



FUTURE  
IS WHAT WE  
LEAVE  
BEHIND

FINMECCANICA  
**2013 SUSTAINABILITY REPORT**

(Translation from the Italian original, which remains the definitive version)

# Contents

Letter from the Chairman and Chief Executive Officer and General Manager	4
Sustainability at Finmeccanica	9
2013 Group highlights	12
<b>THE FINMECCANICA GROUP</b>	<b>20</b>
Group profile	20
Business results and added value	32
Procurement and the supply chain	36
Stakeholders	39
<b>GOVERNANCE AND BUSINESS CONDUCT</b>	<b>50</b>
The Parent Finmeccanica SpA	50
The corporate governance system	53
The internal control system and risk management	57
<b>PEOPLE AND THE COMMUNITY</b>	<b>70</b>
Employment and quality of work	70
Health and safety	79
Skills development and enhancement	82
CSR in the community	92
<b>INNOVATION</b>	<b>102</b>
Research and development	102
Sustainable innovation	107
<b>ENVIRONMENT</b>	<b>114</b>
Environmental management	114
Environmental impacts and KPIs	118
Carbon management	124
Energy management	127
Biodiversity	129
<b>APPENDIX</b>	<b>132</b>
Data and indicators tables with relevant GRI code 3.1	132
Methodological note	151
GRI Indicators	156
Assurance letter	173

The Chairman

Giovanni De Gennaro



## Letter from the Chairman and Chief Executive Officer and General Manager

The 2013 Sustainability Report has reached a significant milestone: it was rated A+ for its financial, social and environmental reporting under the Global Report Initiative (“GRI”) 3.1 guidelines, the highest level of recognised sustainability reporting in the world.

Finmeccanica is proud to be one of the first companies in the Aerospace and Defence industry to publish a Sustainability Report at this level of

The Chief Executive Officer and General Manager

**Alessandro Pansa**



excellence, especially when its 2013 report bears the distinction of having been prepared in close connection with the Group's Annual Financial Report in order to provide integrated disclosures that demonstrate the Group's commitment to sustainability.

The 2013 Sustainability Report offers more information, data and indicators than previous reports and presents information in a new way,

giving report users a better understanding of the Group's non-financial performance. This is in response to the need for a higher level of information and transparency on Finmeccanica's domestic and international activities in a context marked by negative growth in recent years and objective difficulties for Finmeccanica in 2013.

From highlights to procurement, governance to community, the Sustainability Report has given a voice to the Group's companies and their stakeholders in an increasingly complex international operating context in which Finmeccanica has undertaken its own reorganisational, relaunch and development path, including through the consolidation of its corporate governance in line with international best practices.

With this in mind, in the past year, Finmeccanica has reinforced its internal control and risk management systems, adopted new directives and policies, defined new rules for the creation of corporate bodies within its operating companies and entrusted an external commission with the assessment of its governance.

The proposed adoption of a new organisational model is a further confirmation of the Group's determination to enhance human capital and boost the return on invested capital, ensuring higher profitability, sustainability and cash generation.

The 2013 Sustainability Report, with its new layout and updated look to help users gain immediate familiarity and perception of the path taken, underscores the Group's growing and constant focus on sustainability and accountability issues, through the adoption of operating policies and guidelines increasingly aimed at risk mitigation and taking opportunities to create value for stakeholders.

In as early as 2013, the Sustainability Report expanded its scope and the indicators on which it reports (bringing the total to 84, 28 more than the

previous year) and this path will continue in 2014, making the report a single tool for presenting, analysing and disclosing non-financial information on the Group's activities, keeping in mind that the road to improvement knows no end.

The Chairman  
**Giovanni De Gennaro**

Handwritten signature of Giovanni De Gennaro in black ink.

The Chief Executive Officer  
and General Manager  
**Alessandro Pansa**

Handwritten signature of Alessandro Pansa in black ink.



# Sustainability at Finmeccanica

Finmeccanica is a large Italian industrial Group boasting a significant international presence. Over time, it has consolidated and strengthened its technological leadership in the Aerospace, Defence and Security business segments, in addition to increasing its commitment to creating dual solutions<sup>1</sup> to meet the new and important needs and requirements of domestic and international markets.

It is Finmeccanica's mission to offer innovation through competitive, technologically cutting-edge products and services that generate sustainable value for shareholders and all stakeholders, on the basis of a strategy aimed at:

- consolidating its leadership role in the Group's strategic business segments by capitalising on the technological innovation that it can develop;
- exploiting dual technologies to expand their scope of application and meet emerging markets' requirements, also in terms of major sustainable development issues;
- competing more effectively and efficiently by focusing on sharing skills and expertise with the local communities and areas where the Group is based;
- consolidating the social role of the Group's operating companies through the development of virtuous corporate social responsibility policies;
- preserving the company's reputational assets and values by managing risks related to operations and the necessary strategic decisions.

## Values and principles

The Charter of Values is based on the United Nations' "Global Compact 10 Principles" and the most stringent international standards in the sector. It upholds the significance of the following values: ethics and respect, expertise and merit, innovation and excellence, internationality and multiculturalism, rights and sustainability.

In pursuing its mission, Finmeccanica has adopted the Charter of Values and the Code of Ethics. They cover the values and principles that all Finmeccanica Group companies are required to uphold, and are fundamental elements in the ethical and conduct guidelines to be followed in business activities, in close collaboration with all stakeholders.

1. Dual solutions: these are solutions based on technologies for both civil and military applications.

Finmeccanica promotes compliance with the Charter of Values and the Code of Ethics and requires that all directors, employees, partners, suppliers and all parties operating in the interests of the Group's operating companies comply with them. Anyone who becomes aware of any unlawful conduct is free to report it to the supervisory bodies directly and confidentially, in the manner provided for by the same Code.

Finmeccanica's way of doing business is based on the following guidelines:

- working honestly, fairly and reliably, in complete compliance with regulations;
- encouraging people's growth and rewarding those who strive for and foster Finmeccanica's success;
- gaining a worldwide presence and respecting each country's culture;
- pursuing sustainable industry through an ongoing commitment to economic and social development and to protect health and the environment;
- striving towards ongoing technological progress by developing and applying avant-garde solutions.

Finmeccanica has formally embraced the following international ethical standards for its sector:

- Common Industry Standards for Aerospace and Defence against Corruption (CIS), the charter of standards prepared by the [A&D Industry Association's \(ASD\)](#) Business Ethics Committee and approved by ASD's Council in 2007. Finmeccanica directly contributed to writing the charter and has implemented these standards as the platform of key values, specifically referring to them in its Code of Ethics;
- Global Principles of Business Ethics for the Aerospace and Defence Industry, the charter of principles prepared by the [International Forum for Business Ethical Conduct's \(IFBEC\)](#) Steering Committee. Finmeccanica is a member of the IFBEC's Steering Committee and supports its initiatives by participating in seminars and conferences.

For three consecutive years Ansaldo STS, a Finmeccanica Group company, has complied with the [Global Compact](#) and is committed to promoting its ten principles as founding member and promoter of the Global Compact Network Italy Foundation. This is a genuine commitment that can be seen in its strategic choices and business activities.

### Materiality

Finmeccanica constantly monitors developments in national and international regulations, the dynamics of its operating sectors and, more generally, external factors that could affect its business strategies and objectives in the long term.

Specifically, in order to identify potentially significant issues for stakeholders and the Group, Finmeccanica carried out an in-depth analysis based on the following steps:

- selection and assessment of Group-relevant sustainability issues with respect to mission, strategy, Code of Ethics, Charter of Values, provisions of the national and international standards adopted by the Group, national agreements and, in general, the main sustainability issues that are most critical and sensitive for the A&D industry;
- survey to identify stakeholder-relevant issues, based on the elements identified by the engagement activities performed, press reviews, sundry requests from the public, the community, investors and institutions.

These analyses give rise to the ESG (Environmental, Social & Governance) aspects that best reflect the Group's sustainability and accountability. For each material aspect, Finmeccanica has defined and updated the ESG management policies and guidelines best suited to mitigating the related risks and taking advantage of the specific opportunities to create shared value.

SCOPE	GUIDELINES AND AREAS
<b>Climate change</b>	<ul style="list-style-type: none"> <li>Participation in the Carbon Disclosure Project</li> <li>Planet-inspired products and technologies</li> </ul>
<b>Sustainable innovation</b>	<ul style="list-style-type: none"> <li>Prioritising dual solutions</li> <li>Research and development in fields with a potential positive impact on the sustainability of products and industrial processes, such as robotics</li> </ul>
<b>Ecological efficiency</b>	<ul style="list-style-type: none"> <li>Developing an LCA (Life Cycle Assessment) and eco-design</li> <li>Participation in work groups and consortia to develop feasible solutions in the sector for products' end-of-life</li> <li>Certification of environmental management systems to ISO 14001 standard</li> </ul>
<b>Health and safety</b>	<ul style="list-style-type: none"> <li>Promotion of safety along the supply chain</li> <li>Product safety</li> <li>Certification of occupational health and safety management systems to OHSAS 18001 standard</li> </ul>
<b>Labour protection</b>	<ul style="list-style-type: none"> <li>Compliance with labour regulations applicable in each country and international ILO (International Labour Organization) treaties on workers' freedom of association, child and forced labour and discrimination in the workplace</li> <li>Promotion of compliance with labour rights along the supply chain</li> <li>Responsible handling of company reorganisations</li> <li>Management of human resources and industrial relations</li> </ul>
<b>Development and enhancement of human capital</b>	<ul style="list-style-type: none"> <li>Development of Finmeccanica as a talent-oriented organisation</li> <li>Generational shift with the hiring of young people</li> </ul>
<b>Social and economic development</b>	<ul style="list-style-type: none"> <li>Transfer of skills and expertise to local areas</li> <li>Expansion and development of corporate social responsibility activities</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>Finmeccanica's governance is in line with the best international guidelines and practices and focuses on preventing conflicts of interest, the fair remuneration of directors and protection of non-controlling shareholders</li> <li>Overhaul of the internal regulatory system</li> <li>Developments in the Internal Audit function</li> </ul>
<b>Prevention of corruption</b>	<ul style="list-style-type: none"> <li>Zero tolerance</li> <li>Strengthening of specific organisational controls and control systems</li> </ul>
<b>Controversial weapons</b>	<ul style="list-style-type: none"> <li>There is no production or sale of light weapons (rifles, pistols and similar guns) or controversial weapons (land mines, anti-personnel mines, cluster munitions and biological, chemical and nuclear weapons)</li> </ul>

# 2013 Group highlights

## FINMECCANICA

- In February, Finmeccanica's board of directors appointed Alessandro Pansa as the Group's new Chief Executive Officer and General Manager.
- In April, the Steering Committee (Flick Committee) was established to identify criteria and conduct in line with best international business practices.
- In April, the Industrial Relations Protocol was signed with Italian trade unions CGIL, CISL and UIL. The protocol introduces a new engagement model for participation.
- Giovanni De Gennaro was appointed Finmeccanica's Chairman in July.
- In July, the "1,000 young people for Finmeccanica" campaign was launched, with the aim of hiring high school and university graduates under 30 years of age and specialised in technical-scientific disciplines for the Italian operating companies.
- In September, for the fourth consecutive year, Finmeccanica was admitted to the prestigious Dow Jones Sustainability Index Europe and the Dow Jones World Index.
- Finmeccanica is participating in the *Campagna del Gruppo Navale Cavour*, a campaign that was launched in November in Italy to reach Persian Gulf and African countries.
- In line with its strategic Group plan, Finmeccanica finalised the sale of 39.55% of Ansaldo Energia shares to Fondo Strategico Italiano SpA in December.
- Sergio De Luca was appointed Finmeccanica's Chief Operating Officer in December.
- The Finmeccanica share ended 2013 up 26.5% on the previous year.

## AERONAUTICS

- In April, Alenia Aermacchi signed an agreement with Oman to supply parts, systems and accountability services for 12 Eurofighter Typhoon that were ordered in December 2012.
- GIE-ATR sold a total of 69 aircraft to various airlines in the year.

## HELICOPTERS

- In January, AgustaWestland reached a supply agreement with the Republic of Korea for eight AW 159 helicopters for its Navy.
- AgustaWestland and Bristow Group signed an agreement in July to supply 11 AW189 search and rescue (SAR) helicopters.
- In December, AgustaWestland was awarded a contract to supply 16 AW101 SAR helicopters to the Norwegian government.

### DEFENCE AND SECURITY ELECTRONICS

- The merger of SELEX Elsag, SELEX Galileo and SELEX Sistemi Integrati in January 2013 gave rise to Selex ES, an integrated company active in the security and defence electronics sector.
- In April, Selex ES received an order from Oman for the supply of defensive aids sub-systems (DASS) and captor combat radar for Eurofighter Typhoon aircraft.
- In October, Selex ES won the contract for the new IT system of the Italian Ministry of Education, University and Research (MIUR): the contract provides for the development of innovative digital education applications, management services and personnel training.

### DEFENCE SYSTEMS

- As part of the master agreement for 155-mm guided munitions between the Italian Ministry of Defence and the German Ministry of Defence, in July 2013, OTO Melara and Diehl Defense conducted a positive test on the guided conventional munitions known as Vulcano at the Alkanptan shooting range in South Africa.
- In November, as part of challenging exercises at the White Sands grounds in the US, MEADS (Medium Extended Air Defense System) intercepted and simultaneously destroyed two targets arriving from opposite directions, demonstrating its 360° anti-aircraft and anti-ballistic capabilities.

### SPACE

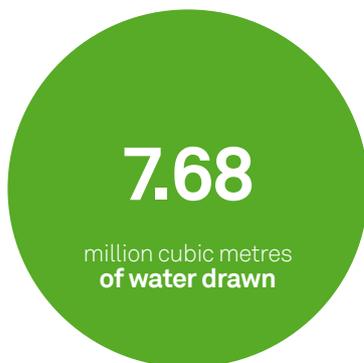
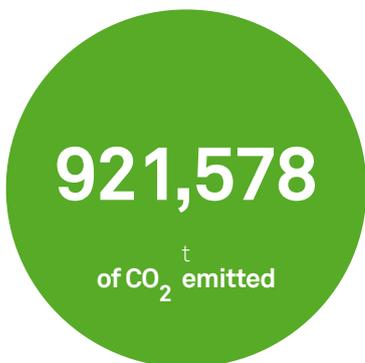
- In December, Finmeccanica returned to L'Aquila when it opened the Thales Alenia Space site, which had been declared unsafe after the 2009 earthquake.

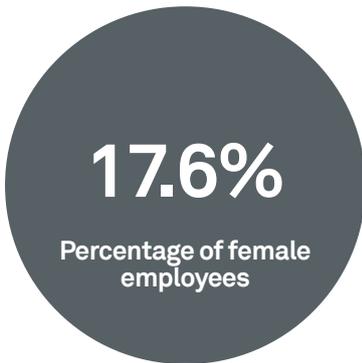
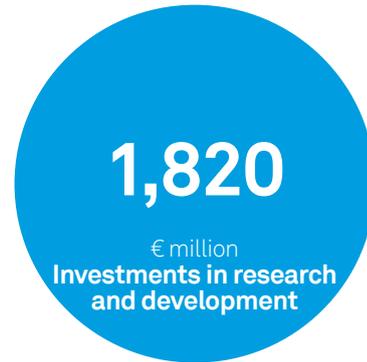
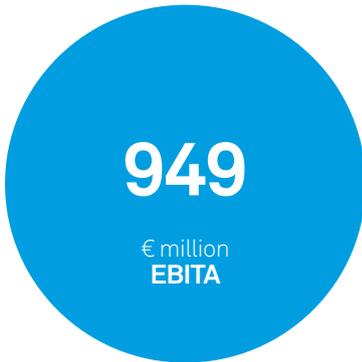
### TRANSPORTATION

- In April, Ansaldo STS signed an agreement to build the technological portion of Line 3 of the Riyadh metro in Saudi Arabia.



—  
14  
—





# Being

# UNITED





# The Finmeccanica Group

## Group profile

---

Finmeccanica is one of Italy's largest industrial groups and a high-tech leader, ranking among the top ten players worldwide in the Aerospace, Defence and Security business segments<sup>2</sup>. Listed on the stock exchange since 1992, given its strategic importance, the [Italian Ministry of Economy and Finance](#) holds a controlling interest of 30.2% in the Parent, Finmeccanica SpA.

Under the recent EU legislation, the Ministry of Economy and Finance also has "special powers on ownership structures in the national defence and security sectors and for strategic activities in the energy, transport and communications sectors" (Laws 56 of 11 May 2012 and 253 of 30 November 2012).

Finmeccanica is a multinational and multicultural Group based in Italy, where most of its roughly 64,000 employees work. It boasts permanent industrial and commercial establishments in three other domestic markets: the UK, the US and Poland, and it is located around the world with 362 office and production sites in 45 countries, increasingly focusing on new emerging markets.

The Group's activities are concentrated in the strategic Helicopters, Defence and Security Electronics and Aeronautics sectors, while it has a consolidated position in Defence Systems and Space. It is also active in the Transportation sector and operated in the Energy sector as well until December 2013<sup>3</sup>.

Through joint ventures and strategic partnerships, it hones its competitiveness and participates in many industrial and development programmes, some of which are the most renowned and innovative around the world, especially in the aerospace industry.

The systems and products that Finmeccanica designs, develops and builds target the defence segment, for both private customers and public customers in the civil sector. The Group's operating companies do not produce or sell light weapons (rifles, pistols and similar guns) or controversial weapons (land mines, anti-personnel mines, cluster munitions and biological, chemical and nuclear weapons).

Investments in research and development totalled roughly €1,800 million, equal to more than 11% of revenue, and involve nearly one-third of the company's employees. Finmeccanica is Italy's largest investor in R&D and ranks third in Europe and around the world in its segment<sup>4</sup>.

2. Source: "[Aviation week 2012 Top Performing Companies report](#)".

3. On 23 December 2013 Finmeccanica finalised an agreement with Fondo Strategico Italiano for the sale of its investment in Ansaldo Energia.

4. Source: "[The 2012 EU Industrial R&D Investment Scoreboard](#)", published by the European Commission.

### The sale of Ansaldo Energia to Fondo Strategico Italiano

The sale of Ansaldo Energia not only contributed to consolidating Finmeccanica's equity, but it marks the crucial first step in the Group's strategic plan, which includes a restructuring of operations and management and a reorganisation of the business portfolio, with the concentration of resources in the Aerospace and Defence sector.

The choice of Fondo Strategico Italiano (FSI) underscores a desire to continue supporting Ansaldo Energia's technological innovation and growth on international markets, also by seeking new business partners. Specifically:

- a) the investment aim of FSI is to invest in companies with plans to grow in size, improve efficiency and hone their competitive edge on the domestic and international markets;
- b) its investment policy is to maintain steady interests (even if they are not controlling interests) in the long term, in order to be actively involved in the governance of its operating investees, with a view to achieving its investment aim.

Finmeccanica and FSI have signed a non-binding memorandum of understanding to reorganise and strengthen the Italian electromechanical industry. The memorandum provides for, *inter alia*, the potential opening of the company's ownership structure to international industrial players, without jeopardising FSI's control over the company.

## Business segments and Group structure

Finmeccanica Group is organised into business segments in which direct subsidiaries and joint ventures are active. These companies operate in compliance with guidelines issued by the Parent, Finmeccanica SpA, but have complete operating independence. In all, Finmeccanica Group counts about one hundred companies, joint ventures, partnerships and business associations.

### Group structure at 31 December 2013 (\*)

AERONAUTICS	HELICOPTERS
<p>Alenia Aermacchi SuperJet International ATR</p> <p><u>Alenia Aermacchi</u> heads Finmeccanica's <u>Aeronautics</u> business segment and develops, integrates and manufactures advanced civil and military aircraft, providing assistance throughout their entire operating life cycles. Its products include combat aircraft, trainers, passenger and cargo planes, remote piloting systems, aircraft for special missions and aerostructures. The product portfolio includes proprietary products like the internationally best-selling M346, designed to meet the training needs of pilots of 4th and 5th generation combat aircraft, and the C27J, the only true modern tactical airlifter available in the world today. Alenia Aermacchi plays key roles in world-class military programmes like the Eurofighter Typhoon, the F-35 Joint Strike Fighter and the European nEUROn UCAV (Unmanned Combat Aerial Vehicle) demonstrator. The company also boasts a significant presence in the commercial aircraft segment (regional turboprops).</p>	<p>AgustaWestland</p> <p>Finmeccanica is a world leader in the <u>Helicopters</u> segment through <u>AgustaWestland</u>, which counts production sites in Italy, the UK, the US and Poland and operates internationally with joint ventures and partnerships with other world leaders in this segment. The company's products target the civil sector with purely commercial applications (such as VIP/corporate transport) and non-military government applications (such as security, environmental monitoring, emergency medical services and transfers to off-shore rigs) and the defence sector.</p>
DEFENCE AND SECURITY ELECTRONICS	DEFENCE SYSTEMS
<p>Selex ES DRS Technologies</p> <p>Finmeccanica's <u>Defence and Security Electronics</u> business segment consists of the US-based <u>DRS Technologies</u> and the <u>Selex ES Group</u>. Selex ES is an international technological leader in electronic and information technologies for defence systems, aerospace, data management, infrastructures and land security and protection, and develops sustainable smart solutions. Selex ES also has excellent technologies and products and consolidated capabilities in the design, manufacture and integration of complex systems for the control and management of air and maritime traffic, the monitoring</p>	<p>OTO Melara WASS MBDA</p> <p>Finmeccanica's <u>Defence Systems</u> business segment includes <u>MBDA</u>, a joint venture with BAE Systems and Airbus Group, <u>OTO Melara Group</u> and <u>WASS SpA</u>. OTO Melara produces large-, medium- and small-calibre land and naval artillery, deploying the most advanced technologies to offer its customers complete solutions. WASS is a global leader in underwater systems. Its products include light-weight and heavy-weight torpedoes, torpedo countermeasures for submarines and surface ships, underwater surveillance and sonar systems.</p>

(\*) Since 23 December 2013, Finmeccanica no longer operates in the Energy business segment, as it sold its investment in Ansaldo Energia to Fondo Strategico Italiano.

and protection of green and blue borders, the development of secure communication networks and the deployment of smart solutions for managing systems and infrastructures.

DRS Technologies has operated in the defence sector for over 40 years and is a leading supplier of integrated products and services for the armed forces, intelligence agencies and prime contractors worldwide.

MBDA has industrial facilities in four European countries and in the United States and is considered the world leader in missiles and missile systems.

## SPACE

Telespazio  
Thales Alenia Space

Finmeccanica's [Space](#) business segment comprises the two joint ventures set up as part of the Space Alliance with Thales group: [Telespazio](#) (67% Finmeccanica and 33% Thales) and [Thales Alenia Space](#) (67% Thales and 33% Finmeccanica). Telespazio covers the entire space market value chain: from the design and development of space systems to the management of launch services and the control of satellites in orbit, from earth observation services, integrated communications, satellite navigation and positioning to scientific programmes. It boasts vast high-level experience thanks to the technological expertise acquired during its more than 50 years of operations, from the management of space infrastructures and participation in important international programmes.

Thales Alenia Space has consolidated experience in designing, developing, integrating and testing innovative space systems featuring cutting-edge technology to meet the needs of various sectors.

## TRANSPORTATION

AnsaldoBreda  
Ansaldo STS  
BredaMenarinibus

Finmeccanica operates in the Transportation business segment through [Ansaldo STS](#) (of which it holds 40%), [AnsaldoBreda](#) and [BredaMenarinibus](#). Ansaldo STS, listed on the stock exchange, is a leader in the design, development, management and maintenance of signalling and transportation solutions and turnkey railway transportation and metros, of which signalling systems constitute an essential part.

AnsaldoBreda specialises in the construction of high-tech rolling stock: Sirio trams, driverless metros, regional trains and high-speed railways are AnsaldoBreda's technological answer to the contemporary meaning of what it is to travel. BredaMenarinibus is historically and traditionally an Italian leader in the bus industry, boasting the top expertise in the bus design.

## The new organisational and operating model for the Aerospace and Defence business segment

In order to respond effectively to the challenges of evolving international scenarios, during its meeting on 6 March 2014, Finmeccanica's board of directors approved a project to reorganise the Aerospace and Defence (A&D) business segment by implementing a new organisational model in line with similar initiatives carried out by major competitors.

The new model involves the Helicopters, Aeronautics, Defence and Security Electronics and Defence Systems segments whereby Finmeccanica is responsible for guiding and steering the operating companies concerned. It also provides for the coordinated management of product, market, order execution and service activities between the Parent and the operating companies.

The reorganisation will enhance the value of human capital and increase returns on invested capital, while boosting profitability, sustainability and cash generation. It is also another important step forward in the consolidation of governance, in pursuance to the provisions of Finmeccanica's strategic plan dated May 2013. The key objectives of such plan are:

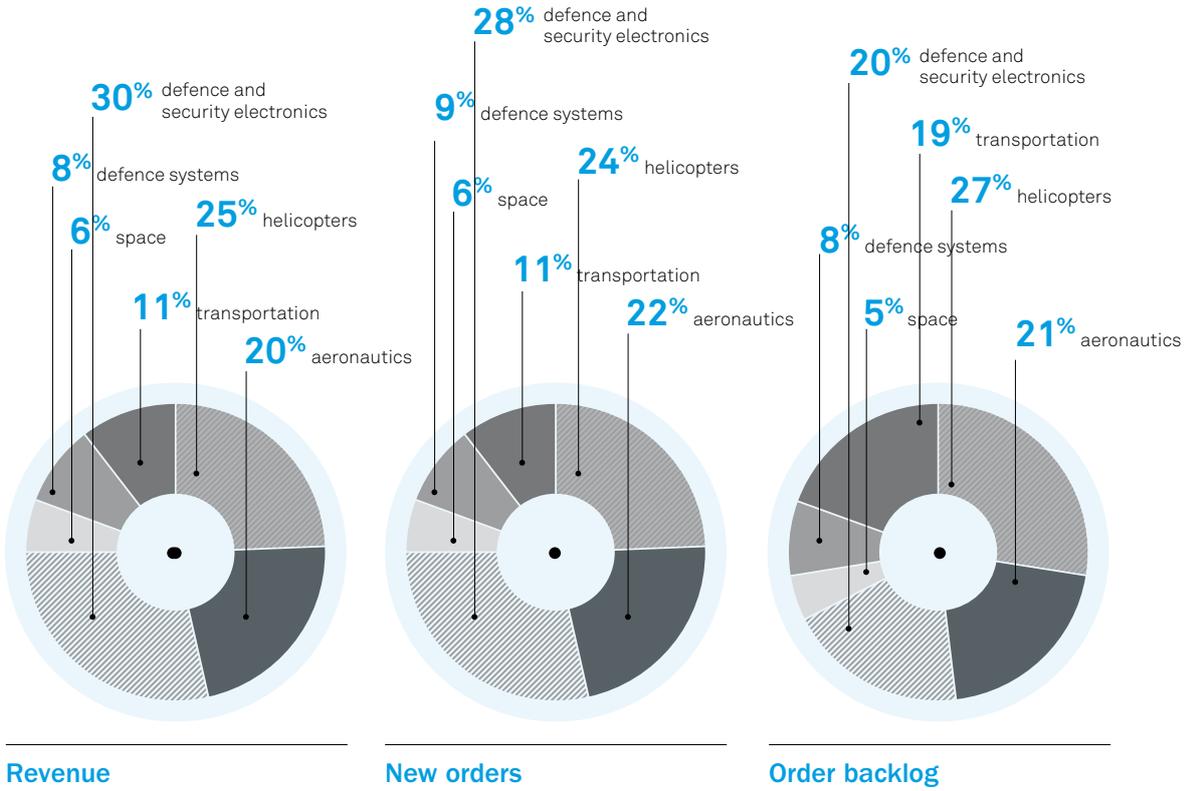
- the organisation, relaunch and development of the A&D business segment through significant business consolidation and restructuring initiatives; the concentration of the A&D segment;
- the strengthening of governance through targeted measures to shorten the control chain, making the organisation more efficient and improving operating efficiency;
- the consolidation of Finmeccanica Group's role on international markets and in the reconfiguration of the segment worldwide, while strengthening the development of the Italian high-tech manufacturing industry.

The planned steps to implement this plan are:

- making Finmeccanica responsible for setting the guidelines for and performing strategic control over the operating companies concerned in order to increase the efficiency of business activities and the management of each business segment's product portfolio;
- coordinated management of product, market, order execution and service activities between the Parent and the operating companies in the Helicopters, Aeronautics, Defence and Security Electronics and Defence Systems segments;
- verticalising the support functions that ensure standardised procedures, strong governance and reinforce the Group's identity.

The new organisational model, which will cover both Finmeccanica's structure and operating companies' structures, will be implemented in close collaboration with the CEOs of the operating companies concerned, with the progressive adoption of the necessary organisational measures.

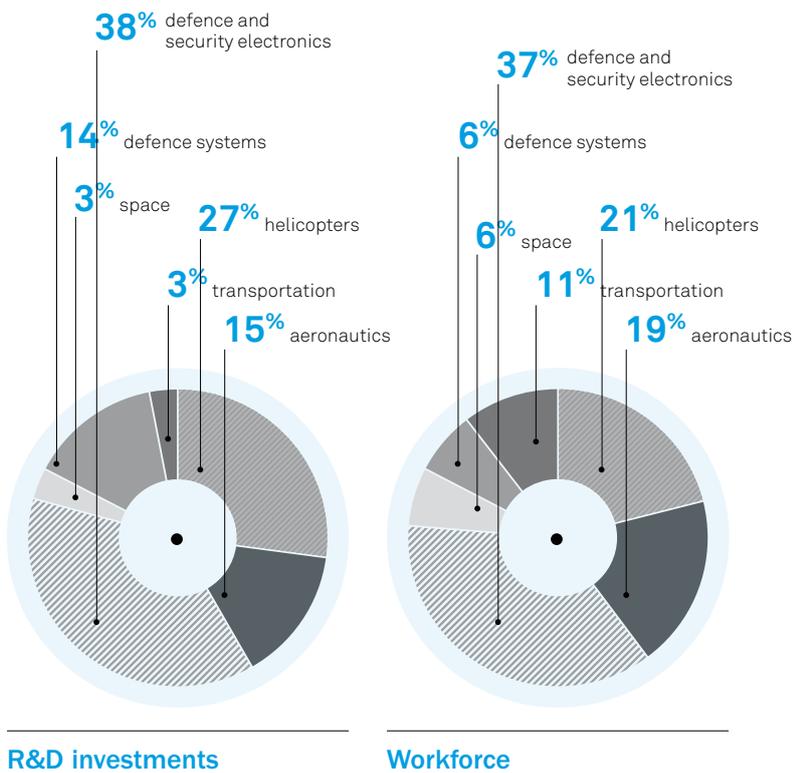
Key financial figures by business segment



Revenue

New orders

Order backlog

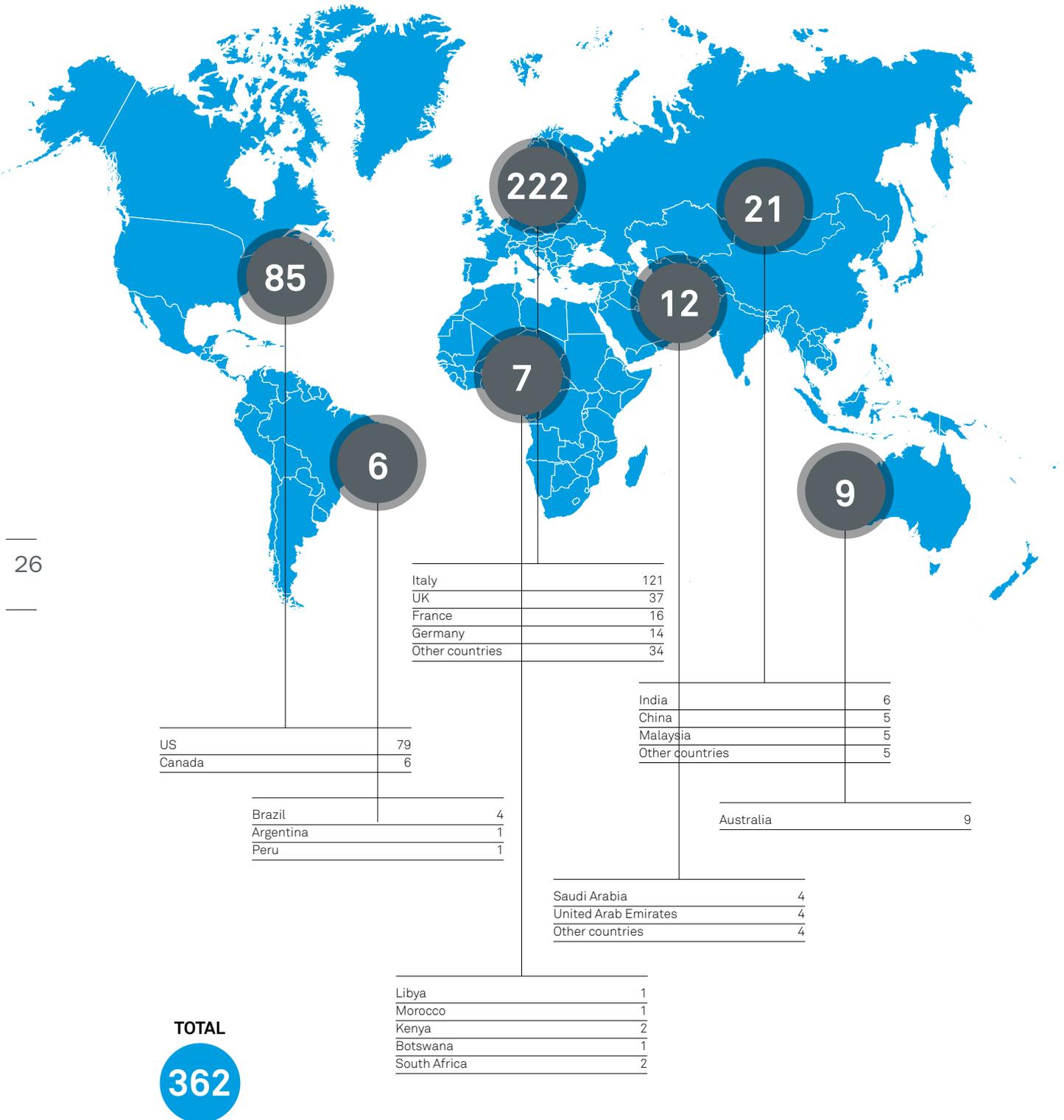


R&D investments

Workforce

**Offices and production sites**

- a total of 362 offices and production sites, including 241 abroad (67% of the total) and 121 in Italy (33%);
- 138 production sites, 57 in Italy (41%) and 81 abroad (59%);
- commercial presence in over 45 countries on all continents.



*Breakdown of offices and production sites by geographical segment/country*

## Business profile and impact on domestic countries

Finmeccanica boasts a consolidated presence in several reference countries (in addition to Italy, the UK, the US and Poland) where, on the basis of the scopes and levels of operations and engagement in each local context, the Group's companies play different and frequently numerous roles (employer, product and services supplier, partner of other groups in business development, repositories of technological expertise and know-how, promoters of and contributors to important initiatives across several diverse fields, including those with social implications).



### Italy

Italy is the country where Finmeccanica was founded and has developed. It is where, still today, the Group has an extremely widespread presence, with over 100 industrial and commercial sites. The regions where most of its employees are concentrated are Piedmont, Lombardy, Latium, Campania, Puglia (where five of Italy's most important industrial/technological districts for research, innovation and specific training are located), Liguria and Tuscany. Including satellite activities, Finmeccanica supports nearly 50 thousand workers in the northwest and approximately 35 thousand in the middle and southern Italy.

The Group's contribution to the country's economic growth goes beyond aspects that can be directly quantified and entails an indirect contribution and the satellite activities generated along the entire supply chain, and through research and development activities. Finmeccanica is, for all intents and purposes, a catalyst for specific expertise because it supports demand for qualified services throughout the entire chain. It drives change for its suppliers in terms of innovation, efficiency and organisation and stimulates competitiveness.

In addition to developing human capital within the Group, Finmeccanica contributes to the development of the country's technological culture: it is committed to transferring some of its in-house best practices to the rest of the country (e.g., ITS - Istituti Tecnici Superiori) and consolidating partnerships with Italian universities. Finmeccanica's commitment to R&D investments, the wide range of activities involved and the high quality of human capital employed are of strategic relevance to the economy at large, encouraging technological spillover and, accordingly, wellbeing for residents.



### United Kingdom

Finmeccanica is the top Italian investor in the UK, the second-largest defence Group operating in the country and the third largest exporter of defence products. The Group is present throughout the country with its operating companies, including in Scotland, the southeast and the southwest. It actively works with over 1,250 small and medium-sized companies.

Finmeccanica's contribution to the UK's growth first stems from the need to employ highly qualified and productive people. To achieve this aim, it has invested substantially in training, strengthening partnerships with major universities and focusing on increasing interest in science and technologies.

Furthermore, the R&D activities carried out in recent years have had an undeniably positive effect: many programmes developed in the UK offer important future applications, a tangible example of which is how Finmeccanica's commitment is an essential contribution to creating a knowledge-based economy.



#### United States

As a country, the US generates roughly 50% of global defence spending. It is a key market for Finmeccanica, which is present in the US with 104 sites (54 productive sites and 50 commercial sites) in 28 states. It employs some 7,500 workers in all business segments.

Finmeccanica companies and, specifically, DRS Technologies are leading suppliers to the country and partners in many US programmes. In particular, DRS production and AgustaWestland's assembly lines are active in the country.



#### Poland

Finmeccanica's presence in Poland has grown steadily, in line with the consolidation of the country's role in both NATO (North Atlantic Treaty Organization) and the European Union. It became one of the Group's four domestic markets in 2010 with the acquisition of the [PLZ-Świdnik](#) industrial group. The 60-year old Polish company has over 3,000 employees and consolidated experience in the design and construction of helicopter products for the international market.

### The most significant activities in emerging countries

Emerging countries' security and defence requirements, sustained by growing economic resources, countering the general decline in aggregate demand on domestic markets, constitute new business opportunities in Finmeccanica's strategic segments, as it aims to expand the markets on which it is active by developing a more stable presence, including through the establishment of new, targeted partnerships.

#### Europe (non-EU)

In the past few years, [Russia](#) has redefined its international role, developing a tighter partnership with Italy, including with institutions. In this respect, the country has become a leading industrial and strategic partner in the Aeronautics, Helicopters, Defence and Security Electronics and Transportation business segments, thanks to a series of agreements and programmes.

As regards [Turkey](#), close partnership between the Group's operating companies and local operators have led to a sound industrial partnership extending mainly to the Defence and Security segments, in addition to civil application programmes.

#### Asia and Oceania

In [Australia](#), Finmeccanica has a sound industrial and commercial presence, bolstered by the operating companies' industrial and commercial sites. The offer includes solutions for both defence (last December, Selex ES won a contract to supply equipment and support for the upgrade of communications system of the Australian navy's eight ANZAC frigates) and the civil sector, in which Ansaldo STS has applied its technological expertise to develop solutions for the mining and transportation industries.

Despite national and international restrictions limiting trade between Italy and [China](#), the Finmeccanica Group has been active on the Chinese market for years using different approaches and methods for the various segments: its main business segment in China is Transportation. In this market segment, in recent years, Ansaldo STS and AnsaldoBreda have achieved a good position by signing several agreements and beginning many partnerships with local operating companies. These include the ten-year agreement with CNR Dalian, signed in the autumn of 2012, to supply 600 new trams vehicles for China's public transportation network (partly produced in

Italy, with the remainder built in China by CNR Dalian under AnsaldoBreda licensing), providing for the gradual transfer of AnsaldoBreda technology for the Sirio platform.

Under the bilateral agreements in place between [India](#) and Italy, and focusing on the excellence of products and solutions, as well as on partnership capabilities and long-term vision, the aim is to forge new strategic alliances with the public sector, private operating companies and state-owned laboratories.

Its presence in the Helicopters business segment in [Malaysia](#) is significant, with an office in Kuala Lumpur, two joint ventures between Selex ES and local operating companies and two wholly-owned companies, AgustaWestland Malaysia and Ansaldo STS Malaysia.

### Middle East

Political and economic arrangements between [Saudi Arabia](#), the US and the UK make Finmeccanica's commitment strategic in one of the most influential countries with respect to Middle East affairs. The *Salam* programme, which provided for the supply of 72 *Eurofighter Typhoons* to Saudi Arabia, was extremely successful and is also a "first" for the European combat aircraft outside the Old World. Today, interest has turned to growing Saudi requirements in the defence sector, especially in terms of aeronautics, without neglecting the business opportunities also arising from the defence electronics and transportation business segments.

Over forty years of activity in the [United Arab Emirates](#) and its partnership, strengthened by collaboration with the country in a number of development programmes, have led to the establishment of a site in Abu Dhabi, which coordinates all activities in the region. Plans to strengthen this partnership are driving Finmeccanica to pursue and agree additional alliances with the public and private sectors, as well as with leading government research bodies, in order to strengthen the partnership network with local leaders in the field.

### Africa

For many years, Finmeccanica has operated in Africa, especially in the Mediterranean area. Indeed, North Africa is the area where the Group has repeatedly invested, thanks also to consolidated relationships with governments. On the other hand, in the sub-Saharan region, the Group's presence is more recent, but continues to grow and is expected to strengthen further in the years to come, since countries like [South Africa](#), [Ghana](#), [Kenya](#), [Nigeria](#), [Uganda](#) and [Senegal](#) have for some time acquired the Group's products and services. At present, the Group is increasingly pursuing an integrated strategy to identify synergies and efficiencies and increase the promotion of its business in this region.

### Latin America

Global modernisation programmes in [Brazil](#), relating to defence, security, infrastructures and transportation networks launched for major upcoming events (the FIFA World Cup in 2014 and the Rio Olympics in 2016) offer strong prospects for the Finmeccanica Group. Establishing a permanent presence on this high-potential market will also lay a foundation to reach all of Latin America.

## Major partnerships, joint ventures and business associations

HELICOPTERS	
<b>ATAK Programme</b>	Partnership with TAI and Aselsan for the production and export of the T129 helicopter.
<b>Helivert</b>	50% joint venture with Russian Helicopters, an Oboronprom company, for the configuration and final assembly of the AW139 helicopter and the development of a new 2.5 tonne single-engine helicopter model.
<b>Indian Rotorcraft</b>	Joint venture between AgustaWestland (26%) and Tata Sons (74%) for the production of the AW119ke.
<b>LIATEC</b>	LIATEC (Libyan Italian Advanced Technology Company) is a joint venture between Libyan Company for Aviation Industry (50%), AgustaWestland (25%) and Finmeccanica (25%).
<b>NHIndustries</b>	A Eurocopter subsidiary (62.5%) and investee of AgustaWestland (32%) and Fokker Aerostructures (5.5%).
AERONAUTICS	
<b>Joint Strike Fighter</b>	Agreement between Lockheed Martin and Alenia Aermacchi, in charge of the assembly line in Italy and the integrated logistics support centre.
<b>nEUROn Programme</b>	Launched by the French MoD and supported by Italy, Sweden, Spain, Greece and Switzerland for the development and construction of a European unmanned aerial vehicle (UAV). Alenia Aermacchi has a 22% stake in the programme.
<b>SCAC</b>	SCAC (Sukhoi Civil Aircraft) is a joint venture between Sukhoi Holding (75%) and Alenia Aermacchi (25%).
<b>Eurofighter International</b>	Consortium comprising BAE Systems (33%), AIRBUS Deutschland (33%), Alenia Aermacchi (21%) and AIRBUS Casa (13%).
<b>ATR</b>	50% joint venture between Alenia Aermacchi and AIRBUS.
<b>SuperJet International</b>	Joint venture between Alenia Aermacchi (51%) and Sukhoi Holding (49%).
DEFENCE AND SECURITY ELECTRONICS	
<b>ADSI</b>	ADSI (Abu Dhabi Systems Integration) is a joint venture between Abu Dhabi Ship Building (57%) and Selex ES (43%).
<b>Advanced Air Traffic System</b>	Joint venture between Tirai Variasi (50%), Selex ES (30%) and Tahap Harmoni (20%) for ATC systems in Malaysia.

**SPACE****Spaceopal GmbH**

Joint venture between Telespazio (50%) and DLR (50%), a German space agency company, for activities related to the Galileo programme.

**COSMO SkyMed**

Agreement between the Italian and Polish Ministries of Defence for the development of a second-generation earth observation system.

## Business results and added value

For Finmeccanica, 2013 was a year of transition in which it carried out an incisive Group reorganisation and restructuring with three priority steps:

- the strengthening of governance through targeted measures to shorten the control chain and increase the effectiveness and efficiency of management;
- the restructuring of industrial activities, with significant benefits in the Aerospace and Defence business segment and, particularly, in Aeronautics and Defence and Security Electronics;
- the concentration in the Aerospace and Defence segment, by selling Ansaldo Energia and seeking solutions that enable the deconsolidation of the Transportation segment.

After taking these steps, Finmeccanica has a sounder, more sustainable structure, capable of meeting the challenges of a continuously evolving international scenario characterised by ever growing competition. This Group's structure will enable it to strengthen its core business position, with a more consistent portfolio in terms of technologies and products as well as markets.

### Performance

Consolidated revenue for 2013 amounts to about €16,033 million, down 2.9% on 2012. In the Aerospace and Defence business segment, this decrease was mainly due to the expected effect of defence budget cuts in Europe and, especially, in the US, which generated lower Defence and Security Electronics revenue, partially offset by greater Aeronautics revenue. The total drop also contributed to decreasing Transportation revenue. 49.6% of revenue was generated by military applications and 50.4% by civil applications (57% and 43%, respectively, in 2012).

New order acquisitions, including a new order worth approximately €1.15 billion to supply 16 AW101 SAR helicopters to the Norwegian government, in addition to another series of B787 helicopters, exceeded forecasts both considering the entire business and the main segments in which the Group operates. The book-to-bill ratio (new orders over revenue) is therefore once again more than one (1.10).

The order backlog amounts to €42,697 million, down 4.9% on 2012, mainly due to the deconsolidation of Ansaldo Energia (€1,978 million). The order backlog's volume, which is defined on the basis of its feasibility, covers the Group's production for about two and a half years.

EBITA decreased slightly (€949 million in 2013, compared to €1,006 million in 2012), due to AnsaldoBreda's weaker performance and persistent difficulties in some of Selex ES's business segments (Air Traffic Control). This decrease was partially offset by the positive effects of the restructuring and efficiency plans, which led to an improvement in the Aerospace and Defence business segment's operating profit from 7.3% to 7.5% of revenue.

The profit for the year totals €74 million, after significant losses in the past two years.

On the other hand, free operating cash flow (FOCF) shows a negative balance (€-307 million, compared to a positive balance of €91 million in 2012), due to the non-collection of proceeds on AgustaWestland's Indian contract, expenditure to refund advances and lower collections on AnsaldoBreda's Fyra contract. Despite the difficulties mentioned above, the Aerospace and Defence business segment generated positive cash flows.

The Group's net debt at 31 December 2013 amounts to €3,316 million, compared to €3,382 million at 31 December 2012.

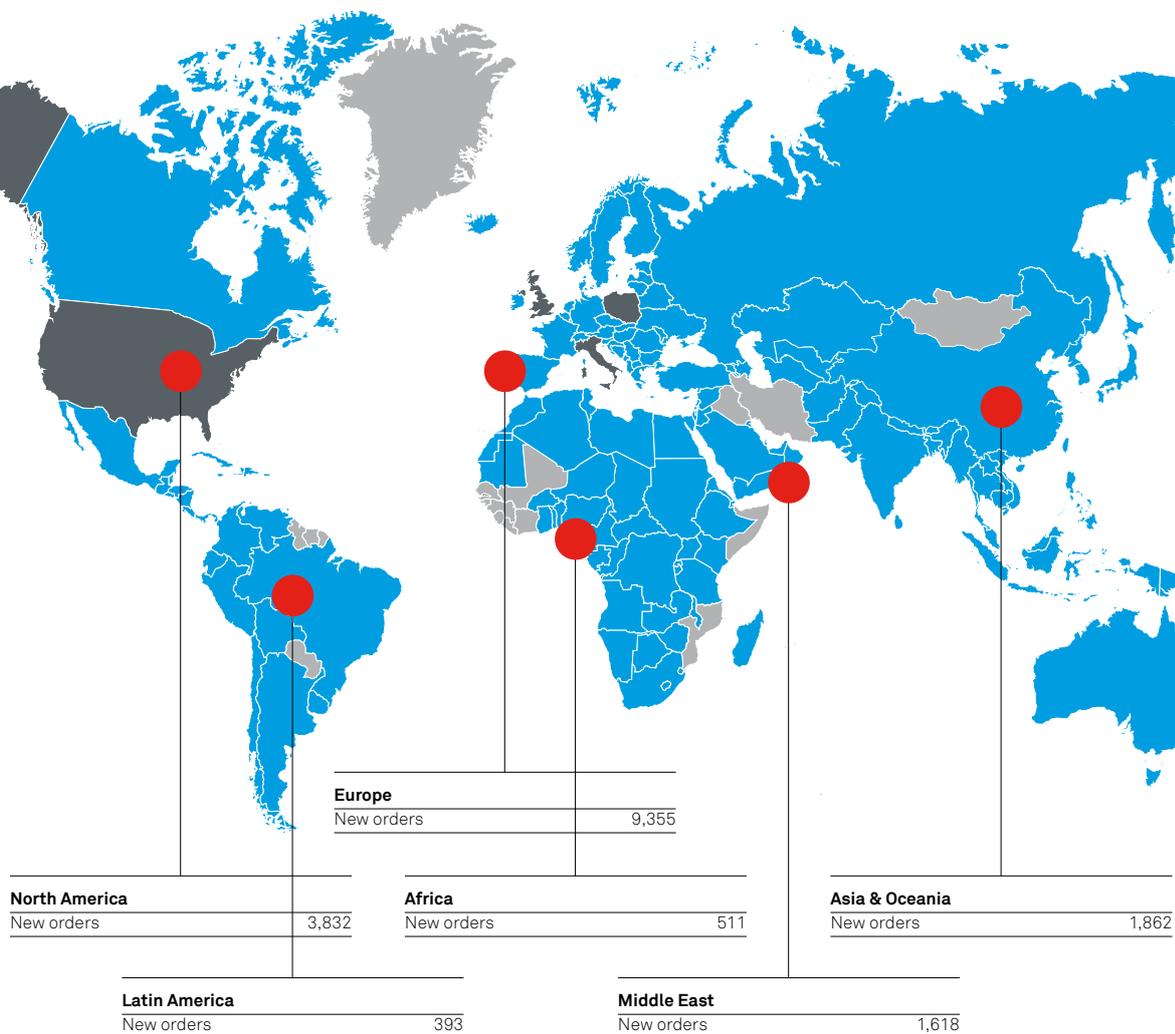
PERFORMANCE (€ MILLION)	2013 (*)	2012 (**)	2011
Revenue	16,033	16,504	17,318
EBITA	949	1,006	(216)
EBIT	46	(531)	(2,386)
Profit (Loss) for the year	74	(792)	(2,306)
FOCF	(307)	91	(358)
Net financial debt (***)	3,316	3,382	3,443
New orders	17,571	15,869	17,434
Order backlog	42,697	44,908	46,005

(\*) Key financial figures relating to continuing operations only (excluding Ansaldo Energia).

(\*\*) These comparative data were restated following the adoption of IAS 19 revised. Comparative data relating to new orders, revenue, EBITA, FOCF and ROS were restated after the Energy segment was reclassified to discontinued operations.

(\*\*\*) Figure restated to consider the new Group definition of net debt.

### New orders in 2013 (€ million)



#### Breakdown of new orders by geographical segment

- Domestic markets
- Client countries (2013 orders)

## Added value

Gross total added value amounts to €6,703 million, up 21.6% on 2012 due to non-recurring items.

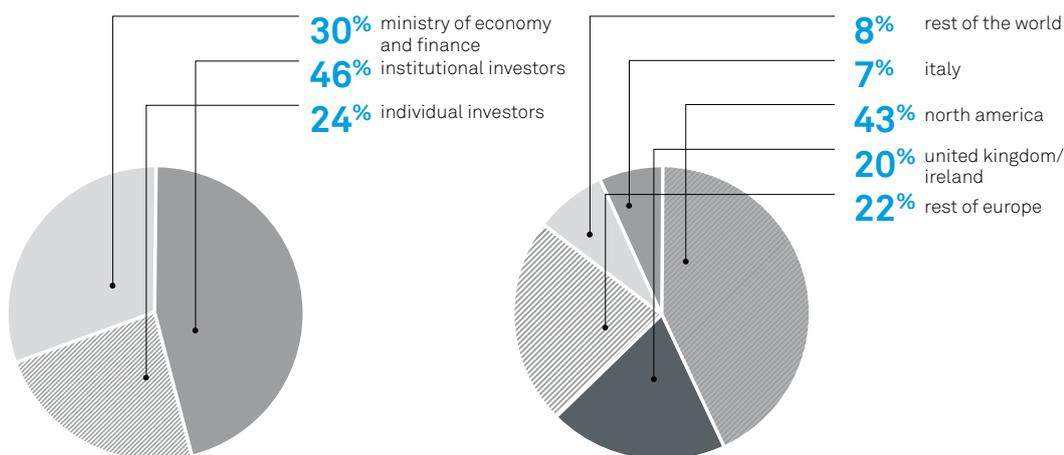
BREAKDOWN OF GROSS TOTAL ADDED VALUE (€ MILLION)	2013	2013 restated	2012	2011
<b>Employee remuneration</b>	<b>4,513</b>	<b>4,541</b>	<b>4,666</b>	<b>4,849</b>
Personnel expense	4,243	4,415	4,540	4,632
Personnel expense for restructuring	270	126	126	217
<b>Public administration remuneration</b>	<b>143</b>	<b>(103)</b>	<b>(84)</b>	<b>(177)</b>
Income taxes	143	(103)	(84)	(177)
<b>Borrowing costs</b>	<b>535</b>	<b>601</b>	<b>615</b>	<b>567</b>
Interest expense (*)	528	589	603	553
Interest expense - related parties	7	12	12	14
<b>Return on risk capital</b>	<b>74</b>	<b>(786)</b>	<b>(786)</b>	<b>(2,306)</b>
Profit (Loss) attributable to the owners of the Parent	28	(828)	(828)	(2,345)
Profit attributable to non-controlling interests	46	42	42	39
<b>Returns to the company</b>	<b>1,429</b>	<b>1,071</b>	<b>1,092</b>	<b>1,890</b>
Amortisation and depreciation and allowances	1,429	1,071	1,092	1,890
<b>Donations and sponsorships</b>	<b>9</b>	<b>8</b>	<b>8</b>	<b>10</b>
<b>Gross total added value</b>	<b>6,703</b>	<b>5,332</b>	<b>5,511</b>	<b>4,833</b>

(\*) Compared to the IFRS-compliant consolidated financial statements, financial income is net of exchange rate gains and losses.

## Share performance and investor relations

The official 2013 closing price of the Finmeccanica share<sup>5</sup> was €5.505, up 26.5% over the price at the end of the previous year<sup>6</sup>.

Finmeccanica's share capital at 31 December 2013 totalled €2,543,861,738.00, comprising 578,150,396 ordinary shares of a nominal amount of €4.40 each. Of these, 32,450 are treasury shares and all bear the same rights and obligations. Approximately 69.8% is held by institutional investors and individuals, while some 30.2% is owned by the [Ministry of Economy and Finance](#).



Shareholder structure  
(at January 2014)

Geographical distribution of the  
company's float (at January 2014)

5. ISIN Code: IT0003856405, Reuters: SIFI.MI, Bloomberg: FNC IM.

6. On 28 December 2012, the Finmeccanica share closed at a price of €4.352.

The Investor Relations & SRI (Sustainable Responsible Investors) unit is responsible for promoting an ongoing and professional relationship with all shareholders, bondholders and potential institutional investors.

Investor Relations & SRI monitors financial markets' perception of Finmeccanica and supports them in formulating a stock market valuation that is in line with the Group's intrinsic value.

This includes communicating guidance and periodically gathering market consensus, providing qualitative and quantitative information on expectations of the Group's performance and sales trends. In 2013, the following events were held:

- a roadshow with stops in London, New York and Boston;
- a roadshow specifically dedicated to governance issues in London;
- a site visit to AgustaWestland's Cascina Costa facilities;
- 67 conference/teleconference calls and 97 one-to-one and Group presentation meetings. While the number of one-to-one meetings and Group presentations remained substantially steady (103 in 2012), virtual meetings doubled (33 in 2012).

In 2014, the Group's first workshop on ESG issues was organised.

### Sustainability indexes

Finmeccanica has been part of the [Dow Jones Sustainability Indexes \(DJSI\)](#) for four years.

The DJSI are managed by the Robeco SAM sustainability rating company in conjunction with the Dow Jones Indexes of New York. Since 1999, they have been the main benchmark for the annual assessment of companies' performance and their maintenance of commitments to economic, social and environmental sustainability.

The DJSI World includes 335 companies, while the DJSI Europe includes 178.

The 2013 campaign ended with Finmeccanica's admission to the Dow Jones Sustainability Index Europe and the Dow Jones Sustainability Index World.

MEMBER OF

**Dow Jones  
Sustainability Indices**

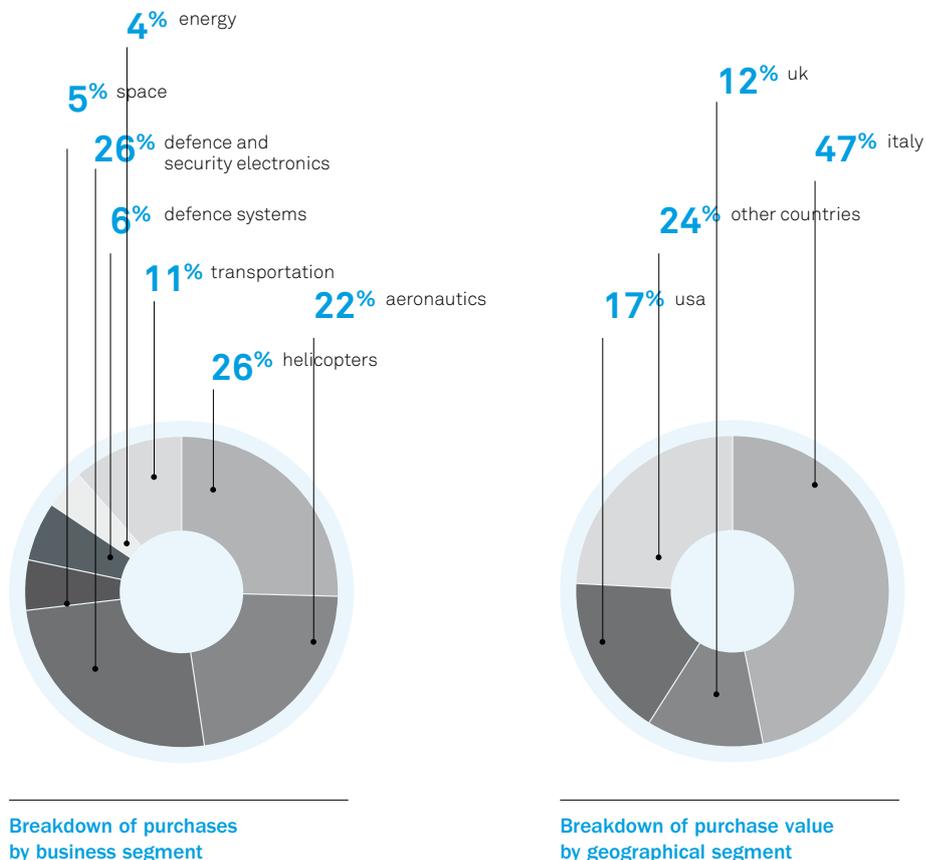
In Collaboration with RobecoSAM 

## Procurement and the supply chain

In 2013, Finmeccanica Group's operating companies acquired goods and services totalling €11.9 billion, mostly for use in industrial processes (i.e., business critical purchases) and mainly acquired on domestic markets in Italy and the UK, followed by North America.

Again in 2013, the total impact of purchases exceeded 70% of consolidated revenue, thereby confirming the key role of the roughly 30,000 suppliers working with the Group's operating companies each year. The supply chain features the significant presence of high-tech industries and knowledge-based services, two strategically relevant sectors for economic and social development.

The large majority of Finmeccanica operating companies' markets feature a small number of big players with worldwide operations. The products they sell are high tech and require substantial investments in research and development and design and engineering. Furthermore, the products' life cycles are very long, in some cases as long as 25/30 years for the development of new aircraft or space programmes to launch and maintain a satellite. In these cases, the continuity of supplies may last for several years and this is why the decision to make or buy is a significant business strategy factor, along with the choice of suppliers with which to forge long-term relationships.



In order to render its commitment in these areas increasingly structural and effective, in 2013 Finmeccanica approved the establishment of Finmeccanica Global Services (FGS), assigning it, *inter alia*, the management of indirect procurement and Finmeccanica's real estate holdings. In this way, Finmeccanica has reinforced its recognition of the importance of integrating sustainability along the entire supply chain as a key element in seeking to gain competitive edge.

The centralisation of real estate management, the concentration of the Group's indirect procurement and the streamlining of non-business critical processes and expenditure are believed to be increasingly tightly connected and one single consistent approach to them can contribute to sustainable supply chain management and the responsible enhancement of the Finmeccanica Group's sites.

### Accountability in management processes

Finmeccanica requires that all its suppliers uphold the principles of awareness, transparency, upstanding conduct, integrity, responsibility and sustainability by respecting the Code of Ethics.

Specifically, in the management of procurement processes, FGS defines and implements structured procedures to the benefit of all operating companies. These procedures are periodically reviewed and continuously improved to ensure transparency, traceability and the reduction of environmental, social and economic sustainability risks, with specific regard to the eligibility and vetting processes applied to Group suppliers.

For all suppliers managed on the FAST (Finmeccanica Advanced Sourcing Tools) e-procurement platform available to the Group's operating companies, the eligibility process entails the assessment of ethical/legal requirements, the analysis of economic sustainability risk (Rating, Failure score, Delinquency score) and self-certification of compliance with environmental and social sustainability requirements. In addition, for suppliers of goods and providers of services that are considered at high environmental risk (e.g., disposal of waste, chemical products, cleaning, canteens, etc.), ISO 14001 environmental management certification is required. Additional certification (OHSAS 18001 health and safety and Social Accountability SA 8000) are also crucial factors considered when awarding tenders. In 2013, the total amount of transactions that went through FAST, which increases every year, came to roughly €750 million.

FGS SYSTEM OPERATING DATA	2013	2012	2011
Total suppliers registered on the FAST e-procurement platform (business critical + non-business critical)	7,711	7,235	6,775
- of which, new registrations	476	460	444
Transactions managed using the e-procurement platform	5,847	4,400	4,500

NON-BUSINESS CRITICAL SUPPLIER MANAGEMENT	2013	2012	2011
Total non-business critical eligible suppliers (included in the Eligible Suppliers List)	703	602	496
- of which still eligible (< 3 years - eligibility not expired at 31 December)	414	345	367
- of which vetted/with active agreements at 31 December	344	378	372
- of which qualified as eligible during the year	181	123	114
Percentage of suppliers with third party certification	93%	92%	90%
Percentage of non-business critical suppliers monitored via vendor rating processes (qualitative KPIs)	57%	51%	47%
Percentage of expenditure on non-business critical product types from suppliers that meet quantitative KPIs	14%	14%	12%

### Good sustainable procurement practices

- Renewable sources - guarantees that supplies derived from renewable sources have grown from the equivalent of 23% of the Group's main Italian sites' 2013 consumption to 70% in 2014. The commitment to acquire certificates was made in 2013, in conjunction with the negotiation of energy supplies;
- Facility Management - new efficiencies in Group expenditure, while maintaining the same occupational level when suppliers are changed and devoting attention to diversity issues with ad hoc questions in the questionnaire given to suppliers invited to propose a quote;
- Transportation and Logistics - promoting and adopting vetting processes for shipping companies that use lower carbon emission vehicles, monitoring the same emissions (100% of transportation under the master agreement is monitored on a quarterly basis) and implementing innovative supply chain management processes that enable the Group to prepare logistics plans to optimise vehicle loading and travel routes;
- Business Travel - promoting the use of Unified Communication & Collaboration systems to reduce business travel, with clear benefits in terms of CO<sub>2</sub> reductions.

### The new Finmeccanica stand at the Le Bourget International Air Show

The design for the business area (1,800 square metres) and the display area (7,800 square metres) in Finmeccanica's stand at the 2013 Paris Air Show were based on the environmental sustainability principles of the policy implemented by the top European design firm with ISO 20121 certification for the design of sustainable events. The solutions proposed and implemented for the stand generated significant results:

- 15% reduction in the total weight of furnishing structures by replacing certain walls traditionally made out of painted MDF panels with light frames covered in printed fabric;
- 20% increase (compared to previous editions) in ecologically friendly materials, including evergreen fabric and printed cardboard for mobile dividers;
- significant reduction in waste by replacing the 1,200 square metres of carpet usually used for walkways in the display area with a graphic project.

## Stakeholders

*“The widespread presence of Finmeccanica Group companies on national and international markets, its operations in various business segments and its many stakeholders make Finmeccanica’s relationships with its stakeholders of primary importance, be they public or private, Italian or foreign entities or people in contact, for any reason, with Finmeccanica and/or with an interest in its activities”.*

*from Finmeccanica’s Code of Ethics*

Finmeccanica’s presence and importance on domestic and international markets and society at large has generated, and continues to generate, the need for crucial engagement with key political, military, economic, civil and social institutions, resulting in a complex, detailed system of multipurpose relations with the stakeholders that represent an essential part of Finmeccanica’s intangible capital.

The involvement of stakeholders has therefore become an integral part of the Group’s business strategy and the ways in which it dialogues with these parties constitute fundamental opportunities to identify and explore issues and areas of common interest, also to implement specific, targeted improvement measures (e.g., roadshows with investors, negotiations with trade unions, relationships with national and international authorities, etc.).

Engagement activities do not relate exclusively to business aspects specifically related to the value chain and production chain, but are instead developed increasingly in consideration of the relevance of the economic, social and environmental impact of the Group and its operating companies on the life and the sustainable development of the different countries in which they operate. Demonstrating this, the no. 3 Guideline Policy was issued on 29 July 2013 concerning relationships with stakeholders (see box below).

The communication and engagement activities promoted and managed centrally, which are guided and coordinated by the Parent’s relevant organisational units, as well as those managed at local level contribute to the ongoing updating, promoting and fostering of a philosophy shared throughout Finmeccanica and which increasingly underlies the ongoing and responsible business growth.

The 2013 Sustainability Report includes an update of certain case histories illustrated in the previous report, along with other initiatives in various significant areas of stakeholder engagement in 2013.

### A shared stakeholder engagement approach

The growing importance of stakeholder engagement activities has led to the definition of guidelines for relationships with stakeholders. Issued in July 2013, the guidelines define the general principles of external stakeholder involvement in company decision-making processes, in order to define and express a consistent and coherent approach at Group level.

The guidelines apply to all Group companies and all relationships with external stakeholders, particularly those with local bodies, communities, regions, residents, schools, universities, research centres, shareholders and investors, financial and ESG rating agencies, NGOs and all other institutions. In this respect, the management of relationships with stakeholders is above all based on the principles of transparency, proper conduct, trust and cooperation, which are established in Finmeccanica’s Code of Ethics and the Group’s Charter of Values.



*Map of Finmeccanica stakeholders*

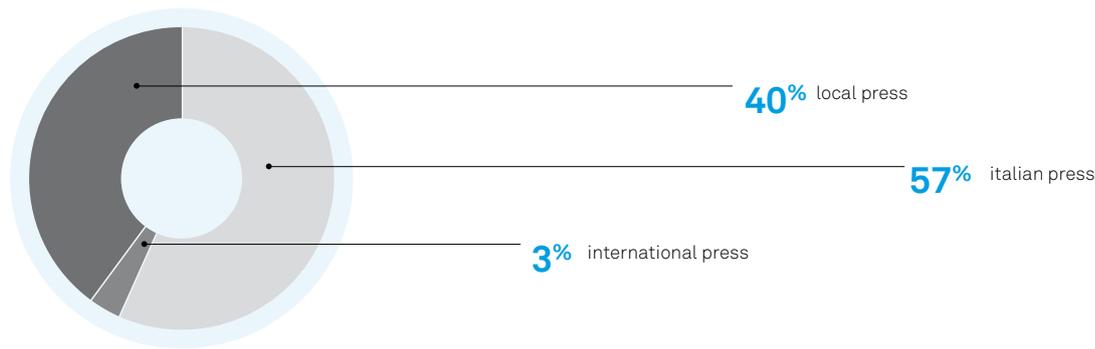
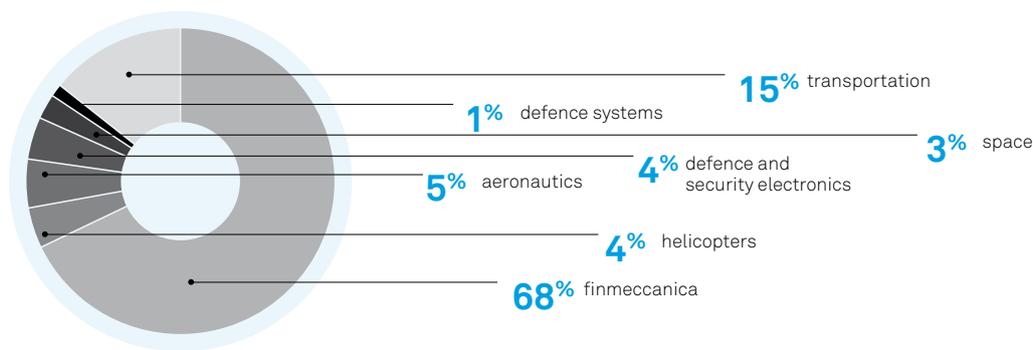
### Case histories of stakeholders engagement

#### MEDIA

##### Launch of the new website and the new online identity

As part of online communications, in 2013 a project was kicked off for the new corporate web system. Finmeccanica's new site was officially relaunched concurrently with the Le Bourget salon and was completely updated in terms of image, functions and content, as well as with respect to the underlying technological platform.

In 2014, the implementation of the Group's new online identity will be completed, to make the brand more recognisable. To this end, a strategy for its corporate presence on various social networks was defined ([Twitter](#), [YouTube](#), [Flickr](#), [LinkedIn](#), [Wikipedia](#) and [SlideShare](#)) to ramp up the spread of positive content online. At the same time, the Online Communications unit has implemented the necessary tools to constantly monitor the effectiveness of projects and the online sentiment of stakeholders with respect to the Group. Accordingly, this should facilitate the management of critical situations and the implementation of any improvement measures.

Finmeccanica in the press in 2013*(Total of 16,144 articles in the monitored press)***Presence in the press: geographical breakdown of publications****Presence in the press: breakdown of articles by business segment**The Planet Inspired blog

Some time ago, along with the Group's operating companies, Finmeccanica stepped up to the challenge of sustainable innovation, and is active in the research, development and production of systems that contribute to significant improvements in the wellbeing of humanity. Through the [Planet Inspired](#) blog launched in 2012, Finmeccanica addresses all relevant stakeholders, and therefore not only employees, but also, and most importantly, the vast external community consisting of investors, customers, institutions, the media and the general public, sparking discussion on sustainable innovation issues, while also promoting awareness of the solutions that the Group offers in this field. Indeed, statistics show that, since 1 January 2013, the most clicked content, i.e., the 100 most visited posts/pages, are those related to innovation.

In part due to the creation of a virtual community that seeks to exploit the full potential of the various social media sites, the Planet Inspired blog currently boasts over 45,000 registered members, who are people interested in sustainable innovation. Over 1,100 articles have been published on *Smart Nature*, *Smart Living*, *Smart People* and *Smart Thinking*, in both Italian and English, receiving a total of more than 125,000 visitors and 250,000 page views in the year and a half since the site's launch.

**COMMUNITY**Engagement with the service sector: the Responsible Canteen programme

The Responsible Canteen programme was launched in 2013. It is one of the first Group initiatives implemented by Finmeccanica's new CSR function.

The programme, developed in partnership with the [Banco Alimentare ONLUS Foundation](#), a not-for-profit food bank, has made it possible to redirect excess food from the company canteens to not-for-profit associations active in the same areas in which the companies are located: there are many associations that seek to bring relief to people suffering as a result of widespread, growing social emergencies, including poverty, disadvantaged children and women with difficulties.

Finmeccanica has decided to take action in these areas by providing a tangible contribution (see CSR in Italy, Responsible Canteen Programme).

This is a virtuous cycle that begins with the day-to-day lives of Finmeccanica employees and reaches out to children, youth and adults in difficult situations. Through these associations, they can find a place to stay and a way to get a fresh start.

#### Engagement with the local community: the Luton site's (Selex ES) commitment

For the Selex ES site in Luton, one of the most relevant areas of engagement with the local community is the education of young people: "Engineering the Future" is a project for students that groups together a series of programmes to promote the study of engineering in schools and universities.

There are various forms of engagement with students, including interviews, on-site visits and brief work experiences at the company. Each programme is supported by site employees acting as real ambassadors for the company. They are selected from among the youngest employees, equally between men and women. In 2013, "Engineering the Future" involved 31 local schools and offered 75 students work experience opportunities at company sites.

Selex ES also supports government projects and initiatives in this area at both local and national level, such as Go4SET, Engineering Education Scheme (EES), and Hertfordshire SETPOINT. In addition, it is a leading sponsor of the Big Bang Fair, the UK's most important Science, Technology, Engineering and Manufacturing (STEM) event.

#### The Group's operating companies support Earth Day

For Earth Day, the planet's largest environmental event, involving over one billion people each year, in more than 190 countries around the world, Finmeccanica Group companies led and organised several environment communications and awareness events. Specifically:

- WASS organised a training/updating day, with interactive courses on issues like current environmental legislation, factors having an environmental impact and the company's awareness of local areas in relation to its operations, in addition to case studies;
- Telespazio provided a look at the world and climate change through the eyes of satellites, with a selection of high-resolution satellite images showing the transformations underway on our planet, from the Amazon forest to deserts and the flooding in Argentina. In addition, the company promoted "No-Life Day" for all Group employees, where, for each ride in the lift not taken, the equivalent amount of electricity consumed by a 50-watt light bulb running for one hour was saved;
- with a dense programme of initiatives scheduled for the occasion, AgustaWestland's Philadelphia site has contributed to reducing environmental impact with the recycling of over 350 kg of paper and cardboard, cutting employee travel by some 650 km through the "Carpooling program", and raising funds for the "Adopt-an-Acre" charity to conserve two acres of land along the Appalachian Trail.

## CUSTOMERS AND THE MARKET

#### Engagement with peers in the field of technology

Finmeccanica and Cisco, world leader in the IT sector, have reinforced their solid, proven partnership by signing a global partnership agreement in December 2013 for the creation of innovative products and systems for global markets.

Finmeccanica's industrial knowledge and solutions, combined with Cisco's innovative IT, networking and connectivity technologies will give rise to a commercial offer of products and services for major markets in the aerospace, defence and security sectors to meet rising demand for sustainable, smart connections between cities and areas.

This agreement is a crucial step forward for both operating companies and will generate mutual benefits and opportunities both on civil sector and defence markets, making the most of Finmeccanica's and Cisco's technologies and knowledge and thereby contributing to positioning both as world leaders in the development of innovative systems and solutions, with a range of superior, more highly integrated products.

#### Engagement with institutions and the market: Finmeccanica onboard the Cavour ship

Through its operating companies AgustaWestland, OTO Melara, Selex ES, WASS, Telespazio, Thales Alenia Space and MBDA, Finmeccanica is participating in the Cavour shipbuilding Group's "Country on the move" project sponsored by the [Italian Navy](#) to promote all industrial and commercial facets of the Made in Italy movement. This is a genuine travelling trade fair for Italian business excellence, set up to give an all-compassing view of the country's expertise. The ship set sail on 17 November off the coast of Civitavecchia and will dock in April 2014 in Taranto, after having docked at 20 ports, seven of which in the Persian Gulf and 13 in Africa.

However, the mission is playing several other roles as well: safety at sea through anti-piracy operations and national merchant ship protection, supporting the navies of coastal countries, for cooperation, development and modernisation and to support Italian foreign policy, provide humanitarian assistance to local peoples. With respect to the humanitarian initiatives, the contribution of the [Red Cross](#), the [Francesca Rava Foundation](#) and the [Operation Smile not-for-profit organisation](#), which are also on board the Cavour ship, has been vital.

#### SHAREHOLDERS AND INVESTORS

##### Engagement with socially responsible investors: the first "Finmeccanica ESG Workshop"

Activities with socially responsible investors (SRI) are constantly growing, both in terms of numbers and managed capital. In 2013, the Investor Relations and SRI unit continued to field questions from investors in Northern Europe, the UK, France and the US.

In order to foster greater awareness of ESG issues within the Parent and the Group's operating companies, the first "Finmeccanica ESG Workshop" was held in January 2014. It is a seminar organised by the Investor Relations and Communications units in collaboration with a leading rating agency in Europe.

The workshop was a useful occasion to highlight the connection between sustainability issues and financial market requirements, explore a reputable valuation methodology and discuss the Finmeccanica Group's rating, thereby identifying strengths and improvement areas.

#### PEOPLE

##### Finmeccanica's new in-house communications tools

In 2013, there were several new developments in Finmeccanica's in-house communications to improve the company climate and foster a greater sense of Group belonging among employees.

*My Finmeccanica* is the Group's interactive in-house communications and engagement platform, online since 2013. This new portal was created to encourage, using typical Web 2.0 tools, dialogue between all employees of the various operating companies and in the different countries with the aim of sharing ideas, projects and information. Users can customise their profiles, contact colleagues and comment on news.

"Finmeccanica Flash" is the next step in Finmeccanica News biweekly news organ. The objective is to broadcast main news and information on 100 plasma screens at the Group's operating companies, reaching all Group employees quickly and extensively. On the other hand, the "Finmeccanica People" initiative focuses on the production of video clips to give employees a voice. The videos feature statements by employees, in which they talk about their daily activities and their part in the creation of a project or product.

Furthermore, a photography project was launched in April 2013 called "Working in...". It will involve photo being taken of people at work – from blue collars to engineers and project managers – at the various Group sites with the aim of emphasising the value of the various skills, faces and professions at the operating companies through pictures and captions.

#### SUPPLIERS

##### Relationships with Finmeccanica and greater competitive edge for suppliers

The preparation of the "*Finmeccanica's contribution to Italy*" report (by Prometeia) and "*The contribution of Finmeccanica to the UK*" (by Oxford Economics), presented in November 2013, has seen the direct involvement of suppliers in the gathering of data and information, including through many interviews. The results of research indicate that inclusion in Finmeccanica's supply

chain is a driver for profound change for suppliers, not only in terms of innovation and efficiency, but organisation as well.

The main positive impact of relationships with the Group's operating companies is summarised below:

- the quality upgrade required (of standards, certification, etc.);
- the push for process standardisation;
- participation in joint research and development projects;
- technological transfer;
- the modernisation of company organisation by setting up new company functions (commercial and design), to be capable of managing complex contracts;
- assistance in interpreting technical regulations;
- international growth and assistance in export procedures.

The Prometeia and Oxford Economics reports are available on Finmeccanica's [website](#).



# Giving

# TRUST





# Governance and business conduct

## The Parent Finmeccanica SpA

---

Finmeccanica SpA (the Parent) heads the Group. Its registered office is in Rome and it is responsible for:

- business guidance, coordination and control and certain corporate functions (strategies, human resources, finance and control, external relations and communications, legal and corporate affairs, audit and compliance, ESG);
- the supply of Group services;
- the coordination of commercial activities.

To carry out its activities, Finmeccanica SpA also has the following companies under its direct control:

- Finmeccanica Global Services (FGS), which acts as the Group's service hub;
- Finmeccanica UK Ltd, with offices in London, and Finmeccanica North America, with offices in Washington, which coordinate Group activities in their reference markets.

In February 2013, in order to simplify decision-making processes, the Group's organisational structure was modified by combining the offices of Chief Executive Officer and General Manager, reducing the number of top level positions from 16 to 9 and establishing two new committees:

- a Corporate Bodies Committee, which proposes candidates for appointment as director, statutory auditor or member of the Supervisory body pursuant to Legislative Decree 31/2001 of Finmeccanica SpA's subsidiaries and investees;
- a Group Management Committee, which discusses key issues and programmes/initiatives for the business and provides day-to-day consultation and support in evaluation and decision-making.

These committees act as governance bodies that pass decisions by vote and provide strategic and advisory guidelines. They are formed by the heads of the top level organisational units and the CEOs of the Group companies. With respect to the issues considered, heads of other Finmeccanica SpA organisational units may be involved on a case-by-case basis for as far as they are concerned.

Furthermore, in March 2013, a Steering Committee was formed, responsible for managing and coordinating Group governance activities.

The new Chairman was appointed in July 2013, with a consequent change in the organisation following the assignment of operating duties. The new Chairman was assigned responsibility for external affairs, institutional affairs and communications, company security and ICT for the Group, as well as Internal Audit, although these organisational units still report to the board of directors.

Finally, at year end and with effect from 1 January 2014, in order to strengthen control over and the integration of the activities performed by the Group's operating companies, a new office, that of the Chief Operating Officer, was established, reporting directly to the Chief Executive Officer and General Manager.

Finmeccanica SpA's updated [organisational chart](#) is available on the company's website.

#### Finmeccanica Global Services: the Group's new service hub

Finmeccanica Global Services was established at the end of 2013 with the conclusion of the merger of Finmeccanica Group Services into Finmeccanica Group Real Estate. The new company includes three business units (Procurement, Real Estate and General Services), in addition to one unit consisting of the operating structures for the Parent's Group Security & ICT. It has offices in Italy, the US, China and India.

FGS will contribute with specific know-how to making necessary efforts to meeting the increasingly greater demands of competitiveness, sustainability and accountability arising as business segments that are strategic for Finmeccanica around the world. It acts as a genuine centralised service hub for the Group with respect to non-business critical procurement and the management of real estate, as well as the structure for the development and spread of good environmental management practices.

#### **The internal regulatory system**

Finmeccanica enforces its guidelines as Parent including through a complex internal regulatory system, which mainly consists of the following types of documents:

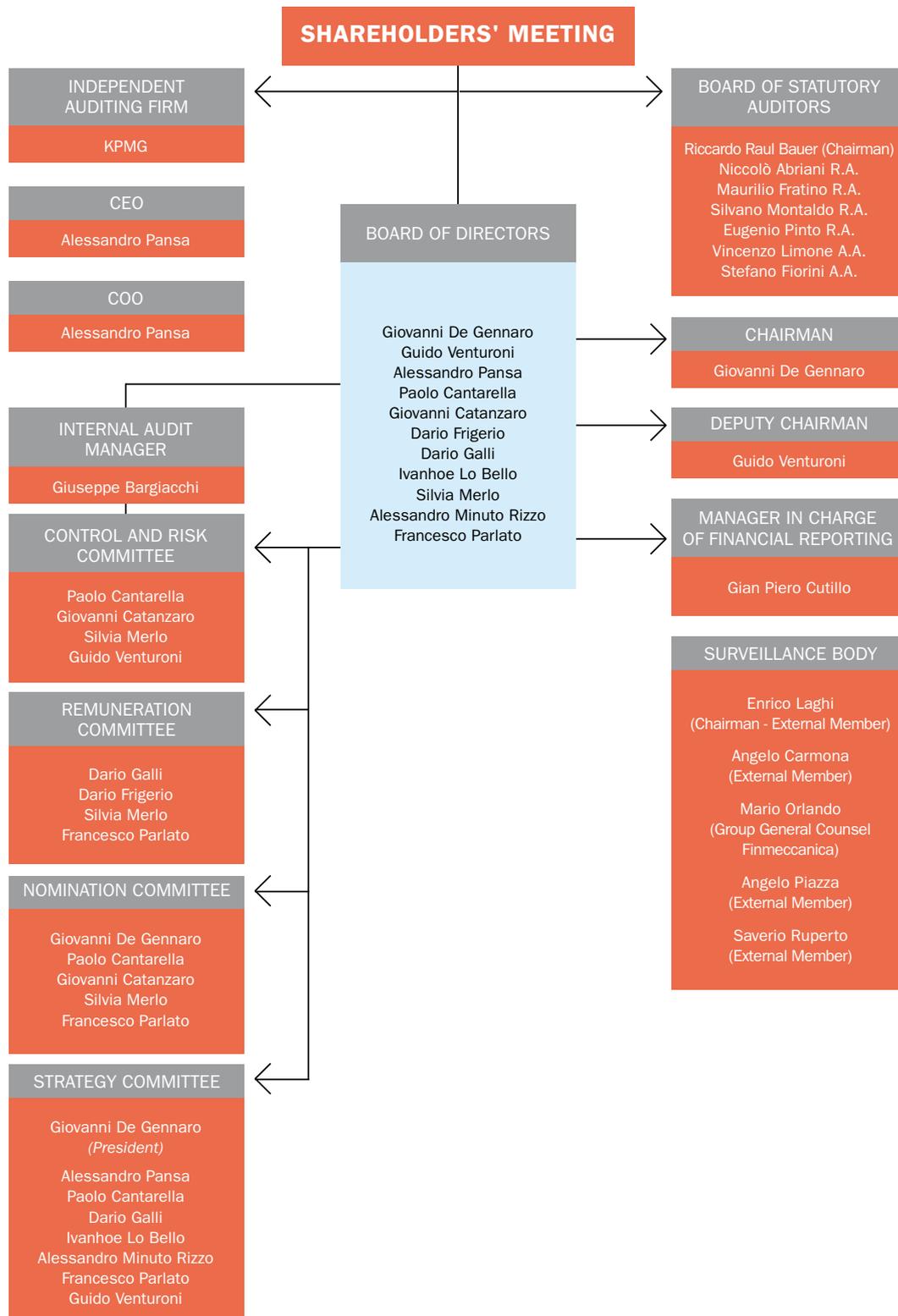
- Group Directives - these documents relate to significant Group governance aspects with an across-the-board impact on the various segments/operating companies. They also include mandatory instructions that the individual operating companies must formally implement by adopting specific implementation procedures;
- Policies/guidelines (for companies/the Group) - these document establish and systemise general principles, orientations and recommendations for individual companies or the entire Group. For the latter, the operating companies may gradually implement them, with adjustments where necessary to consider the specific company's organisation and operating requirements (they are not, therefore, mandatory like the directives or of an operating nature like the procedures).

The progressive updating of the regulatory system is a priority measure within the revision and strengthening of the Group's governance system, also to mitigate risks. To this end, Finmeccanica SpA has set up a specific organisational unit devoted to formalising Group directives and policies/guidelines (the main documents issued in 2013 and early 2014 are listed in chronological order below) and, especially, to ensure ongoing monitoring that the operating companies implement them correctly.

<b>Directive</b>	<b>Date issued</b>
Directive on the composition and appointment of the Supervisory Bodies pursuant to Legislative Decree 231/2001	15 March 2013
Directive on privileged and confidential information	27 March 2013
Directive on environmental protection	28 March 2013
Directive on legal assistance and business contracts	28 March 2013
Directive on investments in the Finmeccanica Group	17 April 2013
Directive on advisors and business promoters	3 April 2013
Guidelines for relationships with stakeholders	29 July 2013
Guidelines for the Group's information sources	29 July 2013
Directive on the classification of company information	13 December 2013
Directive on training and the functioning of the companies' boards of directors	29 January 2014
Directive on industrial offsetting	10 February 2014

## The corporate governance system

Finmeccanica SpA has adopted a corporate governance system that is compliant with the provisions of law and regulatory legislation issued by CONSOB (the Italian commission for listed companies and the stock exchange) and Borsa Italiana SpA (the Italian stock exchange) and is in line with the code of conduct for listed companies (the most recent edition was issued in December 2011), with which Finmeccanica complies. It is also in line with best international practices.



The Italian Ministry of Economy and Finance owns 30.2% of the Parent's share capital. Given this interest, should there be an effective threat of seriously compromising national defence and security interests, the government can exercise special powers on the ownership structures of operating companies in this sector that perform strategic activities (Law 56 of 11 May 2012, converting Law Decree 21 of 15 March 2012 and Prime Minister's Decree 253 of 30 November 2012). In brief, these powers consist of imposing specific conditions to or even opposing the acquisition of investments by an entity other than the Italian government, along with the power to veto the approval of shareholders' resolutions or directors' resolutions concerning extraordinary or particularly significant transactions.

On 14 May 2013, Finmeccanica's board of directors updated the by-laws to this legislation. The new special powers no longer allow the government to appoint a director without the right to vote and, accordingly, Finmeccanica's director without voting rights, Carlo Baldocci (appointed with Ministerial Decree of 27 April 2011 with effect from the appointment of the directors by the shareholders on 4 May 2011), was not replaced when he resigned on 11 September 2013. Accordingly, on 6 March 2013, the board of directors eliminated all provisions in the by-laws relating to the director without the right to vote.

## Company bodies and committees

### Shareholders' meetings

This body deliberates in ordinary and extraordinary meetings on issues reserved to it by the law or company by-laws.

### Board of directors

Finmeccanica's board of directors is the body with the most extensive management powers, and has the power to perform all deeds necessary to achieve corporate goals, excluding those reserved to shareholders by the law or company by-laws.

During the shareholders' meeting on 4 May 2011, the shareholders decided to set the number of members of the board of directors at 11, and they would remain in office until the approval of the 2013 financial statements. In addition to the 11 members of the board of directors appointed by the shareholders, there was another director without the right to vote appointed by the Minister of Economy and Finance, with the approval of the Minister of Economic Development. As noted above, this director was not replaced when he resigned.

The composition of the board of directors changed as follows in 2013:

- following the measures taken by the Judicial Authority against the former Chairman and Chief Executive Officer Giuseppe Orsi, on 13 February 2013, to ensure the company's ability to continue as a going concern, the board of directors gave Director/General Manager Alessandro Pansa proxies and powers as Chief Executive Officer and General Manager for the joint management of the Parent and Group. On the same date, the board of directors appointed Guido Venturoni, the most senior Director and Lead Independent Director, as Deputy Chairman. Later, on 15 February 2013, Giuseppe Orsi resigned as director and, accordingly, as Chairman of the Parent's board of directors;
- on 15 April 2013, the shareholders appointed Ivanhoe Lo Bello, who had previously been co-opted pursuant to Article 2386 of the Italian Civil Code by the board of directors on 16 May 2012, to replace a director who resigned in 2012;
- on 4 July 2013, the shareholders completed the board of directors by appointing new directors: Giovanni De Gennaro (upon the proposal of the majority shareholder), to replace the resigning Giuseppe Orsi, Alessandro Minuto Rizzo (upon the proposal of the majority shareholder), to replace Franco Bonferroni who resigned on 21 September 2012 and, finally, Dario Frigerio (upon the proposal of the minority shareholders), to replace Christian Streiff who resigned on 4 July 2013.

The board of directors currently in office is therefore comprised of 11 members, including one woman, and they are all non-executive (except for the Chief Executive Officer and General Manager Alessandro Pansa).

The board evaluates the independence of its non-executive members on the basis of the information provided by each in the first meeting following appointment. This evaluation is performed once a year, and whenever circumstances arise that could impact independence. The current board has evaluated and confirmed the existence of the independent requirement for all non-executive directors in office, except for Director Francesco Parlato, given his professional relationship with the Ministry of Economy and Finance. In accordance with the code of conduct, the board of directors deemed that Chairman De Gennaro cannot be considered independent given that, as Chairman of the board of directors, he is a key member of the company. The [directors' CVs](#) are available in the Governance section of the Parent's website.

#### Advisory committees

The board of directors has established four [committees](#) within the board which are responsible for making proposals and providing advice:

- the risk and control committee (formerly the internal control committee), which also performs the duties of the related-party transaction committee;
- the remuneration committee;
- the nomination committee, which was set up with the board resolution of 19 December 2013. Most of its five members are “independent”;
- the strategy committee.

The first three committees, required under the code of conduct and operating in line with the guidelines thereof, comply with the provisions of their respective regulations, while the strategy committee carries out a preliminary screening of the strategic options for the enhancement of the Group and the business plans drawn up by the Chief Executive Officer, to be submitted to the board of directors.

#### Board of statutory auditors

This body is responsible for monitoring the following, *inter alia*:

- a) compliance with the law and by-laws and the principles of sound management;
- b) the adequacy and efficiency of the company's organisational structure, internal control system and risk management, in addition to the administrative/accounting system, and the latter's reliability in correctly reflecting operations;
- c) the procedures for implementing the corporate governance guidelines contained in the code of conduct for listed companies, which the company has adopted;
- d) the adequacy of the company's instructions to its subsidiaries in relation to the information to be provided to satisfy disclosure obligations established by law.

The shareholders appointed the [board of statutory auditors](#) for the 2012-2014 three-year period during the meeting on 16 May 2012.

#### Independent auditors

The independent auditors are appointed to carry out the legally-required audit. The engagement was awarded by the shareholders on 16 May 2012, upon the proposal put forward by the board of statutory auditors, to KPMG for the 2012-2020 period.

#### Manager in charge of financial reporting

The duties of the manager in charge of financial reporting are as follows, pursuant to Article 154-bis of the Consolidated finance act:

- a) stating in a specific written declaration that the company's financial information disclosed to the market is consistent with the accounting documentation, ledgers and entries (Article 154-bis.2 of the Consolidated finance act);

- b) preparing adequate administrative and accounting procedures for the preparation of separate and consolidated financial statements and any other financial reports;
- c) issuing, together with the CEO, a specific statement pursuant to Article 154-bis.5 of the Consolidated finance act, on the separate financial statements, the consolidated financial statements and the condensed interim consolidated financial statements.

#### Directors' and key managers' remuneration

Finmeccanica's policy is to contain directors' fees, also in view of the current situation and global economic context, while ensuring they are competitive with those of the market.

With respect to fees, the shareholders:

- determine the fees of the board of directors and statutory auditors;
- determine any equity-based remuneration plans for directors, employees, freelancers or other key managers, pursuant to Article 114-bis of the Consolidated finance act.

The fees of executive directors and key managers comprise a fixed component and a variable bonus linked to specific responsibilities assigned and the achievement of previously agreed and measurable performance targets to motivate them to attain sustainable results and create value for shareholders in the medium/long term. The fixed component is determined so to be sufficient to remunerate the director or key manager for their service if the variable bonus is not received.

Non-executive directors' remuneration comprises a fixed component only, which is set by the shareholders and is in no way linked to the achievement of performance targets.

For greater information on fees paid for 2014, reference should be made to the "Remuneration Report", available on Finmeccanica's website.

## The internal control system and risk management

The Finmeccanica Group manages several types of risks connected to its *business* operation. If not properly managed, these risks could have a potential significant impact on the financial, operational and reputational side. In particular:

- the Group produces and sells products, technologies and systems for the defence and security sector, stringently regulated by many national and international laws, treaties and conventions;
- the Group has a permanent presence in tens of countries and commercial activities in jurisdictions on all continents;
- the Group's long-term trade relationships, given their complexity, their high-tech content and the characteristics of their customers, present a series of operational risks tied to the performance of contracts.

It is therefore fundamental for the Group's operating companies to have systems and processes that can recognise, prevent and, in any event, minimise the impact of all risks generated by the performance of company activities while, in particular, ensuring complete compliance with applicable regulations and standards.

Type and number of risks identified (*)	Origin and description of potential impacts
Strategic risks (25)	These impact the success of corporate strategies, the extent to which business processes achieve the targets set by senior management and corporate image.
Financial risks (25)	These arrive from core business activities and impact the areas of accounting and reporting, tax, liquidity and credit management.
Operating risks (61)	These relate to core business activities and impact the effectiveness and efficiency of various corporate areas/processes.
Compliance risks (20)	These arise in relation to core business activities and regard non-compliance with company activities and relevant contractual clauses, laws, regulations and legislation which could result in fines/criminal penalties for the company and impact its image and operations.

(\*) Update of the internal control system and risk management guidelines at 31 December 2013. For additional details on the mapping and management of the various types of risks, reference should also be made to the Annual Financial Report, pages 71-77.

Finmeccanica's risk governance activity involves developing, applying and constantly updating regulations, procedures and organisational safeguards. Responsibilities are distributed among the Parent and the operating companies considering the risks each level has to deal with. Specifically, the Parent:

- defines the relevant framework and directly monitors the strategic and financial risks linked to business operation (Group Risk Management) via strategic planning with the companies and the management of relations with the financial/banking system in order to cover the Group's financial needs;
- establishes monitoring systems for the technological/operating/legal risks arising in contract execution (Program Risk Management) and, more generally, for the activities managed independently by the operating companies, issuing directives and guidelines which are implemented by these companies through specific procedures and which are responsible for their actual application.

Finmeccanica's internal control system provides for the involvement of various bodies:

- the board of directors;
- the director responsible for the internal control and risk management system;
- the risk and control committee;
- the internal audit manager;
- the manager in charge of financial reporting pursuant to Law 262/2005;
- the supervisory body set up in implementation of Legislative Decree 231 of 8 June 2001;
- the board of statutory auditors.

With the extensive help of the risk and control committee and on behalf of the board of directors, the Chief Executive Officer defines the guidelines for the internal control and risk management system and determines how it should be evaluated, so that the main risks to which the Parent and its subsidiaries are exposed are properly identified and adequately measured, managed and monitored. It also determines the degree of compatibility of such risks with business management in line with the strategic objectives identified.

Specifically, a consistent and standardised approach in the areas that could have significant legal impacts for the Group as a whole is adopted for the prevention of the risk of non-compliance with relevant legislation. Close attention is paid to the main national orders in the countries where the Group operates – Italy, the United Kingdom, the US and Poland – as well as applicable European and international legislation. The Compliance unit plays a key role in compliance risk prevention, operating within the Legal and Corporate Affairs and Compliance unit. This unit, which is headed by the Senior Compliance Officer, provides support, on the one hand, to Group companies with respect to compliance controls, and, on the other, to senior management and internal control bodies, in close coordination with the other organisational units involved.

#### **Control and internal audit activities**

On 21 February 2013, Finmeccanica SpA's board of directors approved the centralisation of the Group's internal audit activities to strengthen Group governance and optimise controls.

Subsequently, on 16 October 2013, the new Group Internal Audit unit was set up. It reports to Finmeccanica SpA's board of directors and its functions are coordinated by the Chairman of the board of directors with the supervision of the risk and control committee in accordance with the provisions of the code of conduct for listed companies that Finmeccanica SpA has adopted. The Group Internal Audit unit's responsibility for supporting all Finmeccanica's bodies, along with the Group companies' boards of directors and boards of statutory auditors, in the performance of assessments of the adequacy and effective functioning of the Finmeccanica Group's internal control and risk management systems was confirmed.

The Group Internal Audit unit is organised based on a matrix model with structures assigned focus by macro activity area and with responsibility for the various business segments, which report to the heads of the Parent's organisational units. In turn, the heads of the business segments operate in functional connection with the central heads for the various types of audits.

In 2013, the Internal Audit unit pursued and intensified internal control and risk management system assessment activities, conducting audits on all company management areas, as detailed below.

NUMBER OF AUDITS CARRIED OUT BY MANAGEMENT AREA	2013	2012	2011
Financial	14	34	20
Operational	96	98	46
Compliance	79	89	48
EDP	4	8	6
<b>Total</b>	<b>193</b>	<b>229</b>	<b>120</b>

These assessments covered both aspects inherent to the internal control of company process and compliance with the relevant regulations and legislation. In particular, they focused on the actual implementation of directives issued by Finmeccanica SpA and the procedures in place at Group companies. Specifically, the assessments conducted included those on the Commercial Audit unit on Directive no. 8 regarding “Advisors and Business Promoters” and Directive 21 on the “Trade Compliance Program”.

In certain cases, the assessments performed showed that improvements could be made to the processes examined both at Finmeccanica SpA level and with respect to the Group companies. This led to the preparation of action plans agreed with management to resolve the gaps detected. The planned actions continue to be systematically monitored in terms of their content and implementation times.

#### The Intangible Project

A particularly important project for the Internal Audit unit is the Intangible Project, which had been launched by resolution of Finmeccanica SpA's board of directors on 7 March 2013 and entrusted to an independent third party. The engagement consisted of performing an investigation of certain expense items for intangible assets (advisory services, engineering, software, commercial brokerage and agency services) incurred by the operating companies.

To date, the investigation has been completed for three segments (Aeronautics, Space and Defence Systems) in relation to the 2010-2012 three-year period. It entailed the analysis of roughly 1,200 transactions and was aimed at ascertaining, in particular:

- whether the methods in which the transactions considered property comply with procedures in place;
- the pertinence and effectiveness of services provided by counterparties;
- whether transactions can be documented and traced;
- the integrity and reputation of counterparties;
- the fairness of transaction values.

#### **Updating and review of the Organisational model pursuant to Legislative Decree 231/2001**

Finmeccanica has an [Organisational, management and control model](#) (the “Organisational model”) pursuant to Legislative Decree 231/2001 and a supervisory body to monitor its application. The Organisational model may be consulted on Finmeccanica's website.

During the meeting of 15 April 2013, Finmeccanica SpA's board of directors approved the proposal to update the Organisational model. The model was subject to a general review and was also updated in the light of the following regulatory changes:

- Law 190/2012 entitled “Provisions for the prevention and elimination of corruption and unlawfulness in the public administration”;
- Legislative Decree 109/2012 related to the “Employment of citizens of other countries without regular permit of stay documents”.

As part of this review, the Company also decided to separate the Code of Ethics from the Organisational model, in order to make the Code of Ethics an independent ethical governance tool in line with Finmeccanica Group's principles, which are also formalised in the Group's Charter of Values. During the same meeting on 15 April 2013, the board of directors also formalised these updates in the Group's Charter of Values.

The Italian Group companies also adopted their own organisational models and codes of ethics and independently set up their own Supervisory bodies. Group Directive no. 1 "Composition and appointment of the Supervisory bodies pursuant to Legislative Decree 231/2001", issued in March 2013, provides that the Supervisory bodies are comprised of a minimum of three and a maximum of five members, with specific autonomy, independence, expertise and experience requirements. The foreign companies have their own Code of Ethics governing the way in which their respective businesses are to be conducted. Finmeccanica is considering adding a dedicated protocol to the existing controls related to compliance with Legislative Decree 231/2001, also to take into account the specific local legislation applicable in the various countries in which the Group operates.

In 2013, the Supervisory bodies received fifteen notification of an alleged infringement of the Code of Ethics and three notifications regarding possible infringements of the provisions of the Organisational model pursuant to Legislative Decree 231/2001. The analysis of these notifications resulted in the proposal of sanctions in one case only.

NOTIFICATIONS RECEIVED BY THE SUPERVISORY BODIES	2013	2012	2011
for alleged infringements of the Code of Ethics	15	8	8
for possible infringements of the provisions of the Organisational model pursuant to Legislative Decree 231/2001	3	9	3
<b>Total</b>	<b>18</b>	<b>17</b>	<b>11</b>

### Judicial investigation

Finmeccanica SpA and certain Group companies and/or their former directors, managers or employees are involved in criminal proceedings, some of which were initiated by the judicial authorities, including pursuant to Legislative Decree 231/2001, which are described in the notes to the consolidated financial statements at 31 December 2013 (pages 148-153).

With regard to the management of related risks and the actions put in place or to be put in place to avoid unfit behaviour, reference should be made to page 72 of the Directors' Report on Operations of Finmeccanica Annual Financial Report.

With respect to these proceedings:

- except for the second-degree judgment against Ansaldo Energia SpA (Finmeccanica SpA owns 15% since 23 December 2013) and the Selex Sistemi Integrati SpA settlement decision, no judgments have been issued against Group companies, their directors or managers. Ansaldo Energia SpA lodged an appeal on 7 March 2014 against the aforementioned second-degree judgment against it, the effects of which are covered by specific accruals in the consolidated financial statements;
- Selex Service Management and Selex Sistemi Integrati have taken action in civil court for compensation for any damage incurred due to them due to the unlawful conduct of former directors, managers, employees or suppliers;
- with respect to summons issued as part of the judicial authorities' investigations concerning certain Group companies' contracts, except for the contract that AgustaWestland International Ltd signed with the Indian Ministry of Defence for the supply of 12 AW101 helicopters, these contracts are being regularly executed and, to date, the counterparties have not lodged any claims or taken legal action before the judicial authorities that would jeopardise their validity or effectiveness.

Based on these considerations, the information gathered and studies of analyses performed to date, the directors have not recognised any specific accruals other than those disclosed in the notes to the consolidated financial statements at 31 December 2013. Any negative developments – which cannot be currently foreseen or determined – arising from in-house investigations or the judicial investigations underway will be evaluated for the purposes of calculating accruals.

### Civil and administrative litigation

Finmeccanica and the Group companies are involved in a number of civil and administrative cases in connection with their operating activities. These cases are considered normal given the business segments and markets in which the Group operates and also taking into account the complexity and advanced technological content of contracts. A large part of pending litigation relates to supply defects and compliance with contractual deadlines.

In accordance with the application of the accounting policies described in the consolidated financial statements, accruals have been recognised for civil and administrative litigation and are considered fair given the related risks. Certain cases, which are described in the notes to the consolidated financial statements at 31 December 2013, pages 153-160, have not been provided for specifically, as, given currently available information, it is reasonably believed that they will be settled favourably and without significant repercussions for the Group.

### Control of exports and activities in sensitive countries

In Italy, the export, import and transit of arms materials is regulated by Law 185/1990, as amended by Legislative Decree 105/2012, implemented with the implementation regulation issued under Ministerial Decree 19 of 7 January 2013, which is considered one of the most stringent in this field internationally. There are also specific regulations, directives and decisions issued by the European Union (including Regulation 428/2009/EC) imposing stringent conditions and limitations on the direct or indirect import and/or export of dual use goods and technology which could potentially be used for internal repression or uses other than those permitted.

The Finmeccanica Group also has to comply with the legislation of the other countries in which it operates, mainly the United States of America and the United Kingdom, both as a result of the significance of the production activities carried out and for the extensive extra-territorial application of the respective national legislative structures, which place high levels of controls over the export, import and transfer of weapons and dual use materials, as well as over certain commercial uses considered sensitive.

Finmeccanica has therefore set up a “Trade Compliance Program”, which it actively manages via a Group Directive issued in March 2012. The programme governs two particularly important areas:

- the import/export of materials for military or dual use or those for commercial use that are subject to specific legislative requirements (particularly as regards the United States’ ITAR, EAR and OFAC legislation, legislation issued by the Council of the European Union and laws in force in the United Kingdom and in Italy);
- the sanctions or restrictive measures regarding countries or people considered sensitive (particularly as regards the relevant US, European, British and Italian authorities, as well as pursuant to the resolutions of the United Nations Security Council).

#### References to countries subject to sanctions or restrictions

[www.esteri.it/MAE/EN/Politica\\_Europea/Misure\\_Deroghe/](http://www.esteri.it/MAE/EN/Politica_Europea/Misure_Deroghe/)

[www.sviluppoeconomico.gov.it/index.php?option=com\\_content&view=article&viewType=0&id=2018655&idarea1=1665&idarea2=1667&idarea3=0&idarea4=0&and=AND&sectionid=0&andor=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2297&cattitle1=Contents](http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=0&id=2018655&idarea1=1665&idarea2=1667&idarea3=0&idarea4=0&and=AND&sectionid=0&andor=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2297&cattitle1=Contents)

[www.exportstrategico.org/embarghisanzioni.htm](http://www.exportstrategico.org/embarghisanzioni.htm)

[www.pmdt.c.state.gov/embargoed\\_countries/index.html](http://www.pmdt.c.state.gov/embargoed_countries/index.html)

[www.eeas.europa.eu/cfsp/sanctions/index\\_en.htm](http://www.eeas.europa.eu/cfsp/sanctions/index_en.htm)

Pursuant to the Trade Compliance Program, Finmeccanica Group companies active in import/export have set up organisational controls and meet the following requirements:

- roles and responsibilities for the management of trade compliance: Senior Compliance Officer (SCO) for the Parent; Trade Compliance Officer (TCO) for the segment heads and Trade Compliance Coordinator (TCC) at the individual group companies;
- adoption of Group Directives, Segment Directives and Procedures that establish the minimum requirements of the Trade Compliance Program at the different levels;
- risk analysis process launched and periodically repeated with respect to company transactions involving materials, goods and services for defence, technical data and applications for dual use, as well as commercial products, technologies and software, also including access control;
- classification and identification of goods and services pursuant to specific regulations concerning defence, dual use or restricted commerce;
- new or existing customer verification process;
- due diligence on intermediaries (pursuant to Directive no. 8);
- control system for exports, re-exports, the transfer or retransfer of goods, software and technology services (screening);
- preventive notice and periodic reporting system with respect to politically sensitive transactions in sensitive countries, explicitly identified by the Directive and updated periodically on the basis of developments in legislative restrictions;
- immediate notification system for critical issues, such as potential violations of applicable laws. The Senior Compliance Officer must receive notification of potential violations and be updated on corrective action taken;
- whistleblowing system;
- filing system for export and accounting transaction documentation.

Finally, in October 2013, the second edition of the “Global Trade Council” was held in Rome. The Global Trade Council is a body comprised of all Trade Compliance Officers in the Group. The heads of all company functions concerned (Legal, Internal Audit, Commercial and Institutional Relations) participated.

The “Global Trade Council” promotes collaboration, the exchange of information and development of best trade compliance practices to integrate broader training activities with specific courses on applicable laws, the use of dual technologies and the reform of Italian legislation on arms exports (Law 185/1990).

#### **Control of risks connected with industrial offsetting obligations**

Industrial offsets were created to mitigate impact on the trade, technological and employment balances of countries that acquire goods and services in the Aerospace and Defence sector and, particularly, in emerging countries and constitute an increasingly significant factor in the international competitive scenario, as they are often considered as a criterion in the awarding of contracts, along with price and the other technical and economic elements of the bid.

Offsets can be created through various activities that benefit the acquiring country, distinguishing between offsets for goods/services relating to the same product provided for by the main contract, such as technology licences, coproduction obligations and the use of local sub-suppliers (direct offsets); and offsets for other goods and services, such as public works and services provided to the local community (indirect offsets). They may be also regulated by local legislation and governed by specific agreements typically signed by the Ministry of Defence or the Ministry of Economy and Finance of the acquiring country or a legal entity that it has delegated (Offset Authority). Their

value varies with respect to the value of the supply to which they relate and often relate to longer periods of time than the main contract.

On this basis, Finmeccanica has established, with recent Directive no. 11 of 10 February 2014, a specific control for the management of the offset obligations assumed by the Group companies with the foreign countries either directly or through sub-supply contracts or participation in consortia. This is all to ensure trade efficiency, while pursuing risk reduction objectives, also in terms of compliance and economic efficiency.

	<b>Pre-contractual stage</b>	<b>Contractual stage</b>	<b>Executive stage</b>	<b>Accounting stage</b>
<b>Activity</b>	Perform a careful assessment of the offset requirements and the risks of establishing the relationship before beginning negotiations.	Begin negotiations (or participation in a tender), making any necessary changes to the offset proposal.	Meet the obligations assumed in line with contractual commitments and deadlines, staying within the agreed budget.	Periodically providing the counterparty with progress reports.
<b>Tools</b>	Offset proposal, made up of a mix of direct and indirect offset projects.	Agreement signed with the support of the relevant organisational units (Legal/ Commercial).	Monitoring of the progress of projects with any corrective action.	In the event of breach or partial breach, change (in respect of content or values) or replacement of one of the projects.

The operating companies are responsible for the entire process, which is coordinated and supervised by the Offset Manager.

Finmeccanica coordinates the companies to share its know-how and good practices, also in view of realising synergies in the fulfilment of offset obligations in the various countries. To this end, it has set up a specific body, the Offset Management Council, composed of the Offset Managers of the Group companies and supervised by the Parent's Offset Programs unit.

The provisions of the Directive are in addition to the principles of the Charter of Values, the codes of ethics and the organisational models pursuant to Legislative Decree 231/2001 in place at the operating companies and are compliant with applicable national, international and local legislation.

### **Control of risks related to contract performance**

The risks related to contract performance are generally identified, assessed and mitigated directly by the operating companies, each with respect to its field of business, reporting adequately to the Parent.

More critical risks are managed with the direct involvement of the Parent's management, which provides operational support as well (Program Risk Management).

In this respect, the operating companies act on the basis of internal procedures issued in line with the guidelines of the Parent's Directive on Contract Risk Management. This Directive, which implements the requirements of the Group's Guidelines on Life Cycle Management and Project Control, defines the roles, responsibilities and operating methods for the process through which supply/project/programme management and control are implemented, based on the definition of a life cycle.

The risk management process begins at the bidding stage, with the identification of risks and the underlying causes. Next, they are assessed, considering all possible mitigation actions and their potential impact. Moreover, the assessment process is a preliminary step in the identification of the correct contingency level to be assigned to the identified risks.

The technological and operational risks of the individual programmes are analysed, along with commercial risks associated with the programmes themselves, and are aggregated at company level and then at Group level to assess overall business risk. This risk is monitored and, where necessary, mitigated to ensure consistency with the objectives of expected return on invested capital and of value creation for the business portfolio (Portfolio Evaluation).

Once insurable risks have been identified and appropriately mitigated, including through specific loss prevention plans, they are transferred to the insurance market to further reduce the Group's exposure, particularly for potential catastrophic events. The management of these risks is centralised by the Parent both for the risks that the operating companies share, for which specific Group insurance plans have been defined, such as fire and natural events, pollution and product third party liability, and for technological risks relating to the individual programmes. Claims are also managed with the Parent's coordination and supervision (Insurance Risk Management).

### Preventing and combating corruption

In terms of organisation, in recent years, several controls have been developed in line with the recommendations of the OECD and World Economic Forum guidelines and the principles and initiatives promulgated by leading [ASD \(AeroSpace and Defence Industries Association of Europe\)](#) and [IFBEC \(International Forum for Business Ethical Conduct\)](#) sector associations<sup>7</sup>. These controls are designed to extend prevention beyond the field of application provided for under Legislative Decree 231/2001, both in terms of relevant conduct in terms of ethics and the criminal and administrative penalties set out in such decree, and in foreign legal orders where Italian legislation is not directly applicable.

OECD guidelines	World Economic Forum Guidelines	Ethics and ASD and IFBEC initiatives
"Guidelines for Multinational Enterprises"	"Good practice guidelines on conducting third-party Due Diligence"	"Common Industry Standards" (ASD)
"Risk Awareness Toll for Multinational Enterprises in Weak Governance Zones"		"Global Principles for Business Ethical Conduct" (IFBEC)
"Good Practice Guidance on International Controls, Ethics, and Compliance"		
"Typologies on the Role of Intermediaries in International Business Transactions"		

In this context, in 2013, Finmeccanica further reinforced its compliance system to support commercial activities, by issuing the new Directive no. 8 on "Advisors and Business Promoters", which consolidates in one text – thereby superseding – the previous protocols of Directive no. 17 and the related Guidelines.

The main aims of newly-issued Directive no. 8 are summarised below:

- the updating of the protocol to encompass certain new legislative developments, specifically the introduction of the crime of corruption between people in Italian legislation and its inclusion among the offences for which liability under Legislative Decree 231 is provided for;
- the development and further implementation of controls already considered, with respect to:
  - the methods used to verify legislation concerning the standards applicable to advisory and business promotion contracts in the countries where the companies operate ("legal opinions");
  - the guidelines for the agreement and management of advisory and business promotion contracts, prepared on the basis of standards contractual clauses established at Group level ("contract guidance");

7. There are two business ethics initiatives in particular: ASD is sponsoring the first with European companies and the second in order to promote the ethical principles shared by US and European companies around the world.

- general guidance for countries that are considered tax havens, with the creation of a list of countries valid for the entire Group and related limits to the performance of business activities in them (tax guidance);
- the strengthening of tools for due diligence on intermediaries in the light of the development of international best practices regarding relationships with third party companies;
- the assignment of the Parent's and the companies' roles, with the Parent responsible for management and coordination and the companies independently responsible for implementing the compliance controls;
- the identification of roles and information flows between the relevant organisational units, in line with the principles of the segregation of duties, transparency and the impartiality of decisions and the traceability of processes.

Newly-issued Directive no. 8 comes in the wake of other protocols that Finmeccanica issued in 2012 in relation to the highest-risk issues, including those related to the “Assignment and management of engagements for professional services”, “Gifts, hospitality and entertainments expenses” and “Sponsorships and publicity initiatives and contributions to associations and bodies”.

*To benefit the entire Group, Finmeccanica has created an archive of 132 legal opinions concerning jurisdictions in countries where it operates or plans to operate, providing recommendations on the legal system applicable to the activities of intermediaries and the types of products or services provided by the Group companies.*

# Promoting



# GROWTH





# People and the community

## Employment and quality of work

The operating activities directly managed by Finmeccanica mainly take place in Italy, the United Kingdom and the United States of America and other countries where advanced labour legislation is in force.

Finmeccanica complies with the legislation regulating labour relations in each country and operates in accordance with advanced human resources and industrial relations policies, ensuring freedom of trade union membership for its employees and keeping a close watch for protection of human rights, in accordance with the UN's Universal Declaration of Human Rights, the ILO's (International Labour Organization) Fundamental Conventions and OECD guidelines. In those countries where the protection of these rights is less stringent, Finmeccanica nonetheless applies the standards applicable in its main countries of operation.

It also promotes the implementation of health and safety in the workplace systems in all its operating facilities, as reflected by the ever-greater number of sites certified to OHSAS 18001 standard.

Finmeccanica's people have always been the Group's creative strength. Finmeccanica personnel operates in a multifaceted and diversified talent-oriented organisation where international diversity is a strength and where the Parent seeks to bolster the business identity and sense of belonging to achieve a distinctive shared business culture mindful of regional dimensions. Finmeccanica offers equal opportunities, ensuring fair treatment on the basis of individual expertise and abilities.



*The contribution of human resource management to the creation of value for the company*

## Industrial relations

### Reorganisation and restructuring processes in Italy and abroad

The acceleration of the organisational review and streamlining processes aimed at recovering the best conditions to continue to compete in its markets, together with the effects of contractual renewals and the coming into force of labour market reforms and the national social security system in 2011/2012, again saw a significant number of employees (as a proportion of the total number of employees) leave the company in 2013 in Italy, the United States and the United Kingdom.

Similar to the processes carried out in the Aeronautics business segment in 2012, the main reorganisation processes of this year related to the Defence and Security Electronics business segment, entailing the grouping of SELEX Galileo, SELEX Elsag and SELEX Sistemi Integrati into a single company, Selex Electronic Systems (Selex ES), which became effective on 1 January 2013.

### DEFENCE AND SECURITY ELECTRONICS

#### Harmonisation of Selex ES employees' treatment

Following the integration of SELEX Galileo, SELEX Sistemi Integrati and SELEX Elsag into Selex ES, the company embarked on a project to harmonise employees' remuneration and conditions, which were inconsistent as a result of the many modifications taking place over the years.

To date, three agreements have been signed between Selex ES Group FIM - FIOM - UILM<sup>8</sup> national coordination and company management:

- the first agreement governing the harmonisation of remuneration, working hours and the flexibility system was signed on 19 December. The agreement also covers the early retirement redundancy procedure for 1,216 employees and the 2013 performance bonus;
- the second agreement was signed in February 2014 and dealt with travel;
- the third agreement was signed in March and covered the harmonisation of the company's welfare and work-life balance programmes.

In 2013, all the operating companies active in Italy were affected by new trade union agreements. Like in previous years, all the tools available under relevant legislation were used in the management of the company's restructuring and reorganisation process. Specifically:

- ordinary and extraordinary government-sponsored lay-off schemes;
- redundancy programmes;

8. FIM (the Italian Engineering Federation), FIOM (the CGIL's Italian Metalworkers Federation) and UILM (the Italian Engineering Employees' Association).

- employer-sponsored early retirement schemes pursuant to Article 4 of Law 92 of 2012 (“Fornero reform”);
- “defensive” job security agreements.

These tools were also integrated by voluntary measures established under various plans to cushion the economic and social impact of the restructuring underway and to reduce the impact on employment levels, including:

- “voluntary” (based on the criterion of “non-opposition”) redundancy for employees that have or will reach pensionable age during the redundancy programme period;
- voluntary redundancy incentives;
- income-support schemes which generally consist in paying employees under government-sponsored lay-off schemes (CIGS) or redundancy procedures 80% of the difference between the CIGS or the redundancy indemnity paid by INPS (the Italian social security institute) and the employee’s remuneration;
- transfer of personnel and the consequent payment of social security and pension contributions to other facilities within the same company;
- taking on personnel under temporary employment (staff leasing) contracts to partially cover the outgoing employees;
- training and professional up-skilling courses to enhance the expertise of the resources involved.

The main reorganisation/restructuring processes which involved the companies operating abroad include:

- the restructuring plan rolled out by Selex ES in the UK in 2011 in response to the difficulties generated by the relevant market context. In 2013, this process led to a 10% decrease in UK employees (approximately 470 employees) and to the closure of 16 production sites;
- the restructuring and reorganisation plans DRS Group rolled out in the past few years. In 2013, employment contracts with approximately 1,400 employees were terminated using the same criteria used in the past and consistent with trade union agreements for employees that are trade union members, or standard terms applied in the United States for non-members. The redundancy package provided for in the policy offers an amount equal to one week’s wages for each year the employee has been with the company, as well as the payment of certain benefits.

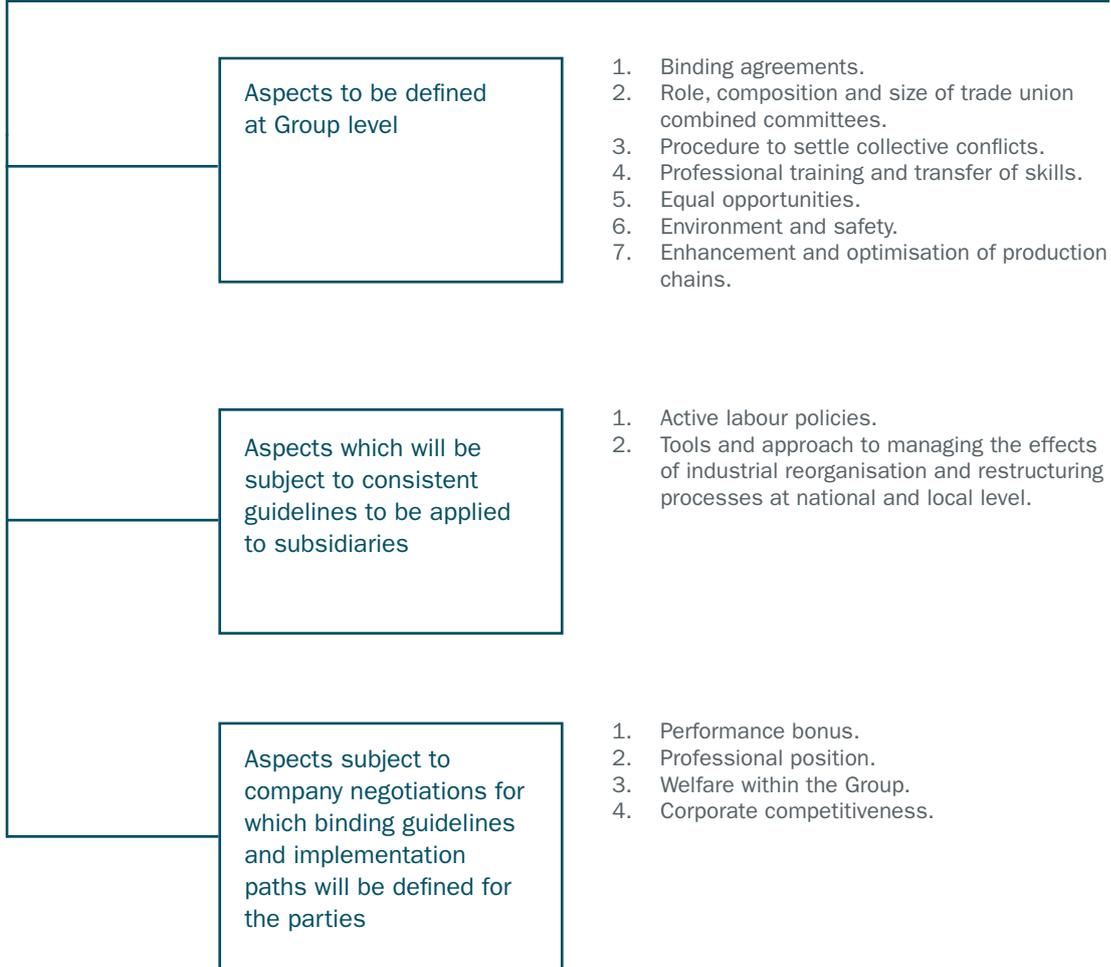
#### [New industrial relations model](#)

Finmeccanica SpA and the [FIM](#) - [FIOM](#) - [UILM](#) unions signed a Protocol for Competitiveness and a New Industrial Relations Model on 16 April 2013.

The Protocol confirms Finmeccanica’s ongoing attention to trade unions and is an accomplishment for those relationships which enabled the Group to manage the industrial restructuring and reorganisation processes jointly and proactively, over the past few years.

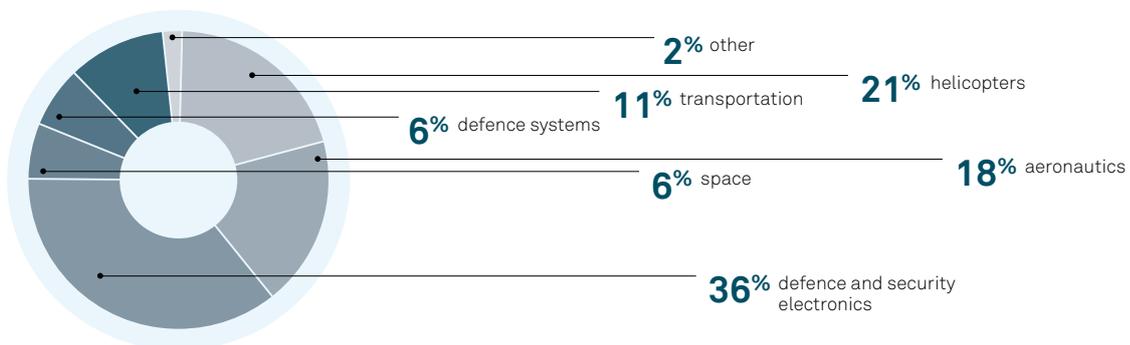
During the year, as part of the implementation of the above Protocol, a trade union agreement was reached governing the launch of alternative forms of private health insurance plans for white and blue collars of operating companies who entered into relevant additional second-level agreements, with the possibility of further extension to other Group operating companies. This initiative is part of the Group’s larger welfare enhancement scheme.

**PROTOCOL FOR FINMECCANICA GROUP'S COMPETITIVENESS AND A NEW INDUSTRIAL RELATIONS MODEL**



**Workforce**

As a consequence of the above factors, in addition to Ansaldo Energia's employees leaving the Group's scope, workforce totalled 63,835 at 31 December 2013, down by approximately 5% on the figure at the beginning of the year.

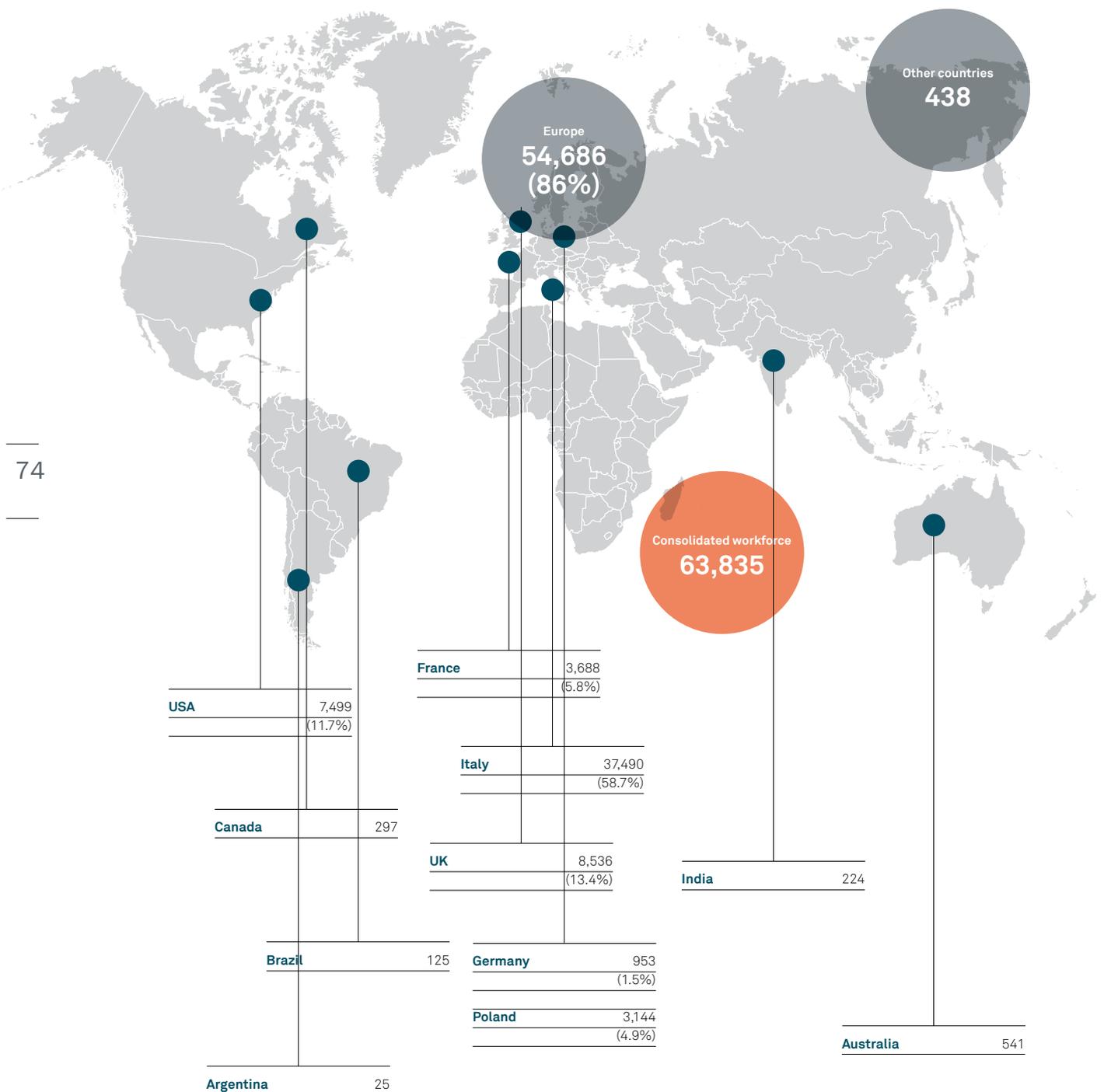


**Workforce by sector**

**Geographical analysis**

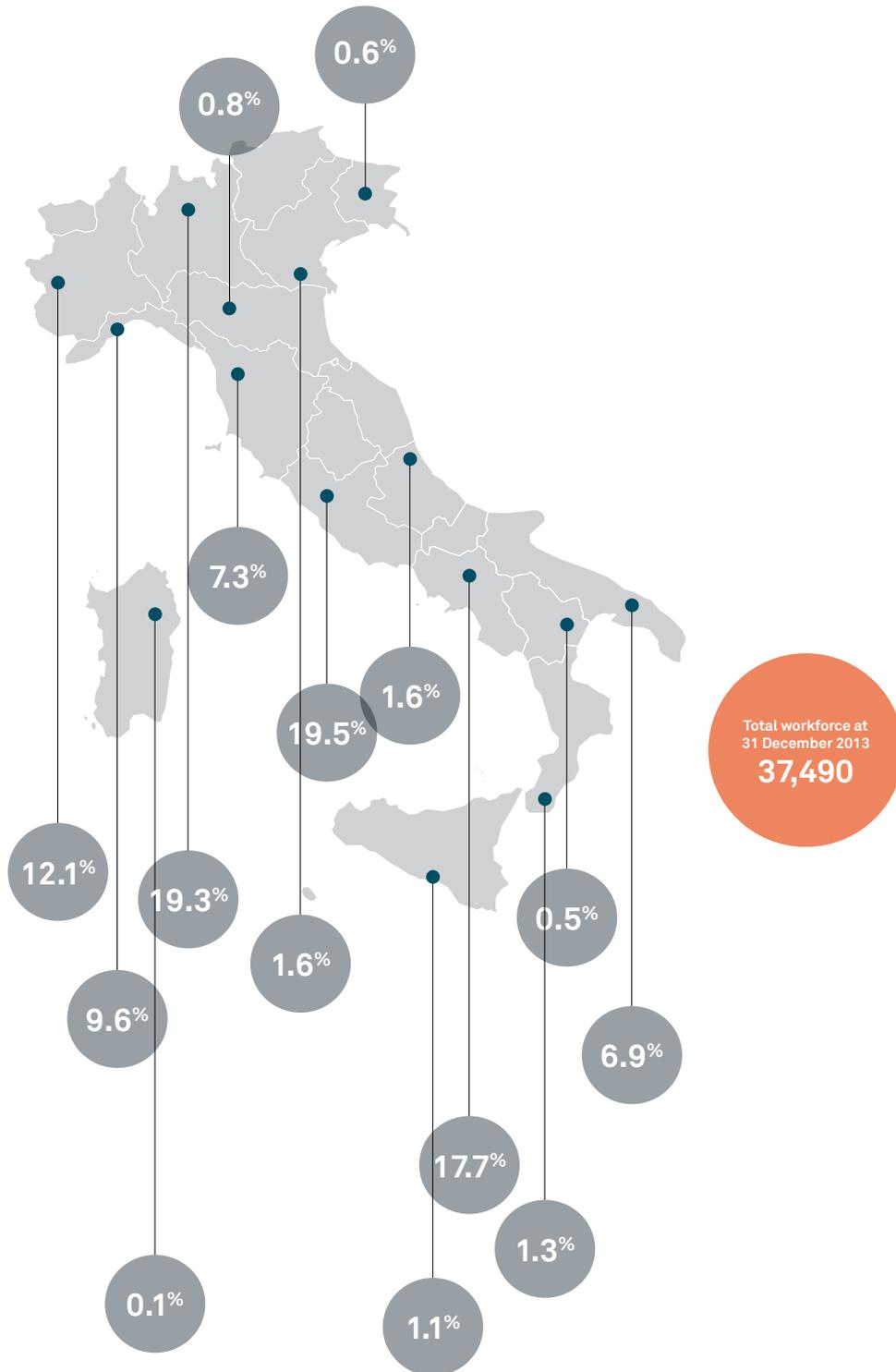
At 31 December 2013, the Group's workforce totalled 63,835, of which 37,490 in Italy, with a strong direct presence (employees) in 22 countries. Around 90% of employees are located in domestic markets: Italy (59%), the United States of America (12%), the United Kingdom (13%) and Poland (5%). Employment increased in some countries with developing markets, such as Brazil and India.

*Breakdown of workforce by geographical segment/country*



*N.B. The percentage of total workforce is shown in brackets*

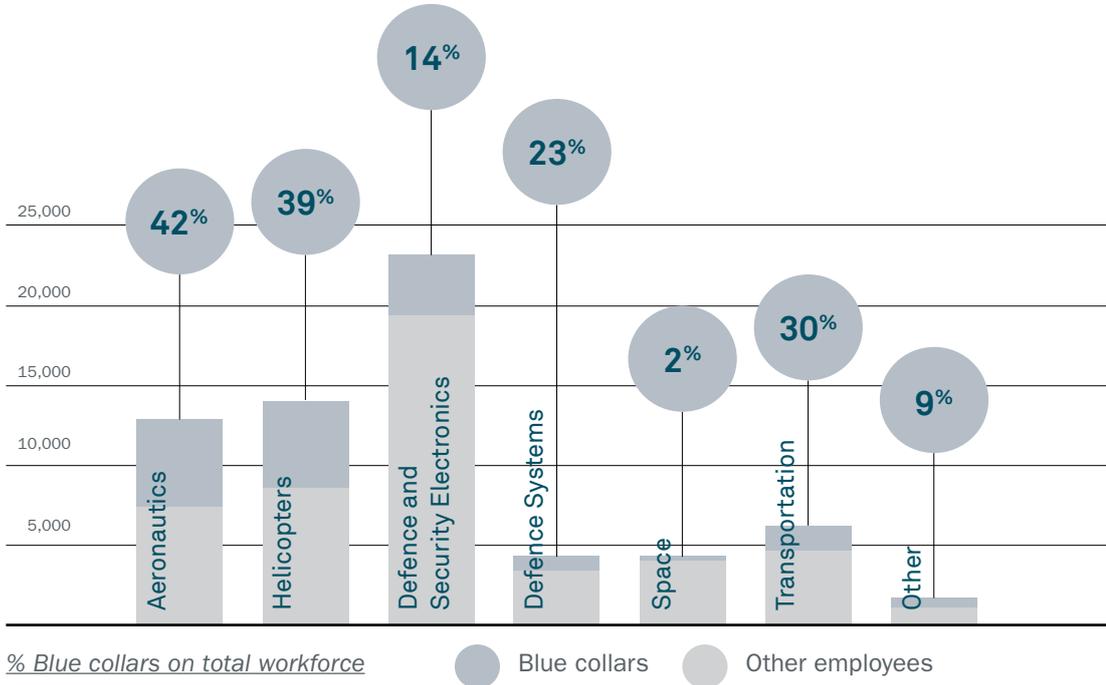
*Breakdown of Italian workforce by region*



Education and age levels

The average age for Group employees is 43, while the average length of employment is 15 years.

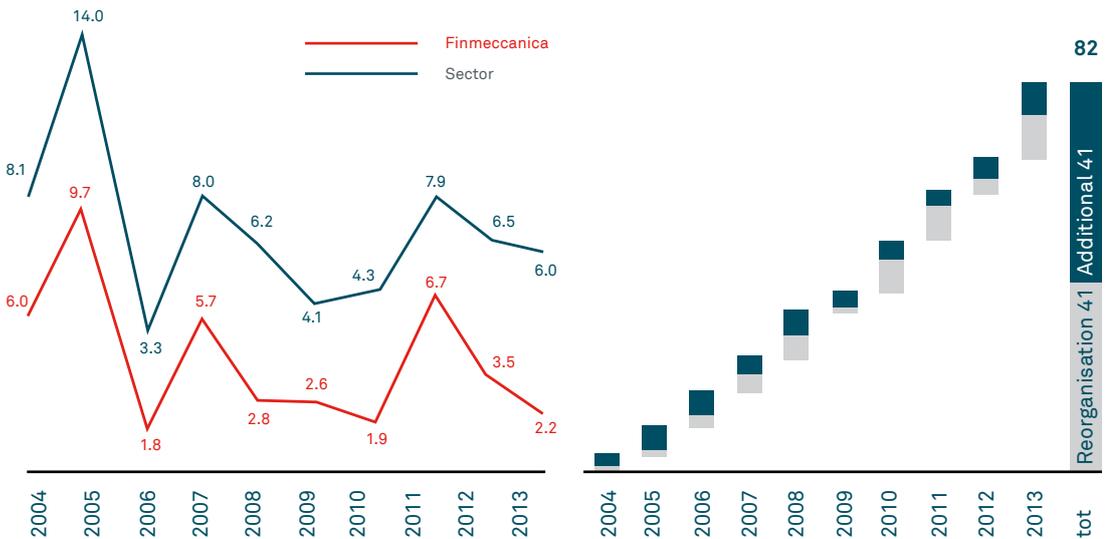
Of these, around 34.5% are university graduates, mainly engineers, while 45.7% hold a high school diploma, mostly with a technical orientation.



76

Labour relations and trade union membership

Around 80% of the Group's personnel is employed under a national collective labour agreement. This is an average figure which considers the different employment regulations effective in the countries in which the Group operates. It varies from 100% for Italian employees to around 5% for employees in the United States. Trade union membership rates depend on the presence of trade union organisations and privacy legislation. In Italy, the freedom to join trade union membership is guaranteed and around 41% of employees are members. This figure is at 37% in the United Kingdom, 52% in Poland and 5% in the United States.



Strike hours per capita from 2004 to 2013. Comparison between the engineering sector and Finmeccanica Group

Total trade union agreements 2004-2013 Finmeccanica Group

### Diversity and equal opportunities

For Finmeccanica, diversity among the company's employees is mainly represented by that of gender, with women accounting for 17.6%. For North American employees ethnicity is also an important aspect, with around 20% of employees coming from non-Caucasian backgrounds (mainly African American, Hispanic and Asian).

#### SPACE

##### Female leadership

Thales Alenia Space Italy is particularly focused on offering equal opportunities for growth and development to all Group employees through tailored development paths. Accordingly, in 2013, the "Female leadership" training scheme was launched, continuing along the path which began in 2012.

The aim of the course is to facilitate women's empowerment for career progression and to attain leadership positions. The training scheme offers considerations on and discussions about leadership styles, the peculiarities of specific issues faced by being a woman in a leadership position and the impact of personal values on team management.

### Welfare within the Group and work-life balance

Finmeccanica and its operating companies have a consolidated tradition of caring for the well-being of their employees. This focus has further intensified in recent years, so that in civil society, and consequently within the Group, there is an awareness not only of the social responsibility towards the local area but also of its role as an aid to human resources retention and loyalty schemes, specifically the most qualified resources.

Over time, the welfare policies adopted within the Group have evolved and gained importance in their own right. They have the following objectives:

- to positively impact employees' wellbeing, pursuing a better work/life balance;
- to bolster productivity;
- to increase the use of effective alternative forms of remuneration which also enable the Group to benefit from tax relief.

The current areas of focus affect the entire Group, and various good practices have been rolled out throughout all operating companies (e.g., supplementary pension plans and private health insurance), while other practices are specific to certain companies in response to their specific features (e.g., location or traditions/consolidated customs).

#### HELICOPTERS

##### AgustaWestland's Home Working

During the year, AgustaWestland developed a project which offers home working to employees with specific needs, where the company assists in providing employees with a suitable "domestic" work environment.

The project is based on the fact that some jobs can be performed remotely and also considers the resulting environmental benefits generated by the reduction of CO<sub>2</sub> emissions caused by the daily commute. This project was included in the "Family friendly" policy.

**DEFENCE AND SECURITY ELECTRONICS**Welfare at Selex ES

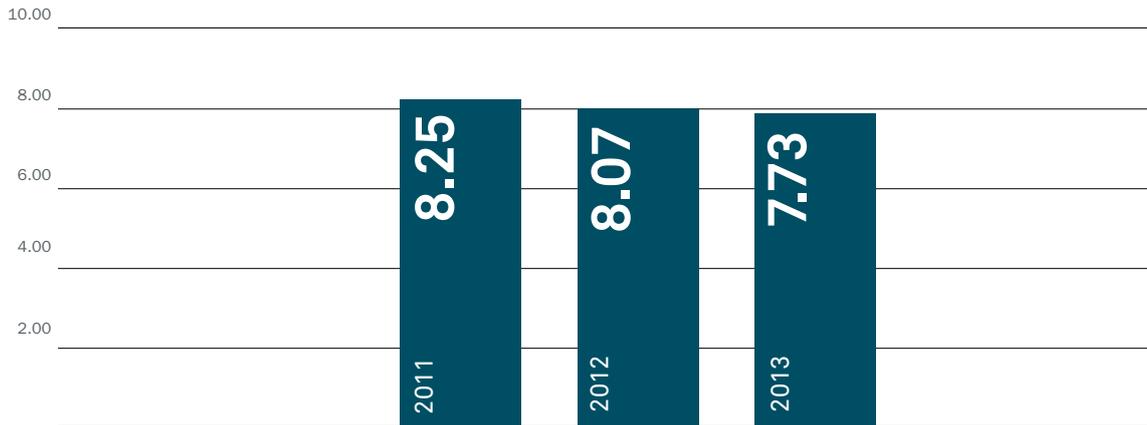
The most recent single agreement signed by Selex ES related to the harmonisation of the treatment of its employees who come from different companies. Under this agreement, employees benefit from better welfare conditions such as: paid leave to ensure the right to education; the possibility of part-time jobs; leave for family needs, medical examinations, events and other specific reasons; pro-maternity initiatives, such as incentives for crèches; company transportation; development of cultural activities; definition of the rights of disabled workers. Moreover, company-funded placements and work experience are possible with a view to enhance the technical/professional potential employment of the young generation. Finally, job security is granted to the seriously ill who need to take periods of leave longer than those permitted by the national collective labour agreements.

Private health insurance is also extended to the more than 10,000 employees of Selex ES, again linking restructuring measures to the considerable investments made by the company to improve working conditions and protect employees' health and safety.

## Health and safety

For Finmeccanica, the protection of employees' health and safety is of paramount importance, also considering the technological and engineering complexities of the production processes of each company.

In 2013, Finmeccanica confirmed its commitment to employees' health and safety in the workplace, specifically by renewing the Environmental and health and safety policy issued in 2013. Intensive training and awareness programmes (over 195,000 hours, up 13% on 2012) and investments (over €27 million, up 33% on 2012) led to a considerable decrease in accident rates for 2013, i.e., 801 (over 9% less than in 2012 and 13% less than in 2011). In other words, the accident frequency rate<sup>9</sup> fell by over 4%. The accidents occurred in 2013 did not cause fatalities.



*Accident frequency rate*

Finally, like for 2012, this report also collates and analyses accident figures related to personnel from external companies (e.g., global services, logistics and ICT companies, etc.) that operate at the companies' sites. The 2013 analysis of the Group's 61 sites included in the EHS reporting scope and over 500 suppliers operating at such sites on a continuous basis showed that the accidents at such sites numbered 135 (excluding accidents occurring on the way to and from work), equal to 2.21 accidents per site during the year.

### Preventive medicine

As part of the health protection scheme, in 2013, Finmeccanica offered its employees four screening programmes for:

- a healthy diet, including through an assessment of medical history, blood-chemical and body composition analysis;
- evaluating sleep disorders, through a preliminary analysis and multi-disciplinary medical specialist examinations;
- the prevention of diseases affecting internal organs and the large blood vessels of the abdomen, through ultrasonography;
- protecting physical and mental wellbeing through Gyrotonics, the ideal exercise method to develop physical potential.

The fourth series of semi-individual postural exercises conducted in small groups held by a physiotherapist was completed in 2013.

9. The accident frequency rate is calculated as the ratio of the number of accidents in the year to hours worked. To make the result easier to understand, it is multiplied by a factor of 10<sup>6</sup>. For the purposes of the parameter, an accident is considered as an event causing incapacity for one or more days, excluding the day on which the accident actually took place. Accidents on the way to and from work are excluded.

### The safety of people who travel and work with Finmeccanica products

All Finmeccanica's operating companies are committed to ensuring that their products are designed and manufactured in accordance with applicable regulations and to the industry's most stringent safety standards. This commitment continues beyond product delivery as it includes after-sales training and maintenance. Finmeccanica thus operates in the interest of customers and end users, generally contributing to the reputation of the entire industry.

In this respect, AgustaWestland's AW189 is one of the most recent examples. After less than three years of its launch at the June 2011 Paris Air Show, the European Aviation Safety Agency (EASA) certified compliance of this new twin-engined, multi-role helicopter with all the standards required to operate in demanding situations, such as off-shore platforms. During the tests carried out to issue the certification, the AW189 proved it can fly with an oil leak from the main rotor 20 minutes longer than any other certified helicopter.

In view of the delivery and launch of the first AW189 helicopters, AgustaWestland has prepared a wide range of training and support services using the simulators installed at the Sesto Training Academy. These simulators were also certified by a joint team made up of EASA/ENAC technicians.

The V250 (Fyra) train, manufactured by AnsaldoBreda on behalf of the Dutch and Belgian railways (NS-FSC and SNCB/NMBS), is another example. This train was designed to travel on both the high-speed railways between Brussels and Amsterdam and the conventional railways of these two countries and complies with the customers' technical specifications and European TSI (Technical Specifications for Interoperability) stringent safety requirements.

One of the toughest challenges for the V250 train was the demanding process to obtain the safety authorisations required for its entry into service, which the relevant authorities granted in July 2012. Below is a list of the certifications obtained with the certifying body in brackets:

- Type Examination Certificate (Lloyd's Register Netherlands Notified Body);
- *Attestation de Conformité de Type* (Belgorail Notified Body);
- *Autorisation de mise en service* (SSICF/DVIS Belgian national safety Authority);
- *Vergunning voor Indienstelling* (ILT Dutch national safety authority).

**HELICOPTERS**Free professional telephone advice for AgustaWestland employees

The Employee Assistance Programme is available to Finmeccanica's and AgustaWestland's UK employees and their families, offering them 24/7 free professional advice. This programme provides direct contact with a consultant for specialist support in the case of depression, stress, family issues, financial difficulties and threats. This an effective and efficient support to the health and wellbeing of employees and their families.

**DEFENCE SYSTEMS**Safety in environmental monitoring procedures

OTO Melara channels galvanic process emissions to four scrubbers for effective and efficient emission reduction. Overhead sampling points for these emissions were reached using movable servicing platforms which ensured access in accordance with the law.

To improve access to overhead sampling points, fixed servicing platforms that may be accessed by stairs were installed near the scrubbers, increasing worker safety and removing the risk of falling from heights.

**SPACE**A glance at health and safety in the workplace

In 2013, Thales Alenia Space participated in the photographic competition organised by THALES open to its employees worldwide. The competition focused on health and safety in the workplace and aimed at increasing the awareness of workplace safety regulations and the prevention of work-related risks.

Employees were invited to take a picture which portrayed health and safety in the workplace. The winner was selected by an international jury made up of employees from the HSE (Health, Safety and Environment) and the Communication units.

**TRANSPORTATION**Reducing solvent use in manufacturing processes

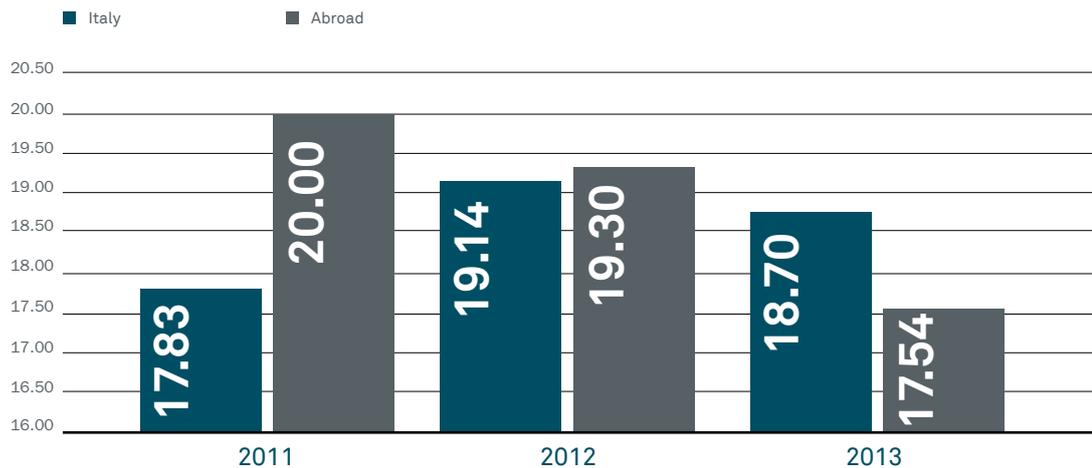
AnsaldoBreda has developed a new coating system for the Vivalto contract bodies where water-based products replace solvents. The project involved the Industrialisation and TQM-Special processes sectors and was developed with the participation of both customers and surface coating suppliers. The new cycle was approved after the final tests were carried out in both laboratories and production. Its benefits will start to be felt in 2014 with its implementation.

The reduction of solvent use is estimated at 100-150 kg for each coated Vivalto body: this reduces Volatile Organic Compounds (VOC) total emissions and the VOC content in the special hazardous waste produced. Likewise, fire risk is mitigated and the working environment is improved, along with employees' health and safety in the workplace.

## Skills development and enhancement

Finmeccanica's employees can prove their ability and use it to achieve a common objective in a merit-based environment which rewards professionalism and responsibility and which promotes cooperation and team spirit at all organisational levels.

Over the years, Finmeccanica has fine-tuned a training and development system which identifies and manages the talent of all its resources and increases the Group's key competences, promoting the sharing of knowledge and best practices among Group companies and using communication and listening tools to support ongoing improvement. In this respect, several projects, initiatives and tools were developed during the year to support development, growth and the participation of all company employees.



*Average training hours per employee*

### Finmeccanica a Top Employer in Italy and the United Kingdom

In 2013, Finmeccanica was certified a Top Employer in Italy for the third year running and for the second time in the UK. This certification is awarded by the Top Employers Institute, an independent organisation that analyses and rewards companies that positively enhance their human capital, based on international standards. In the analysis, which is based on a questionnaire and interviews covering HR policies, Finmeccanica distinguished itself in the areas of Group culture, its training and development system, and internal growth opportunities. Furthermore, in 2013, Finmeccanica took the first steps to obtain the same certification for 2014, including Poland and the US in the in-scope countries.

### Best Employer of Choice

Finmeccanica ranked among the Best Employers of Choice Italy 2013. This is based on an annual survey carried out by an independent company which includes a reliable sample of 2,500 Italian newly graduates who reflect the Italian picture. The distribution of new graduates in Italy reflects gender, geographical area and type of degree, considering the proportions of the official figures of the Ministry of Education, University and Research.

## Finmeccanica Group's new listening opportunities

The Group has offered its employees new opportunities to be heard, with the aim of discovering their characteristics and expectations and subsequently implementing the measures necessary to provide them with a more suitable environment to develop their potential, with a view to ongoing growth. These opportunities led to the launch of two new initiatives in 2013.

Project	Targets - 2013
<b>Have Your Say</b>	<p>This is the Group's structured listening and action model which exploits the consolidated business culture launched in 2006 by Finmeccanica to support its change processes, while introducing new aspects. The new features include an on-line survey (launched in early 2014 and targeting Finmeccanica's employees worldwide) which precedes a qualitative in-depth analysis aimed at identifying the unique features of each Group company. Focus Groups are at the core of this stage: these are negotiation and discussion panels comprised of a sample of 270 employees drawn from various Finmeccanica's companies around the world held 19 times in six countries (Italy, the United Kingdom, the United States, Poland, France and Australia). The Focus Groups performed an in-depth analysis of areas for improvement and of the Group's strengths, as well as of the distinctive features of each operating company, providing useful information for developing the new survey. The main areas for improvement indicated by Finmeccanica's 270 representatives include Operating Effectiveness, for which an increased consolidation of processes and procedures would be welcomed, and Communication, which should be improved in terms of vertical (top down and bottom up) and horizontal (among company functions) information sharing.</p> <p>The Focus Groups identified the following strengths for Finmeccanica: Sustainability/Ethics, confirming the Group's focus on the environment, local communities and its employees; Health and Safety, acknowledging the Company's commitment in this area; and Attraction, highlighting Finmeccanica's appeal on the labour market.</p>
<b>New Technician Insight</b>	<p>This initiative targets the Group's technicians and blue collars which account for approximately 26% of Finmeccanica's workforce and are at the hearth of its manufacturing activities. The aim of this project, developed in collaboration with the Sapienza University of Rome, is to get to know and outline, for the first time at Group level, the distinctive features and expectations of this strategic workforce target and, specifically, to identify the differences in the perceptions of under 35-employees compared to those of senior employees. The pilot stage of this initiative was launched in Italy between June and September 2013 and involved about 120 AgustaWestland, Alenia Aermacchi and AnsaldoBreda technicians grouped into eight Focus Groups at five production sites. Thanks to the survey, the current profile of these resources was traced, taking into account work conditions, the main motivational levers of this target and possible new communication and engagement channels. Delivery of results began at year end and, in early 2014, a roadshow was organised for the three Group companies which participated in the initiative.</p>

## Development projects

Finmeccanica adopted the Talent Management System (TMS), an integrated development, training and people enhancing system which attracts, identifies and enhances the Group's best talents, promoting a merit-based system which assesses individual performance at various organisational levels to provide all employees with growth opportunities and enable the best resources to stand out.

Implementation of the TMS continued in 2013 at both Group and company level worldwide, starting with a series of workshops held in the main geographical areas of the Group (Italy, the United Kingdom and the United States) and aimed at discussing talent enhancement processes and methodologies. Furthermore, TMS support tools were consolidated, specifically the Operating Manual, with the release of the updated 2013 version, followed by the HR SAP system, with the development of a Business Intelligence module to support integrated analysis and reporting processes for resources.

Project	Targets - 2013
<b>Talent Management System</b>	As part of a wider Talent Tracking process, the first Call for Talent campaign was completed. Its aim was to identify the most suitable profiles by Group talent (Key Talent and High Potential), which feed the Élite Group. Overall, operating companies presented 671 talented resources, selected with the support of HR personnel. The entire process was managed using the Group's information system (the Group's HR SAP) and each candidate was mapped in the Group's Role Matrix, together with the information supporting compliance with the requirements set out by the guidelines for inclusion in the relevant talent group.
<b>Assessor Academy</b>	The Academy comprises professionals from the HR departments of various Group companies specialised in the assessment and evaluation of potential. In 2013, it became the tool used across the Group to identify the potential of its talented young individuals, for Talent Management System activities.

## SPACE

### Seizing the opportunities of an international Group: employee mobility

Thales Alenia Space Italy offers its employees the opportunity to work abroad for up to five years (a "Long-Term Assignment", or "LTA") in the various Thales group facilities (Europe, The US, Central/Eastern Africa and Asia). Regardless of the international opportunity, the company maintains the same contractual and pension treatment. Moreover, it adjusts the employee's remuneration in order to maintain the same standard of living as in their country of origin and, in compliance with the no gain/no loss provisions, it applies a tax neutralisation policy.

Secondment conditions change based on the relevant term, country and position and enable employees to work in an international team and a multi-cultural environment. The challenge is to check one's ability to adapt and find prompt solutions to deal with new situations.

### Enhancing talent

In order to enhance the Group's most talented resources, Finmeccanica offers a series of programmes to support their development. These programmes combine several methodologies which consolidate and increase individual skills, including through classroom training days, online multimedia material and the innovative 2.0 dialogue tools.

The Group's most talented resources participated in the 2013 edition of the training and development programmes offered to young employees (Early Career Programme), and to executive and middle managers (Executive and Middle Manager Programme).

**Early Career Programme****Targets - 2013****FLIP**

(Finmeccanica Learning Induction Programme)

An induction programme for new graduates just hired by the various operating companies to orient, inform and make them aware of the Group's complexities. Since 2005, 1,600 resources have participated in this programme. The FLIP Final Conference was held in July 2013 at the end of the fourth international edition of the programme which saw the participation of 150 young Group employees from all over the world.

**BEST 3.0**

Finmeccanica's training and development programmes for talented young high-potential resources who have been with the Group for less than five years selected from all companies and the countries in which the Group operates, through the Call for Talent process. BEST 3.0 stems from an in-depth review of the previous BEST masters programme and reflects a new multimedia-based approach which comprises a series of teaching methods, communication channels, experience and case studies. Physical and virtual activities include classroom and online (webinar, reading, tutoring) lessons, held entirely in English. For this programme, Finmeccanica partnered with SDA Bocconi School of Management to develop a training programme for managerial excellence which brings together the Group's best practices and academic expertise. In 2013, 26 resources participated in the first edition.

**CHANGE**

This programme is aimed at enhancing and developing the Group's Key Talents of international standing and who show strong growth potential for the most complex managerial roles identified as part of the Call for Talent process. The programme is based on four modules which cover hot issues, such as Strategy, Leadership, Change Management and Collaborative Performance. This programme, which stems from a review of the previous CHANGE programme, was redesigned by Finmeccanica in collaboration with the INSEAD Business School of Fontainebleau (Paris), an internationally recognised partner of excellence for managerial training. The new edition saw the participation of 32 resources.

**Executive and Middle Manager Programme Targets - 2013****Competency Lab**

A lifelong learning system to develop the leadership skills within the Finmeccanica model and to promote a distinctive and international managerial style. This system, which supports the growth and the development of Finmeccanica managers, has seen the participation of over 1,200 resources since 2010. The 2013 edition was marked by process engineering, strengthening monitoring activities which are now carried out by an Intercompany Committee made up of the HR representatives of the Group's operating companies. As part of the new 2013-2014 course catalogue which promotes hands-on experience and intercompany exchange, discussion and integration, seven editions were organised, covering Human Capital Development, Market and Customer Orientation and Achieving Excellence in Performance skills, with the participation of 27 executives and 71 middle managers for a total of 98 employees.

**From Technology to Values**

This is an international seminar for Group managers with high international potential to develop expertise in managing the complexities of the business and change management. Since 2010, over 320 employees have participated in this seminar.

**Executive Leadership Programme**

This is a high-level training and managerial development programme designed in conjunction with London's Imperial College and New York's Columbia University for a selected number of managers globally (the "Successors"). The course promotes a leadership style featuring those entrepreneurial, visionary and execution skills needed to lead the Group into the future in an increasingly competitive global market. 142 employees have participated in the five editions of this programme, of which 28 in 2013.

**Promoting key competencies**

For several years, Finmeccanica has been undergoing a significant strategic change process to develop and disseminate a new, more evolved Group business culture, by developing management processes and methodologies common to the Group companies. In 2013, the activities underlying the promotion of the culture of industrialisation, capitalisation and knowledge sharing increased their focus on the Group's distinctive competencies. This strong commitment was rewarded with the inclusion of Finmeccanica in the PMI (Project Management Institute) and the Global Executive Council (see box below).

**Programme****Target - 2013****Project Management Programme (PMP)**

This Group's training and development programme is targeted at Programme Management employees. Based on a modular training system, 40 editions were held in Italy and nine in the United States, involving over 630 employees from all operating companies in 2013. At the end of the course, approximately 30 participants obtained the international PMI-PMP® certification. Since its launch, 3,000 Group employees have participated in the Project Management Programme and 270 have obtained the international certification. A work group to design a survey to be conducted in the first half of 2014 was created in collaboration with Programme Management company heads in order to assess the maturity level of Programme Management processes in operating companies and identify the existing critical issues, in both the organisational tools and methodologies areas. The results of the survey will be used to prepare company-wide improvement plans.

**Finmeccanica's e-books**

In order to further support the sharing of project management and financial skills, Finmeccanica developed a series of e-books based on the Project Management Programme and the Economics Programme. The teaching content was reviewed and supplemented to exploit the potentialities offered by new technologies. Multimedia material is broken down into modules and can be accessed from PCs, tablets and smartphones. To date, the employees of all Group companies have downloaded approximately 5,000 copies of these e-books.

**Supply Chain Programme**

This programme was designed in conjunction with over 60 experts in supply chain planning and execution, with the aim of agreeing a standard approach and language ("Finmeccanica Way"), bolstering key supply chain management expertise, establishing a professional community for the Group and preparing selected candidates for APICS certification. Since 2012, almost 700 employees have attended 15 different training modules for a total of 68 editions and over 24,000 classroom hours.

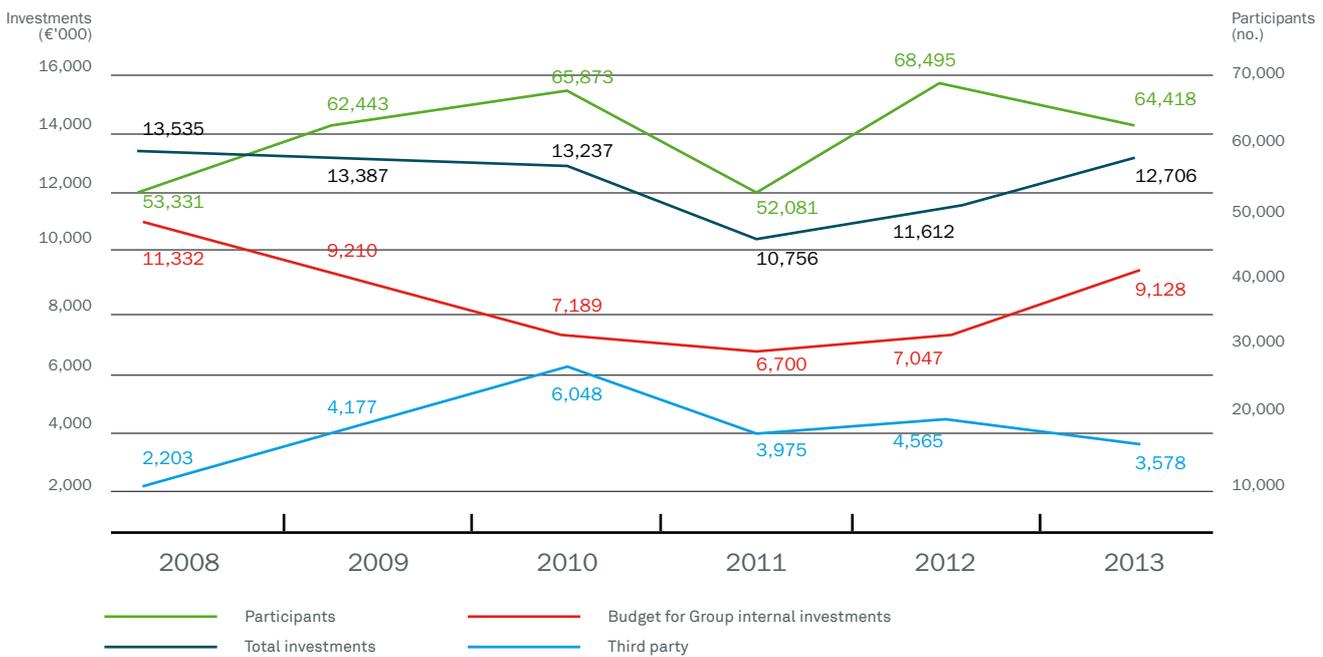
**Faculty**

This initiative is aimed at identifying, selecting, accrediting and managing an internal group of experts (“Subject Matter Experts” or SMEs) to exploit and disseminate the Group’s distinctive expertise. In 2013, SMEs were selected from both the functions already included in the scope of the Faculty (Programme Management, Finance and Supply Chain) and the Lean Management and Marketing and Business Development and Sales functions. Since 2011, 81 SMEs from 14 operating companies and four countries worldwide have been accredited, of whom 33 in 2013.

**PMP in PMI Global Executive Council**

In 2013, Finmeccanica joined the PMI Global Executive Council, the main international certification body for Project and Programme Management skills and credentials. The Global Executive Council is an invitation-only network of operating companies and institutions which lead the development and promotion of PM skills. It is made up of approximately 80 large corporations and bodies of different industries and services in order to share experience and drive practice improvement. Finmeccanica is the first and only Italian company to join the Council.

Investments in training and development (Italy)



**Building on the “know-how” culture**

In 2013, Finmeccanica confirmed and ramped up its commitment to relaunch Italy’s culture of trades, cooperating with institutions and promoting orientation and awareness initiatives. This saw the Group commence a wide-ranging, systematic dialogue with the education (schools and universities) and the production (operating companies) chains, helping bring together professional supply and demand by means of a series of dedicated initiatives.

**Programme****Targets - 2013****1,000 young people for Finmeccanica**

This project is aimed at further expanding the Group's internal skills and knowledge, while providing a practical alternative to young unemployment in Italy, in response to relevant EU recommendations (the "Youth guarantee" plan). It is merit-based and gives young people the possibility of growing professionally. With this project, the Group intends to select and include in its operating companies approximately 1,500 young people who will carry out technological and industrial activities by the end of 2014.

A real army of young people applied enthusiastically to the Group's offer: 56,641 applications were received in less than three months (the application period was between 30 July and 31 October 2013). Applications could be submitted through Finmeccanica's website by filling in the specific form and providing all personal details, educational and work background, along with the CV, language and other certifications. The recruitment process selected those professional profiles most sought after by the Group, notably: Design and Engineering, Production and Supply Chain Management, Business and Sales Development and Project Management. The selection stage is currently underway; at the end of 2013, more than 500 young people had already joined several Italian Group companies.

"1,000 young people" is more than a recruitment project, indeed it is also an important orientation initiative: in addition to the 1,500 young people who will join the Group, many other will be "recognised" in terms of behaviour and skills, based on transparent and objective criteria that are typical of Finmeccanica's talent management system. They will continue their path to employment with increased awareness, looking to the most promising technical positions of the high-tech manufacturing market. The Group is also about to implement a series of actions to re-launch the know-how culture, in collaboration with Italian and regional institutions. The first action is aimed at supporting young people's orientation to the manufacturing market by promoting its seven ITS - Istituti Tecnici Superiori, Finmeccanica's special technology schools in Italy, including through teacher-training and refresher courses based on technical skills and the professional profiles requested by the high-tech market. The aim of the second action is to help bring together demand and supply in collaboration with the main institutional players and employers to identify other employment opportunities for those who took part in the "1,000 young people" campaign, but whose profiles did not entirely match the professional positions requested by the Group.

**Finmeccanica's Istituti Tecnici Superiori**

Launched in 2009, as part of the reorganisation of high schools and technical/professional training, under a memorandum of understanding between the Ministry of Education, University and Research and Finmeccanica, Finmeccanica's Istituti Tecnici Superiori (ITS) are managed by private foundations. In 2013, these foundations were strengthened all over Italy. In July, approximately 150 Group employees who act as trainers for these foundations attended a "train the trainer" seminar held in Milan. During the second half of the year, a diploma award ceremony was held in five of the seven foundations (Piedmont, Lombardy, Friuli, Liguria, Tuscany, Campania and Puglia). In brief, in 2013, Finmeccanica's ITS performed as follows: seven regions involved, 181 students involved in the classrooms and laboratories of the eight participating operating companies (WASS, OTO Melara, Alenia Aermacchi, SuperJet International, AgustaWestland, Ansaldo STS, AnsaldoBreda and Selex ES).

### Finmeccanica's participation in Job & Orienta

Finmeccanica participated in the 2013 edition of Job & Orienta held in Verona, an event covering orientation, schools, training and employment. At Finmeccanica's stand, young participants were invited to orientation interviews with the HR representatives of the operating companies present at the event: AgustaWestland, Alenia Aermacchi and Selex ES. In addition, Finmeccanica organised a workshop on technical job orientation dedicated to the teachers of the secondary schools headed by Finmeccanica's ITS and the diploma and employment letter award ceremony for some students.

### Innovation award

The ninth edition of the Innovation award was held in 2013. Since 2004, this initiative has stimulated employees' contribution to Finmeccanica's ongoing progress, offering visibility and awards to those who propose solutions to improve companies' performance. In nine years, some 22,000 employees around the world have taken part in this initiative for a total of 7,500 projects presented, for many of which a patent application was filed.

### Focus on Group compliance

Finmeccanica has always attached great importance to compliance with regulations and to ensure utmost transparency in company processes. In 2013, controls were strengthened to ensure full compliance with the regulations governing Group operations and new awareness-raising and training initiatives were held.

### Programme

### Targets - 2013

#### Trade Compliance

This initiative was launched to raise Group employees' awareness of the issues related to the controls over the handling of military and dual use materials, providing them with an overview of ruling legislation, including recent regulatory developments. The course was organised with the support and direct commitment of the relevant Ministerial bodies (the Ministry for Foreign Affairs - Military material authorising units - UAMA, the Ministry of Defence - Defence general secretary and the Ministry of Economic Development - General direction for international trade policy) and involved 174 participants of 12 Group companies drawn from different units, giving them the possibility of directly interacting with the relevant bodies and discussing the salient points of applicable regulations. At the end of the course, participants received a Trade Compliance Handbook approved by the relevant Ministerial bodies.

#### Ethics in corporate governance

This course, which was developed in collaboration with the LUISS Business School and the Office of legislative, corporate and compliance affairs, targeted the Group managers who belong to subsidiaries' governance bodies, regardless of their level. 34 managers of operating companies attended the two editions of this four-day course (a total of 25 hours). The main topics included the corporate governance of listed holding companies and groups (with a specific focus on Finmeccanica), conflicts of interest, related party transactions within and outside the Group and management and coordination responsibilities within groups.

### Health and safety in the workplace initiatives

The considerable investments and the number of initiatives launched over the past few years with respect to health and safety in the workplace confirm the Group's strong focus on its people.

Programme	Targets - 2013
<b>Integrated training and communication plan</b>	<p>This programme is comprised of two parts:</p> <ol style="list-style-type: none"> <li>1. four-hour "specific" training for all employees (Finmeccanica SpA's employees, the seconded employees of other Group companies and Finmeccanica collaborators). 500 participants;</li> <li>2. an eight-hour refresher course for Finmeccanica's workers' health and safety representatives (RLS) held in classroom. Four people participated.</li> </ol>
<b>Training programme</b>	<p>This programme was developed in conjunction with the Internal Audit function and, subsequent to Finmeccanica's Bod's approval of the Organisational, management and control model pursuant to Legislative Decree 231/2001, was rolled out to all resources dedicated to corporate activities. It comprised the following:</p> <ul style="list-style-type: none"> <li>- one-to-one training/information interviews with senior managers and managers classed as "top level" (a total of 24), directly managed by the Internal Audit function;</li> <li>- three four-hour classroom-style training sessions were held for Finmeccanica's other managers (54 participants);</li> <li>- an online course was designed for all employees (junior managers and white collars), to be completed no later than the first half of 2014.</li> </ul>

### Partnerships with the academic world

Collaboration with universities and academic institutions is vital to the research and development into new technologies and in preparing Finmeccanica's human resources of the future.

Relationships cultivated with internationally renowned universities and faculties offer the Group high scientific quality in its various fields.

Finmeccanica currently has 415 relationships with 110 universities, of which 50 are in Italy and 60 in the rest of the world; of these, 319 are Italian universities (77%) and 96 are universities located in other countries (23%). The aim is to increasingly open up to this world in the future in order to expand know-how and remain on the cutting edge of innovation.

#### FINMECCANICA AND ITS OUTSTANDING COLLABORATIONS

##### ITALY

Università degli Studi di Roma Sapienza  
 Università degli Studi di Roma Tor Vergata  
 Università degli Studi di Napoli Federico II  
 Università di Pisa  
 Università degli Studi di Genova  
 Università degli Studi di Firenze  
 Politecnico di Milano  
 Politecnico di Torino  
 Università di Bologna  
 Università Commerciale Luigi Bocconi, Milano  
 Scuola Superiore Sant'Anna, Pisa  
 Libera Università degli Studi Sociali, LUISS Guido Carli

##### UNITED KINGDOM

Imperial College London  
 University of Bristol  
 University of Liverpool  
 University of York  
 Cranfield University

---

**UNITED STATES**

Columbia Business School  
Georgetown University  
Massachusetts Institute of Technology (MIT)  
University of Pennsylvania  
Princeton University  
Cornell University  
Stanford University  
University of California, Berkeley

**FRANCE**

École Centrale Paris  
École des Ponts ENSAIME, Valenciennes  
ESTACA, Paris  
INSA de Lyon  
INSEAD, Fontainebleau  
Université d'Orléans  
ENSI de Limoges

## CSR in the community

Finmeccanica has always been conscious of its important role in the communities and, more generally, the countries in which its operations are located, and of the fact that its impact can go far beyond merely the financial aspects linked to its industrial presence.

Being aware of its role as a leader in the economic and social system of the countries in which it operates and of its being a “corporate citizen”, Finmeccanica launches projects and initiatives having a positive social impact on the community as a whole and especially those areas where operations are located.

Therefore, the Group intends to pursue specific answers to complex needs, applying systems and solutions to strongly social-oriented projects, good corporate practices which consider both Finmeccanica employees’ skills along with sustainable growth, strong participation in the development and growth needs of the country and the protection and enhancement of natural and cultural resources.

The Group’s characteristics strong local roots and proximity to the local community enable it to acknowledge and respond to stakeholders’ ever-evolving requests. The Group plays an extremely important role in both the community and the countries in which it operates.

The approach to community is more than virtual. Indeed, it translated into over 100 guided visits at production sites (open days, school visits, etc.), involving many people: this is a way to become known using a new channel, fostering the interaction developed over time with the local areas. Many initiatives were organised during the year, at both group and individual company level, confirming Finmeccanica’s significant contribution to the development and education of the young people to whom it offered scholarships and research aids of approximately €500,000.

### SPACE

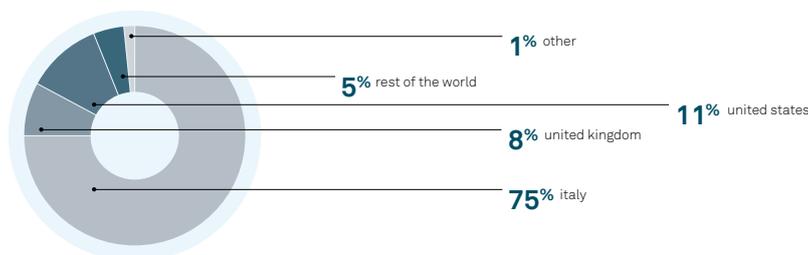
#### Ensuring bank services to rural populations: Telespazio VEGA Deutschland project

Offering real time banking services to clients living in rural remote areas where the bank is not present can often be difficult. In order to ensure these services, Telespazio VEGA Deutschland, a Telespazio subsidiary, provided the German Sparkasse Dillenburg (Hesse region) with a specific satellite connection that ensures a link between the main office and Sparkasse’s “mobile branch”.

The mobile branch was unveiled to the press on 10 December and consists of a bus (supplied by Berger Karrosserie und Fahrzeugbau GmbH) on which a satellite antenna is mounted in order to provide the clients of rural areas with basic banking services.

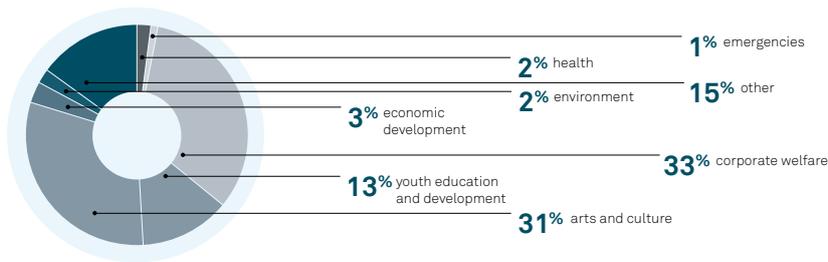
### Sponsorships and donations

Investments in the community, in the form of sponsorships and donations, rose from approximately €8 million in 2012 to roughly €9 million in 2013. The figure reported in this report was calculated using the London Benchmarking Group (LBG)<sup>10</sup>.

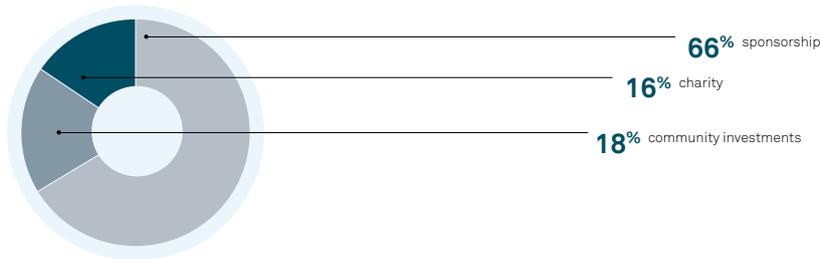


#### Geographical breakdown

10. This estimate is based on the figures collected from the CSR unit at the Parent and the operating companies.



Scope of the initiatives



Reasons behind the initiatives



Type of contribution

The aim of donations is to promote and protect the arts and culture, environmental education and social development and tell the story and the traditions of the Group's operating companies. Set up in 2013, the Corporate Social Responsibility unit is part of the Image and Communication unit and is responsible for promoting and supervising, on behalf of the Parent, all initiatives and projects, in line with the Group's social importance and in collaboration with Finmeccanica's other units and the operating companies, and for expanding the scope and the results of stakeholder engagement. The CSR unit is already committed to supporting sustainable and social responsibility reporting and communication activities, including the [Planet Inspired](#) blog dedicated to sustainable innovation, and to preparing the Sustainability Report. Moreover, in tandem with the Investor Relations unit, it has coordinated and implemented several corporate initiatives including, in particular, the Responsible Canteen Programme (see box below).

## CSR in Italy

Responsible Canteen Programme

With 17 company canteens fully up and running at 31 December 2013, this programme enabled Finmeccanica to implement an important social spending review mechanism which reintroduces its surplus food into a utility chain that provides basic and daily support to the poor. Over 65,000 meals, 5,000 kilos of bread and 800 kilos of fruit, worth more than €137,000, were donated in 2013.

The agreement with Fondazione Banco Alimentare Onlus and Siticibo plays a fundamental role. Indeed, thanks to the latter's widespread organisation, operating companies joined forces with some twenty local charities.

The efforts of charities' volunteers should be praised. Every day, they travel to Finmeccanica, Alenia Aermacchi, AgustaWestland, AnsaldoBreda, Ansaldo Energia, MBDA, OTO Melara, Selex ES, Telespazio, Thales Alenia Space and WASS offices, often using their vehicles and for free, to collect surplus food which will then be distributed where it is necessary.

In addition to an economic result, full cooperation between all the Group's operating companies and catering companies facilitated the launch of this virtuous cycle, reaching a particularly important social objective. Specifically, Ansaldo Energia's commitment should be noted: on 29 November, on the *Colletta Alimentare* (food drive) day, non-perishable food was collected at its offices for Banco Alimentare. This company was also praised by Confindustria Liguria. The second edition of this event will take place in 2014 in the Group's canteens.

**DEFENCE SYSTEMS**"Otto Eventi OTO": OTO Melara public events

"Otto Eventi OTO" is OTO Melara's provincial event which offered the town entertainment events (music, theatre, literature, food, OTO tractor exhibitions, etc.) between 6 and 15 September 2013 at La Spezia Allende Centre.

These events were organised with the free contribution of employees, including those retired, and their families, promoting and consolidating the relationship between the company, its employees and the local community. The event was a success and further consolidated the relationship with institutions, in particular with the La Spezia municipality.

**SPACE**Solidarity and environmental education

In line with Finmeccanica Group's sustainability values and based on Telespazio project launched in its Rome office to increase the awareness of environmental issues and waste recycling, Telespazio Argentina joined the Separate waste collection programme launched by the Garrahan children's hospital of Buenos Aires.

The material obtained from separate waste collection was used to produce and sell objects and the related proceeds became part of a loan granted to the hospital.

Availability of spaces and time for volunteer services

Again this year, Thales Alenia Space made its spaces available for the XXV edition of "Stelle di Natale" (Christmas flowers), an event organised by AIL (the Italian association against leukaemia). A stand selling plants was organised and Thales' employees contributed by donating their time to this purpose. The company considered this time as worked hours, which were regularly paid.

Thanks to this initiative, the association will continue to provide home care and house patients with financial difficulties at Casa AIL Residenza Vanessa.

## CSR in the United Kingdom

The CSR policies implemented in the United Kingdom are substantially consistent with Group's guidelines and are aimed at establishing strong relationships with local stakeholders, including through social initiatives.

The Group's operating companies in Great Britain independently manage various complex initiatives to encourage the creativity and direct involvement of their employees. Selex ES Luton, Finmeccanica's largest site in the UK, launched several initiatives during the year, duly applying the values shared by the company and its more than 900 employees: Diversity and Ethics (supporting education of women engineers and business ethic training), Community and Social (setting up the Luton Charity Committee to streamline the resources dedicated to donations), Education and People (thanks to specific programmes which identify and support the most talented engineers at universities) and Environment (with specific initiatives that support more sustainable management strategies).

### DEFENCE AND SECURITY ELECTRONICS

#### Selex ES for sport and the disabled

Since 2009, Selex ES (formerly SELEX Galileo) has supported the Combined Services Disabled Ski Team (CSDST), a charitable body set up in 2008 by several veterans of the British Armed Forces injured while on duty.

In addition to raising funds to support the team's activities, Selex ES offers its know-how and equipment to improve athletes' equipment. Thanks to sport and to CSDST's activities, the quality of life of Armed Forces' retired veterans who were severely injured on duty can be improved.

#### Social Innovation by Selex ES: the i-Gr@programme for ESustainability

The i-Gr@d programme for ESustainability (an evolution of the IGNITE project) enables young employees to put into practice all the organisational and management skills obtained as part of the two-year i-Gr@d training programme and to manage specific social business cases in the geographical areas which correspond to the company's strategic markets.

This programme took place in 2013 and include geographical areas which are relevant to Selex ES, such as Turkey, Indonesia, Brazil and Algeria.

Since 2010, thanks to the previous IGNITE programme, 80 graduates have been trained in Italy and the UK. With their spontaneous participation, they independently supported and drove the growth of two local Indian factories (Vettiver Unit and Jute Unit) which can now operate independently.

## CSR in the United States

Social responsibility activities in the United States mainly relate to the DRS Technologies Charitable Foundation, which raises funds for projects supporting the US Armed Forces, the health and education of children, emergencies caused by natural disasters and, more generally, initiatives aimed at improving the quality of life of the numerous US communities where DRS has its facilities. Since its formation, the foundation has disbursed significant amounts to organisations selected on the basis of the specific rules and procedures set out on its website.

The DRS Technologies Charitable Foundation is currently active in the "DRS Guardian Scholarship Fund" project providing financial assistance towards the education of the children of members of the National Guard killed during service since 11 September 2001.

In 2013, the DRS Environmental Systems of Florence (Kentucky) donated an electric generator to the 9/11 travelling museum which remembers the 2001 New York events, in collaboration with the [Stephen Siller Tunnel to Towers foundation](#).

## HELICOPTERS

### A vote expressing solidarity: AgustaWestland Christmas' charity event

During the Christmas season, a vote was held to decide on a donation to previously selected charities. For each company site, a board selected three local charities.

Each employee voted for one of these charities. Accordingly, the donation amount was proportionally allocated based on the votes received. This is a tangible action for local charities which involves and increases employees' awareness of social issues.

## CSR in Poland

In 2013, PZL-Świdnik launched several CSR activities, from supporting all the initiatives managed by the local cultural centre to participating in the "Grand Finale of the Great Christmas Charity Orchestra", the country's main annual fund-raising event. The other beneficiaries of sponsorships and donations include the "Veterans-Respect and Support" campaign in favour of the victims and the soldiers injured in foreign missions and two initiatives for sick children: "Give a heart to children" managed by the Polish Red Cross, and the "Bella Italia" charitable soirée organised by the Ex-Animo foundation. During this night, an AW149 helicopter model was auctioned. Three other charities received €5,000 as part of the "Christmas Wish" initiative launched by AgustaWestland.

## Enhancing corporate culture

Again in 2013, the [Ansaldo Foundation](#), set up by Finmeccanica SpA, the Liguria region, the Genoa province and the Genoa municipality, became a fundamental stakeholder for bodies and institutions operating in the culture, training and research of the employment and corporate world. The foundation is mainly active in the field of scientific research, training, cultural and archivist activities.

The Ansaldo Foundation designed and launched significant new initiatives, along with high quality products and services imbued with historical, archival and documental importance. The activities carried out and the wide and varied audience reached confirm the cultural importance of its mission, expressed in an original and ongoing way vis-à-vis public institutions, archivist administrations, operating companies, sector operators and citizens alike.

### **Ansaldo Foundation**

### **Activities completed or continued in 2013**

#### **Scientific research**

- Progress of the "International sector and evolution of large companies", in collaboration with CNR's Istituto sull'impresa e lo Sviluppo.
- Progress of the Smart Cities study, in collaboration with the Electronics, Information and Bioengineering department of the Milan Politecnico.
- Progressive consolidation of the network being developed with universities, academies and scientific bodies, focusing of joint research.

#### **Training**

- Involvement in the first-level master's programme "Assembling and roll-out of electrical energy generation plants", organised by PERFORM (Genoa University) in conjunction with Ansaldo Energia, and presentation of the final dissertations.
- Progress of the second-level training initiatives promoted by the Group and by the companies of the Liguria region: Ansaldo Energia, Ansaldo Nucleare, Ansaldo STS and Selex ES.
- Progress of the top training project for the "Research - Cultural industrial resources" research grants, in collaboration with Genoa's CNR.
- Organisation of Finmeccanica's "ELP - Follow up", an event held in Genoa, Palazzo della Meridiana.

**Cultural and archivist activities**

- Organisation of the exhibitions “*Visione industriale attraverso la fotografia*” (The industrial world through a lense) by Edoardo Montaina and “*Arte e Industria*” (Arts and industry) by Rino Valido at the foundation offices, which are preliminary and lead to a larger exhibition in Palazzo Ducale.
- Organisation of the “*Scatti di Industria. 160 anni di immagini dalla Fototeca Ansaldo*” (Pictures of the industrial world. 160 years of pictures from Ansaldo photo archives) exhibition, dedicated to industry and work which witness Genoa’s and Italy’s past and future capabilities. Over one thousand pictures are displayed, selected from among the 400,000 original photos which date back to the mid 1800s. Specific historical and multimedia areas were prepared. The exhibition was organised in collaboration with Genoa’s Fondazione Palazzo Ducale at its exhibition centre. The event was successfully received by the public, the media and cultural operators and was generally welcomed by the press, television and the internet. Almost 20,000 people visited the exhibition, including prominent figures of the institutional, political, cultural, business and employment landscape.
- Progress of the “*La memoria come risorsa*” (Memory as a resource) project designed to carry out a census of the historical-archivist heritage of Finmeccanica Group’s operating companies, using a specific digital platform.
- Agreement with ILSREC (the Liguria region institute for resistance and contemporary history studies) for the free loan of historical material.
- Progress of work on the documentation of historic interest of MIBAC’s (Ministry of Heritage and Cultural Activity) “ILVA” archival centre.
- Finally, seven dissertations, 13 scientific research studies and 161 studies were carried out at the Foundation’s study rooms.

**TRANSPORTATION**[AnsaldoBreda’s museum](#)

AnsaldoBreda’s new museum was inaugurated in Pistoia, in November 2013, which is now housed in the rooms dedicated to training.

Historical/industrial exhibits were previously located in the Pistoia production departments and was open to the public and the authorities during an event held in April.

This was a special day of historical and industrial culture for all employees and their families.

# Anticipating



# FUTURE





# Innovation

*Finmeccanica's research and development activities influence the rest of the economy through different transmission mechanisms. For each euro Finmeccanica earns through its research and development activities, the Italian production and social system benefits from a spillover effect ranging between one and two euros.*

*Source: Finmeccanica's contribution to Italy (Prometeia)*

## Research and development

The ongoing innovation of its operating processes, systems and products is Finmeccanica's most critical strategic driver and is increasingly tied up with the sustainable development of the entire Group, with the aim of maintaining and strengthening the leadership roles built up within its various business segments. The Group therefore carefully plans its research and development investments via each Group company's ongoing consultation and updating of a five-year strategic plan which links corporate targets and strategies with those of technological, product and process innovation.

Technological research and development activities have different planning and management timeframes based on whether they relate to basic development or developments applied to production, in order to minimise risks, while ensuring the Group's new proprietary technologies are included within products in time for their sale.

In addition to the activities carried out within the Group companies, Finmeccanica is involved in numerous Italian and international research and development programmes, in several of which it holds a leadership role.

The Group has had an Innovation Board since 2011. This body comprises all the operating companies CTOs, engineers and R&D managers and was set up to coordinate technology governance and to manage the issues of interoperability between the operating companies and the pursuit of synergies, to which the MindSh@re technology think-tank also contributes.

<b>R&amp;D INVESTMENTS AND WORKFORCE</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Investments in R&D (€ million)	1,820	1,912	2,020
Rate of investment in R&D (investments/revenue)	11.3%	11.2%	11.7%
Workforce involved in research and development	4,100	4,500	5,250
Workforce involved in engineering and design	15,500	16,000	16,700

### Basic research: advanced materials and nanotechnologies

In Finmeccanica, basic research is common to and covers all reference sectors. Today, it is specifically focused on Key Enabling Technologies (KETs), i.e. specific technological sectors which are key to the promotion of innovation and growth and which were at the heart of the European Commission's "Horizon 2020 - The Framework Programme for Research and Innovation" initiative, which is aimed at strengthening the competition of European industry.

Thanks to KETs, innovation is possible in processes, goods and services in every economic sector; consequently, they have a systemic importance and tend to converge and integrate. Finmeccanica's most recent progress with respect to KETs relate, in particular, to the following:

- materials and technologies for microelectronics integration;
- metamaterials and metastructures for applications in the miniaturisation of devices;
- materials for electro-optical applications;
- fibre optic photonics and sensors;
- nanotechnologies.

### Research and development applied to products

#### HELICOPTERS

- Adoption of the "family" approach, i.e. the aggregation of multiple products of different classes (from 4.5 up to 8.5 tonnes) which share the same design philosophy and have other points in common technologically and in terms of components, maintenance and training.
- Testing continued on the AW609, the first tilt-rotor craft based on cutting-edge solutions (both systems and technology) in terms of flight controls, propulsion and high-reliability nacelle integrated transmission. In such context, studies are underway to define the next generation of tilt-rotor craft (NextGenCTR) capable of operating independently as a platform for both rotary and fixed-wing aircraft.

#### AERONAUTICS

- Development on the M346-Master military trainer and the Basic Turbofan M345 HET model trainer.
- Research has begun on modules of technology development aimed at the creation of the next generation of regional turboprop aircraft (with 90 seats or more).

### DEFENCE AND SECURITY ELECTRONICS

- Work began on the “integrated mast” project for the development of a system in which the various radar and electro-optical sensors, and communications and electronic-warfare equipment needed on ships of the Italian Navy, are integrated into a single structural platform.
- In the field of electro-optics, development of fixed-wing and rotary-wing aircraft applications, with the launch of Miysis, the next generation of Directed InfraRed CounterMeasures (DIRCMs) for the active protection of both civil and military aircraft against man-portable missiles, both integrated and onto platform.
- Analysis continued on defining the best configuration feasible based on operating requirements in the area of wide-band satellite data links in SDR (Software Defined Radio) avionics so as to increase the data rate of the line-of-sight version.

### SPACE

- Development on enabling technologies in the area of space radar (such as next-generation transmit-receive modules based on gallium nitride components), high-capacity computing platforms, and compact deployable antennas for synthetic-aperture radar, and on the next generations of the COSMO-SkyMed systems for earth observation.
- Development of image processing, data fusion solutions for maritime surveillance products and research and development into products for SAR processing/interferometry and ground deformation processing/data fusion.

### DEFENCE SYSTEMS

- Development on the new lightweight Flash Black torpedo that makes full use of systems and sub-systems resulting from previous development efforts.
- Activities for the new naval gun, with particular emphasis on new systems of automatic loading, and for guided ammunition (Vulcano), along with the development of advanced guidance and control systems.

### TRANSPORTATION

- Activity on satellite positioning and the European Rail Traffic Management System (ERTMS) satellite system.
- Development on the catenary-free electrical supply system, known as TRAMWAVE (magnetic ground power supply system), in an effort to reduce energy consumption and minimise environmental impact.

### MindSh@re developments

MindSh@re is Finmeccanica’s technological think-tank. Over ten years it has become the focal point of the collaborative network formed to share know-how, drive research, development and integration activities and effectively implement projects across the Group to foster its growth and encourage its diversity.

MindSh@re had seven active communities at the end of 2013, involving around 350 representatives of the technical, research and engineering departments of all Group companies. These communities are mainly involved in advanced radar system technologies, software, innovative materials, metamaterials, micro electro-mechanical systems (MEMS), photonics, nanotechnology, robotics and unmanned systems, processes and methodologies within the product development cycle, simulation and advanced training, and the management and development of intellectual capital and technology.

In 2013, MindSh@re launched three new projects, co-financed with the Corporate unit: PSSI, which focuses on a set of design standards and regulations to cut the time and the costs necessary for the integration between aircraft pallets and weapon systems, with respect to both changes and updates, Compressive Sensing, an in-depth analysis of the theories underlying the Compressive Sensing concept which considers the methodologies and the algorithms proposed in this respect

in the progress and the fine-tuning of one or more technological demonstrator, and ICARO, which proves the use of radars as a collision detection system on board of railcars.

2013 also saw the launch of a network of simulation laboratories (SIMLABS) connecting seven Italian Group's operating companies. Thanks to this network, joint simulations can be carried out in a shared virtual environment to support engineering development activities and to validate integrated innovative solutions.

MINDSH@RE PROJECTS	2013	2012	2011
New projects launched during the year	3	1	3
Total projects rolled out (*)	31	28	27
- of which, underway (*)	8	9	14
- of which, completed (*)	21	18	12
- of which, cancelled (*)	2	1	1

(\*) Cumulative figures.

### Finmeccanica's presence on national and international platform

The domestic programmes include the Italian Technology Clusters (Finmeccanica is among the main promoters and is one of the founding partners of the "[National Aerospace Technology Cluster](#)"), the "Smart Cities and Communities and Social Innovation" project, the SEcurity Research in ITaly ([SERIT](#)) technology platform, which aims to develop a technology roadmap in the field of security, and [ACARE Italy](#), which aims to guide R&D efforts in aeronautics through the involvement of all the industry players in Italy and the coordination of the Space Innovation in Italy ([SPIN-IT](#)), created to promote innovation and strengthen Italy's presence in European and international programmes of applied research in the space sector.

Finmeccanica also takes part in several Italian Technology Alliances promoted by the [Ministry of Education, University and Research](#)'s General Management for the internationalisation of research in order to meet the targets and challenges of Horizon 2020. These alliances currently represent a concentration of priority sustainable growth objectives, such as nanotechnologies, electrical mobility, product innovation, biometric technologies, internet of the future, photonic sources and sensors, and space.

The European and NATO initiatives in 2013 included the Seventh Framework Programme (FP7), the main European programme to support research and development, while the participation of Group companies continued in research efforts in aeronautics through the two joint technology initiatives (JTIs) [Clean Sky](#) (which focuses on the development of the most appropriate technologies to drastically reduce the environmental impact of aircraft) and [SESAR](#) (focusing on the development of the new European ATM system from now until 2020), as well as the JTI known as [SHIFT2RAIL](#), in the rail transport sector, for which Finmeccanica was among the main promoters and founding partners. In addition, the research and innovation initiatives promoted within NATO and the European Defence Agency (EDA) also continued successfully.

**AERONAUTICS**

Alenia Aermacchi in Clean Sky 2

Clean Sky 2 follows the research programme of the Seventh Aircraft Programme. Launched in 2008, it includes 86 organisations from 16 countries, of which 54 are companies (20 SMEs), 15 are research centres and 17 are universities. Alenia Aermacchi's participation is aimed at implementing sophisticated technological solutions for green regional aircraft with a more efficient aerodynamics configuration and less heavy, generating a significant reduction in fuel consumption (up to 10%), noise and emission of pollutants (CO<sub>2</sub> and NO<sub>x</sub>), in addition to cutting the consumption and emissions of future propellers.

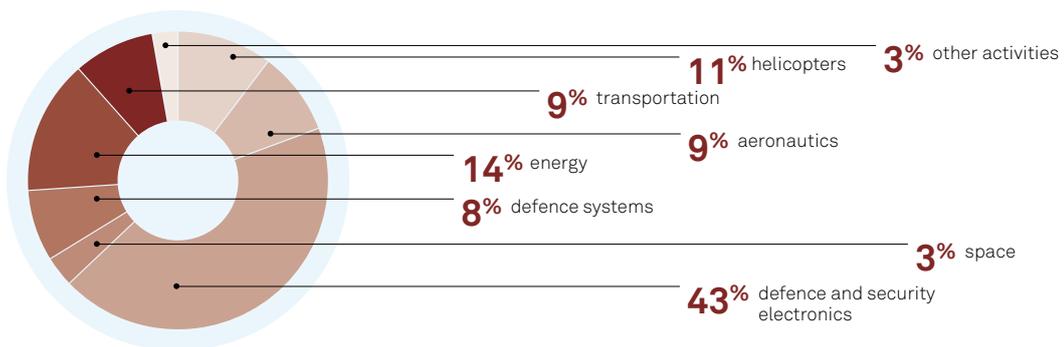
The regional aircraft could be launched between 2020 and 2025. The results of research apply to both regional jets and turboprop aircraft.

As part of this research programme, Alenia Aermacchi is developing a programme to change the ATR 72 regional twin jet, in collaboration with ATR. Starting from 2015, this aircraft will be involved in a series of test flights. Alenia Aermacchi's commitment to the Clean Sky project will result in approximately 700,000 research hours and tests between 2008 and 2015 and will see the participation of the technicians and research staff of the Pomigliano d'Arco (Naples), Foggia, Venegono Superiore (Varese) and Turin sites, along with that of SuperJet International.

**Valuing, managing and protecting intellectual property**

During the year, implementation of Directive no. 20/2012, "Valuing, managing and protecting intellectual property rights" continued. This Directive is aimed at strengthening and consolidating IP and IP-related process management (patent portfolio management, monitoring registration procedures, maintaining patents, protecting Group-relevant know-how by monitoring competitors' activities with respect to patents) and centralising Group patents, thanks to a database common to all operating companies which increases access to patent-protected know-how at intercompany level and optimises IP resources, including in financial terms.

<b>PATENT PORTFOLIO</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Trend of the portfolio of patents filed compared to last year	1%	(0.1%)	4%
Patent portfolio by geographical segment:			
- Italy	17%	18%	18%
- Abroad	83%	82%	82%



**Breakdown of patent portfolio by business segment**

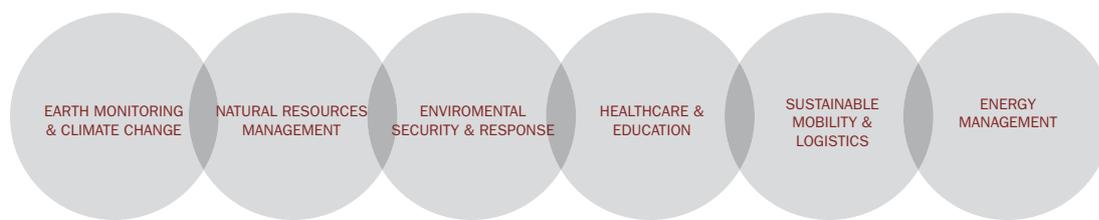
## Sustainable innovation

Another fundamental driver in Finmeccanica's sustainability strategy is the ability to anticipate market needs where demographic growth, hyper-urbanisation and climate change are becoming increasingly apparent and urgent globally.

Accordingly, Finmeccanica promotes and supports "sustainable innovation" across all Group operating companies, including through its strong commitment to KET development. The aim is to develop and launch a distinctive integrated offer, characterised by the [Planet Inspired Solutions](#) claim, in addition to its core business.

Planet Inspired Solutions is an optimal combination of technological excellence and environmental sustainability which protects and reasonably manages natural resources, improves energy efficiency, pursues sustainably mobility models and fights environmental decay and natural disasters. The portfolio is comprised of technological categories (products, solutions, capabilities) and application sectors based on the influence on the global sustainability concept.

- **CleanTech:** technologies, products and services which are inherently efficient, and whose use offers reduced environmental impact and diseconomies.
- **Enabling platforms:** technologies, products, sensors and platforms that can act as enablers in response to sustainability issues.



- **Earth Monitoring and Climate Change:** earth monitoring technologies, monitoring climate and atmospheric changes and the morphological changes of land.
- **Natural Resources Management:** natural resources local monitoring systems to protect ecosystems and human settlements.
- **Environmental Security and Response:** crisis management solutions, of an anthropic nature or caused by natural disasters.
- **Healthcare and Education:** technological solutions which support medical care and remote training.
- **Sustainable Mobility and Logistics:** solutions that increase the safety and efficiency of people, goods and information flows, reducing diseconomies and the environmental impact.
- **Energy Management:** technologies and systems for safe and efficient energy management, from generation to final use, through intelligent distribution grids.

The above shows that the technological skills of the Group's traditional sectors are also used in considerably different sectors from those of Aerospace, Defence and Security: from smart cities to intelligent distribution grids, from mobility to logistics, from energy-efficient buildings to area and safety monitoring, from protecting and preserving cultural heritage to managing big events, from health care to education, and added value satellite services for observation and navigation, in addition to the aircraft and helicopter sectors.

## Planet Inspired Solutions development



# PLANET INSPIRED SOLUTIONS

Progress to boost the identity and visibility of Planet Inspired Solutions, both within Finmeccanica and the market and external stakeholders, continued also in 2013.

The Parent continued to manage the “New Initiatives” Organisational unit whose scope is to promote the combination of existing technological solutions into target markets adjacent to those of the Group’s core business, in close collaboration with the CTO Corporate and the Strategic Marketing units and in tandem with operating companies.

In addition to the broadside initiatives covering common interest issues, such as sustainable mobility, energy efficiency, healthcare and safety, a Security and Smartness work group was set up to define strategic objectives and identify target markets and countries and channel strategic differentiators which ensure a stronger international visibility to planet-inspired technologies, skills and solutions, exploiting the strategic similarities of the Group operating companies.

In the product range currently being finalised, a specific logo will identify the products and services which are part of Planet Inspired Solutions.

## Planet Inspired Solutions case histories

### Enabling platforms/Energy management

Di-BOSS is the innovative solution launched by [Selex ES](#) during [IBCon 2013](#), the smart building meeting held in Orlando (Florida) in June 2013. This new system is the result of the collaboration between Finmeccanica, Selex ES, [Rudin Management](#) and [Columbia University](#) and is at the root of the [Smart Skyscrapers](#) project, which already obtained special sustainability acknowledgement at the Innovation Award Finmeccanica 2012. By 2015, this project will give a “smart” facelift to 16 skyscrapers in New York.

This systems uses one common language for all the complex systems which manage the specific functionalities of a group of buildings: heat and electricity distribution, lift operation, access control, fire alarm systems and the ICT backbone become the nerve cells of the central nervous system of a pulsating and intelligent living body, governed by one “brain”. The system also learns from the behaviour of the living body and subsequently reorganises functions based on needs at two different levels: energy saving on one side and comfort and safety on the other.

Moreover, tenants can also constantly control consumption thanks to online portals. Since approximately 60% of the consumption of a building can be controlled by those who live there, Di-BOSS makes them the main players who are behind the savings achieved.

### CleanTech/Sustainable Mobility & Logistics

As part of the sustainable product research and development activities conducted by BredaMenarinibus, the projects which led to the development of the wheeled vehicle ZEUS and the new Citymood EURO 6 buses are particularly interesting.

ZEUS is a zero-emission electric battery-powered minibus based on a consolidated and reliable technology. It can be used any time environmental impacts (emissions, noise) have priority: thanks to its electrical drive system, ZEUS can be operated in different ways, including in an increased energy-saving mode, reducing the environmental impact.

The new Citymood bus range is comprised of diesel and natural gas, 10.5, 12 and 18 metre vehicles which add to the Italian system an innovative technological approach to satisfy EURO 6<sup>11</sup> requirements and increase environmental sustainability.

#### Robotics and autonomous systems

Finmeccanica has developed a wide range of autonomous systems that can operate in different environments (air, land, sea and space). These systems can adapt to changing scenarios as they are unmanned. Consequently, they differ from automated systems which must be pre-programmed, making their reactions predictable.

These systems can be used, *inter alia*, to monitor the environment, archaeological and industrial sites, to prevent fire and, more generally, in emergencies. Being unmanned, they are also lighter and smaller than conventional ones and need less energy, generating lower emissions which are almost zeroed when they are electrically operated.

The most sophisticated autonomous systems of the Group operating companies include vehicles and mobile platforms such as Alenia Aermacchi's Sky-Y; Selex ES Falco's Falco (tactical UAV), OTO Melara's TRP 1β, WASS's V-Fides Autonomous Underwater Vehicle and Thales Alenia Space Italy's Space rover.

11. EURO 6 is the most recent regulation governing diesel and gas engines passed by the European Commission. Its coming into force will cut considerably No<sub>x</sub> emissions and particulate emissions shall not exceed 0.01 g/kWh (a 50% reduction compared to the Euro 5 regulation). The combined emissions of hydrocarbons and No<sub>x</sub> will be cut by an average 70% compared to the previous limit set by Euro 5/EEV.

Having

# RESPECT





# Environment

## Environmental management

---

Finmeccanica operates worldwide and implements company strategies which also aim to protect the environment and the health and safety of employees, specifically with respect to fighting climate change, controlling and reducing the use of hazardous materials, saving energy and water, minimising waste production and waste recovering and recycling.

This focus is clearly expressed in the Environment, Health & Safety (EHS) policy included in Directive no. 3 “Environment protection” issued in March 2013 which Group companies implemented by adopting dedicated company procedures.

Under environmental governance, the Parent shall focus on the activities listed below through Finmeccanica Global Services’s (FGS) Environmental and Risk Prevention Policies Organisational unit:

- preparation and circulation of environmentally related guidelines;
- documentary checking of the compliance of operating companies’ Environmental Policies with ruling legislation and applicable national and international standards;
- monitoring and controls to prevent and manage environmental risks, both at Group and site and/or company level, including through on-site checking of the implementation of the above procedures;
- promoting and disseminating environmental know-how within the Group to create, support and spread the culture of environmental sustainability and the protection of health and safety in operations.

The Group’s operating companies independently implement the Group’s guidelines and prepare plant/structural and management action plans and programmes to improve environmental performance.

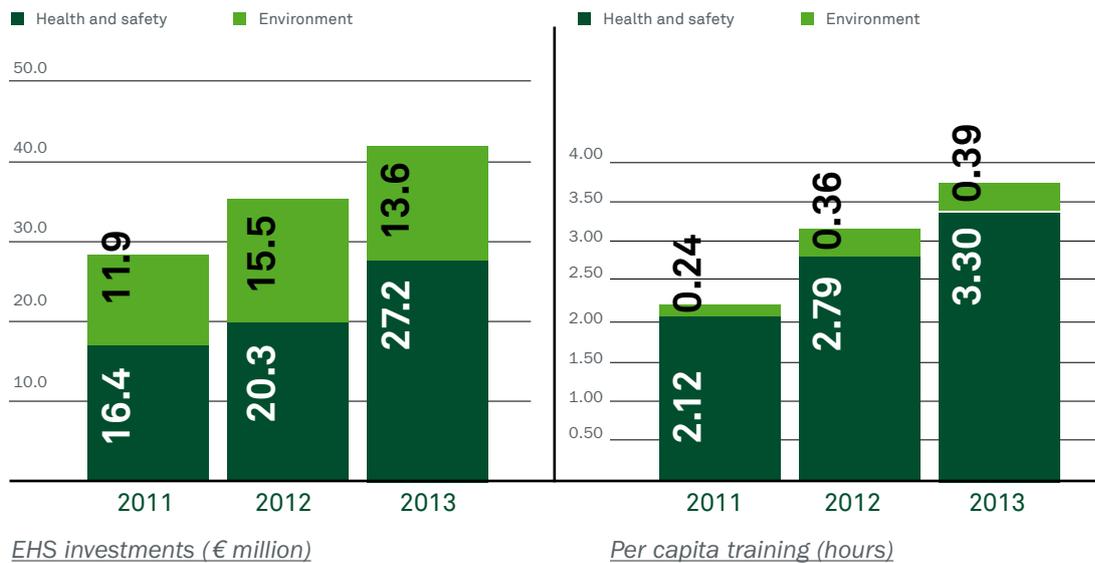
Finmeccanica Group has reported its environmental, health and safety performance since 2006, and this reporting has been an integral part of the Sustainability Report since 2010. Since 2011, the data have been gathered and consolidated through a web-based system.

The 2013 reporting scope includes 149 sites, down by 18 on 2012. These sites are no longer in the reported scope as they were closed or are being sold. Reference should be made to the methodological note attached to this report for a list of in-scope sites.

### Structural intervention and management actions

Over the period 2013-2015, the Group operating companies planned and have already partly implemented over 160 structural intervention and management actions to reduce the environmental impact caused by their business activities. Most actions were aimed at improving energy efficiency, waste cycle management and water management.

Although management plans and programmes reflect the organisational and operational strategies set by the operating companies from time to time based on the specific characteristics of the business, they share the goal of improving awareness, communication, information and training about the environment and the health and safety of Finmeccanica's employees and the third-party companies present at operating sites.



The Group applies this approach also through an increased use of Environmental Management Systems (EMS) and Health and Safety Management Systems in the workplace, certified under the relevant international standards.

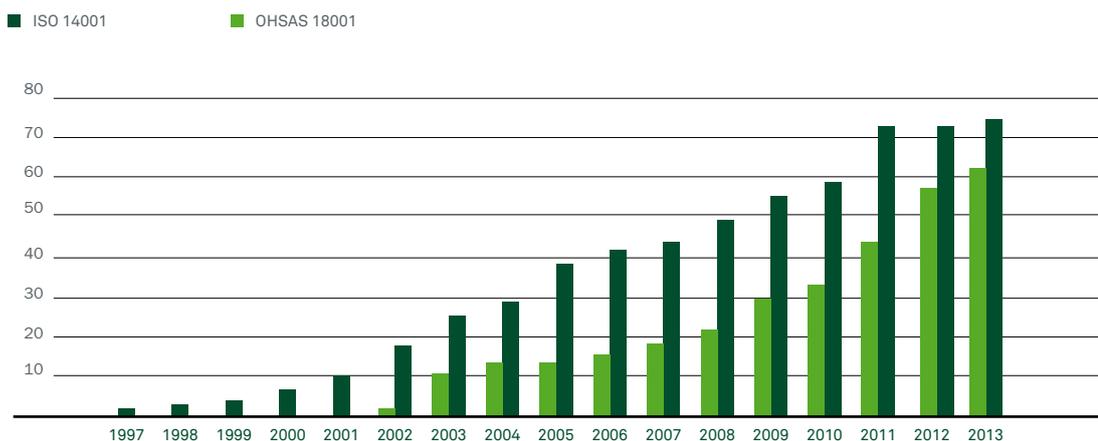
At the end of 2013, the 149 surveyed sites included:

- 74 sites (50% of the total) which had adopted an ISO 14001 certified environmental management system. Specifically, almost 63% of the employees included in the environmental reporting scope work at these sites;
- 61 sites (41% of the total) which had adopted an OHSAS 18001 health and safety in the workplace system. Specifically, almost 48% of the employees included in the environmental reporting scope work at these sites;

- 53 sites (36% of the total) which obtained both the above certifications.

Moreover:

- AgustaWestland launched a plan to obtain the ISO 14001 certification for all its Italian sites in 2014. In 2013, under this plan, the Environmental Management System of one of the company's main sites obtained the certification;
- the Foggia (Alenia Aermacchi) and Tito Scalo (Ansaldo STS) sites were registered in accordance with the EMAS Regulation (Eco-Management and Audit Scheme);
- the Basildon Sigma House, Luton, Edinburgh and Southampton Selex ES sites adopted ISO 50001:2011 Energy management systems.



*ISO 14001 and OHSAS 18001 certifications*

In 2013, 17 guidelines were prepared and circulated within the Group which, in addition to the above matters, dealt with waste management, water management, climate change and CO<sub>2</sub>, environmental emergencies, hazardous materials and underground tanks. Furthermore, the Italian guidelines applicable to fluorinated greenhouse gases and emission management (both industrial and office emissions) were translated and distributed to the foreign Group operating companies.

#### **Environmental risk prevention and control**

The second risk gate-based survey<sup>12</sup> was carried out on 48 Group sites in Italy. The next survey will take place in the second half of 2014. In the same year, a tool will be developed in English which will be used by the Group's foreign sites.

Furthermore, FGS carried out over 27 environmental audits at Italian and foreign sites, covering all environmental matrices (soil, subsoil, water, atmosphere, ecosystems and biodiversity), and materials containing asbestos. Some 120 environmental audits were also carried out at the sites by external personnel (e.g., certifying bodies, independent auditors) mainly to maintain management system certification.

In 2012, 32 environmental incidents were recorded at 13 sites, most of which related to minor spillages and none of which impacted business continuity. The appropriate corrective actions were promptly taken in each case (securing and replacement of leaking equipment/machinery, washing of surfaces and the recovery of spillages with special absorbent kits, etc.). They were also recorded by site personnel in accordance with ruling Operational procedures.

12. Risk gate: mathematical model developed to assess environmental risk at Finmeccanica Group's industrial sites considering the environmental sensitivity of the area in which they are based, environmental aspects and site-specific risk factors, the socio-economic sensitivity of the relevant area and compliance with applicable environmental regulations, thereby minimising the surveyor's discretion.

ENVIRONMENTAL MANAGEMENT	2013	2012	2011
Number of facilities with certified environmental management systems	74	73	72
Environmental audits	148 (*)	140	110
Environmental accidents (total)	32	19	11
- spillages	27	13	7
Violations of environmental regulations noted by control bodies	0	6	16

(\*) 121 external audits and 27 internal audits (executed by FGS).

#### Communication, information and training in the EHS community

The production and sharing of EHS technical and specialist know-how within the Group is centrally coordinated by FGS which periodically carries out research, analysis, assessment, selection and circulation of new regulations and best practices via the usual way used by the Group:

- the EHS web portal which was launched in 2012. It features over 200 technical documents covering EHS issues, including guidelines and sector studies, and it is accessible by over 150 EHS resources of the Group located across four continents;
- the e-mail address for EHS communications from which, in 2013, over 50 communications were sent to EHS managers and representatives concerning new regulations, good practices and in-depth analyses;
- FNM Group Magazine which dedicates some pages of every issue to corporate sustainability at all levels.

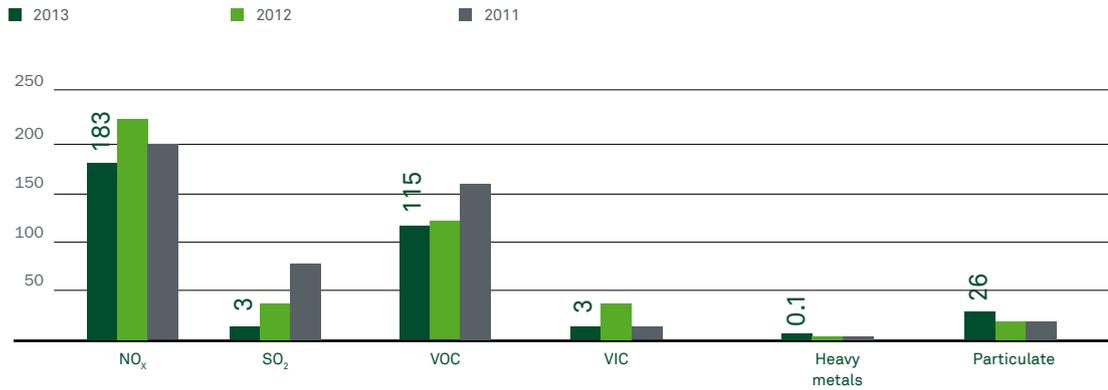
## Environmental impacts and KPIs

### Atmospheric emissions

Atmospheric emissions are due to the energy consumed during the combustion processes related to civil use (e.g., air conditioning and heating of premises, production of hot water for human use), industrial and process use<sup>13</sup> and site-specific production activities<sup>14</sup>.

In addition to CO<sub>2</sub> as described below, the main quality parameters considered were: NO<sub>x</sub>, SO<sub>2</sub>, Volatile Organic Compounds (VOC), Volatile Inorganic Compounds (VIC), heavy metals (Pb, Hg, Cd, Cr, As, Co, Ni) and particulates.

There were 2,352 authorised emissions points in use in 2013 in the 67 Group's sites, 131 (5%) less than in 2012. The change in the NO<sub>x</sub> and SO<sub>2</sub> emissions levels from 2012 was closely related to the type of fuel used at the sites and, specifically, reflects the decrease in the use of diesel oil. Changes in other emissions levels related directly to the specific production processes and consequent work programmes carried out at the sites.



*Atmospheric emissions (g/h)*

### Water management

The Finmeccanica Group sites mainly use water for civil and industrial purposes and to water the extensive green areas at many facilities.

In line with the Group's new Environmental and Health and Safety Policy, which is increasingly focused on water conservation, the Group increased the scope of its analyses in order to identify the tools and the best management solutions which, where possible, could also be applied to other companies, to save water and promote a responsible use of this resource.

Specifically, as part of sustainable water management and the related Group model, the study and development of the so-called water report<sup>15</sup> is key in accurately understanding the strengths and weaknesses of site water management: starting from the Group's guidelines, this report becomes an operational tool for operating companies as was the case, for example, with AnsaldoBreda's Pistoia site, where the accurate reconstruction of water usage enabled the system's main critical points to be pinpointed and the assessment of the best actions to be taken to resolve them. Furthermore, at the end of 2013, a training and orientation project was launched as part of an agreement signed with the Turin Politecnico to plan and carry out a water audit of one of Finmeccanica Group's Italian sites in order to identify any critical issues with respect to withdrawal, use, treatment and discharge and any areas to be improved, specifically in relation to water saving.

13. Where there are no laboratory analyses (e.g., at office facilities), NO<sub>x</sub> and SO<sub>2</sub> emissions are calculated automatically by the reporting system using emission coefficients taken from the literature, starting with the annual consumption of natural and diesel oil to produce energy/heat.

14. Emissions calculated based on laboratory analyses carried out during the year at the sites that have atmospheric emissions monitoring systems.

15. This process assesses all incoming and outgoing water components of the system to calculate water use and identify any leaks in the grid.

Use of water recycling and reutilisation systems by operating companies in 2013 led to the recycling and return of almost 490,000 cubic metres of water in the production sites of 17 Group sites (i.e., 6% of total water withdrawn by the Group).

Water withdrawal

The total water withdrawn by Finmeccanica Group (56% comes from wells and 44% from the water supply system) in 2013 fell by 7.5% on 2012. The decrease is also the result of the water saving measures implemented by the Group operating companies. Specifically, the volume of water withdrawn from wells decreased by 10% and that from the water supply system fell by almost 4%. The decrease in total water withdrawn led to a reduction of 2% of water withdrawn per hour worked.

The water withdrawn, less normal leakage from the piping network, evaporation, etc., substantially coincides with the amount consumed by the Group.

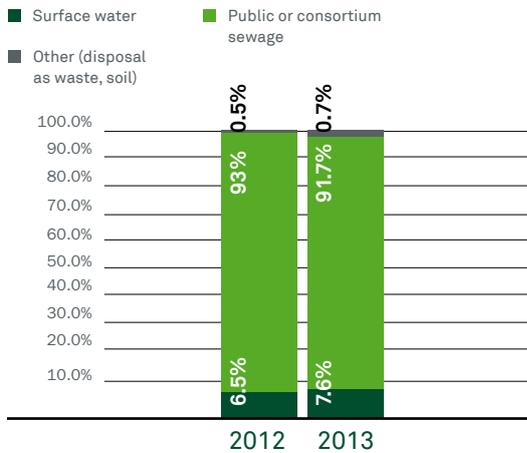


Water withdrawn (l/h)

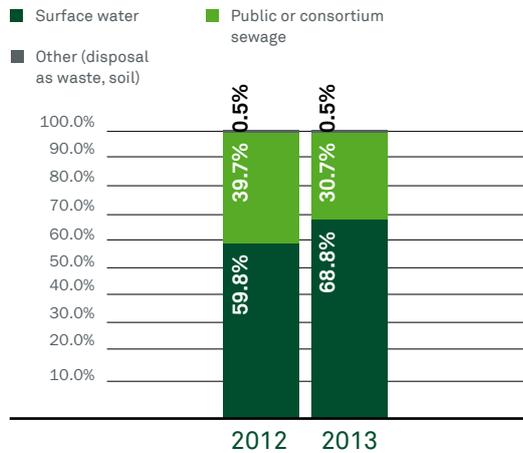
Wastewater

In 2013, the Group operating companies produced approximately 3.7 million cubic metres of wastewater (domestic or similar wastewater), equal to 58% of total volume, and 2.7 million cubic metres of wastewater from production processes (42% of total volume), for a total of 6.4 million cubic metres.

66% of the wastewater produced goes into public sewers and about 33% drains into surface waterways as it does not require additional purification treatment. The minimal remaining portion is disposed of in another way (disposed of as waste; soil, after purification, pursuant to the authorisations issued by the supervisory and control bodies).



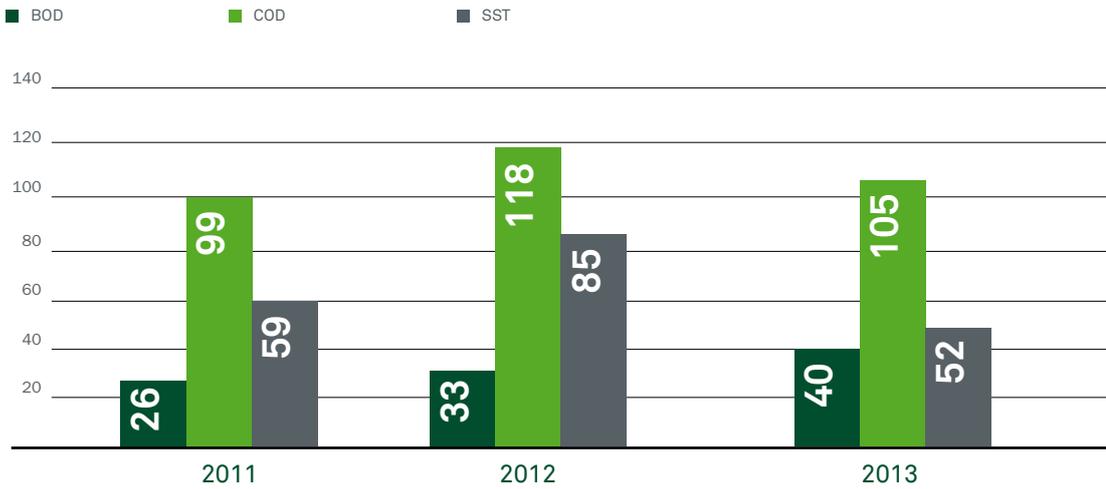
Final receptor of domestic or similar waste water



Final receptor of industrial/process waste water

The Group sites have 26 domestic wastewater treatment plants and 24 industrial wastewater treatment plants, mainly biological and chemical-physical. The concentrations of BOD (Biochemical Oxygen Demand), COD (Chemical Oxygen Demand) and TSS (Total Suspended Solids) offer the main quality parameters for wastewater and variations are directly related to the specific production processes carried out at the sites.

The proper management of wastewater plants by the sites is subject to periodic control and monitoring activities which are directly carried out by the Group companies and FGS as, for example, in 2013, in the case of the wastewater audit carried out at the Selex ES site of Giugliano in Campania (Naples).



Quality indicators for drainage systems

**Waste production and management**

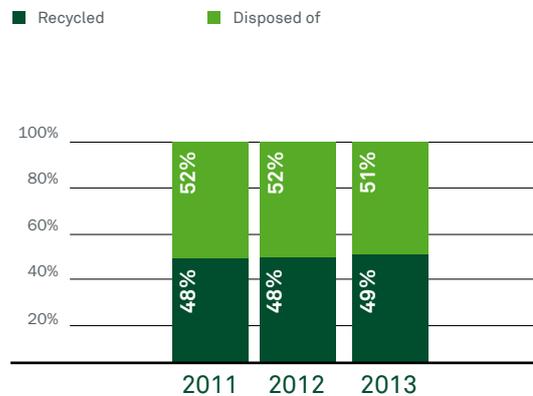
Total waste production at Group sites in 2013 rose by 6% on 2012 mainly as a consequence of the production increases and changes experienced by some business segments which entailed the use of specific materials and of significant activities to remove materials as part of site maintenance and expansion and the sale of other sites.

Based on relevant European directives and international legislation, 26% is classified as hazardous (up by 21% on 2012), while 74% is non-hazardous (up by almost 2% on 2012). Waste is monitored at all stages of its management (storage, transport, treatment and disposal/recovery). The analysis of technical documentation on how the waste produced in 2013 was disposed of showed that 49% was recycled (up by 1% on 2012), while 51% was disposed of (down by 1% on 2012).

120



Waste produced (kg/h)



Waste by destination (%)

## Soil and subsoil

The total surface area occupied by the Finmeccanica Group sites surveyed equals almost 15 square kilometres, nearly five times the City of London, of which almost 6 square kilometres are green areas (38% of the total).

44 Group sites have 250 underground storage tanks which are used for liquid raw materials, fuel and/or liquid waste, and are functional to the production activities carried out. Management of underground storage tanks is covered by a specific Group guideline. In order to minimise the risk of contaminating soil and subsoil, the operating companies have been removing underground storage tanks for years and/or have installed double-wall buried storage areas and/or systems that automatically identify leaks.

45 Group sites were surveyed between 1999 and 2013 in order to assess the environmental health of soil, subsoil and underground water: of these, 27 are subject to characterisation, securing, monitoring and clean up activities.

## Hazardous materials

The specific activities carried out by the Group operating companies entail the use of hazardous materials (paints, glues, solvents, resins, impregnating agents, acids, bases, etc.). In this respect, the total quantities of substances hazardous to health classified as R40/H351<sup>16</sup>, R45/H350<sup>17</sup> and R49/H350i<sup>18</sup> and those hazardous to the environment, classified as R50/H400<sup>19</sup>, R51/H401<sup>20</sup>, R52/H402<sup>21</sup> and R53/ H410-H411-H412-H413<sup>22</sup>, are carefully monitored.

Changes in 2013 consumption are closely related to contracts, new programmes and new product lines developed over the year at various sites.

The Group operating companies are committed to optimising their consumption or seek substitute products that are less hazardous or non-hazardous. They also participate in industry committees, panels of experts or work groups targeting increasingly sustainable innovative strategies and approaches: for instance, within the REACH programme, AgustaWestland has taken part in the activities carried out in Europe by the ASD ([AeroSpace and Defence Industries Association of Europe](#)).

16. Category R40: limited evidence of a carcinogenic effect, as defined by Directive 67/548/EC, or H351: suspected of causing cancer, as defined by GHS and Regulation (EC) 1272/2008 (CLP).

17. Category R45: may cause cancer, as defined by Directive 67/548/EC, or H350: may cause cancer, as defined by GHS and Regulation (EC) 1272/2008 (CLP).

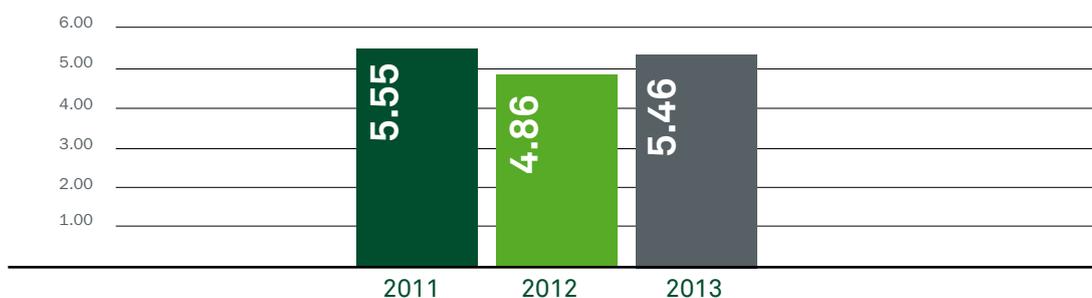
18. Category R49: may cause cancer by inhalation, as defined by Directive 67/548/EC, or H350i: may cause cancer by inhalation, as defined by GHS and Regulation (EC) 1272/2008 (CLP).

19. Category R50: very toxic to aquatic organisms, as defined by Directive 67/548/EC, or H400: very toxic to aquatic life, as defined by GHS and Regulation (EC) 1272/2008 (CLP).

20. Category R51: toxic to aquatic organisms, as defined by Directive 67/548/EC, or H401: toxic to aquatic life, as defined by GHS and Regulation (EC) 1272/2008 (CLP).

21. Category R52: harmful to aquatic organisms, as defined by Directive 67/548/EC, or H402: harmful to aquatic life, as defined by GHS and Regulation (EC) 1272/2008 (CLP).

22. Category R53: may cause long-term adverse effects in the aquatic environment, as defined by Directive 67/548/EC, or H410-H411- H412-H413: very toxic-toxic-harmful to aquatic life with long lasting effects, as defined by GHS and Regulation (EC) 1272/2008 (CLP).



*Total quantities of substances hazardous to health  
(R40/H351, R45/H350, R49/H350i) (g/h)*

The following table shows Finmeccanica Group's sites classified as At Risk of a Significant Incident (RSI)<sup>23</sup> and those subject to the Integrated Pollution Prevention & Control (IPPC) Directive<sup>24</sup>: during the year, the number of surveyed sites has changed by one unit for both RSI and IPPC following the sale of the Alenia Aermacchi site at Casoria (Naples).

<b>Company</b>	<b>RSI (10 sites in total)</b>	<b>IPPC (13 sites in total)</b>
AgustaWestland	Anagni (Frosinone), Cascina Costa (Varese), Frosinone, Vergiate (Varese), Świdnik (Poland) and Yeovil (United Kingdom) - 6 sites -	Anagni (Frosinone), Brindisi, Frosinone, Vergiate (Varese), Świdnik (Poland) and Yeovil (United Kingdom) - 6 sites -
Alenia Aermacchi	Caselle Nord (Turin), Nola (Naples) and Venegono Superiore (Varese) - 3 sites -	Caselle Nord (Turin), Nola (Naples), Pomigliano (Naples), Venegono Superiore (Varese) and Venice - 5 sites -
OTO Melara	La Spezia - 1 site -	La Spezia - 1 site -
Selex ES	-	Southampton (United Kingdom) - 1 site -

### Ozone-depleting substances and fluorinated greenhouse gases

At the end of 2013, there is a total of some 33 tonnes of ozone-depleting substances, seven tonnes less than in 2012 following the exclusion of 7 sites from the environmental reporting scope, stored mainly in the refrigeration and air conditioning systems of 63 Group sites. Plans are in place for their removal or replacement with other substances less dangerous for the ozone layer.

In 2013, the EHS report was expanded to include the fluorinated greenhouse gases (F-gas) present in the systems of Group sites among the reported indicators. Although they do not contribute to the depletion of the ozone layer, these gases have a significant impact on the greenhouse effect. Specifically, these substances are present in 70 sites.

23. Sites subject to application of [Directive 2003/105/EC](#). The United States has a similar regulation, the "Chemical Accident Prevention Program", but none of Finmeccanica's sites has quantities of an amount requiring inclusion.

24. Sites subject to application of [Directive 2008/1/EC](#).

Furthermore, in compliance with Italian regulations<sup>25</sup>, the procedures to collect the documentation necessary to prove that operating companies and/or the relevant operators have filed the Declaration relating to certain refrigerating, air conditioning fixed systems, heat pumps and fire prevention fixed systems containing fluorinated greenhouse gases present at 55 Italian sites, commenced during the year.

25. Presidential decree 43 of 27 January 2012 (Implementation of EC Regulation 842/2006 on certain fluorinated greenhouse gases - Official Journal no. 93 of 20 April 2012).

## Carbon management

### Carbon footprint

This is the fifth year Finmeccanica Group reports its greenhouse gas emissions via the Carbon Management System (CMS)<sup>26</sup>, pursuant to the Greenhouse Gas Protocol (GHG Protocol)<sup>27</sup>.

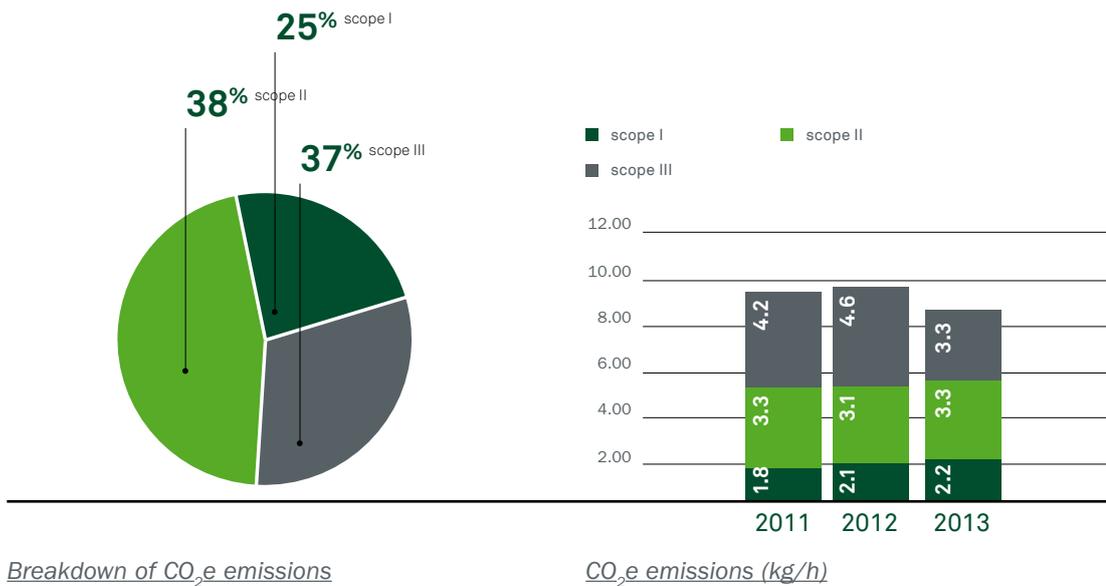
The emissions are classified as “direct” (Scope I, deriving from own sources or controlled by the Company) and “indirect” (Scope II, related to the generation of electrical energy purchased; Scope III, deriving from sources not controlled by the Company, for instance, extraction of raw materials, transport of goods and employee travel<sup>28</sup>).

Total carbon dioxide equivalent (CO<sub>2</sub>e) emissions produced by the Group in 2013 fell by 14% on 2012, to slightly above 921,000 tonnes, 63% of which are Scope I and Scope II emissions. These are slightly up by around 1% on those of 2012 because of the increase in energy direct consumption (specifically, methane and LPG), while Scope III emissions fell considerably (-32%) on the previous year and remain closely related to logistics and goods transportation.

The specific ratio of CO<sub>2</sub>e generated per hour of work fell by 9% over that of last year, related mainly to Scope III emissions.

Finmeccanica is considering reviewing the previous targets set for Scope I and Scope II emissions, also considering the current macroeconomic context, and the restructuring underway in the Defence and Security Electronics business segment in particular.

124



26. Reference should be made to the related methodological note (Annex: Finmeccanica Group's Carbon Management System) for further details on the CMS Group project.

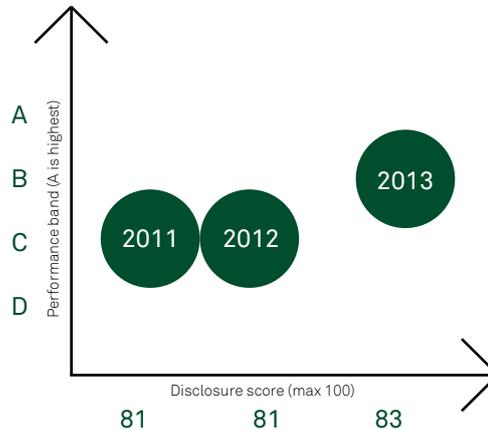
27. Coefficients and emission factors were updated, where necessary, in accordance with the relevant national and international standards (GHG Protocol Tool 2011 and 2012; UNFCCC NIR Italy, 2013).

28. With reference to business travel, air travel CO<sub>2</sub> emissions are monitored, covering approximately 85% of the Group's expenditure. These estimates are also applied to short-term car rental, covering approximately 60% of the Group's expenditure. The results of monitoring activities are shared with the companies to promote a responsible CO<sub>2</sub> emission reduction related to business travel.

### Finmeccanica's participation in the Carbon Disclosure Project

For the sixth year running, Finmeccanica has participated in the Carbon Disclosure Project (CDP), a not-for-profit organisation representing a growing number of institutional investors (722 in 2013, i.e., up 67 on 2012), with assets under management of \$87 trillion. The CDP asks operating companies to transparently disclose their climate change strategies, targets and policies, used to allocate a performance score and assess their results.

Thanks to the Group's initiatives of the past few years, Finmeccanica (included in the Industrials sector) improved its results with respect to both disclosure and performance<sup>29</sup>.



Group results

### **Emission trading**

The third greenhouse gas emission trading period (2013-2020) for stationary plant began on 1 January 2013<sup>30</sup> (Emissions Trading Scheme - ETS, Directive 2003/87/EC, as modified by Directive 2009/29/EC).

There have been no changes since 2012 in the number of sites falling under the directive: where required by relevant legislation<sup>31</sup>, the emissions of the sites included in the scheme, all of which are located in Italy, were certified by a body accredited by the Ministry for the Environment, Land and Sea.

29. CDP evaluates the results achieved in terms of disclosure (on the basis of the company's commitment and the transparency and completeness of the information disclosed); performance (awarded based on the achievement of reduction targets and the mitigation of impacts).

30. Directive 2009/29/EC was implemented into Italian legislation with Legislative Decree 30/2013 which became effective on 5 April 2013.

31. In Italy, under Article 38 of Legislative Decree 30/2013, small-size facilities can be excluded from the greenhouse gases trading scheme (opting out clause), provided that they are subject to measures that reduce emissions by the same volume that would have been obtained had they been included in the scheme. The operators of these facilities are however required to prepare a Monitoring plan.

Company	No. of sites included	Emissions allocated <sup>32</sup> (tonnes/year)	Actual emissions for 2013 (tonnes/year)
AgustaWestland	3	23,937	25,503
Alenia Aermacchi	7	44,972	61,946
AnsaldoBreda - opted out	1	4,422	4,506
Ansaldo Energia	1	1,057	1,818
OTO Melara	1	6,641	6,791
<b>Finmeccanica Group</b>	<b>13</b>	<b>81,029</b>	<b>100,564</b>

## AERONAUTICS

### Aviation and emissions trading (2013-2020)

Since 1 January 2012, air transportation emissions have been part of the ETS. Consequently, all operators who carry out one of the air transportation activities covered by the regulation have been included in the community emission trading scheme (all flights from/to European Union airport, except for some flights). Every year, the European Commission prepares a list of air operators which carried out the air transportation activities covered by the regulation, allocating each operator to the management of a Member State.

Some of the flights operated by AgustaWestland and Alenia Aermacchi in 2013 fell under the scope of the Aviation ETS as sole air operators. Consequently, for the first time, they have provided the required information in the Group's web-based system, specially modified in this respect.

The focus on the impact of product utilisation has urged the operating companies to look for state-of-the-art technological solutions, including to the benefit of customers. The Internal Programme (2014-2015) is an example of this. It was launched by AgustaWestland as part of the Environmental responsibility at product level, in relation to the AW109.

The aim of the programme is to reduce the weight of the AW109, hence to reduce fuel consumption, CO<sub>2</sub> and NO<sub>x</sub> emissions, and to improve loading capabilities and performance. Internal and external collaborators will participate in this programme.

32. CO<sub>2</sub> emissions allocated by the Ministry for the Environment, Land and Sea under the National allocation plan (2013-2020).

## Energy management

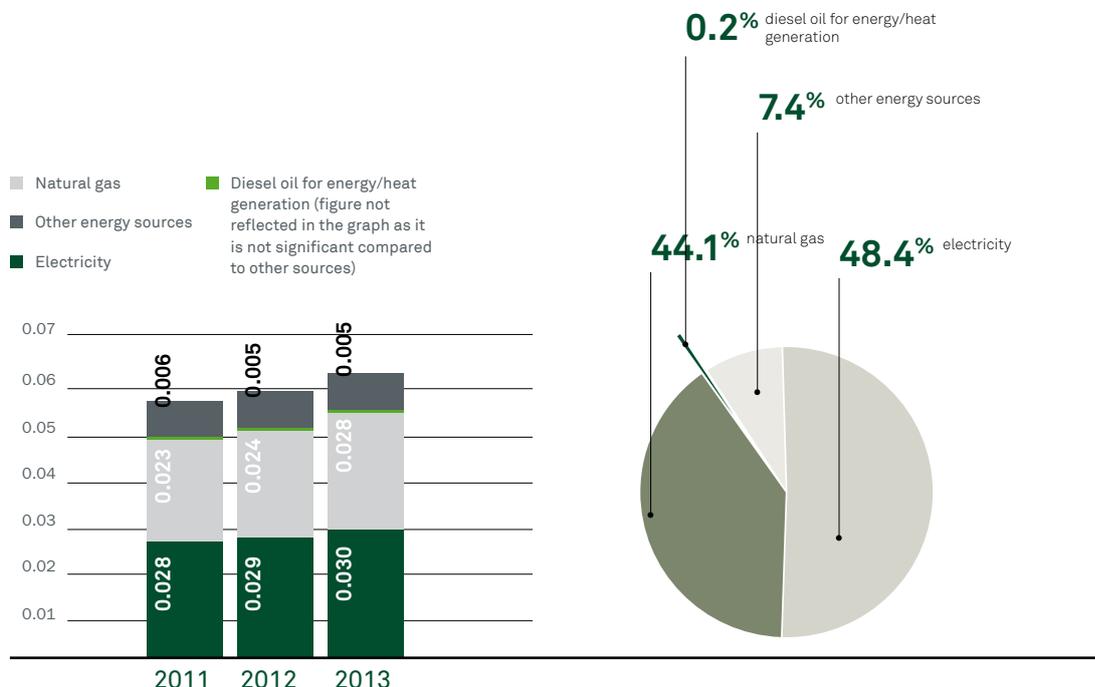
The Group's energy management model, managed by FGS in collaboration with the operating companies, is aimed at reducing Finmeccanica's energy expenditure through structured management of procurement (focusing on the price element) and identifying and implementing initiatives such to structurally reduce sites' energy absorption (focusing on the reduction of demand).

In 2013, the Group's total energy consumption rose by approximately 2% on 2012, while the performance indicator based on worked hours grew by 7%. These results are due to the increase in production experienced by several segments which are high energy consumers and the decrease in the number of employees included in the reporting scope.

Over 92% of the Group's total consumption is comprised of electrical energy and natural gas. Reporting of procurement sources using EHS reporting was further expanded to include both energy sources for stationary (e.g., thermal plants) and non-stationary uses (e.g., product tests): in addition to electrical energy, natural gas and diesel oil for energy and heat generation, fuel oil, LPG, district heating and propane (plant, automotive and test uses) and other fuels used for tests on aircraft and vehicles (gas oil, natural gas, petrol, jet fuel) are now included.

The energy mix figures reported by the Group's electrical energy providers, related to the energy they sold in 2013 to all their customers, show a decrease in renewable sources from 15% in 2012 to 6% in 2013. Despite the decrease, in 2013, the Finmeccanica Group committed to purchase Guarantees of Renewable Energy for 2014 equal to approximately 70% of the forecast consumption of the Group's main Italian sites. Moreover, consumption of fuel oil fell by almost 70% on 2012 (approximately 90% on 2011) in favour of natural gas and LPG. This result is due to the energy conversion plan which affected AgustaWestland's Italian sites.

Finally, self-produced electrical energy exceeded 10,200 MWh (up by 800 MWh on 2012). Of this amount, almost 9,400 MWh was used for self consumption.



*Energy consumption by source (Gj/h)*

*Energy consumption by source*

**AERONAUTICS**Highly efficient LED lighting solutions at Alenia Aermacchi Nola site

This project is the result of the collaboration between FGS and Alenia Aermacchi and the support of the Naples Università Federico II's lighting department which will certify the system's photobiology security and its compliance with optimal photometric and radiometric characteristics.

Implementation of the first lot is slated for June 2014, pending the successful completion of technical/economic tests currently underway.

**TRANSPORTATION**Energy efficiency certificates: AnsaldoBreda

For years, AnsaldoBreda has focused on the research and implementation of initiatives and projects which combine market needs and its sustainability strategy.

One of the most important initiatives is that related to Energy Efficiency Certificates (type 1), which confirm achievement of primary energy savings through measures that cut the final consumption of electrical energy, specifically with respect to the project to develop the vehicle for the Metro Expo contract (ATM Milano customer).

This activity will span several years as it is linked to the progress of the supply and monitoring of operations for at least five years: by reducing vehicles' energy consumption, the company will be entitled to request Energy Efficiency Certificates, generating economic benefits.

There are four types of Energy Efficiency Certificates which are issued by the GME (the Italian Manager of Energetic Market) to distributors, distributors' subsidiaries and energy service companies (ESCOs<sup>33</sup>) in order to confirm reduction of consumption through energy efficiency projects and measures. Each certificate is equal to a toe (tonne of oil equivalent).

33. ESCOs are specialised in the provision of energy efficiency services and usually raise the financial resources necessary to implement projects on behalf of customers, also assuming the technological risk. Indeed, they manage both design/construction and maintenance activities over the term of the contract (usually between five and ten years).

## Biodiversity

Finmeccanica has collected and analysed biodiversity data and information since 2011. Since then, monitoring of this issue has expanded constantly and, in 2013, the area included in the scope of reporting reached a 3 km range around production sites.

34 sites (15 in Italy, 8 in the UK, 7 in the US and 4 in the rest of the world) are inside, have portions thereof or are close to (within the above 3 km range) wilderness<sup>34</sup> and/or high biodiversity areas<sup>35</sup>.

Location of Group sites in respect of protected natural areas and/or high biodiversity areas	Surface area (thousands of sqm)	Number of sites	Main activities		
			Offices	Manufacturing	Offices/ Manufacturing
Within	2,571	6	2	0	4
Partially within	791	1	0	0	1
Very close (between 0 and 300 metres)	316	7	3	1	3
Close (between 301 and 1,000 metres)	216	8	1	1	6
Near (between 1,001 and 3,000 metres)	1,558	12	3	1	8
<b>Total (thousands of sqm)</b>	<b>5,452</b>	<b>34</b>	<b>9</b>	<b>3</b>	<b>22</b>

List of wilderness areas and high biodiversity areas less than 3,000 metres from Group sites		Number of sites	Business segment
<b>Italy</b>	Parco Lombardo della Valle del Ticino	5	4 Helicopters, 1 Aeronautics
	Riserva Naturale Pian di Spagna e Lago di Mezzola	1	Space
	Area del Lago Fusaro	2	1 Defence and Security Electronics, 1 Defence Systems
	Bosco della Sughereta	1	Defence and Security Electronics
	Riserva Naturale della Valle dell'Aniene	2	Space, Defence and Security Electronics
	Parco delle Colline di Brescia	1	Defence Systems
	Lago dello Scanzano and Riserva Naturale Orientata Bosco della Ficuzza	1	Space
	Riserva Naturale Regionale Oasi WWF Pantano di Pignola	1	Transportation
	Area SIC Lago d'Averno	1	Defence Systems
<b>United Kingdom</b>	Nine Springs Country Park	1	Helicopters
	Langstone Harbour	1	Defence and Security Electronics
	Eling and Bury Marshes	1	Defence and Security Electronics
	Mudford Wood	1	Defence and Security Electronics
	Eelmoor Marsh	1	Helicopters
	Charlton Common	1	Defence and Security Electronics
	Stoke Park Estate	1	Defence and Security Electronics
	Hilsea Lines	1	Defence and Security Electronics

34. Wilderness area means a geographically separate area which is defined, governed or managed to reach specific conservation objectives.

35. High biodiversity area means those areas that, despite not being subject to legal protection, are identified as such by governmental and non-governmental organisations given their important biodiversity features, including priority habitats (often identified by Biodiversity Action Plans and National Strategies under the Convention on Biological Diversity). Furthermore, several international environmental protection organisations have identified specific high biodiversity areas.

<b>United States</b>	Hoppers Lake	1	Defence and Security Electronics
	Beardsley Park and Pequonnock River	1	Defence and Security Electronics
	Seneca Creek State Park	1	Defence and Security Electronics
	Laurel Bank Conservation Area	1	Defence and Security Electronics
	Pleasant Valley Nature Preserve	1	Defence and Security Electronics
	Horse Hill Nature Preserve	1	Defence and Security Electronics
	Shellabarger Park	1	Defence and Security Electronics
<b>Germany</b>	Norfbach	1	Defence and Security Electronics
<b>Poland</b>	Natura 2000 PLH 060021 "Świdnik"	1	Helicopters
<b>The Netherlands</b>	National Park "De Veluwezoom"	1	Energy
<b>France</b>	Parc naturel régional del Haute Vallée de Chevreuse	1	Transportation
<b>TOTAL</b>		<b>34</b>	

Actions to protect biodiversities are functional and related to the characteristics of the area and the relevant habitats and the specific production activities carried out by the sites. Accordingly, some operating companies carried out in-depth studies and analyses in this respect (e.g., assessing the environmental risk impact on protected areas) which did not identify the need to adopt plans or actions to specifically protect or restore impacted or potentially impacted areas<sup>36</sup>. However, some Group companies have implemented certain biodiversity actions to comply with local regulations and also on a voluntary basis.

The Świdnik area (Poland) where AgustaWestland operates is an example: the Regional Authority for environmental issues has launched a project to develop an environmental protection plan for which public consultations began in 2013. The aim is to protect the *Spermophilus suslicus*, pursuant to the obligations of the Habitats Directive<sup>37</sup>.

The most common initiatives relate to the analysis of the environmental impact on the region, the issue of procedures to define the actions to be adopted to prevent environmental damage and the implementation of projects to manage and improve forest areas.

The in-depth analyses carried out by 31 of the 34 Group's sites which are within or close to protected and/or high biodiversity areas showed that most sites do not damage or only potentially damage the plant and/or animal species in these areas.

Assessment of the environmental impact of one UK site on a nearby protected wilderness area showed that significant impacts are possible only in case of environmental emergencies (accidental spills of fuel and/or chemical substances; leaks from tanks containing liquid waste; serious malfunctioning of emission reduction systems; fire). Moreover, potentially affected plant species and animals are<sup>38</sup>: fish, amphibians, mammals, birds, invertebrates, flowering plants, moss, liverwort and lichen. This site, which is ISO 14001 certified, adopted a specific procedure to manage environmental emergencies which minimise both on-site and off-site impacts.

36. Restored areas are areas used for or impacted by the company's activities which was subject to specific measures which restored the original environment or a healthy and operating ecosystem.

37. [Directive 92/43/EEC](#), on the conservation of natural and semi-natural habitats and of wild flora and fauna.

38. Survey of Species in the Yeovil Country Park for the South Somerset District Council by Yeovil Area Group of the Somerset Wildlife Trust & SDC Countryside Officers - December 2012.



# Appendix

## Data and indicators tables with relevant GRI code 3.1

### ENVIRONMENT

EN 1 Raw materials used by weight or volume (*)		2013
<b>Non-renewable</b>		
Steel (tonnes)		6,477
Aluminium (tonnes)		10,928
Plastics (tonnes)		228
Ferrous alloy (tonnes)		247
Titanium (tonnes)		1,026
Copper (tonnes)		23
Resins (tonnes)		43
Composites (tonnes)		910
Nitrogen (litres)		300,000
Precious materials (gold, platinum) (tonnes)		0.002
<b>Renewable</b>		
Wood (m <sup>3</sup> )		199

(\*) This indicator is new. Consequently, there are no comparative figures for 2012 and 2011.

Energy consumption (TJ)	2013	2012	2011
<b>EN3 Energy direct consumption by source</b>			
<b>Non-renewable</b>			
Natural gas	2,862	2,678	2,516
Diesel oil for energy and/or heat generation	11	17	37
Fuel oil	28	92	252
Other (LPG, fuels used for product tests)	250	189	311
<b>Total</b>	<b>3,151</b>	<b>2,976</b>	<b>3,116</b>
<b>EN4 Energy indirect consumption by source</b>			
Electrical energy from conventional sources	2,948	2,669	2,949
Electrical energy from renewable sources	193	480	166
District heating	200	262	144
<b>Total</b>	<b>3,341</b>	<b>3,411</b>	<b>3,259</b>

EN8 Water withdrawal by source (thousands of m <sup>3</sup> )		2013	2012	2011
Water supply systems		3,367	3,493	3,177
Wells		4,313	4,813	5,037
<b>Total</b>		<b>7,680</b>	<b>8,306</b>	<b>8,214</b>

CO <sub>2</sub> e emissions (tonnes)		2013	2012	2011
EN16	Scope I (direct emissions)	232,911	232,302	204,466
EN16	Scope II (indirect emissions)	344,404	339,838	371,067
<b>Total Scopes I and II</b>		<b>577,315</b>	<b>572,140</b>	<b>575,533</b>
EN17	Scope III (other indirect emissions) (*)	344,263	503,403	471,601
<b>Total Scopes I, II and III</b>		<b>921,578</b>	<b>1,075,543</b>	<b>1,047,134</b>

(\*) Business travel.

EN19 Substances harmful to the ozone layer (*)		2013	2012	2011
Substances harmful to the ozone layer (tonnes)		32.9	36.3	43.9

(\*) 2012 figures were amended after some additional checks performed in 2013.

EN20 Other emissions (tonnes)		2013	2012	2011
NO <sub>x</sub>		183	219	201
SO <sub>2</sub>		3	38	69
VOC		115	118	159
VIC		3	26	2
Heavy metal		0.1	0.1	0.2
Particulate		26	24	25

EN21 Waste water (thousands of m <sup>3</sup> )		2013	2012	2011
Site treatment plant waste water		2,469	2,617	2,404

EN22 Waste produced (tonnes)		2013	2012	2011
Non-hazardous waste		40,256	39,617	39,621
Hazardous waste		14,336	11,844	11,199
<b>Total</b>		<b>54,592</b>	<b>51,461</b>	<b>50,820</b>

EN27 Percentage of products sold and their packaging materials that are reclaimed or reused		2013		
Percentage of packaging materials		Reused	Reclaimed	Other use
<b>Aeronautics</b>				
Plastics		17	41	42
Paper		20	35	45
Wood		28	38	34
<b>Helicopters</b>				
Plastics		17	83	-
Paper		-	-	-
Wood		13	87	-
Fibre		60	40	-
<b>Defence Systems</b>				
Plastics		25	45	30

Paper	28	55	17
Wood	28	53	18
Metal	14	44	42
<b>Space</b>			
Plastics	23	70	7
Paper	-	-	-
Wood	50	10	40
Metal	70	-	30
<b>Transportation</b>			
Plastics	18	33	49
Paper	17	33	50
Wood	17	33	50
<b>Other activities</b>			
Plastics	-	100	-
Paper	-	50	50
Wood	-	-	-

<b>Substances consumed that are hazardous for health (tonnes)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
R40/H351 - Substances with possible carcinogenic effects	454	406	469
R45/H350 - Substances that may cause cancer	105	121	140
R49/H350i - Substances that may cause cancer by inhalation	8	6	11

<b>Substances consumed that are hazardous for the environment (tonnes)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
R50/H400 - Substances very toxic to aquatic organisms	177	209	-
R51/H401 - Substances toxic to aquatic organisms	1,983	1,445	-
R52/H402 - Substances harmful to aquatic organisms	901	952	-
R53/H410-11-12-13 - Substances that may cause long-term adverse effects in the aquatic environment	154	975	-

## OUR PEOPLE

<b>LA1 Workforce</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
At 1 January	67,408	70,474	75,197
At 31 December	63,835	67,408	70,474

<b>LA1 Workforce - by professional category (*)</b>			
Managers	1,858	2,016	2,167
- of which, women	138	-	-
Junior managers	7,570	7,771	8,169
- of which, women	985	-	-
White collars	37,824	40,371	41,901
- of which, women	7,893	-	-
Blue collars	16,535	17,208	18,196
- of which, women	1,425	-	-

Pilots	48	42	41
- of which, women	-	-	-
<b>Total</b>	<b>63,835</b>	<b>67,408</b>	<b>70,474</b>
<b>- of which, women</b>	<b>10,441</b>		

(\*) "Of which, women" relates to 93% of Group employees.

<b>LA1 Workforce - by contract and gender (*) (**)</b>	<b>2013</b>
Open-ended contracts	54,499
- of which, men	31,819
- of which, women	5,858
Fixed-term	895
- of which, men	639
- of which, women	64
Full-time contracts	54,213
- of which, men	32,388
- of which, women	5,410
Part-time contracts	1,181
- of which, men	60
- of which, women	522

(\*) For Alenia Aermacchi SpA, MBDA, OTO Melara, Telespazio and Thales Alenia Space, only the Italian scope is considered. DRS is excluded from the reporting scope. Consequently, data about contract type relate to 86.8% of Group employees.

(\*\*) Selex ES workforce is excluded from the breakdown by gender.

<b>LA1 Full time Workforce - by professional category and gender (*)</b>	<b>2013</b>
Junior managers	6,598
- of which, men	5,140
- of which, women	1,458
White collars	32,652
- of which, men	25,708
- of which, women	6,944
Blue collars	13,363
- of which, men	12,498
- of which, women	865
Pilots	8
- of which, men	8
- of which, women	-

(\*) For Alenia Aermacchi SpA, MBDA, OTO Melara, Telespazio and Thales Alenia Space, only the Italian scope is considered. DRS is excluded from the reporting scope. Consequently, data relate to approximately 86.8% of group employees.

<b>LA1 Workforce - by geographical segment and gender (*)</b>	<b>2013</b>
Italy	39,977
- of which, men	33,283
- of which, women	6,694
US	1,794
- of which, men	1,365
- of which, women	429

United Kingdom	7,731
- of which, men	6,563
- of which, women	1,168
France	802
- of which, men	647
- of which, women	155
Poland	3,144
- of which, men	2,513
- of which, women	631
Germany	357
- of which, men	305
- of which, women	52
Australia	1,044
- of which, men	880
- of which, women	164
India	23
- of which, men	23
- of which, women	-
Brazil	94
- of which, men	66
- of which, women	28
Other	451
- of which, men	342
- of which, women	109

(\*) For Alenia Aermacchi SpA, MBDA, OTO Melara, Telespazio and Thales Alenia Space, only the Italian scope is considered. DRS is excluded from the reporting scope. Consequently, data relate to approximately 86.8% of Group employees.

136

<b>LA1 Workforce by contract type</b>	<b>2013 (*)</b>	<b>2012</b>	<b>2011</b>
Open-ended contracts	54,551	-	-
- of which, part time	1,192	-	-
Fixed-term contracts	1,020	-	-
- of which, part time	13	-	-

(\*) Scope: Finmeccanica Group total accounting for 87% of employees (99% in Italy and 70% abroad).

<b>LA 1 Workforce by age</b>	<b>2013 (**)</b>	<b>2012 (**)</b>	<b>2011 (*)</b>
Less than 25 years of age	2.8%	3.2%	5.8%
Between 26 and 35 years of age	23.0%	23.3%	22.4%
Between 36 and 45 years of age	27.0%	25.4%	25.3%
Between 46 and 55 years of age	30.8%	28.7%	30.5%
Between 56 and 60 years of age	12.3%	10.4%	12.4%
Over 60 years of age	4.1%	9.0%	3.6%
<b>Total</b>	<b>100%</b>	<b>100.0%</b>	<b>100.0%</b>
Employees' average age (years)	43	43	-

(\*) 2011 figures relate to 88.9% of Group employees.

(\*\*) 2012 and 2013 figures relate to 93% of Group employees.

<b>LA1 Workforce by years of service</b>	<b>2013 (**)</b>	<b>2012 (*)</b>	<b>2011</b>
Less than 5 years	23.5%	30.4%	-
From 6 to 10 years	22.2%	18.1%	-

From 11 to 20 years	21.2%	18.9%	-
Between 21 and 30 years	18.5%	19.6%	-
Between 31 and 35 years	9.1%	8.3%	-
Over 35 years	5.5%	4.7%	-
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	-
Average years of service	15	16	-

(\*) 2012 figures only relate to 98% of Italian employees.

(\*\*) 2013 figures relate to 93% of Group employees.

LA1 Education	2013 (**)	2012 (*)	2011
Technical university diplomas	27.1%	26.1%	-
Other university diplomas	7.4%	6.6%	-
Technical high-school degrees	36.2%	36.8%	-
Other high-school degrees	9.5%	9.0%	-
Other qualifications	19.8%	21.5%	-
<b>Total</b>	<b>100.00%</b>	<b>100.0%</b>	-

(\*) 2012 figures relate to the Italian companies only.

(\*\*) 2013 figures relate to 74% of Group employees.

LA2 Turnover rate	2013
<b>Incoming employees by gender (*)</b>	<b>2,866</b>
- men (no.)	2,399
- men (%)	7%
- women (no.)	467
- women (%)	8%
<b>Incoming employees by age bracket (*)</b>	<b>2,866</b>
- up to 30 years of age (no.)	1,235
- up to 30 years of age (%)	2%
- between 30 and 50 years of age (no.)	1,411
- between 30 and 50 years of age (%)	3%
- over 50 years of age (no.)	220
- over 50 years of age (%)	0.4%
<b>Incoming employees by country (*)</b>	<b>2,866</b>
Italy (no.)	1,225
Italy (%)	3%
US (no.)	244
US (%)	14%
United Kingdom (no.)	512
United Kingdom (%)	7%
France (no.)	157
France (%)	20%
Poland (no.)	157
Poland (%)	5%
Germany (no.)	40
Germany (%)	11%
Australia (no.)	342
Australia (%)	33%
India (no.)	4
India (%)	17%
Brazil (no.)	29

Brazil (%)	31%
Other (no.)	156
Other (%)	35%
<b>Outgoing employees by gender (*)</b>	<b>3,093</b>
- men (no.)	2,498
- men (%)	8%
- women (no.)	595
- women (%)	10%
<b>Outgoing employees by age bracket (*) (**)</b>	<b>3,073</b>
- up to 30 years of age (no.)	395
- up to 30 years of age (%)	0.7%
- between 30 and 50 years of age (no.)	1,086
- between 30 and 50 years of age (%)	2%
- over 50 years of age (no.)	1,591
- over 50 years of age (%)	3%
<b>Outgoing employees by country (**)</b>	<b>3,093</b>
Italy (no.)	1,480
Italy (%)	4%
US (no.)	260
US (%)	14%
United Kingdom (no.)	668
United Kingdom (%)	9%
France (no.)	45
France (%)	6%
Poland (no.)	237
Poland (%)	8%
Germany (no.)	26
Germany (%)	7%
Australia (no.)	304
Australia (%)	29%
India (no.)	2
India (%)	9%
Brazil (no.)	25
Brazil (%)	27%
Other (no.)	46
Other (%)	10%

(\*) For Alenia Aermacchi, MBDA, OTO Melara, Telespazio and Thales Alenia Space only the Italian scope is considered. DRS is excluded from the reporting scope. Consequently, data relate to approximately 86.8% of the Group employees. Rate is calculated using total workforce at end of period.

(\*\*) For Alenia Aermacchi, MBDA, Telespazio and Thales Alenia Space, only the Italian scope is considered. DRS is excluded from the reporting scope. Data relate to 86.8% of the total Group. Rate is calculated using total workforce at end of period.

(\*\*\*) Finmeccanica SpA is excluded from the reporting scope. Data relate to 86.3% of the total Group.

<b>Total worked hours (*)</b>	<b>2013</b>
<b>Worked hours (no.)</b>	
Men	79,817,699
Women	15,112,668
<b>Total</b>	<b>94,930,367</b>

(\*) For Alenia Aermacchi SpA, MBDA, OTO Melara, Telespazio and Thales Alenia Space only the Italian scope is considered. Finmeccanica SpA and DRS are excluded from the reporting scope. Consequently, data relate to 86% of the Group employees.

<b>LA7 Accident Rate (AR) (i) (*)</b>	<b>2013</b>
Men	1.93
Women	1.2
<b>Total</b>	<b>1.82</b>
<b>ITALY</b>	
Men	2.29
Women	1.06
<b>Total</b>	<b>2.1</b>
<b>US</b>	
Men	0.07
Women	0.23
<b>Total</b>	<b>0.11</b>
<b>UNITED KINGDOM</b>	
Men	1.26
Women	2.29
<b>Total</b>	<b>1.41</b>
<b>POLAND</b>	
Men	1.70
Women	1.45
<b>Total</b>	<b>1.65</b>
<b>FRANCE</b>	
Men	1.03
Women	-
<b>Total</b>	<b>0.78</b>
<b>GERMANY</b>	
Men	-
Women	-
<b>Total</b>	-
<b>AUSTRALIA</b>	
Men	-
Women	-
<b>Total</b>	-
<b>CANADA</b>	
Men	-

Women	-
<b>Total</b>	-
<b>INDIA</b>	
Men	-
Women	-
<b>Total</b>	-
<b>BRAZIL</b>	
Men	-
Women	-
<b>Total</b>	-
<b>OTHER</b>	
Men	-
Women	-
<b>Total</b>	-

(\*) For Alenia Aermacchi SpA, MBDA, OTO Melara, Telespazio and Thales Alenia Space only the Italian scope is considered. Finmeccanica SpA and DRS are excluded from the reporting scope. Consequently, data relate to approximately 86% of the Group employees. Accident Rate ratio is calculated by:  $AR = (\text{Total number of accidents} / \text{Total Worked Hours}) * 200,000$

<b>LA7 Occupational disease rate (ODR) (i) (*)</b>	<b>2013</b>
Men	0.09
Women	0.09
<b>Total</b>	<b>0.11</b>
<b>ITALY</b>	
Men	0.09
Women	0.02
<b>Total</b>	<b>0.08</b>
<b>US</b>	
Men	-
Women	-
<b>Total</b>	-
<b>UNITED KINGDOM</b>	
Men	-
Women	-
<b>Total</b>	-
<b>POLAND</b>	
Men	-
Women	-
<b>Total</b>	-
<b>FRANCE</b>	
Men	3.08
Women	7.61
<b>Total</b>	<b>4.16</b>
<b>GERMANY</b>	
Men	-
Women	-
<b>Total</b>	-
<b>AUSTRALIA</b>	
Men	-

Women	-
<b>Total</b>	-
<b>CANADA</b>	
Men	-
Women	-
<b>Total</b>	-
<b>INDIA</b>	
Men	-
Women	-
<b>Total</b>	-
<b>BRAZIL</b>	
Men	-
Women	-
<b>Total</b>	-
<b>OTHER</b>	
Men	-
Women	-
<b>Total</b>	-

(\*) For Alenia Aermacchi SpA, MBDA, OTO Melara, Telespazio and Thales Alenia Space only the Italian scope is considered. Finmeccanica SpA, FATA and DRS are excluded from the reporting scope. Consequently, data relate to approximately 85% of the Group employees. Occupational disease rate is calculated by:  $ODR = (\text{Total number of occupational diseases cases} / \text{Total Worked Hours}) * 200,000$

<b>LA7 Lost Day Rate (LDR) (i) (*)</b>	<b>2013</b>
Men	212
Women	372
<b>Total</b>	<b>238</b>
<b>ITALY</b>	
Men	220.72
Women	451.98
<b>Total</b>	<b>256.27</b>
<b>US</b>	
Men	20.05
Women	5.89
<b>Total</b>	<b>16.68</b>
<b>UNITED KINGDOM</b>	
Men	268.12
Women	284.69
<b>Total</b>	<b>270.58</b>
<b>POLAND</b>	
Men	47.97
Women	47.38
<b>Total</b>	<b>47.85</b>
<b>FRANCE</b>	
Men	838.54
Women	1,474.15
<b>Total</b>	<b>990.55</b>
<b>GERMANY</b>	
Men	-
Women	-
<b>Total</b>	-

<b>AUSTRALIA</b>	
Men	-
Women	-
<b>Total</b>	-
<b>CANADA</b>	
Men	-
Women	-
<b>Total</b>	-
<b>INDIA</b>	
Men	-
Women	-
<b>Total</b>	-
<b>BRAZIL</b>	
Men	-
Women	-
<b>Total</b>	-
<b>OTHER</b>	
Men	-
Women	-
<b>Total</b>	-

(\*) For Alenia Aermacchi SpA, MBDA, OTO Melara, Telespazio and Thales Alenia Space only the Italian scope is considered. Finmeccanica SpA, FGS and DRS are excluded from the reporting scope. Consequently, data relate to approximately 86% of the Group employees. Lost Day Rate is calculated by:  $LDR = \frac{\text{Total number of lost days}}{\text{Total Worked Hours}} * 200,000$

<b>LA7 Absenteeism rate (AR) (i) (*) (**)</b>	<b>2013</b>
Men	15,661.52
Women	14,129.47
<b>Total</b>	<b>15,275.62</b>
<b>ITALY</b>	
Men	17,749
Women	26,256.52
<b>Total</b>	<b>19,210.55</b>
<b>US</b>	
Men	576.38
Women	1,201.69
<b>Total</b>	<b>717.89</b>
<b>UNITED KINGDOM</b>	
Men	11,934.5
Women	19,493.23
<b>Total</b>	<b>12,811.52</b>
<b>POLAND</b>	
Men	42,785.0
Women	3,940.7
<b>Total</b>	<b>11,735.3</b>
<b>FRANCE</b>	
Men	6,708.33
Women	11,793.23
<b>Total</b>	<b>7,924.38</b>
<b>GERMANY</b>	
Men	-
Women	-

<b>Total</b>	-
<b>AUSTRALIA</b>	
Men	-
Women	-
<b>Total</b>	-
<b>CANADA</b>	
Men	-
Women	-
<b>Total</b>	-
<b>INDIA</b>	
Men	-
Women	-
<b>Total</b>	-
<b>BRAZIL</b>	
Men	-
Women	-
<b>Total</b>	-
<b>OTHER</b>	
Men	-
Women	-
<b>Total</b>	-

(\*) For MBDA, OTO Melara, Telespazio, Thales Alenia Space, only the Italian scope is considered. Finmeccanica SpA, Alenia Aermacchi, FGS and DRS are excluded from the reporting scope. Consequently, data relate to approximately 78% of Group employees.

(\*\*) Total = Total number of missed days over the period/ Total number of workforce days over the same period)\*200,000

LA8 Welfare programmes		2013
Beneficiaries		Education and training
Employees		Yes
Employees' families		No
Community members		No
Beneficiaries		Advice
Employees		Yes
Employees' families		No
Community members		No
Beneficiaries		Risk prevention/control
Employees		Yes
Employees' families		Yes
Community members		
Beneficiaries		Treatment
Employees		Yes
Employees' families		No
Community members		No

<b>LA10 Average hours of training by professional category (no.) (*)</b>	<b>2013</b>
<b>Hours of training by professional category</b>	
Managers	18.54
Junior managers	8.68
White collars	11.49
Blue collars	6.35
Pilots	36.92

(\*) For Alenia, AnsaldoBreda, BredaMenarinibus, FGS, MBDA, OTO Melara, Telespazio and Thales Alenia Space, only the Italian scope is considered. For Alenia, Ansaldo STS, AnsaldoBreda, FGS and WASS, figures by contractual type are not available, while for AgustaWestland, the breakdown by gender is not available with respect to external data only. Finally, Finmeccanica SpA, FATA and DRS are excluded from the reporting scope. Data about this indicator relate to 76% of Group employees.

<b>LA10 Average hours of training by gender (no.) (*)</b>	<b>2013</b>
Men	12.33
Women	12.72

(\*) For Alenia, AnsaldoBreda, BredaMenarinibus, FGS, MBDA, OTO Melara, Telespazio and Thales Alenia Space, only the Italian scope is considered. For Alenia, Ansaldo STS, AnsaldoBreda, FGS and WASS, figures are not available, while for AgustaWestland, the breakdown by gender is not available with respect to external data only. Finally, Finmeccanica SpA, FATA and DRS are excluded from the reporting scope. Data about this indicator relate to 85.5% of Group employees.

<b>LA13 Composition of governance bodies &amp; diversity (*)</b>	<b>2013</b>
<b>Employees broken down by diversity categories</b>	
Total disabled employees or employees under legally-protected status	2,029
Disabled employees or employees under legally-protected status - men	1,551
Disabled employees or employees under legally-protected status - women	478
<b>Impact of disabled employees - diversity category over total workforce</b>	
- of which, men	3%
- of which, women	1%

<b>Workforce by age (*)</b>	
Less than 30 years of age	6,307
Between 30 and 50 years of age	30,971
Over 50 years of age	17,055
<b>Total</b>	<b>54,333</b>

(\*) For Alenia Aermacchi, MBDA, OTO Melara, Telespazio and Thales Alenia Space, only the Italian scope is considered. Finmeccanica SpA, FATA and DRS are excluded from the reporting scope. Data about this indicator relate to 85% of Group employees.

<b>Composition of company bodies</b>	
Total BoD members	11
- of which, men	10
- of which, women	1
<b>BoD members by age bracket</b>	
Less than 30 years of age	0
Between 30 and 50 years of age	1
Over 50 years of age	10

<b>LA14 Ratio of basic salary by gender (*) (%)</b>	<b>2013</b>
<b>ITALY</b>	
Managers	86.3%
Junior managers	95.7%
White collars	94.84%
Blue collars	97.77%
<b>US</b>	
Managers	79.91%
Junior managers	79.43%
White collars	94.56%
Blue collars	77.58%
<b>UNITED KINGDOM</b>	
Managers	94.30%
Junior managers	90.95%
White collars	77.67%
Blue collars	81.93%
<b>POLAND</b>	
Managers	72.59%
Junior managers	92.27%
White collars	79.51%
Blue collars	90.93%
<b>FRANCE</b>	
Managers	97.37%
Junior managers	96.25%
White collars	87.23%
Blue collars	91.30%
<b>GERMANY</b>	
Managers	n.a.
Junior managers	88.76%
White collars	94.51%
Blue collars	83.29%
<b>AUSTRALIA</b>	
Managers	90.91%
Junior managers	86.05%
White collars	75.58%
Blue collars	48.44%

(\*) For MBDA, OTO Melara, FATA and Thales Alenia Space, only the Italian scope is considered. DRS, Alenia Aermacchi and Telespazio are excluded from the reporting scope. Data about this indicator relate to 67% of Group employees.

<b>LA15 Return to work after parental leave (*)</b>	<b>2013</b>
<b>Employees entitled to parental leave</b>	<b>23,970</b>
- of which, men	19,466
- of which, women	4,504
<b>Employees who availed of parental leave</b>	<b>1,478</b>
- of which, men	825
- of which, women	653
<b>Employees who returned to work after parental leave</b>	<b>1,437</b>
- of which, men	821
- of which, women	616

<b>Employees who returned to work after parental leave and that are still with the company 12 months after their return</b>	<b>1,406</b>
- of which, men	817
- of which, women	589
<b>Return rate</b>	<b>98%</b>
- of which, men	99.5%
- of which, women	97%

(\*) For Alenia Aermacchi SpA, MBDA, OTO Melara, Telespazio and Thales Alenia Space only the Italian scope is considered. Finmeccanica SpA, FATA and DRS are excluded from the reporting scope. Data about this indicator relate to approximately 85% of Group employees.

<b>HR3 Hours of anti-corruption training (*)</b>	<b>2013</b>
<b>Human rights training</b>	
Total employees who received human rights training	1,846
Human rights training hours	2,597
% of employees who received human rights training	3%

(\*) For Alenia Aermacchi SpA, MBDA, OTO Melara, Telespazio and Thales Alenia Space only the Italian scope is considered. Finmeccanica SpA, FATA and DRS are excluded from the reporting scope. Data about this indicator relate to approximately 85% of group employees.

<b>S03 Employees who received anti-corruption training (*)</b>	<b>2013</b>
Managers	11.50%
Junior managers	6.95%
White collars	3.35%
Blue collars	1.38%
Pilots	4.17%

(\*) For Alenia Aermacchi SpA, MBDA, OTO Melara, Telespazio, Thales Alenia Space only the Italian scope is considered. Finmeccanica SpA, FATA and DRS are excluded from the reporting scope. Data about this indicator relate to approximately 85% of Group employees.

## INDUSTRIAL RELATIONS

<b>Industrial relations in numbers (*)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total agreements reached	20	7	10
- of which, agreements on the issue of labour disputes, for reorganisation and restructuring	11	3	3
- of which, additional second-level company agreements	9	4	7
Strike hours per capita	2.2	3.5	7

(\*) Figures related to the Italian companies.

<b>LA4 Industrial relations</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
% of total employees subject to collective bargaining agreements	80%	80%	73%
- Italy	100%	100%	100%
- UK	65%	65%	55%
- US	5%	5%	5%
Trade union density - Italy	41%	41%	42%
Trade union density - UK	37%	37%	37%
Trade union density - US	5%	5%	5%
Trade union density - Poland	52%	52%	57%

Impact of company reorganisations	2013	2012	2011
Total lay-offs	2,521	3,418	2,041
- lay-offs in Italy	651	1,906	792
- lay-offs abroad	1,870	1,512	1,249
Redundancy requests	651	1,158	1,313
Government-sponsored lay-off scheme hours	2,511,507	2,071,657	811,797

## CSR

EC8 Investments in the communities	2013	2012	2011
Sponsorships with return on image	6,504	4,890	5,610
Other sponsorships	389	726	1,648
Donations	2,011	2,079	2,706
Investments in the communities in favour of local areas	54	126	220
<b>Total</b>	<b>8,958</b>	<b>7,821</b>	<b>10,184</b>

## CORPORATE GOVERNANCE

Board of directors	2013	2012	2011
Members	11	10	12
- of which, non-executive	10	9	10
- of which, independent	8	7	8
- of which, without voting rights	-	1	1
- of which, appointed from minority lists	4	3	4
Meetings held	17	13	15
Attendance rate (*)	99%	95%	97%
Meetings held by the group of independent directors	2	3	3

Risk and control committee	2013	2012	2011
Members	4	4	4
Meetings held	7	11	15
Attendance rate (*)	100%	93%	94%

Strategy committee	2013	2012	2011
Members	8	5	6
Meetings held	3	3	2
Attendance rate (*)	100%	100%	93%

Remuneration committee	2013	2012	2011
Members	4	3	4
Meetings held	6	4	7
Attendance rate (*)	100%	75%	100%

Board of statutory auditors	2013	2012	2011
Members (standing)	5	5	5
- of which, appointed from minority lists	2	2	2
Meetings held	23	35	39
Attendance rate (*)	91%	94%	88%

(\*) Calculated as the number of attendees/number of meetings held.

**FIGURES AND INDICATORS BY BUSINESS SEGMENT****Helicopters**

Key financial figures (€ million)	2013	2012	2011
New orders	4,384	4,013	3,963
Order backlog	11,928	11,876	12,121
Revenue	4,076	4,243	3,915
EBITA	562	473	417
Research and development	491	506	472
Workforce (no.)	13,225	13,050	13,303

Revenue by customer type	2013	2012	2011
Military	38.8%	63.5%	66.5%
Civil	61.2%	36.5%	33.5%

HSE parameters	2013	2012	2011
Number of sites surveyed	14	14	15
Total CO <sub>2</sub> e emissions (tonnes)	235,806	202,651	219,887
Energy consumption (Gj)	1,696,960	1,602,856	1,660,069
Total waste produced (tonnes)	12,904	11,649	11,699
Water withdrawal (thousands of m <sup>3</sup> )	1,568	1,568	1,496
Accident frequency rate	5.75	6.34	6.70

**Aeronautics**

Key financial figures (€ million)	2013	2012	2011
New orders	3,980	3,169	2,919
Order backlog	9,014	8,819	8,656
Revenue	3,343	2,974	2,670
EBITA	182	104	(903)
Research and development	267	310	326
Workforce (no.)	11,702	11,708	11,993

Revenue by customer type	2013	2012	2011
Military	40.3%	47.1%	55%
Civil	59.7%	52.9%	45%

HSE parameters	2013	2012	2011
Number of sites surveyed	12	16	16
Total CO <sub>2</sub> e emissions (tonnes)	254,931	265,516	275,665
Energy consumption (Gj)	2,196,957	2,100,142	1,981,882
Total waste produced (tonnes)	22,710	20,921	19,625
Water withdrawal (thousands of m <sup>3</sup> )	3,952	4,622	4,533
Accident frequency rate	17.23	16.9	15.55

**Defence and Security Electronics**

Key financial figures (€ million)	2013	2012	2011
New orders	4,952	5,136	4,917
Order backlog	8,494	8,831	9,591
Revenue	4,892	5,754	6,035

EBITA	221	384	303
Research and development	686	732	823
Workforce (no.)	23,019	25,183	27,314

Revenue by customer type	2013	2012	2011
Military	79.8%	82.6%	81.0%
Civil	20.2%	17.4%	19.0%

HSE parameters	2013	2012	2011
Number of sites surveyed	80	93	96
Total CO <sub>2</sub> e emissions (tonnes)	217,124	355,580	322,413
Energy consumption (Gj)	1,433,903	1,510,448	1,605,786
Total waste produced (tonnes)	6,149	6,727	7,128
Water withdrawal (thousands of m <sup>3</sup> )	1,280	1,114	1,216
Accident frequency rate	2.18	1.87	2.10

### Defence Systems

Key financial figures (€ million)	2013	2012	2011
New orders	1,575	1,005	1,044
Order backlog	3,654	3,381	3,656
Revenue	1,256	1,256	1,223
EBITA	143	164	117
Research and development	259	257	247
Workforce (no.)	3,971	3,963	4,066

Revenue by customer type	2013	2012	2011
Military	100%	100%	100%
Civil	0%	0%	0%

HSE parameters	2013	2012	2011
Number of sites surveyed	8	8	8
Total CO <sub>2</sub> e emissions (tonnes)	85,264	117,037	76,321
Energy consumption (Gj)	308,338	286,634	306,239
Total waste produced (tonnes)	1,916	2,357	1,427
Water withdrawal (thousands of m <sup>3</sup> )	154	173	175
Accident frequency rate	8.93	9.63	9.37

### Space

Key financial figures (€ million)	2013	2012	2011
New orders	1,002	866	919
Order backlog	2,165	2,261	2,465
Revenue	1,051	1,053	1,001
EBITA	94	84	18
Research and development	57	53	77
Workforce (no.)	4,097	4,131	4,139

Revenue by customer type	2013	2012	2011
Military	19.2%	16.4%	14.0%
Civil	80.8%	83.6%	86.0%

HSE parameters	2013	2012	2011
Number of sites surveyed	5	5	5
Total CO <sub>2</sub> e emissions (tonnes)	15,353	29,412	25,103
Energy consumption (Gj)	140,610	141,665	139,683
Total waste produced (tonnes)	155	165	126
Water withdrawal (thousands of m <sup>3</sup> )	63	86	82
Accident frequency rate	1.24	3.46	2.00

### Transportation

Key financial figures (€ million)	2013	2012	2011
New orders	1,908	2,290	2,723
Order backlog	8,246	8,679	8,317
Revenue	1,793	1,719	1,877
EBITA	(114)	(69)	(110)
Research and development	56	49	46
Workforce (no.)	6,739	6,568	6,876

Revenue by customer type	2013	2012	2011
Military	0%	0%	0.0%
Civil	100%	100%	100%

HSE parameters	2013	2012	2011
Number of sites surveyed	22	23	23
Total CO <sub>2</sub> e emissions (tonnes)	60,769	62,601	81,187
Energy consumption (Gj)	357,872	334,025	345,758
Total waste produced (tonnes)	5,110	4,134	4,948
Water withdrawal (thousands of m <sup>3</sup> )	446	462	481
Accident frequency rate	9.73	10.89	15.04

## Methodological note

### The reporting process and the guidelines used

The 2013 Sustainability Report has been prepared by Finmeccanica SpA's Sustainability Work Group, coordinated by the Investor Relations unit, in conjunction with the Communication and Image unit.

The data and information reported in the Sustainability Report were gathered from the data owners of Finmeccanica SpA's organisational units and through the focal points at the operating companies, with the help of a community of people from all Group companies.

The 2013 Sustainability Report has been prepared in compliance with the Sustainability Reporting Guidelines issued in 2011 (version 3.1) by GRI - Global Reporting Initiative. Where applicable, the GRI Boundary Protocol and the GRI Indicator Protocol have been followed.

Under the GRI Content Index, the level of application of the guidelines corresponds to an "A+", after the Limited Assurance certificate received by KPMG. Specifically, the GRI KPIs reported in full are:

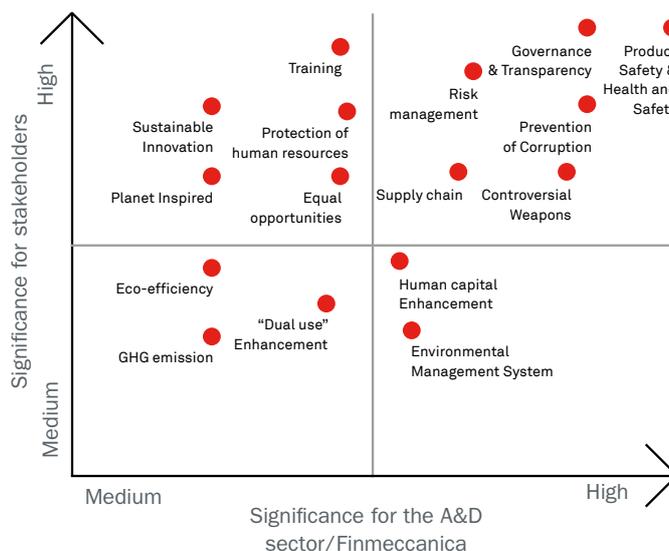
- Economic indicators (EC): EC1, EC3, EC4, EC8;
- Environmental indicators (EN): EN3, EN4, EN5, EN8, EN10, EN11, EN16, EN17, EN18, EN19, EN20, EN21, EN22, EN23, EN28;
- Labour indicators (LA): LA4, LA11;
- Human rights indicators (HR): HR5, HR6, HR7;
- Social indicators (SO): SO2, SO4, SO5, SO8;
- Product responsibility indicators (PR): PR6, PR9.

### Basis of reporting

The key elements underpinning the application of the GRI reporting principles establishing the contents and quality of the Sustainability Report are reported below. For greater information on coverage and consistency of the contents with all the reporting requirements of the guidelines, reference should be made to the table included in the annex.

### Stakeholder materiality and inclusion

The issues dealt with in the Sustainability Report and the reach and quality of their reporting reflect the results of the updated materiality analysis shown in pages from 10 to 11.



*Materiality analysis summary*

### The sustainability context

The Sustainability Report represents the numerous viewpoints that Finmeccanica encompasses as a sustainable and responsible company.

The key aspects Finmeccanica deemed fundamental for sustainability, i.e., the sustainable creation of value in its business segments and the main CRS issues and ESG (Environmental, Social, Governance) risk mitigation measures are described.

### Completeness

The Sustainability Report has been drawn up with the scope of providing a comprehensive picture of the Group's material sustainability and CSR activities. The qualitative contents and completeness should be assessed considering the reach and diversity of the Group's operations and the management independence of the operating companies.

The scope of the 2013 Sustainability Report is based on the following criteria:

- the financial and social figures relate to the scope of the 2013 Annual Financial Report;
- the EHS figures relate to a scope based on the materiality of the operating sites (plant/offices) of the Parent, the subsidiaries and certain joint ventures (Telespazio, MBDA and Ansaldo Energia). Figures were consolidated on a line-by-line basis. The sites included in the scope cover all business segments and geographical segments in which Finmeccanica operates and were identified on the basis of the following factors:
  - number of employees;
  - materiality of the environmental aspects.

EHS in-scope sites fell from 167 to 149 following the company reorganisations (e.g., Selex ES) and some sales (e.g., Casoria - Naples) carried out in 2013 which, in specific cases, entailed the reallocation of personnel and production processes to other sites. Consequently, the number of employees and worked hours used to calculate some performance indicators fell from 61,800 in 2012 (over 109,707,000 worked hours) to 59,100 in 2013 (approximately 103,640,000 worked hours), i.e., down by 4.4% (worked hours down 5.5%).

The environmental reporting scope included the following sites, detailed by operating company<sup>39</sup>:

<b>By business segment</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>By geographical segment</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Aeronautics	12	16	16	17	Italy	81	91	91	89
Defence Systems	8	8	8	5	UK	14	15	18	17
Helicopters	14	14	15	14	US	33	39	40	46
Space	5	5	5	4	Rest of the world	21	22	22	20
Defence and Security Electronics	80	93	96	101					
Energy and Transportation	26	27	27	28					
Other	4	4	4	3					
<b>TOTAL</b>	<b>149</b>	<b>167</b>	<b>171</b>	<b>172</b>	<b>TOTAL</b>	<b>149</b>	<b>167</b>	<b>171</b>	<b>172</b>

39. (\*) Site included in the HSE reporting scope in 2011 but not in 2012.

(\*\*) Site included in the HSE reporting scope in 2012 but not in 2011.

(\*\*\*) Site closed in 2012.

(\*\*\*\*) Energy segment sites are included for simplification purposes.

**HELICOPTERS**

<b>AgustaWestland</b>	Bierset, Yeovil, Farnborough, Cascina Costa di Samarate, Vergiate, Frosinone, Brindisi, Lonate Pozzolo, Anagni, Sesto Calende, Venice, Benevento, Philadelphia, Świdnik (PZL-Świdnik);
-----------------------	--

**AERONAUTICS**

<b>Alenia Aermacchi</b>	Venegono Superiore, Campo Volo, Pomigliano, Caselle Nord and Caselle Sud (one site in 2011), Turin, Foggia, Nola, Grottaglie, Naples - Capodichino, Venice, Cameri (**)
-------------------------	---

**DEFENCE AND SECURITY ELECTRONICS**

<b>Selex ES</b>	Genoa - via Puccini, Rome - Via Laurentina, Rozzano, Florence - via Barsanti, Abbadia San Salvatore (**), Piancastagnaio (**), Rome (Larimart), Pomezia - viale dell'Industria, Genova Fiumara, Cisterna di Latina, Montevarchi, Genova Ancifap, L'Aquila, Chieti, Milan, Catania (**), Pisa, Basildon Lambda House, Christchurch, Portsmouth B.O., Filton, York, Ploiesti, Ankara
	Campi Bisenzio - Florence, Nerviano, Pomezia - via dei Castelli Romani, S. Maurizio Canavese, Ronchi dei Legionari, Palermo, Carsoli, Edinburgh, Luton, Basildon Sigma House, Southampton, Portsmouth Foundry
	Overland Park - Kansas (USA), Fusaro Bacoli, Giugliano, Rome - Via Tiburtina, La Spezia, Taranto - viale del Lavoro 121, Neuss, Bristol Building 430
<b>Selex Service Management</b>	Rome - Via Faustianiana
<b>Sistemi Software Integrati</b>	Taranto - viale del Lavoro 101, Rome - via Tiburtina (**)
<b>DRS Technologies</b>	Fort Walton Beach - Anchor St., St.Louis, Melbourne Babcock St., Dallas Expressway, Dallas Sherman, Johnstown Airport, Huntsville, Milwaukee, Bridgeport North Av., West Plains, Elizabeth City, Gaithersburg Llc, Danbury, Herndon Ds, Florence, Cypress, Kanata, Hauppauge, Gaithersburg Ds, Carleton Place, High Ridge, Merrimack, Dayton, Largo, Fitchburg, Oakland, Cincinnati, West Melbourne J. Rhodes, Farnham, Chesapeake, Arlington, Bedford, Lemont Furnace

**SPACE**

<b>Telespazio</b>	Rome, Fucino, Lario, Naples, Scanzano
-------------------	---------------------------------------

**DEFENCE SYSTEMS**

<b>OTO Melara</b>	La Spezia, Brescia, Loriguilla
<b>WASS</b>	Livorno, Pozzuoli
<b>MBDA</b>	Rome, Bacoli, La Spezia

**TRANSPORTATION (\*\*\*\*)**

<b>AnsaldoBreda</b>	Pistoia, Naples, Reggio Calabria, Carini
<b>Ansaldo STS</b>	Tito Scalo, Genoa, Piossasco, Naples, Pittsburgh, Batesburg, Perth, Brisbane, New Castle, Karratha (**), Kuala Lumpur Office, Les Ulis, Riom, Bangalore, Noida, Kolkatta, Solna
<b>BredaMenarinibus</b>	Bologna
<b>Ansaldo Energia</b>	Genoa (also for Ansaldo Nucleare), Milan, Rheden (Ansaldo Thomassen)

**OTHER ACTIVITIES**

<b>FATA</b>	Pianezza
<b>Finmeccanica</b>	Rome
<b>FGS</b>	Rome - Via Pisanelli, Rome - via Piemonte

Moreover, the scope of the 2013 report does not include outsourced activities that could have a material impact on comparability of figures and information.

### Balance

We have sought to give equal weight to positive and negative elements in the Sustainability Report, commenting on results where appropriate, including the facts and events involving the Group in 2013.

### Comparability

The format of the Sustainability Report is substantially unchanged from that of 2012; any changes made reflect editorial decisions to make the document more user-friendly. Specifically, in-depth segment analyses are no longer presented as separate sections, while the highlights and good practices of operating companies are shown for each relevant area.

Moreover, qualitative (narrative) contents were separated from quantitative (figures and performance indicators) contents. However, KPIs are kept in the text and reference is made to the section "Data and indicators tables" for additional information.

Where available, data are provided for the previous two years for quantitative figures and performance indicators. Financial figures expressed in euros are translated at the rates stated in the 2013 Annual Financial Report. Finally, environmental performance data are shown in terms of the hours worked in order to facilitate comparability with previous years.

The reporting scope is always shown (in the text or footnotes) and any changes from previous years are indicated.

### Accuracy

The qualitative and quantitative data reported in the Sustainability Report come from various reporting systems. Financial data are taken from the Annual Financial Report. The accuracy of environmental, health and safety information is based on the existence and ongoing roll-out of certified management systems (ISO 14001 and OHSAS 18001) and the use of an electronic data collection platform implemented across the Group.

Social performance information (human resources, CSR, etc.) is mainly extracted from the Group's operating systems. Finally, certain qualitative data not covered by systematic reporting activities have been gathered and extrapolated via specific mapping coordinated by the Sustainability Work Group at the operating companies.

### Timeliness

The Sustainability Report is prepared annually and in line with the timeframes for the preparation of the Annual Financial Report. It contains data and information relating to the year ended 31 December 2013 and, where material or relevant, it also reports events taking place after year end. Senior management outlines the salient points of the Sustainability Report to the Shareholders' Meeting. The document is published in electronic form on the Company's website after the independent auditors have completed their review.

The reporting approach for all systems and methodologies used to determine the KPIs included in the Sustainability Report can be traced, thus ensuring the accuracy of the KPIs.

### Clarity

The layout of the Sustainability Report is such to make both the issues dealt with and the reported information user-friendly. Reference is also made to the Annual Financial Report or the websites of Finmeccanica and the Group companies or to other external links where relevant.

### Reliability

The Sustainability Report was examined by senior management and approved by Finmeccanica SpA's board of directors on 31 March 2014. It then underwent an external, independent review by KPMG, which is also engaged to perform the legally-required audit of the Group's Annual Financial Report.

The review was conducted in compliance with the International Standard on Assurance Engagement 300 - Assurance Engagement other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the International Auditing and Assurance Standards Board and included on-site inspections at Finmeccanica facilities and at the following Group offices and sites selected on a sample basis.

The review report attached to this report provides details of the activities carried out.

## GRI indicators

The following table contains information useful to assessing the coverage of the disclosure requirements of the GRI-G3.1 reporting standard. The table comprises three columns:

- The **Presence** column indicates the level of compliance with the standard (disclosure) using the following key:
  - Full coverage (the data/information fully comply with the requirements of the standard)
  - Partial coverage (the data/information only partially satisfy the requirements of the standard)
  - Not covered (the data/information are not collected or are not adequately representative)

n.a. Not applicable (the data/information required by the standard are not significant or are not material).
- The **References** column indicates the pages of the report containing the contents related to the requirements of the standard.
- The **Notes/Comments** column gives information supplementary to the report or providing further clarification on the information provided in the report.

Strategy and analysis				
		Presence	References	Notes/Comments
1.1	Statement of senior management - Letter from the Chairman	•	4, 24, 60	
1.2	Description of key impacts, risks and opportunities (in terms of sustainability)	•	Annual Financial Report (43-50)	10, 11
Profile				
		Presence	References	Notes/Comments
2.1	Name of the organisation	•		
2.2	Main activities	•	22, 23	24
2.3	Organisational structure	•	22, 23, 30, 31 Annual Financial Report (52-53)	
2.4	Registered office	•		
2.5	Territorial reach	•	26-29	
2.6	Ownership structure	•	31, 50-51	
2.7	Markets served	•	27-30, 33	The Group's main customers are governments or public institutions. Furthermore, the Group participates in several international programmes financed by the European Union or other intergovernmental organisations. The Group also targets

				a wide range of “civil/commercial customers” such as airline companies, transportation companies and large industrial groups
2.8	Size of the organisation and significant changes in size, structure and ownership structure	•	12-13, 26, 33 Annual Financial Report (7, 129)	
2.9	Significant changes in size, structure and ownership structure	•	12-13, 26, 33 Annual Financial Report (7, 129)	
2.10	Recognition and awards received in the reporting period	•	35, 82	

### Reporting scope

		Presence	References	Notes/Comments
3.1	Reporting period	•		The Sustainability Report refers to 2013
3.2	Publication date of the most recent Sustainability report	•		The 2012 Sustainability Report was published in June 2013
3.3	Frequency of reporting	•		Annual
3.4	Contacts and addresses	•	Back cover	
3.5	Process to define the content of the report	•	Materiality (10-11) Stakeholder map (39-40) Reporting process (151-155)	
3.6	Reporting scope	•	151-153	Any limitations to the reporting scope are indicated from time to time within the document
3.7	Statement of any specific limitation to the objective or the scope of the report	•	151-153	Any limitations to the reporting scope are indicated from time to time within this document
3.8	Information on joint ventures, subsidiaries, leased equipment, outsourced activities and other	•		
3.9	Techniques used to measure data and the bases for calculations	•	151-155	Calculation techniques and estimate methodologies used are indicated from time to time within this document
3.10	Explanation of the effects of any changes to information included in previous reports and related reasons	•	151-155	There were no significant changes with respect to previous reports
3.11	Significant changes in the measurement objective, scope or methods used	•	151-155	There were no significant changes in the measurement objective, scope or methods used with respect to previous reports

3.12	Table of contents G3.1	•	156
3.13	Policies and practices for the independent audit	•	154-155

### Governance, commitments and stakeholder involvement

		Presence	References	Notes/Comments
4.1	Governance structure	•	50-56 Corporate Governance Report (22-60)	
4.2	Executive functions of the Chairman	•		
4.3	Independence of corporate bodies	•	54-55	
4.4	Mechanisms available to the shareholders and employees to provide recommendations or directives to the highest corporate governance bodies	•	For shareholders, see the Corporate Governance Report (99-102), while for employees see 83	Finmeccanica set up an Investor Relations and SRI function to foster dialogue with shareholders
4.5	Performance-based remuneration of the top governance body, senior managers, etc.	•		For additional information on the remuneration system applied to directors and top positions, reference should be made to the Annual Financial Report (105, 177). At present, there are no mechanisms linking the remuneration system of directors and top positions to the Group's social and environmental performance
4.6	Activities in place with the highest corporate governance bodies to ensure that no conflicts of interest arise	•	Corporate Governance Report (47-51)	
4.7	Processes to establish the composition, qualifications and skills of the highest corporate governance bodies and its committees, including observations on gender issues and other diversity indicators	•	Corporate Governance Report (22-25)	The current process used to set the number of BoD members and its committees does not take account of gender issues and other diversity indicators. However, the next BoD will be renewed in accordance with Law 120 of 2011, whereby "the less represented gender shall represent at least one third of appointed directors"
4.8	Mission, values, code of ethics, significant principles for economic, environmental and social performance	•	Values and Code of Ethics (9-10) Internal regulations and procedures (51-52)	
4.9	Procedures and committees to manage sustainability-related economic, environmental and social performance	•	Governance (53-56) Internal control system (57-59) Code of Ethics (9-10)	Sustainability performance analysis and risk map updating are performed annually

4.10	Evaluation of the performance of the members of the highest corporate governance bodies, specifically with respect to economic, environmental and social performance	•	Corporate Governance Report (38-40). The system used to assess directors' performance does not consider social and environmental factors
4.11	Explanation of the potential application of the principle (or approach) of prudence	•	When assessing economic, environmental and social risks, the Finmeccanica Group adopts a precautionary approach
4.12	Signing and adoption of codes of ethics, principles and charters developed by external organisations	•	9-10
4.13	Participation in trade associations	•	9-10
4.14	List of stakeholders with which the company is involved	•	39-40
4.15	Principles for the identification of stakeholders	•	39-40
4.16	Approach to the involvement of stakeholders	•	39-44
4.17	Results of involvement	•	10-11
<b>DMA</b>	Economic performance		32-35
	Market presence		26, 33
	Indirect economic impacts		27-30, 92-96
	Policy		24

### ECONOMIC INDICATORS (EC)

		Presence	References	Notes/Comments
	<b>Disclosure on management approach (EC)</b>	•		
<b>EC1 core</b>	direct economic value generated and distributed	•	34	
<b>EC2 core</b>	financial implications and other risks and opportunities for the company due to climate change	-		At present, climatic change and the related risks and opportunities for the company are not considered. Reference should be made to the Annual Financial Report, paragraph "Finmeccanica and risk management" (43-40). At present, Group management has not estimated the possible

			financial effects of climatic change
EC3 core	coverage of benefit plan obligations	•	Employees' pension schemes are based on defined benefit plans. For additional information, reference should be made to the 2013 Annual Financial Report, paragraph "Employee benefits" (104-105, 151-154)
EC4 core	significant financial assistance received from government	•	Annual Financial Report (157) MEF holds a 30.2% investment
EC5 add	ratio of entry level wage compared to local minimum wage at the main operating companies	-	-
EC6 core	policy, practices and proportion of spending on locally-based suppliers for the most relevant operative sites	○	The Group defines local suppliers as suppliers whose registered offices are based in domestic countries (Italy, UK, US, Poland). Total expense for suppliers accounts for approximately 76% of the total. The Group does not apply purchase procedures which promote the selection of "local" suppliers, to the detriment of the countries where individual companies operate. Suppliers are vetted in accordance with legal requirements and/or internal procedures which consider quality, environmental sustainability, cost, etc.
EC7 core	procedures for local hiring and of percentage of senior management hired from the local community	-	In accordance with its "talent-oriented organisation", the Group does not apply selection and

		hiring policies based on geographical factors		
<b>EC8 core</b>	impact of infrastructure investments for public benefit through commercial, product/service donations or pro bono activities	•	92-93	At present, the Group has not formally assessed community needs. However, in 2013, a procedure for the preparation of the stakeholder engagement process was issued
<b>EC9 add</b>	understanding and describing significant indirect economic impacts, including the extent of impacts	-	44	Reference is made to Prometeia and Oxford studies. Only the indirect impacts on the production of goods and services was estimated

### ENVIRONMENTAL INDICATORS (EN)

	Presence	References	Notes/Comments
<b>DMA</b>			
Materials (23-24)			For the Group, management of raw materials is a fundamental element of production processes. For further information on the main materials used, see page 132. The Group's approach is to minimise environmental impact, including with respect to the materials used. For example, already in the design stage of new products, eco-design is considered and, where possible, use of recycled materials is encouraged
Energy (127-128)			
Water (118-120)			
Biodiversity (129-131)			
Emissions, wastewater and waste (118-123)			
Products and services (103-104, 107-109)			
Compliance (115-116)			
Transportation (36-38)			
General (115-116)			
<b>Disclosure on management approach (EN)</b>	•		
<b>EN1 core</b>			
raw materials used by weight and volume	-		
<b>EN2 core</b>			
percentage of materials used that are recycled input materials	-		Most of the raw materials used by the Finmeccanica Group in production do not derive from recycled materials. Indeed, finished goods must meet the high quality and safety standards required by several industry regulations and certifications (e.g.,

				IATA - International Air Association, IRIS - International Railway Industry Standard), and by end customers. Furthermore, this business strategic information can be covered by confidentiality agreements, specifically signed with customers
EN3 core	direct energy consumption by primary source	●	127, 132	
EN4 core	indirect energy consumption by primary source	●	127, 132	
EN5 add	energy saved due to conservation and efficiency improvements	○	-	
EN6 add	initiatives to provide energy-efficient or renewable energy based products and services, and reduction in energy requirements as a result of these initiatives	○	107-109	The volume of energy saved during the reporting period could not be calculated. Indeed, these products are still being designed or are only prototypes
EN7 add	initiatives to reduce indirect energy consumption and reductions achieved	○		
EN8 core	total water withdrawal by source	●	119, 133	
EN9 add	water sources significantly affected by the withdrawal of water	○		
EN10 add	percentage and total volume of water recycled and reused	●	118-119	
EN11 core	location and size of land owned, leased or managed in (or adjacent to) protected areas or areas of high biodiversity value outside protected areas	●	129-131	
EN12 core	description of the greatest impact of activities, products and services on the biodiversity of protected areas or areas of high biodiversity value outside protected areas	-	130	
EN13 add	habitats protected or restored	○	130	There was no need for interventions to protect and/or recover protected areas on which the Group's owned facilities are based
EN14 add	strategies, current actions and future plans for managing impacts on biodiversity	○	130	
EN15 add	number of protected species with habitats in areas affected by operations, by level of extinction risk	-	-	
EN16 core	total direct and indirect GHG emissions by weight	●	124, 133	
EN17 core	other relevant indirect GHG emissions by weight	●	124, 133	
EN18 add	initiatives to reduce GHG emissions and reductions achieved	○		
EN19 core	emissions of ozone-depleting substances by weight	●	121-123	The Group's activities do not generate significant volumes of ozone depleting substances, as set out into Annexes A, B, C and E of the Montreal protocol

EN20 core	NO <sub>x</sub> , SO <sub>x</sub> and other significant air emissions by type and weight	•	118, 133	
EN21 core	total water discharge by quality and destination	•	119-120, 133	Water discharged is not used by other organisations
EN22 core	total weight of waste by type and disposal method	•	120, 133	
EN23 core	total number and volume of significant spills	•	117	
EN24 add	weight of transported, imported, exported or treated waste deemed hazardous and percentage transported abroad	-		
EN25 add	identity, size, protected status and value of biodiversity of marine fauna and flora and related habitats significantly affected by water drainage	-		
EN26 core	initiatives to mitigate the environmental impact of products and services and extent of impact mitigation	-	107-109, 128	In-scope initiatives and projects include the quantification of the results achieved in terms of reduction of the environmental impact of reported products. Most initiatives and projects are still start-ups or pilots
EN27 core	percentage of products sold and their packaging materials that are reclaimed by category	•	133-134	
EN28 core	monetary value of significant fines and number of non-monetary sanctions due to non-compliance with environmental regulations and laws	•		There were no significant monetary fines in 2013
EN29 add	significant environmental impacts from the transportation of goods/materials used for the organisation's activity and for personnel travel	○	124	
EN30 add	expenses and investments in environmental protection divided by type	○	115-116	The Group has committed to report on this information starting from the next reporting period.

### LABOUR INDICATORS (LA)

	Presence	References	Notes/Comments
<b>Disclosure on management approach (LA)</b>	•		
Disclosure management approach			
Employment		70	
Industrial relations		71-73	
Health and safety		79-81	
Training and education		82	
Diversity and equal opportunities		77	
Equal pay for men and women alike		77	
LA1 core	•	Workforce (73) Geographical breakdown (74) Detailed information (134-136)	Breakdown by gender and employment contract type relate to the 87% of Group employees. In the medium-term, the Finmeccanica Group will expand the reporting scope, considering the companies' materiality with respect to the Group

LA2 core	total number and rate of employee turnover by age group, gender and region	o	134-138	In the medium-term, the Finmeccanica Group will expand the reporting scope, considering the companies' materiality with respect to the Group
LA3 add	benefits provided to full-time employees	-	-	This figure is currently unavailable as it is not mapped by the identification systems. An estimate would not be reliable. However, the Group applies the provisions of national collective bargaining agreements and company contracts. In the medium-term, the Finmeccanica Group will expand the reporting scope, considering the companies' materiality with respect to the Group
LA4 core	percentage of employees covered by collective bargaining agreements	•	76 Detailed information (146)	
LA5 core	minimum notice period(s) regarding organisational changes, including whether it is specified in collective agreements	o		This issue is covered by the national collective bargaining agreements (see LA4)
LA6 add	percentage of total workforce represented in the health and safety committee	o		
LA7 core	rates of injuries, occupational diseases, days of work lost, absenteeism, and total number of work-related fatalities by region	o	79 Detailed information (139-140)	This figure is currently unavailable for independent contractors who work in the Company and for which the Group is responsible for the general safety of the working environment
LA8 core	education, training, counselling, prevention and risk-control programmes in place to assist members of the workforce, their families or community members, regarding serious diseases	o	82-91	The Group carefully monitors the professional activities that may have a specific impact on health conditions
LA9 add	health and safety agreements with trade unions	-	-	
LA10 core	average hours of training per year per employee by employee category	o	82 Detailed information (144)	The breakdown by employee category only refers to the Italian companies
LA11 add	programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	•	Industrial relations (71-73) Skills development and enhancement (82-91)	With respect to management of the final stage of employees' careers and to support their continuous employment, the Group supplements the law and trade union agreements with voluntary resignation schemes which protect the needs of both the Company and its employees

LA12 add	percentage of employees receiving regular performance and career development reviews	o	Annual Financial Report (56-57)	The percentage of employees is not available as it is not reported in the current systems. In the medium-term, the Finmeccanica Group will expand the reporting scope, considering the companies' materiality with respect to the Group
LA13 core	composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	•	134-137	Figures about the composition of the BoD and its committees relate to the Parent, Finmeccanica SpA. In the medium-term, the Finmeccanica Group will expand the reporting scope, considering the companies' materiality with respect to the Group
LA14 core	ratio of women's basic salary to men by employee category	•	145	
LA15 core	return to work after parental leave	-	<p>United Kingdom: employees who have been with the company for more than one year and with dependent children of less than 5 years of age (or 18 in specific cases) are entitled to parental leave.</p> <p>USA (federal law of Family and Medical Leave Act of 1993 (FMLA)): in companies with 50 or more employees, parental leave is subject to at least a 12- month work period (not necessarily consecutive) and at least 1,250 hours worked in the year prior to the parental leave. Furthermore, the parent must live within 75 miles of the company.</p> <p>Italy: employees with dependent children of less than 8 years of age are entitled to parental leave.</p> <p>Poland: employees who have been with the company at least six months and with dependent</p>	In the medium-term, the Finmeccanica Group will expand the reporting scope, considering the companies' materiality with respect to the Group

children of less than 4 years of age are entitled to parental leave

## HUMAN RIGHTS INDICATORS (HR)

	Presence	References	Notes/Comments
<b>Disclosure on management approach (HR)</b>	.		
DMA			
Investment and procurement policies		36-38	
Non-discrimination		77	
Freedom of association and collective bargaining		71-76	
Child labour			
Forced labour			
Safety practices		79-81	
Rights of indigenous people			
Assessment		39-40	
Remedies		70, 92-97	
HR1 core			
percentage and total number of investments that include clauses incorporating human rights concerns		-	At present, there are no agreements with explicit human rights provisions or which require assessing the actual implementation of human rights protection policies. However, under Finmeccanica Directive no. 25 "M&A Transactions", all proposed M&As must be reported to the Finmeccanica's competent operating units, the CEO and the General Manager through a preliminary illustrative note, to be prepared under the provisions of Annex 1 to the procedure. Specifically, under Annex 1, the following information must be provided: shareholding structure (shareholder base and corporate bodies' composition), workforce, industrial sites, etc. Finmeccanica Group ensures and promotes human rights in all the contexts in which it is active, generating equal opportunities for its people and fair treatment for everybody, regardless of race, nationality, political orientation, religion, gender, age, diversity, sexual orientation, personal or social

			conditions, while respecting the dignity of persons and employees. Moreover, it promotes the integration of minorities, ensuring the freedom of association and prohibiting any form of undeclared work (Principle 5 of the Charter of Values)
HR2 core	percentage of suppliers and subcontractors that have undergone human rights screening, and action taken	○ 36-37	100% of suppliers are not business critical (23). All Group contracts (business critical and non-business critical) provide for the adoption of the Code of Ethics in its entirety, hence entailing the respect of human rights. In 2013, no agreements were entered into with suppliers, contractors and other business partners which provide the imposition of specific conditions or which were subject to other actions after assessment of the respect of human rights. In the medium-term, the Finmeccanica Group will prepare a specific provision governing human rights
HR3 add	total hours of employee training on policies and procedures concerning aspects of human rights and the percentage of employees trained	•	Data about this indicator relate to approximately 85% of Group employees.
HR4 core	total number of incidents of discrimination and actions taken	○	In 2013, there were no incidents of discrimination (due to race, skin colour, gender, religion, political orientation, nationality or social background) involving internal and/or external stakeholders
HR5 core	identification of activities in which the freedom of association and national labour agreements could be exposed to significant risks and measures taken to protect these rights	• 36-37	All Group contracts (business critical and non-business critical) provide for the adoption of the Code of Ethics in its entirety. The Finmeccanica Group operates in accordance with the law of the countries in which it is present and in accordance with the UN's Universal Declaration of Human Rights and the ILO's (International Labour Organization) Fundamental Conventions.

				There are no suppliers or operations where the freedom of association and collective bargaining has been violated or is exposed to significant risks
HR6 core	identification of operations at high risk of use of child labour and measures taken to abolish it	•	36-37	All Group contracts (business critical and non-business critical) provide for the adoption of the Code of Ethics in its entirety. The Finmeccanica Group operates in accordance with the law of the countries in which it is present and in accordance with the UN's Universal Declaration of Human Rights and the ILO's (International Labour Organization) Fundamental Conventions. There are no suppliers or operations where the risk of child labour is high
HR7 core	activities at high risk of forced labour and measures taken to eliminate it	•		The personnel in charge of the security of the Group's sites and offices act as service providers. Consequently, they must accept and comply with the Code of Ethics
HR8 add	percentage of safety personnel who have received training on procedures and policies on human rights	-	-	The personnel in charge of the security of the Group's sites and offices act as service providers. Consequently, they must accept and comply with the Code of Ethics
HR9 add	number of violations of local community rights and measures taken	•		In 2013, there were no violations of local community (indigenous populations) rights by the companies included in the Group's scope
HR10 core	operations that have been subject to human rights impact assessments	○		The Finmeccanica Group operates in accordance with the law of the countries in which it is present and in accordance with the UN's Universal Declaration of Human Rights and the ILO's (International Labour Organization) Fundamental Conventions. A policy on human rights will be prepared in the medium term

HR11 core	composition of grievances related to human rights filed	•		In 2013, no claims were received for violations of human rights from Internal and/or external stakeholders
-----------	---	---	--	--

### SOCIETY INDICATORS (S0)

		Presence	References	Notes/Comments
<b>Disclosure on management approach (S0)</b>				
	DMA			
	Local community collectivities (51-52, 71, 94)			
	Corruption (51-52, 64-65)			
	Contributions to political parties (51-52, Code of Ethics)			
	Non-collusive behaviour (51-52, 58, 62-65)			
	Compliance (63)			
S01 core	percentage of activities which involved the local community, whose impact was assessed and for which development programmes were started	○	9-11, 39-40, 92-93	In 2013, the Group began to define and implement a path to map and assess activities aimed at involving local communities and the related impacts on its operations. At the end of this path, the Group will prepare a plan for the involvement and development of the local communities in which it operates. In 2013, in order to implement this procedure and involve the local communities and all stakeholders, the Group issued Policy no. 3 "Guidelines for stakeholder relationships"
S02 core	percentage of business units analysed for risks related to corruption	•	58-59, 64-65	
S03 core	percentage of employees trained in the organisation's anti-corruption policies and procedures	•	146	
S04 core	actions taken in response to incidents of corruption	•	Legal Proceedings (60-61) Actions taken (59, 64-65) Consolidated financial statements (115, 135-151)	
S05 core	public policy positions and participation in public policy development and lobbying	•	10	
S06 add	total value of financial and in-kind contributions to political parties, politicians and institutions by country	○	Code of Ethics, article "9.1.2 Relationships with political organisations and trade unions"	Finmeccanica does not make any direct or indirect contributions of any kind to political or trade union parties, movements, committees or organisations or their representatives and candidates, except as permitted by specific legislation

S07 <i>add</i>	total number of legal actions for anti-competitive behaviour, anti-trust and monopolist practices, and their outcomes	•		In 2013, there were no legal actions for anti-competitive behaviour, anti-trust and monopolist practices
S08 <i>core</i>	monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	•	60-61 Annual Financial Report (135-151)	There were no significant fines in 2013 for non-compliance with laws and regulations
S09 <i>core</i>	operations with a potential or actual negative impact on local communities	◦		The Group constantly monitors the impact of its operations on the community and the surrounding environment. Specifically, it performs environmental assessments when constructing new sites. It also assesses the impact on biodiversity (see EN26) and carries out environmental audits, environmental impact risk assessments (37-38)
S010 <i>core</i>	prevention measures adopted to mitigate the negative impact of operations on local communities	•	57-65	The Group has implemented a risk management system to assess the possible (potential or actual) impacts of its operations. This system identifies the risk linked to a specific activity and provides for prevention and mitigation measures to avoid and reduce their occurrence and their impact. See Annual Financial Report (43-50)

#### PRODUCT RESPONSIBILITY INDICATORS (PR)

	Presence	References	Notes/Comments
<b>Disclosure on management approach (PR)</b>	•		
DMA			
Health and safety of consumers		80	
Labelling of products and services			
Marketing and communication			With respect to commercial communications with stakeholders, the Finmeccanica Group undertakes to provide utmost correctness, accuracy and clarity and compliance with applicable legislation
Privacy			The Finmeccanica Group operates in full compliance with the Data protection code and the legislation protecting the privacy of all recipients and, in general, of all the parties which have any tie with the Company. In this respect, it applies specific rules to

				specifically prevent the illicit communication and/or circulation of personal data without the consent of the relevant party
	Compliance			The Finmeccanica Group operates under the highest quality and safety standards set by sector legislation and certifications (e.g., IATA - International Air Transportation Association, IRIS - International Railway Industry Standard) with respect to both its end customers and its products
PR1 core	health and safety impacts of products	•	80	The Finmeccanica Group operates under the highest quality and safety standards set by sector legislation and certifications (e.g., IATA - International Air Transportation Association, IRIS - International Railway Industry Standard) with respect to both its end customers and its products. Furthermore, all Group products are tested in terms of health and safety in each stage of the production cycle
PR2 add	total number of incidents of non-compliance with regulations and voluntary codes	•		In 2013, there were no instances of non-compliance with regulations or voluntary codes on the impact of Group products/ services on health and safety
PR3 core	consumer information and labelling	•		Finmeccanica does not sell consumer goods but cutting-edge products and services that are delivered to the customer and end users accompanied by specific information and training programmes
PR4 add	total number of incidents of non-compliance with regulations or voluntary codes concerning product/ service information and labelling	•		See PR3 and DMA
PR5 add	practices related to customer satisfaction	○		Every year, the Group carries out specific customer satisfaction activities. In the medium term, the Finmeccanica Group will expand the reporting scope, considering the companies' materiality with respect to the Group

---

<b>PR6 core</b>	adherence to laws, standards and voluntary codes concerning marketing communications	•	Finmeccanica complies with the legislation in force; it has not adopted any voluntary codes. See DMA (marketing and communication)
<b>PR7 add</b>	total number of incidents of non-compliance with regulations or voluntary codes concerning marketing communication	-	See DMA (marketing and communication)
<b>PR8 add</b>	number of complaints regarding customer privacy and misplacement of customer data	•	In 2013, there were no complaints regarding the violation of customer privacy
<b>PR9 core</b>	monetary value of fines for non-compliance with laws and regulations concerning the provision and use of products and services	•	In 2013, there were no significant fines (legal or administrative) for non-compliance with laws and regulations concerning the provision and use of Group products and services

---



**KPMG S.p.A.**  
**Revisione e organizzazione contabile**  
Via Ettore Petrolini, 2  
00197 ROMA RM

Telefono +39 06 809611  
Telefax +39 06 8077475  
e-mail it-fmauditaly@kpmg.it  
PEC kpmgspa@pec.kpmg.it

**(Translation from the Italian original which remains the definitive version)**

## **Limited assurance report on the sustainability report**

To the board of directors of  
Finmeccanica S.p.a.

- 1 We have reviewed the 2013 sustainability report of the Finmeccanica Group (the “Group”). The parent’s directors are responsible for the preparation of the sustainability report in accordance with the updated Sustainability Reporting Guidelines issued in 2011 (version 3.1) by GRI - Global Reporting Initiative, as set out in the “Methodological notes” section of the sustainability report. They are also responsible for determining the Group’s objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived. Our responsibility is to issue this report based on our review.
- 2 We carried out our work in accordance with the criteria established for review engagements by “International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information” (“ISAE 3000”), issued by the International Auditing and Assurance Standards Board. That Standard requires that we comply with applicable ethical requirements (the “Code of Ethics for Professional Accountants” issued by the International Federation of Accountants, “IFAC”), including independence requirements, and that we plan and perform the engagement to obtain limited assurance (and, therefore, less assurance than in a reasonable assurance engagement) about whether the report is free from material misstatement. A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:
  - comparing the information and data presented in the “Business results and added value” section of the sustainability report to the corresponding information and data included in the Group’s consolidated financial statements as at and for the year ended 31 December 2013, on which we issued our report dated 31 March 2014 pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010;

- analysing how the processes underlying the generation, recording and management of quantitative data included in the sustainability report operate. In particular, we have performed the following procedures:
  - interviews and discussions with management personnel of Finmeccanica S.p.a. and the personnel of AgustaWestland Philadelphia Corporation, Alenia Aermacchi S.p.A., AnsaldoBreda S.p.A., Ansaldo STS S.p.A., Selex ES Ltd, Telespazio S.p.A. and Whitehead Sistemi Subacquei S.p.A. to gather information on the information technology, accounting and reporting systems used in preparing the sustainability report, and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the sustainability report;
  - sample-based analysis of documentation supporting the preparation of the sustainability report to obtain evidence of processes, their adequacy and that the internal control system correctly manages data and information in relation to the objectives described in the sustainability report;
- analysing the compliance of the qualitative information included in the sustainability report with the guidelines referred to in paragraph 1 hereof and its overall consistency, in particular with reference to the sustainability strategy and policies and the determination of material issues for each stakeholder category;
- analysing the stakeholder involvement process, in terms of methods used and completeness of persons involved, by reading the minutes of the meetings or any other information available about the salient features identified;
- obtaining the representation letter signed by the legal representative of Finmeccanica S.p.a. on the compliance of the sustainability report with the guidelines indicated in section 1 and on the reliability and completeness of the information and data contained therein.

A review is less in scope than an audit carried out in accordance with ISAE 3000 and, therefore, it does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified during an audit.

The sustainability report includes the corresponding information and data of the prior year sustainability report for comparative purposes, with respect to which reference should be made our report dated 29 May 2013.

- 3 Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2013 sustainability report of the Finmeccanica Group is not prepared, in all material respects, in accordance with the updated Sustainability Reporting Guidelines issued in 2011 (version 3.1) by GRI - Global Reporting Initiative, as set out in the "Methodological notes" section of the sustainability report.

- 4 In relation to the judicial investigations into the Finmeccanica Group and certain of its former directors and employees, as well as the management of the related risk and the actions put in place or to be put in place to avoid unfit behavior, reference should be made to that set out by the directors in the “Judicial investigation” section of the 2013 sustainability report.

Rome, 8 May 2014

KPMG S.p.A.

(signed on the original)

Marco Maffei  
Director of Audit

Finmeccanica UK Ltd  
8-10 Great George Street  
London SW1P 3AE  
United Kingdom  
T +44 20 73406100  
F +44 20 73406199

Finmeccanica North America Inc.  
2345 Crystal Drive, Suite 1000  
Arlington, VA 22203 - USA  
T +1 703 4168000  
F +1 703 4168010

AgustaWestland  
Via Giovanni Agusta, 520  
21017 Cascina Costa  
di Samarate - Varese - Italy  
T +39 0331 229111  
F +39 0331 229605

Lysander Road, Yeovil,  
Somerset, BA20 2YB - UK  
T +44 1935 475222  
F +44 1935 702131

3050 Red Lion Road  
Philadelphia PA 19114 - USA  
T +1 215 2811400  
F +1 215 9693879

Alenia Aermacchi  
Via Ing. P. Foresio, 1 - 21040  
Venegono Superiore - Varese - Italy  
T +39 0331 813111  
F +39 0331 869635

Alenia Aermacchi North America Inc.  
1625 Eye Street N.W., # 1200  
Washington D.C.  
20006 - USA  
T +1 202 2933433  
F +1 202 2930677

AnsaldoBreda  
Via Argine, 425  
80147 Naples - Italy  
T +39 081 2431111  
F +39 081 2432699

Via Ciliegiole, 110/b  
51100 Pistoia - Italy  
T +39 0573 370245  
F +39 0573 370616

#### REPRESENTATIVE OFFICES

Belgium  
Avenue des Arts 21  
1000 Bruxelles  
T +32 2 2868000  
F +32 2 2868019

Brazil  
Finmeccanica do Brasil  
SAUS - Sector Autarquias Sul Quadra  
1 Bloco M Salas 1205 - 1211  
Edifício Libertas  
70.070-935 Brasília D.F.  
T +55 21 21413110  
F +55 21 22534561

China  
c/o FATA, Room 1604, Capital Tower,  
No. 6, Jianguomenwai Avenue  
Chaoyang District  
100022 Beijing  
T +86 10 85679168-105  
F +86 10 85679158

Ansaldo Energia  
Via Nicola Lorenzi, 8  
16152 Genoa - Italy  
T +39 010 6551  
F +39 010 6556209

Ansaldo STS  
Via Paolo Mantovani, 3-5  
16151 Genoa - Italy  
T +39 010 6552111  
F +39 010 6552939

ATR  
1, Allée Pierre Nadot  
31712 Blagnac Cedex - France  
T +33 5 62216221  
F +33 5 62216211

BredaMenarinibus  
Via San Donato, 190  
40127 Bologna - Italy  
T +39 051 6372111  
F +39 051 501830

DRS Technologies  
2345 Crystal Drive, Suite 1000  
Arlington, VA 22203 - USA  
T +1 703 4168000  
F +1 703 4168010

Eurofighter GmbH  
Am Söldnermoos 17  
D - 85399 Hallbergmoos  
Germany  
T +49 811 800  
F +49 811 801557

India  
202 Eros Corporate Tower  
Nehru Place  
110 019 New Delhi  
T +91 11 46545500  
F +91 11 46545555

Malaysia  
Suite A-13-a, Menara Taipan,  
No. 6, Jalan P. Ramlee  
50250 Kuala Lumpur  
T +60 3 20582400  
F +60 3 20322500

Romania  
Boulevard Dacia, 65  
et. 1, apt. 2, sector 1  
Bucharest  
T +40 21 2110297  
F +40 21 2101966

MBDA  
Via Tiburtina, km 12,400  
00131 Rome - Italy  
T +39 06 41971  
F +39 06 41974060

11 Strand, London  
WC2N 5RJU - UK  
T +44 207 4516000  
F +44 207 4516001

1, Avenue Réaumur  
92358 Le Plessis - Robinson  
Cedex - France  
T +33 1 71541000

OTO Melara  
Via Valdicocchi, 15  
19136 La Spezia - Italy  
T +39 0187 5811  
F +39 0187 582669

Selex ES SpA  
Via Tiburtina, km 12,400  
00131 Rome - Italy  
T +39 06 41501  
F +39 06 413143

Selex ES Ltd  
Sigma House  
Christopher Martin Road,  
Basildon, Essex,  
SS14 3EL - UK  
T +44 01268 823400  
F +44 01268 883140

Selex ES International Ltd  
Sigma House  
Christopher Martin Road,  
Basildon, Essex,  
SS14 3EL - UK  
T +44 01268 823400

Russian Federation  
Savvinskajka Office Building  
Savvinskajka Nab. 15 (5<sup>th</sup> floor)  
119435 Moscow  
T +7 495 5445974/510 4120741  
F +7 495 5445975

Turkey  
Via Tower Bayraktar, Bestepeler Mah.  
Nergis Sokak n. 7 Kat. 7  
Sogutozu, Ankara  
T +90 312 2481200  
F +90 312 2481210

United Arab Emirates  
Nation Towers - Tower 2, Off. 2001  
Corniche Road, Khalidiya  
P.O. Box 94062 Abu Dhabi  
T +971 2 4083999

SuperJet International  
Via Alvise Cà da Mosto, 25  
30173 Tessera - Venice - Italy  
T +39 041 3900501  
F +39 041 3900709

Telespazio  
Via Tiburtina, 965  
00156 Rome - Italy  
T +39 06 40791  
F +39 06 40999906

Thales Alenia Space  
5, Allées des Gabians  
06156 Cannes La Bocca - France  
T +33 4 92927000  
F +33 4 92923310

Thales Alenia Space Italia  
Via Saccomuro, 24  
00131 Rome - Italy  
T +39 06 41511  
F +39 06 4190675

WASS  
(Whitehead Sistemi Subacquei)  
Via di Levante, 48  
57128 Livorno - Italy  
T +39 0586 840111  
F +39 0586 854060





Piazza Monte Grappa, 4  
00195 Rome - Italy  
T +39 06 324731  
F +39 06 3208621

[finmeccanica.com](http://finmeccanica.com)