coast Guard and the City of Monfalcone.
• Assistance to students, associations and public entities with regard to historical research on the shipbuilding world and Fincantieri.
• Identification and making safe the photographic archive of the Marghera and Palermo shipyards.

[18] Our Initiatives (Webpage)
Accessed 11/01/2019

We are a point of reference for the territories where we carry out our business. We try to build solid relations with institutions, public administrations and local communities in order to define opportunities for growth and development. Value creation for the territory is always one of our priorities and it takes place in various areas, from
social and recreational area to cultural and sports, with particular focus on the specific characteristics of the area in which we operate.

The work we are engaged in covers a variety of areas, from social and recreational to cultural and sports. In 2018, we set aside around €3.5 million to initiatives for the community.

€ 3.5 mln 
FOR THE COMMUNITY

- Protecting health and promoting research
- Strengthening the Group’s identity and sense of belonging with employees and with communities
- Supporting scientific research and technological innovation
- Fostering employment and integration, including through the promotion of educational programmes
- Promoting cultural activities to protect and enhance artistic, historic and cultural heritage
- Supporting the vulnerable

OUR COMMITMENTS ARE MAINLY AIMED AT:

WHICH OBJECTIVES DO WE HAVE ON THIS TOPIC?

RELATIONS WITH LOCAL COMMUNITIES: 2018-2022 SUSTAINABILITY PLAN OBJECTIVES AND TARGETS

OUR INITIATIVES

- SOCIAL RESPONSIBILITY
- SOCIAL INITIATIVES
- RECREATIONAL INITIATIVES
- SCIENTIFIC INITIATIVES
- SPORTS INITIATIVES

Sustainability Report 2019 (Document)
Accessed 15/06/2020
[p.144] FOR THE COMMUNITY

We direct our activities in line with our values, mission and vision by carefully assessing the context, needs and requirements of the territories in which we are present. We support and involve local communities through initiatives, donations, gifts and investments aimed at responding to the needs most felt by communities by becoming an active part of the social and economic development of the territory.

In 2019, at Group level we allocated approximately euro 2.4 million to initiatives in favour of the community.

Our Lines of Action
Our goal is to:
• facilitate the matching of labour supply and demand; • activate a virtuous circle and an ever closer bond with local communities; • create opportunities for growth and enhance the skills of people and businesses.

We are committed to creating a pool of suitably trained personnel to stimulate the Fincantieri system, particularly with reference to the supply chain, in order to cope with workloads.

With this in mind we are developing, together with regional and municipal administrations, several initiatives, such as specific pre-employment courses and recruitment days, in which the satellite businesses took part in the search for specialized personnel. These initiatives involved, as a priority, unemployed people or non-workers as a result of businesses that suffered economic crisis in the territory.

We work continuously to promote the Professional Training System related to the maritime economy by participating in Higher Technical Colleges (ITS) and Higher Technical Education (IFTS).

STRADAMICA

Project organized by the Prefecture of Gorizia and aimed at high school students in the province in order to make young people aware of road safety.

[Continues to outline charitable and sponsorship activities over six pages].
5.2 Lobbying

<table>
<thead>
<tr>
<th>Question</th>
<th>Score</th>
<th>Comments</th>
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<tbody>
<tr>
<td><strong>5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?</strong></td>
<td></td>
<td>Based on publicly available information, there is evidence that the company has a policy and procedure on lobbying (described as Relations with Public Administration) which sets out the values and behaviours that constitute 'responsible' lobbying. It provides clear guidelines on what behaviours are acceptable and unacceptable and the corruption risks associated with lobbying (e.g. gifts and hospitality, undue influence, conflicts of interest, etc.). This policy applies to all employees, board members and third parties lobbying on the company's behalf.</td>
</tr>
</tbody>
</table>

**Evidence**

[17] Relations with Public Administration (Document)

Accessed 01/11/2019


[p.2] 1. INTRODUCTION

[...]

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.

2. PRINCIPLES

This document summarises the principles of conduct and professional ethics that all FINCANTIERI personnel must follow in managing relations and fulfilment of obligations with the Public Administration and Independent Administrative Authorities.

By "Public Administration" we mean national, European or other foreign public institutions, as well as private organisations and bodies that provide public services.

In particular this document shows the principles of conduct that the company personnel has to follow, when performing their duties and specifically authorised, having to deal with or have relations with administrations, public officers, organisations and/or institutions.

FINCANTIERI has always ensured that personnel having relations with the Public Administration conduct themselves in a correct, transparent and traceable way.

[p.3] FINCANTIERI, in whatever way has to relate to the Public Administration, is bound to comply with the law, the provisions provided for by the Code of Conduct and Organisational, Management and control Model pursuant to Legislative Decree 231/2001 adopted by the company, and the subsequent principles of conduct:
• the fulfilment of obligations to the Public Administration and the provision of the relative documentation must be carried out with the utmost diligence and professionalism so that clear, accurate, complete, faithful and truthful information is provided, avoiding, and in any case reporting, instances of conflicts of interest, following the appropriate procedures and protocols;

• relations with the Public Administration officers must be characterised by uprightness, transparency, cooperation, helpfulness and fully respecting their institutional role, carrying out requests and obligations timely and promptly;

• promising and/or offering goods or advantages to the Public Administration officers for the purpose of influencing their independence of opinion or to lead them to unjustifiably favour the company's products is not permitted;

• all documentation for the Public Administration must be processed timely and in clear, objective and complete language and must be checked and signed by the FINCANTIERI Managers involved or by other personnel with appropriate delegated powers.

If FINCANTIERI employs external professionals (consultancy companies, agents, etc.) in its relations with the Public Administration, their contracts and appointments must include the appropriate declaration of acknowledgement of the Legislative Decree 231/2001 and commitment to respect it.

FINCANTIERI guarantees that any controls requested by the Public Administration will be performed correctly and manages any requests put forward by the Public Administration.

The abovementioned principles must also be respected when dealing with commercial relations with the Public Administration, such as, by way of example, when:

• drafting contracts for the sale of ships to the Italian Navy;

• awarding bids to supply military ships (foreign military market);

• drafting contracts for the sale of products and services.

FINCANTIERI employees are duly bound to keep track of their relations with the Public Administration and to keep the relative documentation, so that the Oversight Board or other corporate and control bodies can monitor the propriety of relations between the parties.

FINCANTIERI will apply its Disciplinary System, if conduct deviates from the principles outlined in this document.

Accessed 01/11/2019

[p.3] 1) Compliance with laws, rules, regulations and this Code of Conduct.

FINCANTIERI shall comply with the laws, rules and regulations in force in each country or environment in which it operates, consistent with the principles, objectives and commitments provided for by this Code.

Managers and all those working for the Company, already subject to compliance with the law, rules and regulations in force, shall conform their actions and conduct to the principles, objectives and commitments provided for by this Code.

In particular, members of the Board of Directors shall be guided by the principles of this Code when setting Company objectives.

[...]

63
External associates (including consultants, representatives, intermediaries, agents etc.) and all those with whom FINCANTIERI has established business relations shall be requested to comply with the same principles set forth in this Code.

2) Business activities and relations

All actions and activities performed or carried out by FINCANTIERI shall be lawful, open to assessment, compliant with established regulations and procedures, and based upon clear and comprehensive information. In its commercial, promotional and industrial relations, the Company shall proceed in compliance with ethical and legal provisions.

In its business relations, FINCANTIERI shall be guided by the principles of loyalty, fairness, transparency, efficiency and openness to the market, in compliance with the International Conventions which regulate its operations, combating every possible form of crime that could jeopardize fair competition. For this purpose, all those working with the Company as well as external associates whose actions may in any way be connected to FINCANTIERI, shall always adopt appropriate conduct in all businesses relevant to the Company and in the relationship with the Public Administration. Corrupt practices, illegal favors, collusive conduct, and requests (either direct or through third parties) of personal or career-related advantages for oneself or others shall be strictly forbidden.

[5] 9) Relations with public officers, domestic, EU or foreign public institutions, and with other subjects representing collective interests.

Contact with public officers or government organizations, public administration and Italian, European or other foreign public institutions, are limited to those who, specifically authorized, are entrusted with developing or having contact with such administrations, public officers, organizations and/or institutions.
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?

Score
1

Comments
The company publishes some details regarding its lobbying activities. However, there are no supporting details of the aims and significant topics or the activities that were carried out. On its website the company provides links to lobbying registers maintained by public bodies but not to its own reports specifically.

Evidence

[33] Legal and Regulatory Framework (Webpage)
Accessed 17/04/2020

Regulated Lobbying Activity
Lobbying activity consists in communications to government bodies with the aim of influencing the legislative action and / or the introduction of industrial sector programs / policies. This activity is strictly regulated in Countries such as the United States, Canada and Australia, in which the Fincantieri Group operates through subjects properly registered as required by local relevant laws. The references for 2018 are shown below:

<table>
<thead>
<tr>
<th>Country</th>
<th>Group Company</th>
<th>Subject</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.A.</td>
<td>Fincantieri Marine Group</td>
<td>Beau Boulter LLC</td>
<td>Office of the Clerk U.S. House of Representatives</td>
</tr>
<tr>
<td>CANADA</td>
<td>Fincantieri S.p.A.</td>
<td>6021325 Canada INC</td>
<td>Office of the Commissioner of Lobbying of Canada</td>
</tr>
<tr>
<td>AUSTRALIA</td>
<td>Fincantieri Australia PTY LTD</td>
<td>Castlera Consulting</td>
<td>Australian Government Register of Lobbyists</td>
</tr>
<tr>
<td>AUSTRALIA</td>
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<td>CT International and Corporate Advisory LTD</td>
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<td>Fincantieri Australia PTY LTD</td>
<td>Capital Hil Advisory PTY LTD</td>
<td>Australian Government Register of Lobbyists</td>
</tr>
</tbody>
</table>
5.2.3 Does the company publish full details of its global lobbying expenditure?

Score

0

Comments

The company does not publish details about its global lobbying expenditure. On its website the company provides links to lobbying registers maintained by public bodies but not to its own reports specifically.

Evidence

[33] Legal and Regulatory Framework (Webpage)
Accessed 17/04/2020

Regulated Lobbying Activity
Lobbying activity consists in communications to government bodies with the aim of influencing the legislative action and / or the introduction of industrial sector programs / policies. This activity is strictly regulated in Countries such as the United States, Canada and Australia, in which the Fincantieri Group operates through subjects properly registered as required by local relevant laws. The references for 2018 are shown below:

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<td>Fincantieri Australia PTY LTD</td>
<td>Capital Hill Advisory PTY LTD</td>
<td>Australian Government Register of Lobbyists</td>
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</table>
5.3 Gifts and Hospitality

<table>
<thead>
<tr>
<th>Question</th>
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<tbody>
<tr>
<td>5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?</td>
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<tr>
<th>Comments</th>
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<tbody>
<tr>
<td>Based on publicly available information, there is evidence that the company has a policy and procedures on the giving and receipt of gifts and hospitality. The policy specifies different approval procedures for different types of promotional expenses and addresses the risks associated with gifts and hospitality given to/received from public officials. There is evidence that expenses in relation to gifts and hospitality have to be documented. However, based on publicly available information, there is no clear evidence that all gifts and hospitality above a certain threshold are recorded in a dedicated register or central depository that is accessible to those responsible for oversight of the process.</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Evidence</th>
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</thead>
<tbody>
<tr>
<td>[19] Grants, Donations, Sponsorships, Gifts and Hospitality (Document)</td>
</tr>
<tr>
<td>Accessed 17/02/2020</td>
</tr>
</tbody>
</table>

PRINCIPLES

All FINCANTIERI personnel are duly bound to observe the provisions of this document, of the law and those provided for by the Code of Conduct and the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001 adopted by the Company.

FINCANTIERI shall comply with the laws, rules and regulations in force in each country or environment in which it operates. In general FINCANTIERI expects employees:

- do not ask for or request money, gifts or other benefits for themselves or for others;
- do not accept money, gifts or other benefits for themselves or for others, except for gifts of a moderate value that may occasionally be offered as a normal business courtesy.

Gifts and other benefits received that do not comply with allowed cases must be immediately returned.

FINCANTIERI personnel, in whatever capacity they are involved in giving grants, donations and/or managing sponsorships, gifts and hospitality, are duly bound to observe the following principles of conduct:

- grants and donations will not be given to individuals, but only to organisations; gifts may be given to individuals or organisations, generally at holiday times (e.g. Christmas) or at special events (e.g. delivery of a ship, institutional commemorations), and in any case as part of commercial, marketing, communication and ceremonial strategies, defined at corporate level by the Company;
- promising or offering money, benefits, promises of favours or other advantages is not allowed, even if indirectly by means of an intermediary (e.g. agent, consultant, etc.) to Public Administration officers or private individuals, with the aim, even implicitly, of acquiring preferential treatment for themselves or for any activity that could be attributed to the Company;
- anything given must be fair, appropriate and documentable;
• anything given must be given with a liberal attitude, with the aim of promoting technical progress and constant scientific advancement, or for charitable purposes;


[p.4] 4. GIFTS

When implementing its commercial, marketing, communication and ceremonial strategies, FINCANTIERI provides for gifts on special occasions (e.g. delivery of a ship, commemorative events, Christmas, commercial activities). Fincantieri's policy covers two types of gift for which maximum values are established:

• Christmas gifts (catalog);

• gifts related to special events (delivery of ships, exhibitions, trade fairs and commemorative events): in any case the value of the present must not jeopardize the integrity or the reputation of either of the parties or being understood as an attempt to acquire an improper advantage.

There are only a small number of instances that do not fit into the categories above, in which gifts may be given to individuals, after informing the Chief Executive Officer and the Oversight Board. In the case of gifts to individuals resident in foreign countries (both Public Administration officers and private individuals), a request must be made prior to sending the gift, giving the recipient the chance to refuse it, if it does not comply with local laws and/or regulations.

FINCANTIERI personnel are not authorised to receive gifts (including tickets for sporting, recreational or any other kind of event) for a value higher than that established by the procedure unless authorised by Human Resources Department.

[p.5] In special cases (e.g. retirees, and on the basis of company policies), FINCANTIERI may offer its employees goods of a moderate value.

5. HOSPITALITY

The hospitality guidelines apply in activities that affect public officials or employees of Italian and foreign public administrations, and to employees, administrators and consultants of customers or suppliers, even potential, of the Company.

Hospitality must be permitted by the corporate regulations of the person concerned, by applicable legal regulations and must be appropriate according to the circumstances. Furthermore, it must directly concern the types of expenditure indicated below and must not include, by way of example, the payment of holidays or recreational expenses to the subject and / or his family member

FINCANTIERI requires that:

• Board: the upper cost limits for offered meals are set by the Company and must always be applied, except in cases when the laws of foreign countries call for lower limits.
Amounts higher than those provided for must be authorised by superiors, provided that they comply with the laws and regulations of the Country and are not considered unreasonable or excessive. FINCANTIERI monitors how often hospitality is offered as a frequent hospitality may suggest an incorrect behaviour.

- Travel and Accommodation: if travel and accommodation expenses are paid to third parties for Company activities, a request must be sent beforehand to give them the chance to decline the invitation;

- Hospitality for family members: written authorisation is mandatory, with a copy sent to the Oversight Board, if travel and accommodation hospitality are offered to the spouse and/or children of:
  - Italian or foreign Public officers or Public Administration employees;
  - employees, directors and consultants of the Company’s clients or suppliers, including potential ones.

In the event of situations that are not clearly categorized among the types identified in this document, an interpretative opinion may be requested from the Oversight Board by using the IT platform available on the intranet and Internet sites of FINCANTIERI (https://www.fincantieri.com/it/governance/businessethics/whistleblowing/) or by sending the request to the mail address (FINCANTIERI SpA - Via Genova 1 - 34121 Trieste - RISERVATO Organismo di Vigilanza / Funzione Anti-corruzione).

The documents produced concerning the activities described in this document must be filed and stored for 10 years, unless otherwise required by law.

FINCANTIERI will apply its Disciplinary system, if conduct deviates from the principles outlined in this document.

Accessed 01/11/2019

[p.4] Donations, gifts, sponsorships, presents and hospitality
The document defines the roles, responsibilities, operating procedures and principles of conduct that personnel of the Company shall observe in managing donations, gifts and presents from the Company to third parties following their request, or on the initiative of the Company, and sponsorships for the Company; the document also regulates business courtesies, establishing limits and authorisation criteria.

[p.5] As provided for in the Code of Conduct: “Making or offering, directly or indirectly, payments and material benefits of any amount to third parties, public officials or private entities, to influence or recompense their duties is prohibited. Any employee receiving gifts or beneficial treatment which is not directly attributable to a normal courtesy shall refuse them (…) Presents, courtesies and hospitality for government representatives, public officials and public administration employees may be allowed only if they are of a modest value and in any case if they do not compromise the integrity or the reputation of one of the parties and may not be interpreted, by an impartial observer, as being intended to obtain advantages in an improper manner”.

The document includes the following principles of conduct:

- promising or offering money, benefits, promises of favours or other benefits is not allowed, even if indirectly by way of an intermediary (e.g. agent, consultant, etc.) to individuals in the Public Administration or private individuals, with the aim, even implicit, of obtaining preferential treatment for oneself or in the performance of any activity that could be attributed to the Company;

- employees may not request, solicit or accept money, gifts or benefits for themselves or for others, except for gifts of a modest value that may occasionally be offered as a normal courtesy;

- presents may be given to individuals or to Organisations, generally as seasonal gifts or to mark events, and in any case in accordance with the strategies established at a central level;

- it is the responsibility of FINCANTIERI to be aware of the prohibitions or limitations of the organisation to which the receiver belongs, before offering donations, gifts, sponsorships, presents and hospitality;

Accessed 01/11/2019
It is strictly prohibited to make or offer, directly or indirectly, payments and material benefits of any amount whatsoever to third parties, public officers or private individuals, to influence or reward an action of their office. Every employee receiving gifts or preferential treatment not directly attributable to normal complimentary relations must refuse them and inform his/her superior promptly.

9) Relations with public officers, domestic, EU or foreign public institutions, and with other subjects representing collective interests.

Contact with public officers or government organizations, public administration and Italian, European or other foreign public institutions, are limited to those who, specifically authorized, are entrusted with developing or having contact with such administrations, public officers, organizations and/or institutions.

Gifts and complimentary acts of courtesy or hospitality in favor of governmental representatives, public officers and public employees may only be permitted when these prove to be of reasonable value and, as such, do not compromise the integrity or reputation of one of the parties concerned and could not be interpreted by an impartial observer as aimed at securing advantages in an improper form. In any case, this type of expense must be authorized at an adequate level and properly documented.
## 6. Supply Chain Management

<table>
<thead>
<tr>
<th>Question</th>
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<tbody>
<tr>
<td>6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?</td>
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<th>Comments</th>
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<tbody>
<tr>
<td>Based on publicly available information, there is evidence that the company’s procurement department is involved in the establishment of supplier relationships and that this department is ultimately responsible for providing oversight of the company’s supplier base. Although there is evidence that the company conducts ongoing monitoring of its suppliers, there is no public evidence that the company assures itself of the procurement department’s involvement in the onboarding process itself at least every three years.</td>
</tr>
</tbody>
</table>

### Evidence

**[20] Organisational, Management and Control Model (Document)**
Accessed 02/11/2019
[p.10] Staff functions are centralised and tasked with providing the necessary support and coordination to the business units. The main Departments are:
- Procurement in charge of selecting, codifying and periodically checking suppliers;

**[8] Sustainability Report 2018 (Document)**
Accessed 02/11/2019
[p.122] Fincantieri’s purchasing office provides suppliers with constant technical support for all activities related to the selection and qualification process, including those concerning sustainability.

**[3] Code of Conduct (Document)**
Accessed 02/11/2019
[p.3] 3) Relations with customers and suppliers

[...]

The selection of suppliers and the settlement of purchasing conditions carried out by the Companies of the Group, shall be based upon an objective evaluation of quality, price and the ability to supply and guarantee satisfactory services.

**[34] Supply Chain (Webpage)**
Accessed 17/02/2020
Our mission is to operate in a framework of fair competition with honesty, integrity, fairness and good faith, respecting the legitimate interests of all our stakeholders, shareholders, employees, customers, suppliers and local communities.

This approach is part of a broader vision in which our company actively promotes Social Responsibility and a sustainable supply chain, integrating a focus on social and environmental issues within our strategic guidelines. Our suppliers are an integral part of this approach and they are asked to share our Purchasing Policy, the primary goal of which is to communicate the Group's commitment to strengthening the development of solid and long-lasting relationships with our partners so that we can pursue a common goal of sustainable development together. The core aspects of our Purchasing Policy are:
Awareness of the supply chain's strategic nature and the need to coordinate a vast and varied network of suppliers lead us to seek long-term partner relationships that are based on transparency, collaboration and mutual respect.

For this purpose, Fincantieri has drawn up the Suppliers’ Code of Ethics approved by the Board of Directors of Fincantieri S.p.A., a document through which the Group undertakes to transmit to its supply chain the values, principles and responsibilities enshrined in its Code of Conduct, the Charter of Sustainability Commitments and Sustainability Plan.

The objective is to develop a responsible and sustainable supply chain, by defining guidelines and behaviors that suppliers have to adopt in order to pursue a development that integrates competitiveness, environmental sustainability and social responsibility, inspired by the three pillars of Sustainability:

The importance of the relationship with our partners is underlined by the fact that our product is highly customized, since it is designed and engineered to the specific needs of the individual customer.

This entails active management of make-or-buy procurement strategies for every single phase of development and implementation of the naval job, while maintaining constant synergy with our suppliers in the continuous search for high value added solutions.
Approximately 80% of the finished product is made with the contribution of suppliers and we work as a de facto system integrator, taking responsibility for the shipbuilding project as a whole.

**FINCANTIERI SUPPLY CHAIN**

Fincantieri’s purchasing office provides suppliers with constant technical support for all activities related to the selection and qualification process, including those concerning sustainability. Fincantieri recognises that the supplier base is a significant asset for the entire company, and as such it should be valued and protected. This is why we have developed a stringent qualification and performance monitoring process for strategic suppliers, based on the evaluation of economic, technical, reputational, social and environmental aspects.

**How We Monitor Them**

1. Information Request and Collection
2. Prequalification
3. Visit to the Supplier
4. Qualification

[37] Sustainability Report 2019 (Document)
Accessed 15/06/2020
[p.92] Supplier qualification process

[...]

[...]

[p.93] How We Monitor Them
A stringent performance monitoring process is carried out so that suppliers can maintain their qualified status and to promptly manage any critical issues. A supplier remains qualified as long as the reasons for its inclusion in the Register of Suppliers continue to exist and until the monitoring of its performance is considered critical to the point of expulsion.

[...]

Moreover, the main problems are examined through cross-involvement within Supplier Oversight, the body that gathers the different functions and departments and takes decisions resulting based on examination of these critical issues.
<table>
<thead>
<tr>
<th>Question</th>
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<tbody>
<tr>
<td><strong>6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?</strong></td>
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<tr>
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<tbody>
<tr>
<td>Based on publicly available information, there is some evidence indicating that the company has formal procedures to conduct due diligence on its suppliers. The company indicates that its suppliers are monitored and that annual audits are conducted on 99% of its suppliers. The company indicates that it might be willing to terminate supplier relationships in circumstances where a red flag highlighted in the due diligence process cannot be mitigated. However, it is unclear whether due diligence is also conducted whenever there is a change in the business relationship. In addition, there is no evidence that due diligence includes checks on ultimate beneficial ownership or that the highest risk suppliers are subject to enhanced due diligence.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evidence</th>
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</table>
Accessed 02/11/2019  
[p.3] Thirdly, as FINCANTIERI could be held liable in some cases for the corrupt conduct of third parties, such as agents, intermediaries, consultants and business partners, FINCANTIERI only works with other parties with a proven reputation. For this reason, FINCANTIERI carries out a mandatory process for all business partners, to check ethical requirements on a preliminary basis. |
Accessed 02/11/2019  
[p.35] |

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<table>
<thead>
<tr>
<th>MACRO AREA</th>
<th>RISK EVENT</th>
<th>DESCRIPTION OF RISK</th>
<th>MANAGEMENT METHOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance, economics, human resources, social and environmental resp.</td>
<td>Sustainable Supply Chain</td>
<td>Risk that due diligence on potential suppliers is not conducted adequately and of lack of monitoring of respect for environmental and social regulations in contracts concluded, with consequent execution of activities not in line with the sustainability principles (correct use of natural resources, protection of individual rights, etc.)</td>
<td>Chapter: Supply chain/Supply chain management</td>
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[p.120] Fincantieri monitors the supply chain using a life cycle management approach to reduce the environmental and social impact of a product or service over its entire lifetime to a minimum. In particular, sensitivity towards and respect for the environment is spread along the whole production chain, and this has led to increasing exchanges of information and documents with suppliers. In this sense, the collection of environmental and social information is active during the prequalification stage, e.g. possession of environmental, health, work safety and social responsibility certifications.

[p.122] Supplier qualification and monitoring process  
Development and efficiency of Fincantieri’s supply chain start immediately at the supplier selection phase, which follows a documented procedure in order to guarantee impartiality and equal opportunities for all the parties involved. All suppliers can ask to participate in the selection process regarding Italy by registering on the Fincantieri Suppliers portal (www.fincantieri-suppliers.com), following clear and precise rules. The system is used for:
• requests for offers, which are made available to selected suppliers in digital format, to which they can respond by sending their economic and technical offers on the same platform;

• purchase contracts, which are digitally signed and made available electronically to suppliers, who in turn can accept them directly on the system without printing and sending paper documents to Fincantieri.

Using the e-procurement system saves a lot of time, transport costs (and related emissions of CO2), printing and use of paper throughout the procurement process. Fincantieri’s purchasing office provides suppliers with constant technical support for all activities related to the selection and qualification process, including those concerning sustainability.

Management and the continuous improvement of a pool of trusted and innovative suppliers is essential in order to achieve the goals that the Group has set itself in economic and sustainability terms. Fincantieri recognises that the supplier base is a significant asset for the entire company, and as such it should be valued and protected.

This is why we have developed a stringent qualification and performance monitoring process for strategic suppliers, based on the evaluation of economic, technical, reputational, social and environmental aspects.

[p.123] A stringent performance monitoring process is carried out so that suppliers can maintain their qualified status and to promptly manage any critical issues. A supplier remains qualified as long as the reasons for its inclusion in the Register of Suppliers continue to exist and until the monitoring of its performance is considered critical to the point of expulsion.

As part of the supplier monitoring system, the Company uses a continuous performance evaluation system, in which all the relevant corporate departments take part (balanced scorecard), in order to guarantee that the required standards are met over time. Through the use of specific purchase methods adapted for the different product categories, Fincantieri strives to obtain the best conditions and performance throughout the entire life cycle of the product.
Of the 744 qualified strategic suppliers at the end of 2018, 96% were subject to an evaluation, with the following results:

- 91% satisfactory;
- 8% with some gaps that can be resolved by themselves;
- 1% with serious issues, requiring an improvement plan or replacement.

 Moreover, the main problems are examined through cross-involvement within Supplier Oversight, the body that gathers the different functions and business units of the Company and takes decisions resulting based on examination of these critical issues. Specific focus is given to issues related to safety and protection at work during both the qualification and the monitoring phases. These values are essential for the whole Group and are a priority in all company decisions, including those relating to the pool of suppliers.

Evaluation of certain fundamental aspects, such as the technical/professional suitability of the Company, the regularity of contributions and remuneration of employees, and the existence of a structure dedicated to safety at work, takes place during both the prequalification document collection phase and the quality inspection phase at the supplier’s premises, as well as during entry in our shipyards.

Fincantieri makes business integrity and the ethical and reputational aspects that accompany it a constant guideline. Fincantieri is aware that corporate reputation is a strategic asset that should be valued and protected, also so as not to compromise the trust placed in it by its stakeholders. Therefore, Fincantieri uses a risk intelligence based strategy to ensure that its supply chain leans towards more extensive compliance with regard to anti-money laundering, counter-terrorism, anti-corruption and sanctions at international level.

Fincantieri periodically schedules audits at its suppliers, the importance of the inspection visits is also recognized with regards to sustainability. For this reason, a specific objective has been inserted in the 2018-2022 Sustainability Plan concerning annual audits to assess and monitor the most critical suppliers in terms of human rights, health and safety and the environment.
Fincantieri Marine Group (FMG) is one of the leading manufacturers of medium-sized ships in the United States and operates for civilian customers and government agencies. The US Government is the main customer of Fincantieri Marine Marinette (FMM) and requires high quality, high performance goods and services provided by suppliers with proven experience. In order to fulfill the objectives of Congress, the company supports small and medium enterprises in selecting its suppliers, in particular those run by women, economically and socially disadvantaged individuals, veterans, and companies that are part of the Historically Underutilized Business Zone Program (HUB zones). Founded in 1997, the HUBZone Program aims to promote economic development and employment growth in disadvantaged areas, helping small businesses located in these areas through privileged access to opportunities in the public procurement sector.

With the exception of indirect purchases, almost all purchases are managed directly with the manufacturer, unless it is necessary to go through an agent or there is a cost advantage in resorting to a wholesaler or distributor. All suppliers working in the government programme are required to sign a specific Non-Disclosure Agreement (NDA) and are selected according to a specific procedure for selection and evaluation which defines the process and the methods to guarantee the selection of suppliers based on criteria of quality, technical capability, delivery times and continuous improvement. The goal is to select a supplier able to sustain the programme, seeking the best compromise in terms of price and quality, in order to support the business and satisfy the customer.

In accordance with the procedure, specific audits are carried out on suppliers, which are also subjected to reassessments. In particular, when a supplier does not maintain the capabilities and qualities that led to its enrolment in the register and becomes critical to the FMM business, it is expelled from the list of usable suppliers. In particular, 18 audits were carried out on suppliers in 2018.

The purchase process is defined through various procedures that describe all the steps that must be followed to issue a purchase.

[p.128] order according to the needs of FMM. Suppliers are selected according to various criteria, starting from their experience in the marine sector and their observance of US law in social and environmental areas. Other additional factors that are considered include: estimated cost, purchase frequency, size, position, shipowner's recommendations, customers, other suppliers, recorded non-conformities and visits to production sites, if required before starting the work.

[p.129] VARD group: Supply chain

Approximately 29% of VARD group suppliers are located in Norway and another 49% in the rest of Europe. The remaining 22% is distributed mainly between South America and Asia. The selection criteria used are based on the maker list, but also on the supply history and previous purchasing experiences. Turnkey contracts are the most commonly used type of purchase orders, followed by materials and equipment. Together they represent 73% of the total orders issued by the group. Purchasing management is entrusted to the Alesund headquarters, while purchase plans are managed by the procurement teams of the various sites. Goods and services are purchased from suppliers who can guarantee specific quality levels.

Suppliers must be selected from those that have been registered as approved suppliers (maker list) through a direct order or an evaluation by other companies within the group. During the supplier selection process, preferential requirements include possession of certification concerning health, safety, anti-corruption and the environment.

[p.130] Audit activities are carried out periodically through the yard health, safety, environment and quality (HSEQ) managers accompanied by the central purchasing function to check compliance with the contractual requirements agreed for the jobs. In 2018, 81 audits were carried out on suppliers.

[21] Supplier Qualification and Monitoring Process (Webpage)
Accessed 02/11/2019
SUPPLIER QUALIFICATION AND MONITORING PROCESS
Management and the continuous improvement of a pool of trusted suppliers is essential in order to achieve the goals we have set for ourselves in economic and sustainability terms.

Fincantieri recognises that the supplier base is a significant asset for the entire company, and as such it should be valued and protected.
This is why we have developed a stringent qualification and performance monitoring process for strategic suppliers, based on the evaluation of economic, technical, reputational, social and environmental aspects.

We believe that the selection of innovative and reliable suppliers, willing to build together a common success, starting from a high value-added, commitment and flexibility are the essential requirement for a lasting relationship.

[...]

We have a stringent performance monitoring process for suppliers that allows them to maintain their "qualified" status and manages any critical issues.

To this end, a continuous performance evaluation system has been implemented (in which all the relevant company departments take part) in order to guarantee that the required standards are met over time.

Specific focus is given to issues related to safety and protection at work during both the qualification and the monitoring phases.

These values are essential for the whole Group and are a priority in all company decisions, including those relating to the pool of suppliers.

Evaluation of certain fundamental aspects, such as the technical/professional suitability of the company, the regularity of contributions and remuneration of employees, and the existence of a structure dedicated to safety at work, takes place during both the pre-qualification document collection phase and the quality inspection phase at the supplier's premises, as well as during entry in our shipyards.

Fincantieri makes business integrity and the ethical and reputational aspects that accompany it a constant guideline, operating in a framework of fair competition with honesty and fairness and respecting the legitimate interests of all the actors involved.

On this point, Fincantieri is aware that corporate reputation is a strategic asset that should be valued and protected, also so as not to compromise the trust placed in it by its stakeholders. Therefore, Fincantieri uses a risk intelligence
based strategy to ensure that its supply chain leans towards more extensive compliance with regard to anti-money laundering, counter-terrorism, anti-corruption and sanctions at international level.

Furthermore, in order to prevent any possible infiltration of organized crime in the contract award phase, in capital expenditure and in production activities, the Group has established a stronger cooperation with the local competent Prefectures, stipulating Legality and Transparency Protocols, which since 2017 have merged into a National Protocol.

Accessed 02/11/2019

[p.3] 3) Relations with customers and suppliers

[...]

The selection of suppliers and the settlement of purchasing conditions carried out by the Companies of the Group, shall be based upon an objective evaluation of quality, price and the ability to supply and guarantee satisfactory services.

In terms of contract and procurement relations and, in general, the supply of goods and/or services, employees shall:

– Comply with internal procedures for the selection and management of relations with suppliers;
– Not prevent any supplying company with the required qualifications, from attempting to win a supply contract, adopting an objective evaluation criteria during the selection, according to clear and codified procedures;
– Obtain the cooperation of suppliers in constantly ensuring compliance with the requirements of customers of the Group in terms of quality, cost and delivery times to a degree that is at least equivalent to their expectations;
– Apply any effort, in compliance with the law, to use products and services supplied by Group Companies at competitive conditions;
– Comply with established contractual conditions;
– Maintain straightforward and open contacts with suppliers, in line with optimal business etiquette;
– Notify relevant Management of the enterprise in case of serious problems with a supplier, in order to create the possibility of evaluating the consequences at a Group level.

[22] Risk Factor (Webpage)
Accessed 02/11/2019

RISKS RELATED TO PRODUCTION OUTSOURCING AND RELATIONS WITH SUPPLIERS AND LOCAL COMMUNITIES

<table>
<thead>
<tr>
<th>Description of risk</th>
<th>Impact</th>
<th>Mitigation</th>
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<td>The Fincantieri Group’s decision to outsource some of its business activities is dictated by strategic considerations based on two factors: a) outsource activities for which it has the skills but insufficient in-house resources; b) outsource activities for which there are no in-house skilled resources and which would be too expensive and inefficient to develop. Dependence on suppliers for certain business activities may result in the inability to ensure high standards of quality, failure to meet delivery dates, the acquisition of excessive supplier bargaining power, and a lack of access to new technologies. In addition, the significant presence of suppliers in the production process can have an impact on local communities, possibly requiring the Group to address social, political and legality issues.</td>
<td>A negative performance by suppliers in terms of quality, timing or costs causes production costs to rise, and the client’s perception of the quality of the Fincantieri product to deteriorate. As for other partners at the local level, non-optimal relations may impact the Group’s ability to compete on the market.</td>
<td>The Group has specific personnel in charge of coordinating the assembly of on-board systems and managing specific areas of outsourced production. In addition, the Fincantieri Group carefully selects its &quot;strategic suppliers&quot;, which must meet the highest standards of performance. The Parent Company has developed a precise program of supplier performance evaluation in this regard, ranging from measurement of the services rendered, both in terms of quality of service offered and punctuality of delivery, to the strict observation of safety regulations, in line with the Group’s “Towards Zero Accidents” objective. In addition, particular attention is paid in general to relations with the local communities that interact with the Group’s shipyards, involving appropriate institutional relationships, at the time supplemented by the conclusion of suitable legality and/or transparency protocols with the local authorities, which in turn enabled the definition of the National Legality Framework Protocol signed in 2017. The subsidiary VARD has paid special attention to the process of evaluating and managing contracts with new suppliers operating in new sectors that the Group entered as a result of its diversification strategy.</td>
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[37] Sustainability Report 2019 (Document)
Accessed 15/06/2020

[p.92] Supplier qualification process
Development and efficiency of our supply chain start immediately at the supplier selection phase, which follows a documented procedure in order to guarantee impartiality and equal opportunities for all the parties involved.

Management and the continuous improvement of a pool of trusted and innovative suppliers is essential in order to achieve the goals we have set for ourselves at Group level in economic and sustainability terms. Fincantieri’s purchasing office provides suppliers with constant technical support for all activities related to the selection and qualification process, including those concerning sustainability. Fincantieri recognises that the supplier base is a significant asset for the entire company, and as such it should be valued and protected. This is why we have developed a stringent qualification and performance monitoring process for strategic suppliers, based on the evaluation of economic, technical, reputational, social and environmental aspects.

How we Monitor Them

A stringent performance monitoring process is carried out so that suppliers can maintain their qualified status and to promptly manage any critical issues. A supplier remains qualified as long as the reasons for its inclusion in the Register of Suppliers continue to exist and until the monitoring of its performance is considered critical to the point of expulsion. We monitor the supply chain using a life cycle management approach to reduce the environmental and social impact of a product or service over its entire lifetime to a minimum. In particular, sensitivity towards and respect for the environment is spread along the whole production chain, and this has led to increasing exchanges of information and documents with suppliers.

As part of the supplier monitoring system, we use a continuous performance evaluation system, in which all the relevant corporate departments take part (balanced scorecard), in order to guarantee that the required standards are met over time. Through the use of specific purchase methods adapted for the different product categories, we are committed to obtaining the best conditions and performance throughout the entire life cycle of the product.

Of the 759 qualified strategic suppliers at the end of 2019, 99% were subject to an evaluation, with the following results:

- 89% satisfactory;
- 10% with some gaps that can be resolved by themselves;
- 1% with serious issues, for which the adoption of an improvement plan or replacement is planned.

Moreover, the main problems are examined through cross-involvement within Supplier Oversight, the body that gathers the different functions and departments and takes decisions resulting based on examination of these critical issues. Prominence is given to issues related to safety, the environment and protection of labour rights, with specific focus on ethical and reputational aspects during both the qualification and the monitoring phases. These values are essential for the whole Group and are a priority in all company decisions, including those relating to the pool of suppliers.

For us business integrity and the ethical and reputational aspects that accompany it are a constant guideline. We are aware that corporate reputation is a strategic asset

[p.95] that should be valued and protected, also so as not to compromise the trust placed in us by our stakeholders, and by using a risk intelligence based strategy we ensure that our supply chain leans towards more extensive compliance with regard to antimony laundering, counter-terrorism, anticorruption and sanctions at international level.
Question

6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?

Score

2

Comments

Based on publicly available information, there is evidence that the company requires suppliers to have adequate anti-bribery and corruption policies and procedures in place, and the company assures itself of this when onboarding suppliers. It is explicitly stated that all suppliers must have policies that prohibit bribery and facilitation payments as well as policies and procedures that address conflicts of interest, gifts and hospitality and whistleblowing. There is evidence that the company takes active steps to ensure this through contractual terms and by requiring suppliers to follow its Code of Conduct and Anti-Corruption Policy.

Evidence

[23] Purchasing Policy (Document)
Accessed 02/11/2019

[p.5] 1.4.5. BUSINESS ETHICS AND INTEGRITY
Fincantieri promotes a corporate governance system that integrates and promotes a sustainability culture within Fincantieri, spreads respect for the law and corruption prevention, and is inspired by the highest standards of integrity, honesty and fairness.

Compliance with the laws, rules and procedures in force in the areas in which suppliers operate is a prerequisite for maintaining business relations with our company.

We do not expect our suppliers to tolerate any kind of bribery, extortion or embezzlement in their conduct of business. Fincantieri does not tolerate any offer or promise of direct or indirect payment, whether in monetary or any other form, in an attempt to obtain or retain employment or any other benefit, thereby obtaining an improper advantage over other potential Suppliers.

Ultimately, we firmly believe that lasting partnership relations must be based on mutual fairness and transparency, in a context of full compliance with the rules of business and with the ethical and reputational aspects of the activities related to it.

[p.7] 2. PRINCIPLES AND RULES OF CONDUCT

Loyalty, Ethics and Respect, Merit, Excellence and Innovation, but also Protecting the Health and Safety of workers, Environment, Quality and Performance, Sustainable Growth, Internationality as well as Customer Rights and Customer Focus are the core values underlying Fincantieri’s modus operandi. These are the values on which the Company bases and promotes its relationship of trust with all its stakeholders, whether shareholders, employees, suppliers or customers.

These principles must be respected, without distinction or exception, by everyone working in Italy and abroad on behalf of or for Fincantieri, and by everyone who has business relations with it. These principles also apply to procurement operations, thus establishing a good relationship with suppliers that is built on practicality, complete integrity and common sense.

The development and use of advanced communication tools (such as the E-Suppliers portal) speeds up the exchange of information and also ensures transparency in the relationships.

Collaborators are responsible for their work and must never lose sight of people, society, safety and the environment. They comply with the laws and all other external and internal regulations, and conduct themselves with integrity. For supplier relationships, specific commercial clauses have been included which also require suppliers to comply with the principles contained in the Code of Conduct and in the Organization, Management and
Control Model pursuant to Legislative Decree No. 231/2001. Any violation may lead to the immediate termination of the contractual relationship, without prejudice to any other action before the Judicial Authority.

Particular attention is paid to managing conflicts of interest.

The provisions on combating corruption apply to the entire Fincantieri Group and are binding on all collaborators. Fincantieri operates in an ever wider geographical context and it is therefore necessary to intensify the focus that the Company has always had, through internal procedures that have long been defined and applied, on a global anti-corruption policy that defines expectations for business conduct in strict compliance with the best international standards in terms of anti-corruption legislation.

Fincantieri has been active in the fight against corruption for many years. Its Code of Conduct expressly prohibits “Corruption practices, illegitimate favours, collusion, requests, directly and/or through third parties, for personal or career advantage, for oneself or for others (...).” These instructions are valid for all Fincantieri employees and are expressly shared by all suppliers upon acceptance of the purchase order and by business partners upon signing the contract.

Fincantieri’s collaborators may not request, be promised or accept gifts, invitations or other favourable treatment for themselves or for third parties.

Accessed 02/11/2019

[29] General Conditions of Purchase (Document)
Accessed 03/11/2019

Accessed 02/11/2019

The recipients of this document are members of the Company Bodies of Group companies, all managers and employees, outsourcers and third parties that do business with the Group.

Firstly, it is prohibited to obtain, promise or offer objects of value to any person, including public officials, to obtain or maintain a business deal in an improper manner or to obtain an undue advantage in conducting business. In particular, making payments to obtain new contracts, retain old contracts, to speed up the processing of all official documents (for example customs services or environmental certification) or to unduly influence any person, is strictly prohibited.

Secondly, it is strictly prohibited to accept payments or objects of value in relation to conduct which goes against the principles set out in this document, in the FINCANTIERI Code of Conduct, as well as in applicable documents and laws.
3. GENERAL PRINCIPLES

FINCANTIERI prohibits any kind of corrupt practice: unlawful favours, collusive behaviour, solicitation, directly and/or through third parties, as regards personal and career benefits for oneself or for others.

Firstly, it is prohibited to obtain, promise or offer objects of value to any person, including public officials, to obtain or maintain a business deal in an improper manner or to obtain an undue advantage in conducting business. In particular, making payments to obtain new contracts, retain old contracts, to speed up the processing of all official documents (for example customs services or environmental certification) or to unduly influence any person, is strictly prohibited.

Secondly, it is strictly prohibited to accept payments or objects of value in relation to conduct which goes against the principles set out in this document, in the FINCANTIERI Code of Conduct, as well as in applicable documents and laws.

Donations, gifts, sponsorships, presents and hospitality

The document defines the roles, responsibilities, operating procedures and principles of conduct that personnel of the Company shall observe in managing donations, gifts and presents from the Company to third parties following their request, or on the initiative of the Company, and sponsorships for the Company; the document also regulates business courtesies, establishing limits and authorisation criteria.

As provided for in the Code of Conduct: “Making or offering, directly or indirectly, payments and material benefits of any amount to third parties, public officials or private entities, to influence or recompense their duties is prohibited. Any employee receiving gifts or beneficial treatment which is not directly attributable to a normal courtesy shall refuse them (...) Presents, courtesies and hospitality for government representatives, public officials and public administration employees may be allowed only if they are of a modest value and in any case if they do not compromise the integrity or the reputation of one of the parties and may not be interpreted, by an impartial observer, as being intended to obtain advantages in an improper manner”.

The document includes the following principles of conduct:

- promising or offering money, benefits, promises of favours or other benefits is not allowed, even if indirectly by way of an intermediary (e.g. agent, consultant, etc.) to individuals in the Public Administration or private individuals, with the aim, even implicit, of obtaining preferential treatment for oneself or in the performance of any activity that could be attributed to the Company;

- employees may not request, solicit or accept money, gifts or benefits for themselves or for others, except for gifts of a modest value that may occasionally be offered as a normal courtesy;

- presents may be given to individuals or to Organisations, generally as seasonal gifts or to mark events, and in any case in accordance with the strategies established at a central level;

- it is the responsibility of FINCANTIERI to be aware of the prohibitions or limitations of the organisation to which the receiver belongs, before offering donations, gifts, sponsorships, presents and hospitality;

Conflicts of interest

This document establishes the requirements for identifying and managing real or potential conflicts of interest; it also sets out the principles of conduct that each employee shall observe in carrying out their duties and in particular in managing relations with third parties. A conflict of interest is defined as any instance in which personal interest or the activity of an individual interferes, or even appears to interfere, with the interests of the Company. A situation of conflict arises when an employee performs an action or is susceptible to interests that interfere with their capacity to carry out their duties in an impartial and effective way. Any situation that could constitute or cause a conflict of interest shall be reported promptly, according to procedures in the document, so that the superior or assigned organisational unit may verify whether it exists and how serious it is, and correct procedures to deal with it can be implemented.
By way of example, but not exclusively, conflicts of interest occur in the following situations:

- when employees and/or their spouse, relatives and relatives by marriage to the second degree, de facto cohabiting partners and persons to whom they have an emotional attachment, have economic and financial interests in the business of suppliers, clients and competitors;
- when they use their position in the company or use information acquired in their job in a way that could create conflict between their own interests and the company's interests;
- when employees who are connected by hierarchical relationships are related (by the spouse, relatives and relatives by marriage to the second degree, de facto cohabiting partners and persons to whom they have an emotional attachment);
- when performing work of any type for clients, suppliers, competitors, etc.;
- when accepting money, favours or benefits from people or companies that have, or who intend to enter into, business relations with FINCANTIERI or the Group's companies.

Any suspected or known violation of anti-corruption documents or anti-corruption laws shall be immediately reported, anonymously if necessary, to:

online platform: available on the Internet site in the “Ethics and Governance” section and in the company intranet

postal address: Organismo di Vigilanza - Fincantieri S.p.A. c/o CO-AUD Via Genova 1 – 34121 Trieste – RISERVATO OdV

The confidentiality of persons reporting violations and information provided is guaranteed, without prejudice to legal obligations.

Accessed 02/11/2019


 [...] 

External associates (including consultants, representatives, intermediaries, agents etc.) and all those with whom FINCANTIERI has established business relations shall be requested to comply with the same principles set forth in this Code.

[4] It is strictly prohibited to make or offer, directly or indirectly, payments and material benefits of any amount whatsoever to third parties, public officers or private individuals, to influence or reward an action of their office. Every employee receiving gifts or preferential treatment not directly attributable to normal complimentary relations must refuse them and inform his/her superior promptly.

[3] 3) Relations with customers and suppliers

 [...] 

The selection of suppliers and the settlement of purchasing conditions carried out by the Companies of the Group, shall be based upon an objective evaluation of quality, price and the ability to supply and guarantee satisfactory services.

In terms of contract and procurement relations and, in general, the supply of goods and/or services, employees shall:

 [...] 

- Comply with established contractual conditions;
- Maintain straightforward and open contacts with suppliers, in line with optimal business etiquette;

- Notify relevant Management of the enterprise in case of serious problems with a supplier, in order to create the possibility of evaluating the consequences at a Group level.

[p.6] Violation of the principles contained in this Code by any third party with whom FINCANTIERI has commercial relations could cause the termination of the contract.

[16] Conflicts of Interest (Document)
Accessed 02/11/2019

[p.2] 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.

[p.3] FINCANTIERI has always been committed to ensuring that any situation that could constitute or cause a conflict of interest is reported promptly, in order to verify whether it exists and how serious it is, so that the correct procedures to deal with it can be implemented.

Accessed 02/11/2019

[p.121] For Fincantieri it is essential to have relationships based on fairness and transparency, respecting the legitimate interests of all stakeholders.

In this sense, it is extremely important that suppliers accept the Code of Conduct that the Company has implemented, which contains the principles and rules that must be observed.

From this point of view, therefore, suppliers are asked to comply with certain requirements:

[...]

• Responsibilities
Fincantieri's guiding principle is that of acquiring the necessary goods/services with the best quality/price ratio to meet the objective of containing costs and ensuring quality and service levels appropriate to the satisfaction of the end customer. It must also take into account operational risks and comply with general guidelines on the environment, occupational safety and the overall sustainability of its choices in terms of social impact. Fincantieri expects suppliers and subcontractors to assume their responsibilities throughout the entire end-to-end supply chain, from manufacturer to supplier to end-user, to comply with safety and environmental regulations and to maintain conduct that respects the values that guide the Company.

[21] Supplier Qualification and Monitoring Process (Webpage)
Accessed 02/11/2019
SUPPLIER QUALIFICATION AND MONITORING PROCESS

[...] All levels of the supply chain are asked to share this approach and to maintain business relations based on lawfulness, transparency and fairness.

Our goal is to have stable partners who are fully integrated into our vision so that we have a solid and sustainable supply chain at all levels.

[1] Statement from the Chief Executive Officer (Webpage)
Accessed 02/11/2019

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER
To all FINCANTIERI Group personnel,
Company bodies and counterparts

[...]

FINCANTIERI has been fighting corruption for many years, with a clear prohibition in its Code of Conduct of "Corrupt practices, illegal favors, collusive conduct, and requests (either direct or through third parties) of personal or career-related advantages for oneself or others (…)".

These principles are addressed to all Fincantieri personnel and are expressly accepted by all the suppliers in our Purchase Orders and by business partners when signing contracts.
**Question**

6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?

**Score**

2

**Comments**

There is evidence that the company takes steps to ensure that its sub-contractors have adequate anti-bribery and corruption programmes in place and that the substance of its anti-corruption and bribery programme and standards are included in subcontracts throughout the supply chain. This evidence is in the form of a clear statement and contractual commitments.

**Evidence**

[35] Supplier Code of Ethics (Document)
Accessed 17/04/2020

[p.4] The fulfillment and sharing of these commitments are extended to every Fincantieri’s employee and to its business partners, starting with the suppliers and contractors, and related parent companies, subsidiaries, affiliates and subcontractors, involving all the other entities pertaining to the entire supply chain (hereinafter referred to as “Suppliers”).

Fincantieri’s expectations

During the Suppliers’ selection, Fincantieri is committed to choose reputable partners who carry out their work demonstrating that they adhere, in compliance with the applicable laws, to the highest ethical standards, they also promote a safe and healthy working environment, protecting human rights and dignity and safeguarding the environment.

In this direction, Suppliers are considered an asset that, as such, must be safeguarded and valued in a view of long-term partnership. With this purpose, Fincantieri expects the adherence and sharing of the Group sustainability principles and values by signing and sharing this Suppliers’ Code of Ethics (hereinafter “Code”).

The Code recalls the principles underlying Fincantieri’s Code of Conduct and sets out the expectations regarding the standards of conduct in the workplace and the business practices of the Suppliers.

The Code has been defined on the basis of the principles stipulated in the Conventions of the International Labor Organization (ILO), in the Universal Declaration of Human Rights, in the Organization for Economic Cooperation and Development (OECD) guiding principles and in the Ten Principles of the UN Global Compact.

The aspects outlined in this Code are crucial factors in Fincantieri’s decision to get into or continue a business relationship, as the willingness is to establish a working relationship with partners who demonstrate commitment and conviction in undertaking a path of sustainable development. In addition, each Supplier undertakes the responsibility for ensuring in turn that its employees, collaborators and subcontractors understand and comply with the Code.

As a Group, Fincantieri needs to be able to rely on this shared approach, in order to achieve one of its most important objectives: a responsible and sustainable supply chain, built on sustainable relationships based on integrity, transparency and respect.

Accessed 02/11/2019

[p.121] Fincantieri expects suppliers and subcontractors to assume their responsibilities throughout the entire end-to-end supply chain, from manufacturer to supplier to end-user, to comply with safety and environmental regulations and to maintain conduct that respects the values that guide the Company.

Accessed 08/05/2020
6.1. With reference to the agreements to be entered into following the entry into force of this Protocol and with express exclusion of orders issued thereafter on the basis of covenants and/or framework agreements already in force, FINCANTIERI S.p.A. undertakes to include the provisions of Sub-Annex 1/B in the procurement and tender agreements relating to the Sensitive Activities. The contracting enterprises shall, in turn, include said provisions in any agreements with subcontractors.

[p.6] [37] Sustainability Report 2019 (Document)
Accessed 15/06/2020

[p.87] Suppliers are required to adhere to the Code of Ethics and to share it with their employees, subsidiaries, collaborators and subcontractors, as well as to monitor compliance with it and to report promptly any alleged or actual violations of the law, the Suppliers’ Code of Ethics, the Organization, Management and Control Model pursuant to Legislative Decree 231/2001, or any contractual agreement with the Company.
<table>
<thead>
<tr>
<th>Question</th>
<th>Score</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?</td>
<td>0</td>
<td>The company does not publish any data on ethical or anti-bribery and corruption investigations or the associated disciplinary actions relating to its suppliers.</td>
</tr>
</tbody>
</table>

**Evidence**

[37] Sustainability Report 2019 (Document)
Accessed 15/06/2020
[p.93] Supplier Monitoring

 [...] Of the 759 qualified strategic suppliers at the end of 2019, 99% were subject to an evaluation, with the following results:

- 89% satisfactory;
- 10% with some gaps that can be resolved by themselves;
- 1% with serious issues, for which the adoption of an improvement plan or replacement is planned.

Moreover, the main problems are examined through cross-involvement within Supplier Oversight, the body that gathers the different functions and departments and takes decisions resulting based on examination of these critical issues. Prominence is given to issues related to safety, the environment and protection of [p.94] labour rights, with specific focus on ethical and reputational aspects during both the qualification and the monitoring phases. These values are essential for the whole Group and are a priority in all company decisions, including those relating to the pool of suppliers.
7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

<table>
<thead>
<tr>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1.1 Does the company have a clear policy on the use of agents?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on publicly available information, there is evidence that the company has a policy and procedure to control the use of agents. This addresses the corruption risks associated with the use of agents and provides details of specific controls to mitigate these risks. The company commits to establishing and verifying that the use of an agent is, in each case, necessary to perform a legitimate business function. This policy applies to all divisions within the organisation which might employ agents, including subsidiaries and joint ventures.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>[25] Commercial Assistance Agreements (Document)</td>
</tr>
<tr>
<td>Accessed 02/11/2019</td>
</tr>
<tr>
<td>[p.2] 1. INTRODUCTION</td>
</tr>
</tbody>
</table>

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.

[p.2] 2. PRINCIPLES

This document summarises the principles of conduct that all Fincantieri personnel must follow when the company appoints a "commercial assistance provider" ¹ to support the Company in securing shipbuilding or sales contracts, or contracts for the supply of goods or services by Fincantieri, through the search for potential and/or predetermined clients and/or assistance and support services in negotiating and managing such contracts.

These principles are embodied and reflected in a detailed mandatory internal policy, which is the result of the collaboration among various Business Units and experts in the field, and is aligned with the best international standards.

¹ A commercial assistance provider is, for example, an agent, sales representative, broker, intermediary, free mandate, commercial services provider etc.
In the framework of the fight against corruption, such policy adopts legal principles (Italian Legislative Decree n. 231/2001, which implements the OECD Convention against corruption) and the rules set forth in Europe by the AeroSpace and Defence Industries Association (that set up anti-corruption criteria for the related agreements) in line with its Code of Conduct, the Organisational, Management and Control Model pursuant to Italian Legislative Decree n. 231/2001 adopted by FINCANTIERI and the international best practices adopted in the field.

In particular, FINCANTIERI ensures that all its personnel adopts the following principles of conduct:

- **Appointment proposal**
  The proposal to appoint any potential commercial assistance provider must be supported by motivated commercial needs and by the prior evaluation of the potential provider’s integrity, professionalism and suitability to comply with the ethical and fairness rules and the procedures established by FINCANTIERI.

In evaluating whether it is advisable to appoint the commercial assistance provider, special attention must be paid to the laws and regulations of the country in which the services are to be provided and, if different, of the country where the potential commercial assistance provider resides, to the commercial assistance provider’s professional integrity and ethics, on the basis of a due diligence process which includes, among other things, an analysis of the provider’s curriculum and the track record. In addition, adequate information on the provider (including checking international sanctions and watch lists) is to be collected and updated before executing any agreement with the commercial assistance provider or entering into any contractual relationship.

### 3. OPERATING PROCEDURES

The principles mentioned above have been detailed in an operating procedure, regulating each phase of the agreement from the proposal to the complete execution.

A second level control has been introduced in the establishment phase of a commercial assistance relationship, and it has been created the role of an Independent Body to guarantee the compliance with the principles of the Fincantieri Code of Conduct during the execution of the agreement.

Specific tools have also been introduced to support the due diligence on potential commercial assistance providers. This procedure is applied to all Fincantieri business sectors and Fincantieri Subsidiaries subject to approval by the respective Management Bodies.


Accessed 31/10/2019

### 2. RECIPIENTS

The recipients of this document are members of the Company Bodies of Group companies, all managers and employees, outsourcers and third parties that do business with the Group.

### [4] • Agency, brokerage and sales assistance agreements

The document defines the guidelines, principles of conduct and templates for agreements to refer to in the case that the Company intends appointing a third party, to promote or facilitate the finalisation of agreements for the construction or sale of ships, or contracts for goods or services supplied by the Company, through the identification of potential and/or established clients and/or the supply of services for assistance and support in negotiating and managing these agreements.

In particular:
- the proposal to nominate or appoint any potential appointee shall be supported by justified commercial requirements, as well as by the prior evaluation of the appointee’s suitability to comply with the ethical rules and the procedures established by FINCANTIERI;
7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?

Score
1

Comments
Based on publicly available information, there is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence prior to engaging and re-engaging with its third parties and agents. There is some evidence that agents and highest risk intermediaries might be subject to enhanced due diligence. The company states that it verifies the integrity of agents at least annually, but it is not clear whether it repeats its due diligence process at least every two years or when there is a significant change in the business relationship. In publicly available evidence, the company does not explicitly commit to not engaging or terminating its engagement with agents or intermediaries where the risks identified in the due diligence cannot be mitigated.

Evidence

[25] Commercial Assistance Agreements (Document)
Accessed 17/04/2020

[p.3] In the framework of the fight against corruption, such policy adopts legal principles (Italian Legislative Decree n. 231/2001, which implements the OECD Convention against corruption) and the rules set forth in Europe by the AeroSpace and Defence Industries Association (that set up anti-corruption criteria for the related agreements) in line with its Code of Conduct, the Organisational, Management and Control Model pursuant to Italian Legislative Decree n. 231/2001 adopted by FINCANTIERI and the international best practices adopted in the field.

In particular, FINCANTIERI ensures that all its personnel adopts the following principles of conduct:

- Appointment proposal
  The proposal to appoint any potential commercial assistance provider must be supported by motivated commercial needs and by the prior evaluation of the potential provider’s integrity, professionalism and suitability to comply with the ethical and fairness rules and the procedures established by FINCANTIERI.

Both the Policy and the Procedure ruling the matter provide that the analysis on the potential commercial assistance provider include the list of the owners or shareholders of the third Party proposed, up to the final beneficial owners in order to have a clear view of the final ownership of the third Party.

In evaluating whether it is advisable to appoint the commercial assistance provider, special attention must be paid to the laws and regulations of the country in which the services are to be provided and, if different, of the country where the potential commercial assistance provider resides, to the commercial assistance provider’s professional integrity and ethics, on the basis of a due diligence process which includes, among other things, an analysis of the provider’s curriculum and the track record. In addition, adequate information on the provider (including checking international sanctions and watch lists) is to be collected and updated before executing any agreement with the commercial assistance provider or entering into any contractual relationship.

During the above evaluation process, the competent Business Units must also involve a function independent from that promoting the execution of the relevant contract.

In the frame of the above evaluation process, the independent function performs supplementary researches, through online sources, and supplementary analysis from a legal, financial and reputational point of view. These activities can be entrusted to an external well-known consultant company specialised in international researches / analysis and by international professional firms (legal, tax, etc.).

The agreement with the commercial assistance provider must be entered into by the Fincantieri group company that will execute the contract with the end customer.

[p.4] Performance of the agreement
Performance of the agreement by the commercial assistance provider must be monitored, based among others on the nature of the agreement, so as to ensure that the agreement is performed effectively and correctly. The commercial assistance provider’s continuing professional integrity, suitability and honorability, which are essential for the execution of the agreement, must be verified periodically and at least annually.

The adequacy of the agreed consideration must be calculated on the basis of, among others, applicable best practices criteria and market standards.

The independent function, where requested by the Responsible of the Business Unit, can award a specific assignment to leading and specialising consultancy firms to verify the consideration set out in the Agreement, its fairness or reasonableness and compliance with criteria identified by the Policy on the matter.

The Procedure provides that payments to the commercial assistance provider must occur using methods that guarantee their traceability, via bank transfer to an account in the name of the appointed provider, in the country where the services are provided, or in the country in which is located the residence of the provider where different; this bank account cannot be located in a privileged tax country, except where this is also the country where the services are provided.

[p.5] Renewal/extension of the agreement

Any requests for renewal/extension of the agreement must be made before its expiration and must be adequately justified by indicating the results achieved by the commercial assistance provider, or the reasons why the expected goals have not been reached, without prejudice to the continuing integrity requirements. The commercial assistance agreements may not be renewed tacitly.

3. OPERATING PROCEDURES

The principles mentioned above have been detailed in an operating procedure, regulating each phase of the agreement from the proposal to the complete execution.

A second level control has been introduced in the establishment phase of a commercial assistance relationship, and it has been created the role of an Independent Body to guarantee the compliance with the principles of the Fincantieri Code of Conduct during the execution of the agreement.

Specific tools have also been introduced to support the due diligence on potential commercial assistance providers. This procedure is applied to all Fincantieri business sectors and Fincantieri Subsidiaries subject to approval by the respective Management Bodies.

The Company condemns any behaviour which does not comply with the principles set forth in this Document and applies its disciplinary and sanctioning rules to any breach thereof.

All the above mentioned activities must be properly documented, stored and maintained for 20 years by the relevant Business Unit. In addition, all contracts entered into by the various Business Units must be saved in a dedicated central database.

Accessed 31/10/2019

[p.3] Thirdly, as FINCANTIERI could be held liable in some cases for the corrupt conduct of third parties, such as agents, intermediaries, consultants and business partners, FINCANTIERI only works with other parties with a proven reputation. For this reason, FINCANTIERI carries out a mandatory process for all business partners, to check ethical requirements on a preliminary basis.

[p.4] Agency, brokerage and sales assistance agreements
The document defines the guidelines, principles of conduct and templates for agreements to refer to in the case that the Company intends appointing a third party, to promote or facilitate the finalisation of agreements for the construction or sale of ships, or contracts for goods or services supplied by the Company, through the identification
of potential and/or established clients and/or the supply of services for assistance and support in negotiating and managing these agreements.

In particular:

- the proposal to nominate or appoint any potential appointee shall be supported by justified commercial requirements, as well as by the prior evaluation of the appointee’s suitability to comply with the ethical rules and the procedures established by FINCANTIERI;

[...]

- competent functions monitor the performance of the agreement, and also ensure, during its validity, that requirements for professional integrity are still met.
<table>
<thead>
<tr>
<th><strong>Question</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Score</strong></th>
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<thead>
<tr>
<th><strong>Comments</strong></th>
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</thead>
<tbody>
<tr>
<td>There is evidence that the company asks agents to disclose their beneficial ownership to the company, and it verifies this information, as part of its due diligence processes. However, there is no clear evidence of a commitment to independently verify the beneficial ownership information of high risk agents. The company also does not publicly commit to reviewing or terminating its engagement with agents or intermediaries if beneficial ownership cannot be established.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Evidence</strong></th>
</tr>
</thead>
</table>
| [25] Commercial Assistance Agreements (Document)  
Accessed 17/04/2020  

[p.3] Both the Policy and the Procedure ruling the matter provide that the analysis on the potential commercial assistance provider include the list of the owners or shareholders of the third Party proposed, up to the final beneficial owners in order to have a clear view of the final ownership of the third Party.

In evaluating whether it is advisable to appoint the commercial assistance provider, special attention must be paid to the laws and regulations of the country in which the services are to be provided and, if different, of the country where the potential commercial assistance provider resides, to the commercial assistance provider’s professional integrity and ethics, on the basis of a due diligence process which includes, among other things, an analysis of the provider’s curriculum and the track record. In addition, adequate information on the provider (including checking international sanctions and watch lists) is to be collected and updated before executing any agreement with the commercial assistance provider or entering into any contractual relationship.

During the above evaluation process, the competent Business Units must also involve a function independent from that promoting the execution of the relevant contract.

In the frame of the above evaluation process, the independent function performs supplementary researches, through online sources, and supplementary analysis from a legal, financial and reputational point of view. These activities can be entrusted to an external well-known consultant company specialised in international researches / analysis and by international professional firms (legal, tax, etc.).

The agreement with the commercial assistance provider must be entered into by the Fincantieri group company that will execute the contract with the end customer.
### Question

7.1.4 Does the company’s anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?

### Score

1

### Comments

Based on publicly available information, there is evidence that the company includes anti-bribery and corruption clauses as well as termination rights in its contracts with agents and intermediaries. However, the company does not explicitly include audit rights in its contracts with these entities.

### Evidence

**[25] Commercial Assistance Agreements (Document)**  
Accessed 17/04/2020  

[p.3] In the framework of the fight against corruption, such policy adopts legal principles (Italian Legislative Decree n. 231/2001, which implements the OECD Convention against corruption) and the rules set forth in Europe by the AeroSpace and Defence Industries Association (that set up anti-corruption criteria for the related agreements) in line with its Code of Conduct, the Organisational, Management and Control Model pursuant to Italian Legislative Decree n. 231/2001 adopted by FINCANTIERI and the international best practices adopted in the field.

In particular, FINCANTIERI ensures that all its personnel adopts the following principles of conduct:

- **Appointment proposal**  
The proposal to appoint any potential commercial assistance provider must be supported by motivated commercial needs and by the prior evaluation of the potential provider’s integrity, professionalism and suitability to comply with the ethical and fairness rules and the procedures established by FINCANTIERI.

Both the Policy and the Procedure ruling the matter provide that the analysis on the potential commercial assistance provider include the list of the owners or shareholders of the third Party proposed, up to the final beneficial owners in order to have a clear view of the final ownership of the third Party.

In evaluating whether it is advisable to appoint the commercial assistance provider, special attention must be paid to the laws and regulations of the country in which the services are to be provided and, if different, of the country where the potential commercial assistance provider resides, to the commercial assistance provider’s professional integrity and ethics, on the basis of a due diligence process which includes, among other things, an analysis of the provider’s curriculum and the track record. In addition, adequate information on the provider (including checking international sanctions and watch lists) is to be collected and updated before executing any agreement with the commercial assistance provider or entering into any contractual relationship.

During the above evaluation process, the competent Business Units must also involve a function independent from that promoting the execution of the relevant contract. In the frame of the above evaluation process, the independent function performs supplementary researches, through online sources, and supplementary analysis from a legal, financial and reputational point of view. These activities can be entrusted to an external well-known consultant company specialised in international researches / analysis and by international professional firms (legal, tax, etc.). The agreement with the commercial assistance provider must be entered into by the Fincantieri group company that will execute the contract with the end customer.

- **Negotiation and execution of the agreement**  
The negotiation with the commercial assistance provider and any related activity must be carried out in compliance with internal regulations, with the Italian and international laws and with those of the relevant country. For this purpose, the agreements with the commercial assistance providers must be based on the internal standard contract, which are available for various types of contracts in Italian and English and

[p.4] include, among others, provisions which may not be derogated since they embody the principles described herein.

The principles that are to be reflected in the agreement with the commercial assistance provider include:
- the term of the agreement corresponds to the period in which the services are provided, and no automatic renewal is allowed;
- fair consideration, calculated on the basis of the duration, quantity, complexity, quality of the services, taking into account any best practices and market standards;
- the contractual undertaking by the commercial assistance provider to give adequate evidence on its skills, know-how, its means to provide the services, the authorizations, permits, licenses and any and all applicable legal requirements to perform the services;
- a representation by the commercial assistance provider that he/she/it knows the ethics policies of the Company, the laws against bribery of public officials provided for by the 1997 OECD Convention as implemented in Italy by Legislative Decree n. 231/2001, and the United Nations Convention against Corruption, as well as a commitment to comply with the principles of the FINCANTIERI Code of Conduct and the Organisational, Management and Control Model adopted by the Company in accordance with Italian Legislative Decree n. 231/2001;
- termination of the agreement in case of breach of the Company's ethical rules.

Accessed 31/10/2019

[p.2] External associates (including consultants, representatives, intermediaries, agents etc.) and all those with whom FINCANTIERI has established business relations shall be requested to comply with the same principles set forth in this Code.

[p.2] Violation of the principles contained in this Code by any third party with whom FINCANTIERI has commercial relations could cause the termination of the contract.

Accessed 31/10/2019

[p.4] • Agency, brokerage and sales assistance agreements
The document defines the guidelines, principles of conduct and templates for agreements to refer to in the case that the Company intends appointing a third party, to promote or facilitate the finalisation of agreements for the construction or sale of ships, or contracts for goods or services supplied by the Company, through the identification of potential and/or established clients and/or the supply of services for assistance and support in negotiating and managing these agreements.

In particular:

[…] 

- to ensure compliance with the principles of conduct adopted by FINCANTIERI, all agreements are prepared based on templates;

- competent functions monitor the performance of the agreement, and also ensure, during its validity, that requirements for professional integrity are still met.

The agent/intermediary undertakes to observe the ethics and principles of conduct of FINCANTIERI and in the case of any violation, the agreement will be immediately terminated, without prejudice to any other action taken through the courts.

[1] Statement from the Chief Executive Officer (Webpage)
Accessed 31/10/2019

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER
To all FINCANTIERI Group personnel,
Company bodies and counterparts

[…]

FINCANTIERI has been fighting corruption for many years, with a clear prohibition in its Code of Conduct of “Corrupt practices, illegal favors, collusive conduct, and requests (either direct or through third parties) of personal
or career-related advantages for oneself or others (…)".
These principles are addressed to all Fincantieri personnel and are expressly accepted by all the suppliers in our Purchase Orders and by business partners when signing contracts.
### Question

7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?

### Score

1

### Comments

Based on publicly available information, there is evidence that incentive structures for agents are highlighted and addressed as a factor in bribery and corruption risk, with some examples of controls to mitigate these risks. The company commits to only paying agents into local bank accounts. However, there is no evidence that the company imposes a threshold on the payment of sales commissions to agents.

### Evidence

**[25] Commercial Assistance Agreements (Document)**

Accessed 17/04/2020


[p.4] The principles that are to be reflected in the agreement with the commercial assistance provider include:

- the term of the agreement corresponds to the period in which the services are provided, and no automatic renewal is allowed;
- fair consideration, calculated on the basis of the duration, quantity, complexity, quality of the services, taking into account any best practices and market standards;

- Performance of the agreement

Performance of the agreement by the commercial assistance provider must be monitored, based among others on the nature of the agreement, so as to ensure that the agreement is performed effectively and correctly. The commercial assistance provider’s continuing professional integrity, suitability and honorability, which are essential for the execution of the agreement, must be verified periodically and at least annually.

The adequacy of the agreed consideration must be calculated on the basis of, among others, applicable best practices criteria and market standards.

The independent function, where requested by the Responsible of the Business Unit, can award a specific assignment to leading and specialising consultancy firms to verify the consideration set out in the Agreement, its fairness or reasonableness and compliance with criteria identified by the Policy on the matter.

The Procedure provides that payments to the commercial assistance provider must occur using methods that guarantee their traceability, via bank transfer to an account in the name of the appointed provider, in the country where the services are provided, or in the country in which is located the residence of the provider where different; this bank account cannot be located in a privileged tax country, except where this is also the country where the services are provided.

**[2] Anti-Corruption Policy (Document)**

Accessed 02/11/2019


[p.4] • Agency, brokerage and sales assistance agreements

The document defines the guidelines, principles of conduct and templates for agreements to refer to in the case that the Company intends appointing a third party, to promote or facilitate the finalisation of agreements for the construction or sale of ships, or contracts for goods or services supplied by the Company, through the identification of potential and/or established clients and/or the supply of services for assistance and support in negotiating and managing these agreements.

In particular:

[...]

- the suitability of payments made is also commensurate with best practices and market standards, and amounts shall be paid to the subject with whom the appointment is formalised;
<table>
<thead>
<tr>
<th>Question</th>
<th>7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>0</td>
</tr>
<tr>
<td>Comments</td>
<td>The company does not publish any details of the agents currently contracted to act for and/or on behalf of the company.</td>
</tr>
<tr>
<td>Evidence</td>
<td>No evidence found.</td>
</tr>
<tr>
<td>Question</td>
<td>Score</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?</td>
<td>0</td>
</tr>
<tr>
<td>Evidence</td>
<td></td>
</tr>
</tbody>
</table>
## 7.2 Joint Ventures

<table>
<thead>
<tr>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?</td>
</tr>
</tbody>
</table>

| Score | 1 |

<table>
<thead>
<tr>
<th>Comments</th>
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</thead>
<tbody>
<tr>
<td>Based on publicly available information, there is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence prior to entering into all of its joint ventures. However, there is no evidence that the company’s due diligence explicitly includes checks on the ultimate beneficial ownership of the partner company, or that joint ventures operating in high risk markets or with high risk partners, such as state-owned enterprises, are subject to enhanced due diligence. In addition, there is no evidence that due diligence is repeated at least every two years.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessed 02/11/2019</td>
</tr>
<tr>
<td>[p.3] Thirdly, as FINCANTIERI could be held liable in some cases for the corrupt conduct of third parties, such as agents, intermediaries, consultants and business partners, FINCANTIERI only works with other parties with a proven reputation. For this reason, FINCANTIERI carries out a mandatory process for all business partners, to check ethical requirements on a preliminary basis.</td>
</tr>
<tr>
<td>[p.8] Joint Ventures</td>
</tr>
<tr>
<td>Partnership and joint venture agreements are a sensitive area for the company, as the associated risks are carefully assessed in the mainframe of Fincantieri's Enterprise Risk Management. Before entering in this kind of agreements, the company carries out an examination of the counterparties both economic-financial and regarding their integrity and reputation, with the aim of highlighting the possible risks underlying the beginning of a new business relationship.</td>
</tr>
<tr>
<td>If risks indicator are identified (“red flags”), all the necessary detailed analysis are carried out in order to identify adequate protections for Fincantieri. The results of the verifications and analyses carried out are brought to the attention of the Top management for approval.</td>
</tr>
</tbody>
</table>
### Question

7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture partnerships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?

<table>
<thead>
<tr>
<th>Score</th>
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<tr>
<td>1</td>
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<table>
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<tr>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on publicly available information, there is evidence that the company accounts for anti-bribery and corruption considerations when entering into a joint venture and requires compliance with its anti-bribery and corruption programme, which prohibits foreign and domestic bribery and facilitation payments. Contracts with joint venture partners include ethical provisions and termination rights. However, there is no publicly available evidence that the company includes audit rights in its contracts with joint venture partners.</td>
</tr>
</tbody>
</table>

### Evidence


Accessed 02/11/2019  

```markdown
[p.1] 2. RECIPIENTS

The recipients of this document are members of the Company Bodies of Group companies, all managers and employees, outsourcers and third parties that do business with the Group.

[p.2] Firstly, it is prohibited to obtain, promise or offer objects of value to any person, including public officials, to obtain or maintain a business deal in an improper manner or to obtain an undue advantage in conducting business. In particular, making payments to obtain new contracts, retain old contracts, to speed up the processing of all official documents (for example customs services or environmental certification) or to unduly influence any person, is strictly prohibited.

Secondly, it is strictly prohibited to accept payments or objects of value in relation to conduct which goes against the principles set out in this document, in the FINCANTIERI Code of Conduct, as well as in applicable documents and laws.

3. GENERAL PRINCIPLES

FINCANTIERI prohibits any kind of corrupt practice: unlawful favours, collusive behaviour, solicitation, directly and/or through third parties, as regards personal and career benefits for oneself or for others.

[p.3] Firstly, it is prohibited to obtain, promise or offer objects of value to any person, including public officials, to obtain or maintain a business deal in an improper manner or to obtain an undue advantage in conducting business. In particular, making payments to obtain new contracts, retain old contracts, to speed up the processing of all official documents (for example customs services or environmental certification) or to unduly influence any person, is strictly prohibited.

Secondly, it is strictly prohibited to accept payments or objects of value in relation to conduct which goes against the principles set out in this document, in the FINCANTIERI Code of Conduct, as well as in applicable documents and laws.

[p.4] Donations, gifts, sponsorships, presents and hospitality

The document defines the roles, responsibilities, operating procedures and principles of conduct that personnel of the Company shall observe in managing donations, gifts and presents from the Company to third parties following their request, or on the initiative of the Company, and sponsorships for the Company; the document also regulates business courtesies, establishing limits and authorisation criteria.

[p.5] As provided for in the Code of Conduct: “Making or offering, directly or indirectly, payments and material benefits of any amount to third parties, public officials or private entities, to influence or recompense their duties is prohibited. Any employee receiving gifts or beneficial treatment which is not directly attributable to a normal
The document includes the following principles of conduct:

- promising or offering money, benefits, promises of favours or other benefits is not allowed, even if indirectly by way of an intermediary (e.g. agent, consultant, etc.) to individuals in the Public Administration or private individuals, with the aim, even implicit, of obtaining preferential treatment for oneself or in the performance of any activity that could be attributed to the Company;

- employees may not request, solicit or accept money, gifts or benefits for themselves or for others, except for gifts of a modest value that may occasionally be offered as a normal courtesy;

- presents may be given to individuals or to Organisations, generally as seasonal gifts or to mark events, and in any case in accordance with the strategies established at a central level;

- it is the responsibility of FINCANTIERI to be aware of the prohibitions or limitations of the organisation to which the receiver belongs, before offering donations, gifts, sponsorships, presents and hospitality;

[p.8] Joint Ventures

Partnership and joint venture agreements are a sensitive area for the company, and the associated risks are carefully assessed in the mainframe of Fincantieri’s Enterprise Risk Management.

[…]

The finalized agreements contain specific contractual provisions committing the counterpart to respect Fincantieri ethical and conduct principles, and in event of breaches is provided for the termination of the contractual relationship.

Accessed 02/11/2019

[p.3] External associates (including consultants, representatives, intermediaries, agents etc.) and all those with whom FINCANTIERI has established business relations shall be requested to comply with the same principles set forth in this Code.

[p.6] 12) Effects of the violations

Any violation of this Code of Conduct shall jeopardize the trust-based relationship between the Company and employee.

Any violation of the Code of Conduct by directors, statutory auditors and employees could lead to penalties provided for in the Company disciplinary system: revocation of powers or functions, dismissal, reference to the administrative or judicial authorities.

Violation of the principles contained in this Code by any third party with whom FINCANTIERI has commercial relations could cause the termination of the contract.
<table>
<thead>
<tr>
<th>Question</th>
<th>7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>0</td>
</tr>
<tr>
<td>Comments</td>
<td>There is no publicly available evidence to indicate that the company commits to take an active role in preventing bribery and corruption in all of its joint ventures.</td>
</tr>
<tr>
<td>Evidence</td>
<td>No evidence found.</td>
</tr>
</tbody>
</table>
## 8. Offsets

<table>
<thead>
<tr>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company’s offset activities?</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on publicly available information, there is evidence that the company recognises the corruption risks associated with offset contracting. The company has a dedicated body, the Offset Committee, which is involved in managing its offset obligations. There is evidence that this body is responsible for monitoring the company’s offset activities throughout the lifecycle of each project. However, there is no evidence that committee members receive tailored anti-bribery and corruption training.</td>
</tr>
</tbody>
</table>

### Evidence

**[26] Offset Contracts (Document)**  
Accessed 17/04/2020  

#### [p.2] 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.

#### [p.3] 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.

**[p.4] 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 noncompliance. 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.

**[2] Anti-Corruption Policy (Document)**  
Accessed 03/11/2019  

#### [p.7] Offset contracts
The document defines the roles, responsibilities, operating procedures and principles of conduct that personnel of the Company shall observe in managing offset contracts.

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.

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.

[...]

The offset commitment plan is continuously updated and submitted to the approval of the function in charge. An half-year report on the offset activity and overall performance is provided to the Fincantieri top management.
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?

Score
2

Comments
Based on publicly available information, there is evidence that the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence on its offset obligations. There is evidence that the company refreshes this due diligence on an annual basis. The process mentions checks on beneficial ownership and conflict of interest and there is evidence indicating that the company seeks to assure itself of the legitimacy of the investment.

Evidence

[26] Offset Contracts (Document)
Accessed 17/04/2020

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.

Accessed 03/11/2019

Offset contracts
The document defines the roles, responsibilities, operating procedures and principles of conduct that personnel of the Company shall observe in managing offset contracts.

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.

In case of an offer to a customer for a contract that includes 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.

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.

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 due diligence procedure is completed by collecting the necessary internal confirmations to obtain the final approval by the function in charge.

The offset commitment plan is continuously updated and submitted to the approval of the function in charge. An half-year report on the offset activity and overall performance is provided to the Fincantieri top management.
<table>
<thead>
<tr>
<th>Question</th>
<th>8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>0</td>
</tr>
<tr>
<td>Comments</td>
<td>The company does not publish any details of the offset agents, brokers or consultancy firms currently contracted to act with and on behalf of the company's offset programme.</td>
</tr>
<tr>
<td>Evidence</td>
<td>No evidence found.</td>
</tr>
<tr>
<td>Question</td>
<td>8.4 Does the company publish details about the beneficiaries of its indirect offset projects?</td>
</tr>
<tr>
<td>----------</td>
<td>-----------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Score</td>
<td>0</td>
</tr>
<tr>
<td>Comments</td>
<td>The company does not publish any details of its offset obligations or contracts.</td>
</tr>
<tr>
<td>Evidence</td>
<td>No evidence found.</td>
</tr>
</tbody>
</table>
## 9. High Risk Markets

### Question

9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?

### Score

1

### Comments

Based on publicly available information, there is evidence that the company acknowledges the corruption risks associated with operating in different markets and there is evidence that it has a process in place to assess such risks. However, it is not clear whether the results of these assessments have an impact on business decisions or trigger the implementation of additional controls.

### Evidence

#### [27] Annual Report 2018 (Document)

Accessed 03/11/2019

<table>
<thead>
<tr>
<th>DESCRIPTION OF RISK</th>
<th>IMPACT</th>
<th>MITIGATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>The difficult political and economic context and worsening regulatory environment of countries in which the Group operates may adversely impact operations and future cash flows. In addition, the pursuit of business opportunities in emerging markets, particularly in the defence sector, leads to increased exposure to country risk and/or risk of international bribery and corruption.</td>
<td>Situations involving country risk may have negative effects on the Group’s results of operations and financial condition, with the loss of clients, profits and competitive advantage and, in the case of lawsuits and sanctions, on its reputation.</td>
<td>In pursuing business opportunities in emerging markets, the Group safeguards itself by favoring commercial prospects that are supported by inter-governmental agreements or other forms of cooperation between States, as well as by establishing, within its own organization, appropriate safeguards to monitor the processes at risk.</td>
</tr>
</tbody>
</table>


Accessed 03/11/2019

#### RISK UNIVERSE

<table>
<thead>
<tr>
<th>EXTERNAL RISKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>· Economic Cycle (Macro and Sectorial)</td>
</tr>
<tr>
<td>· Customers (Business Concentration)</td>
</tr>
</tbody>
</table>

#### [p.55] Anti-corruption Policy

Given the extensive geographic context in which Fincantieri operates, the Company has adopted a number of internal rules aimed at identifying and applying a global anti-corruption policy that defines the expectations for conducting business operations in strict compliance with the best international standards on anti-corruption legislation.
Question

9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?

Score

2

Comments

The company publishes a list of all of its consolidated subsidiaries and non-fully consolidated holdings. The list includes the percentages owned and countries of incorporation and operation for each entity. It is updated on at least an annual basis.

Evidence

Accessed 15/06/2020
### COMPANIES INCLUDED IN THE SCOPE OF CONSULTATION

<table>
<thead>
<tr>
<th>Company name</th>
<th>Parent activity</th>
<th>Registered office</th>
<th>Share capital</th>
<th>% included in</th>
<th>% consolidated by Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subsidiaries consolidated</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BACIN DI PALERMO S.P.A.</td>
<td>Dry-dock management</td>
<td>Palermo</td>
<td>EUR 1,032,000.00</td>
<td>100.00</td>
<td>FINCANTIERI S.p.A. 100.00</td>
</tr>
<tr>
<td>CENTRO PER GLI STUDI DI TECNICA NAVALI CETENA S.p.A.</td>
<td>Ship research and experimentation</td>
<td>Genoa</td>
<td>EUR 1,000,000.00</td>
<td>71.00</td>
<td>FINCANTIERI S.p.A. 86.70</td>
</tr>
<tr>
<td>FINCANTIERI OIL &amp; GAS S.p.A.</td>
<td>Holding company</td>
<td>Trieste</td>
<td>EUR 21,000,000.00</td>
<td>100.00</td>
<td>FINCANTIERI S.p.A. 100.00</td>
</tr>
<tr>
<td>FINCANTIERI HOLDING S.p.A.</td>
<td>Holding company for foreign investments</td>
<td>Rotterdam</td>
<td>EUR 8,525,384.54</td>
<td>100.00</td>
<td>FINCANTIERI S.p.A. 100.00</td>
</tr>
<tr>
<td>FINCANTIERI MARINE SYSTEMS NORTH AMERICA Inc.</td>
<td>Sale and after-sales services relating to marine products</td>
<td>USA</td>
<td>USD 501,000.00</td>
<td>100.00</td>
<td>FINCANTIERI Holding B.V. 100.00</td>
</tr>
<tr>
<td>FINREP YK</td>
<td>Service and sale of spare parts</td>
<td>Japan</td>
<td>JPY 2,000,000.00</td>
<td>100.00</td>
<td>FINCANTIERI Marine Systems North America Inc. 100.00</td>
</tr>
<tr>
<td>GESTIONE BACIN LA SPEZIA S.p.A.</td>
<td>Dry-dock management</td>
<td>Leghorn</td>
<td>EUR 250,000.00</td>
<td>19.00</td>
<td>FINCANTIERI S.p.A. 19.00</td>
</tr>
<tr>
<td>ISOTTI FRAASCHINI MOTORI S.p.A.</td>
<td>Design, construction, sale and after-sales services relating to fast-medium-duty diesel engines</td>
<td>Bari</td>
<td>EUR 3,300,000.00</td>
<td>100.00</td>
<td>FINCANTIERI S.p.A. 100.00</td>
</tr>
<tr>
<td>SOCIETA PER L’ESECUZIONE DI ATTIVITÀ FINANZIARIE SEAF S.p.A.</td>
<td>Financial support for group companies</td>
<td>Trieste</td>
<td>EUR 6,682,000.00</td>
<td>100.00</td>
<td>FINCANTIERI S.p.A. 100.00</td>
</tr>
<tr>
<td>DELI S.r.l.</td>
<td>Technical and logistic engineering</td>
<td>Fukuoka</td>
<td>JPY 400,000.00</td>
<td>100.00</td>
<td>FINCANTIERI S.p.A. 100.00</td>
</tr>
<tr>
<td>IDEL, NORD S.r.l.</td>
<td>Logistics engineering</td>
<td>Fukuoka</td>
<td>JPY 102,651.00</td>
<td>100.00</td>
<td>Defi S.r.l. 100.00</td>
</tr>
<tr>
<td>SEASTARIA S.p.A.</td>
<td>Design and development of integrated automation systems</td>
<td>Genoa</td>
<td>EUR 300,000.00</td>
<td>100.00</td>
<td>FINCANTIERI S.p.A. 100.00</td>
</tr>
<tr>
<td>FINCANTIERI AUSTRALIA Pty Ltd.</td>
<td>Shipbuilding support activities</td>
<td>Australia</td>
<td>AUD 2,200,000.00</td>
<td>100.00</td>
<td>FINCANTIERI S.p.A. 100.00</td>
</tr>
<tr>
<td>FINCANTIERI SERVICES MIDDLE EAST LLC</td>
<td>Project management services</td>
<td>Dubai</td>
<td>EUR 200,000.00</td>
<td>100.00</td>
<td>FINCANTIERI S.p.A. 100.00</td>
</tr>
<tr>
<td>FINCANTIERI USA Inc.</td>
<td>Holding company</td>
<td>USA</td>
<td>USD 1,005.75</td>
<td>100.00</td>
<td>FINCANTIERI USA Inc. 100.00</td>
</tr>
<tr>
<td>FINCANTIERI SERVICES USA LLC</td>
<td>After-sales services</td>
<td>USA</td>
<td>USD 300,000.00</td>
<td>100.00</td>
<td>FINCANTIERI USA Inc. 100.00</td>
</tr>
</tbody>
</table>

[The list continues on pages 218-221]
Question

9.3 Does the company disclose its beneficial ownership and control structure?

Score

2

Comments

There is evidence that the company is a publicly listed company with voting shares admitted to trading on a regulated market in the European Economic Area. Based on the scoring criteria, the company therefore automatically receives a score of ‘2’.

In addition, it is noted that the company provides a breakdown of its shareholding structure on its website. There is evidence that a company by the name of CDP Industria S.p.A. holds 71.32% of its share capital, and that this entity is majority owned by Italy’s Ministry of Economy and Finance.

Evidence

[28] Stock Exchange (Webpage)
Accessed 03/11/2019
https://markets.ft.com/data/equities/tearsheet/summary?s=FCT:MIL

[40] Shareholders (Webpage)
Accessed 23/09/2020
At present, 71.32% of the Company's share capital of EUR 862,980,725.70 is held by CDP Industria S.p.A.; the remainder of share capital is distributed in the indistinct market (except for 0.27% of the shares held by Fincantieri such as treasury shares), none of private investors hold significant interests of 3% or above. It should be noted that 100% of the share capital of CDP Industria S.p.A. is owned by Cassa Depositi e Prestiti S.p.A., 82.77% of whose share capital is in turn owned by Italy's Ministry of Economy and Finance.
9.4 Does the company publish a percentage breakdown of its defence sales by customer?

Score
0

Comments
There is evidence that the company publicly discloses some of its major customers. However, the company does not publish any data or percentages in relation to its defence sales.

Evidence

Accessed 03/11/2019
[p.98] The table summarizes the major customers by main business area.

<table>
<thead>
<tr>
<th>CUSTOMERS DIVERSIFICATION</th>
<th>LONG-TERM CLIENT RELATIONSHIPS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ships delivered since 1990</td>
</tr>
<tr>
<td></td>
<td>Vessels in order portfolio</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>TODAY 1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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Source:
1 As of December 31, 2018.
2 One cruise ship below 10,00 Gross Ton.
3 Through Manitowac Marine Group (now Fincantieri Marine Group).
4 DOF includes: DOF, DOF Subsea, Norskan Offshore, DOF Deepwater, Techdof Brasil and Dolcon Navegação.
5 Ferry operator.
The naval vessels business area recorded revenues of euro 1,503 million (euro 1,434 million at 31 December 2018), an increase of 4.8%, and benefited from the positive change in the Euro/USD exchange rate (approximately euro 28 million) resulting from translation of the financial statements of the US subsidiaries. Construction work on orders for the Qatari Ministry of Defence, including the design of a corvette and a patrol vessel, as well as activities relating to the Italian Navy fleet renewal programme, are going ahead at full speed. During the year, three vessels were launched: the “Trieste” Landing Helicopter Dock and the first Multipurpose Off shore Patrol Vessel, “Paolo Thaon di Revel” of the Italian Navy fleet renewal program - first vessel delivery for the program is scheduled in 2020 - as well as the ninth vessel from the FREMM program “Spartaco Schergat”. We also note the positive contribution of the subsidiary FMG engaged in the development of the LCS program and the Foreign Military Sales program between the United States and Saudi Arabia.
10. **State-Owned Enterprises (SOEs)**

<table>
<thead>
<tr>
<th>Question</th>
<th>10.1 Does the SOE publish a breakdown of its shareholder voting rights?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>N/A</td>
</tr>
<tr>
<td>Comments</td>
<td>N/A</td>
</tr>
<tr>
<td>Evidence</td>
<td></td>
</tr>
<tr>
<td>Question</td>
<td></td>
</tr>
<tr>
<td>----------</td>
<td></td>
</tr>
<tr>
<td>10.2 Are the SOE’s commercial and public policy objectives publicly available?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
</tr>
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<table>
<thead>
<tr>
<th>Comments</th>
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</thead>
<tbody>
<tr>
<td>N/A</td>
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<table>
<thead>
<tr>
<th>Evidence</th>
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<tbody>
<tr>
<td>Question</td>
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<tr>
<td>----------</td>
</tr>
<tr>
<td>Score</td>
</tr>
<tr>
<td>Comments</td>
</tr>
<tr>
<td>Evidence</td>
</tr>
<tr>
<td>Question</td>
</tr>
<tr>
<td>-----------------------------------------</td>
</tr>
<tr>
<td>10.4 Is the SOE’s audit committee composed of a majority of independent directors?</td>
</tr>
<tr>
<td>Evidence</td>
</tr>
<tr>
<td>Question</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>10.5  Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Evidence</th>
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## List of Evidence & Sources

<table>
<thead>
<tr>
<th>No.</th>
<th>Type (Webpage or Document)</th>
<th>Name</th>
<th>Download Date</th>
<th>Link</th>
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<tbody>
<tr>
<td>01</td>
<td>Webpage</td>
<td>Statement from the Chief Executive Officer</td>
<td>31/10/19</td>
<td><a href="https://www.fincantieri.com/en/governance/business-ethics/anti-corruption-policy/">https://www.fincantieri.com/en/governance/business-ethics/anti-corruption-policy/</a></td>
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<tr>
<td>05</td>
<td>Webpage</td>
<td>Our Commitments</td>
<td>31/10/19</td>
<td><a href="https://www.fincantieri.com/en/sustainability/governance/our-commitments/">https://www.fincantieri.com/en/sustainability/governance/our-commitments/</a></td>
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<td>06</td>
<td>Webpage</td>
<td>Corporate Governance System</td>
<td>31/10/19</td>
<td><a href="https://www.fincantieri.com/en/governance/corporate-governance-system/">https://www.fincantieri.com/en/governance/corporate-governance-system/</a></td>
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<td>10</td>
<td>Webpage</td>
<td>Reporting violations to the Oversight Board (Whistleblowing)</td>
<td>31/10/19</td>
<td><a href="https://www.fincantieri.com/en/governance/business-ethics/whistleblowing/">https://www.fincantieri.com/en/governance/business-ethics/whistleblowing/</a></td>
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<td>15</td>
<td>Webpage</td>
<td>Reporting Violations to the Oversight Board (OB)</td>
<td>01/11/19</td>
<td><a href="https://fincantieri.segnalazioni.net/en/">https://fincantieri.segnalazioni.net/en/</a></td>
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