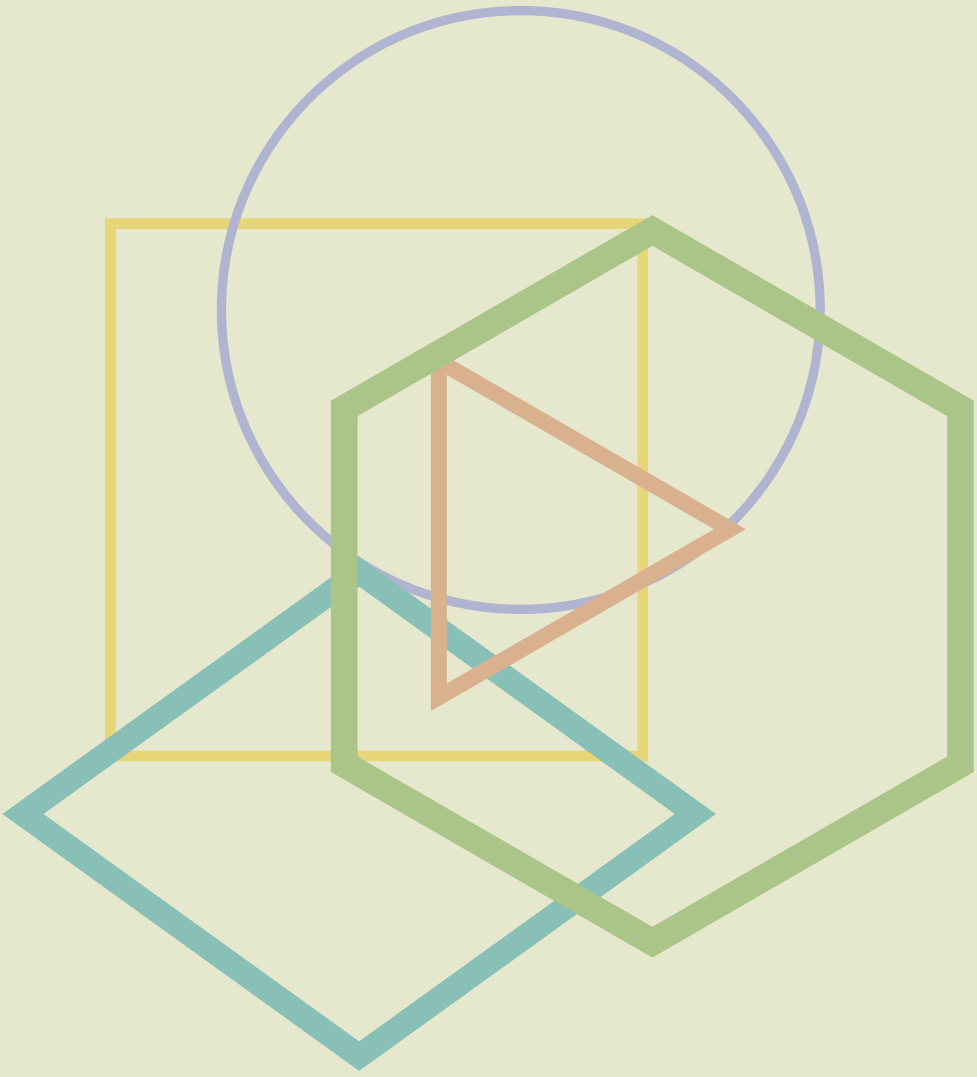
FINMECCANICA

Sustainability Report **2014**



The geometry of change

FINMECCANICA
SUSTAINABILITY REPORT 2014

CONTENTS

Chairman

GIOVANNI DE GENNARO

Letter to stakeholders

2014 was a very important year for Finmeccanica Group both with respect to its financial and industrial performance: a year of decisive change which, for many aspects, we are convinced heralds a better and successful future for the new leaner, more concrete and more proactive Finmeccanica. A new company ready to compete efficiently and in a sustainable manner on international markets, leveraged by its technological excellence, at the service of its country and all its stakeholders.

Chief Executive Officer and General Manager

MAURO MORETTI

As part of this and in line with the new five-year Industrial Plan illustrated in January, we are proud to present the Group's 2014 Sustainability Report, which describes and explains our new agenda in this non-financial report and in greater detail and a more structured fashion than in the past.
This Report illustrates the strategic tie between Finmeccanica and its stakeholders with a transparent and tight new organisation, ready to take on the new challenges launched by its Industrial Plan.

Despite the complicated and hard to decipher macroeconomic situation and the fragile state of the Aerospace, Defence and Security sector, our 2014 figures show that we managed to obtain results and perform much better than expected. As set out in this Report, we rolled out parallel and integrated measures for management, units, companies and all our engagement with stakeholders. We have provided comprehensive information, an increasing "added value" factor essential to best understand where we are going and what we expect for the future, our challenges and commitments. We have started a new and more focused development phase, which will be based on our core business' industrial synergies and a product portfolio and solutions more in line with our customers' requests.

To this end, Finmeccanica has strengthened its internal controls and risk management procedures, adopted new directives and policies, defined new rules for the set up of company bodies for the operating companies, entrusted an external commission with evaluation of its corporate governance system, introduced whistleblowing guidelines and a new anti-corruption code, in line with best international practices. This is why we have completely revised our supply chain and training courses, redesigned the managers' incentive system and commenced new environmental projects, selected businesses, products and technologies in a structured and disciplined manner, set out by order of priority, impact and returns, to ensure the Group's sustainability over time.

Sustainability means consistency, structure and discipline in our actions and choices. For a Group like ours that works in the Aerospace, Defence and Security sector, this implies complying with the times and speed of technological research, adjusting our innovation process and facilitating increasing osmosis between the defence and security and civil worlds, identifying and optimising investments, taking part in open innovation processes, providing high quality and modular products, solutions and dual applications, guaranteeing efficient customer support and forestalling your future requirements.

Finmeccanica is today a technological leader in several civil and military fields thanks to its deep-seated commitment that translates into setting even more ambitious objectives for the future, interpreting and anticipating the new requirements and challenges (including social ones) in a dynamic and structured manner, in an ever-changing world.

This is why, for the first time, we have set ourselves sustainability objectives that we will strive towards and evaluate ourselves on with the same attention that we pay to our ongoing corporate governance transformation into a "one company" organisational and operational model as part of our long-term strategic road map.

Our intention is to share our change in culture, attitude and outlook through this Report with you, so that we can all participate in this new and far-reaching transformation process.

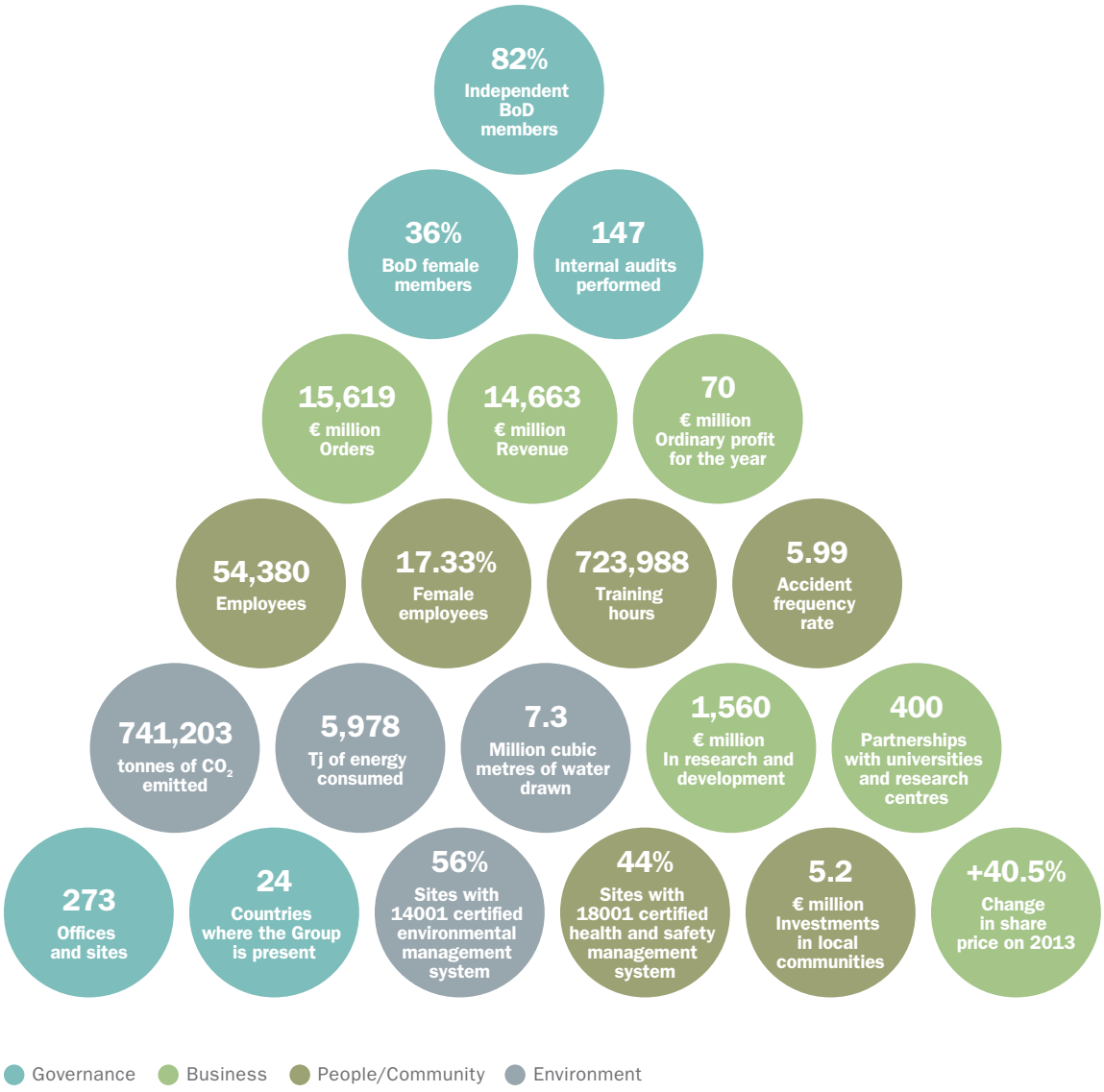
Our actions are always at the service of the national and international interests and objectives of our Group, our country, our shareholders and all our stakeholders, complying with a legal and ethical manner.

Giovanni De Gennaro
(Chairman)

Mauro Moretti
(Chief Executive Officer
and General Manager)

2014 HIGHLIGHTS

FINMECCANICA IN FIGURES



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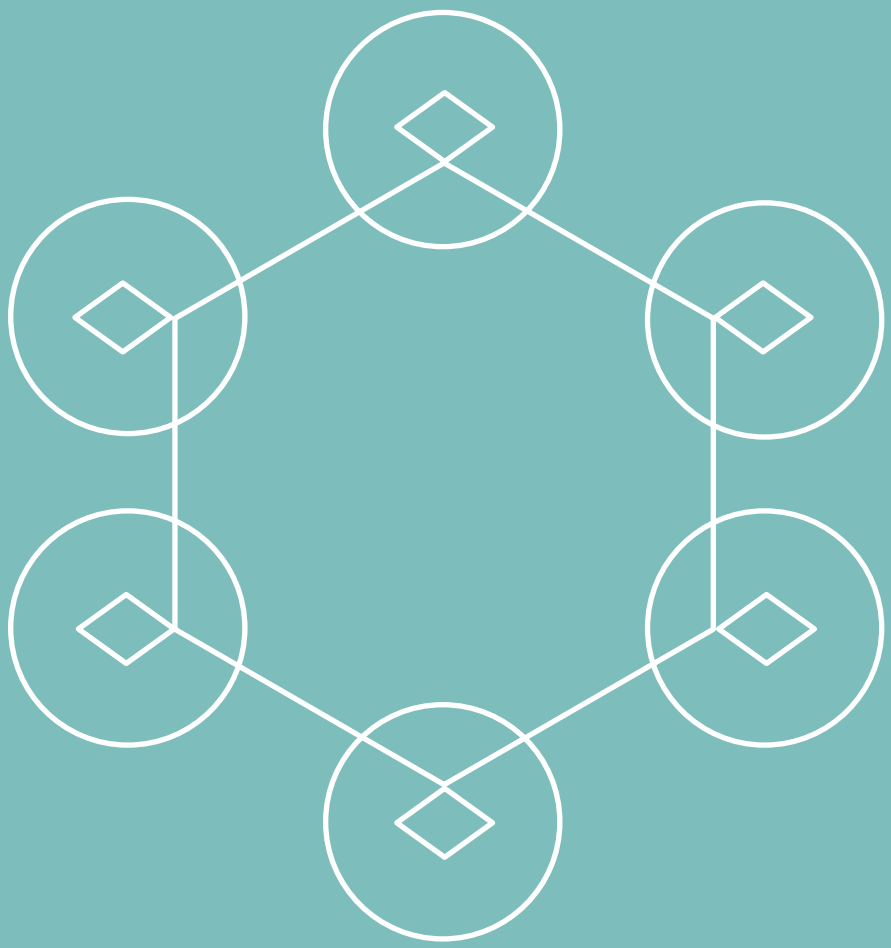
The Group in 2014



COMPANY PROFILE

Finmeccanica is Italy's main industrial Group in the high tech sector and ranks among the top ten global players operating in the Aerospace, Defence and Security business segment. Finmeccanica is one of the European leaders in Defence Systems and has a consolidated position in the international Transportation market.

Finmeccanica[1] is Italy's main industrial Group in the high tech sector and ranks among the top ten global players operating in the Aerospace, Defence and Security (A,D&S).
The Group's activities are concentrated in the strategic Helicopters, Defence and Security Electronics, Aeronautics, Defence Systems, and Space sectors, where it earns 86% of its revenues, receives 80% of orders, and employs 88% of human resources. It is a European leader in Defence Systems and has a consolidated position in the international Transportation market.
Finmeccanica is a multinational and multicultural Group with more than 54,000 employees.
Finmeccanica's head office is in Italy. It has a stable presence in Italy, the UK, Poland and the US through its local production sites, and has important partnerships in the principal markets with the highest potential (including in the United Arab Emirates, India, Malaysia, Russia and Turkey).
In 2014, Finmeccanica had a base in 24 countries in five continents.
The Group's international success is founded on excellence in technology and continual innovation, supported by large investments in research and development that equal an approximate 11% of total revenues each year (in 2014, the comprehensive amount was €1.56 billion).
In 2014, the Group stepped up investments in the A,D&S sector, to which 96% of R&D spending was directed. The most significant achievement in this regard was the development of "dual technologies" of high strategic value in both the civil and military fields.
The Group is led by Finmeccanica SpA (the Parent), with its registered office in Rome, which is entrusted with:

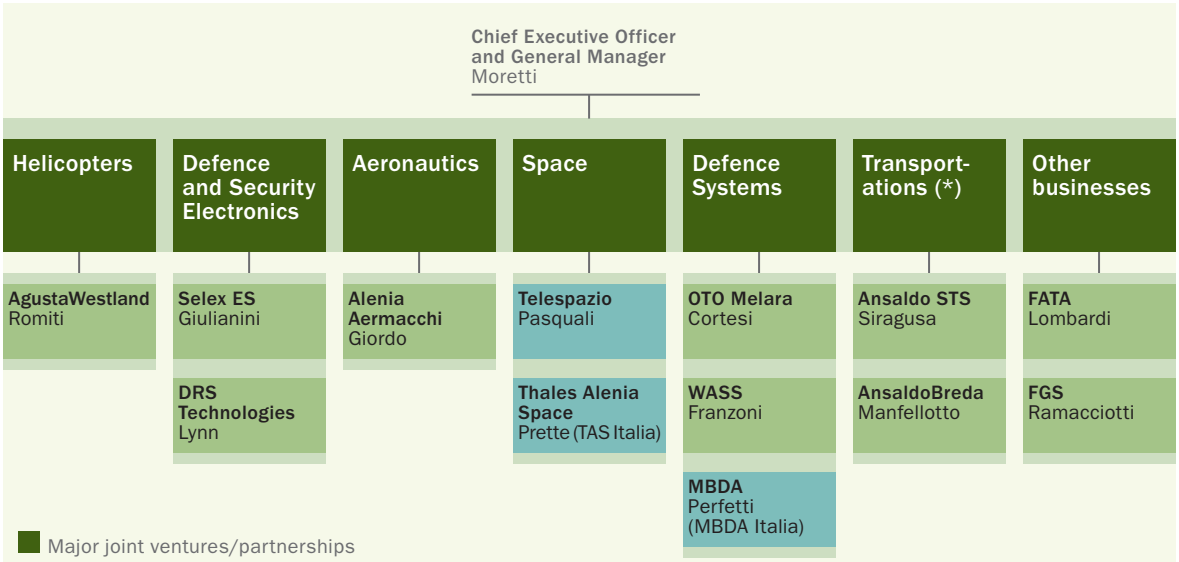
- business guidance, coordination and control and certain corporate functions (strategies, human resources, finance and control, external relations and communications, legal and corporate affairs, audit and compliance, Investor Relations & SRI);
- the coordination of commercial activities.

Once the 2015-2019 Industrial Plan has been approved and the ongoing reorganisation process concluded, the Group plans to transfer the core business activities from a structure constituted by a holding company and operating companies to a single company comprised of divisions, initially organised by business segment: Helicopters, Aeronautics, Defence and Security Electronics and Defence Systems.

Based on the Organisational and Operational Model Guidelines, the wholly-owned companies of the Aerospace and Defence core business will be transformed into divisions in the new Finmeccanica Company. The newco will, therefore, on the one hand be an operating company made up of divisions and, on the other hand, continue to act as the Parent and Corporate Centre for the companies not included in the divisional process.

[1] In this report, Finmeccanica and Finmeccanica Group are one and the same, referring to all companies included in the 2014 consolidation scope. Finmeccanica SpA refers to the Parent only.

FIGURE 1 - FINMECCANICA GROUP'S ORGANISATIONAL CHART



(*) On 24 February 2015 Finmeccanica and Hitachi signed binding agreements for the purchase and sale of AnsaldoBreda and the entire interest owned by Finmeccanica in Ansaldo STS (40%). The simultaneous closing of the transactions is expected within 2015 and is subject to certain customary conditions, such as regulatory and antitrust approvals.

Finmeccanica SpA's updated organisational chart is available on its website.

2014 Finmeccanica highlights

6 March - Finmeccanica's Board of Directors approved the plan for a new Group Organisational and Operational Model for the A,D&S sector.

15 May - Shareholders' Meeting appointed the Company's new Board of Directors for the three-year period 2014-2016. The Board of Directors nominated Mauro Moretti as Chief Executive Officer and General Manager and confirmed Giovanni De Gennaro in the position of Chairman.

11 June - Two agreements of significant strategic importance to Finmeccanica Group were signed in the Italy-China Business Forum. The first concerns a Memorandum of Understanding between AgustaWestland and Beijing Automotive Industrial Corporation (BAIC) for a possible partnership for the marketing, maintenance and training for helicopters to be used for exclusively public purposes.

19 June - The Board of Directors launched the guidelines for the implementation of the Group's new Organisational and Operational Model.

12 September - Finmeccanica was included for the fifth consecutive year in the Dow Jones World and Europe Sustainability Indices.

9 October - Finmeccanica negotiated a collaboration agreement with Fincantieri in the naval vessels sector that aims to increase competitiveness in national and foreign markets through a more effective and efficient integrated offer of products by the two companies.

16 October - Finmeccanica participated in the 2014 World Food Day promoted by the FAO through the Responsible Canteen programme, a project undertaken in partnership with the Fondazione Banco Alimentare Onlus, the Siticibo programme, that provides for the recovery and donation of excess food from the company canteens to people in need.

31 December - The official 2014 closing price of the Finmeccanica share[2] was €7.735, up 40.5% over the price at the end of the previous year[3].

27 January 2015 - Finmeccanica approved the new Group's Industrial Plan for the period 2015-2019.

[2] ISIN Code: IT0003856405, Reuters: SIFI.MI, Bloomberg: FNC IM.
[3] On 31 December 2013, the Finmeccanica share closed at a price of €5.505.

THE SECTORS IN WHICH FINMECCANICA OPERATES

HELICOPTERS

AgustaWestland manufactures helicopters for civil and military use. It is a leading company in the international market, providing the most advanced and competitive technological solutions.
The company has a wide range of civil and military helicopters, encompassing all principal weight categories: from the 1.8-tonne single engine helicopters to the 16-tonne three-engine multi-role AW101, the benchmark in its category. The company also possesses the in-house capability and engineering expertise necessary to install advanced avionic flight control, computerised flight control and mission management systems. Furthermore, it is one of the main international suppliers of training and support solutions in the sector. AgustaWestland's competitive edge is the result of its high level expertise, enabling it to manage the entire helicopter design cycle.
Thanks to the AW609 TiltRotor convertiplane project, AgustaWestland will be the first company in the world to offer its customers a rotorwing aircraft able to travel at twice the speed and over twice the distance than a conventional helicopter.

Highlights

29 January - AgustaWestland won two contracts of a combined value of approximately €910 million with the UK Ministry of Defence. The two contracts provide for the conversion of 25 Merlin AW101 helicopters for maritime operations, and the supply of support and maintenance services for the Apache AH Mk.1 attack helicopter fleet for a period of five years, respectively.

10 February - The new commercial helicopter, the multi-role AW189, obtained EASA (European Aviation Safety Agency) certification at only two and a half years after its official launch. This achievement represents a fundamental stage in the expansion strategy for AgustaWestland's new range of commercial products. The AW189 was developed to satisfy international market demand for a new generation helicopter with extensive long-range capacities, high autonomy and load capacity, and to meet the most recent safety standards. Orders for 150 helicopters have already been received worldwide. The AW189 has been selected for offshore missions to support the energy industry (Oil & Gas), SAR (Search and Rescue) work and VIP transport.

26 June - Rotorsim, the 50:50 joint venture between CAE and AgustaWestland, recently exceeded the 100,000 hours of simulator training threshold, confirming its strong commitment to providing customers with high quality services and ensuring improvements in the safety and effectiveness of missions.

15 October - Beijing General Aviation Co., of the Chinese Beijing Automotive Industrial Corporation (BAIC) group, signed an agreement worth approximately €400 million for the supply of 50 public service helicopters. The transaction lays the foundations for the creation of a strategic partnership that will also include on-site support, training and helicopter customisation in the future.

11 November - AgustaWestland and Indopelita Aircraft Service (IAS) signed a cooperation agreement that enables the company to expand its global network of customer assistance centres into the Far East. The agreement is intended to set up a range of support and maintenance services for AgustaWestland helicopters in Indonesia to sustain future business opportunities in the government and para-public sectors. The new KingWing centre will supply post-purchase maintenance and assistance services dedicated to the specific needs of Chinese customers.

DEFENCE AND SECURITY ELECTRONICS

Selex ES specialises in the design and development of high-tech systems, products, solutions and services for automation, professional and defence communications, ICT, logistics and mobility, and safety; avionic and electro-optical equipment and systems; UAV, Homeland Protection systems, radar systems, naval and land command and control systems, air traffic control systems and smart sustainability solutions for network, systems and infrastructure management. **DRS Technologies** is a leader in the supply of integrated products and services to military forces, government agencies and prime contractors worldwide.

Highlights

24 February - Selex ES introduced the "Safe City & Main Operations Centre" as the official global partner for the EXPO that will take place in Milan from 1 May to 31 October 2015. The "security package" that Selex ES is creating for EXPO includes video surveillance, perimeter anti-intrusion, public announcements system, fire sensors, biometric systems for control of access to protected areas as well as secure communication systems.

19 November - The European consortium Eurofighter GmbH, which manufactures the Typhoon fighter jet, and the intergovernmental agency NETMA (NATO Eurofighter and Tornado Management Agency) signed a €1 billion contract (of which over €400 million is for Finmeccanica) for the development of the Captor E-scan radar for the Typhoon.

9 December - Selex ES continued its collaboration with the Italian Army for the second stage of the SICoTe programme "Supporto alle Indagini e Controllo del Territorio" (assistance with investigations and checks in Italy). This programme's objective is to develop the investigation, analytical and operating skills of the Carabinieri police in their work to prevent and combat crime, including terrorism and threats to national security. It guarantees complete management of information, lower costs and faster intervention times.

18 December - Selex ES will contribute its technology to the CLOSEYE (Collaborative evaluation of border surveillance technologies in maritime environment by pre-operational validation of innovative solutions) project for Mediterranean surveillance. This monitoring system was conceived in response to the increasing pressure of migration from the North-African coasts to improve the border surveillance capabilities of the responsible authorities.

AERONAUTICS

Alenia Aermacchi manufactures military aircraft for combat, transport and special missions, UAV and aerostructures for civil aircraft. It is a world leader in aircraft design and manufacture and military training support for pilots, and operates in the sector of military aircraft maintenance and upgrades. **ATR** (50% joint venture between Alenia Aermacchi and Airbus Group) manufactures regional turboprop aircraft. **SuperJet International** (51% Alenia Aermacchi and 49% Sukhoi Aviation Holding) is responsible for sales of and assistance for SuperJet aircraft manufactured by Sukhoi Civil Aircraft Company (25% Finmeccanica[4] and 75% Sukhoi Aviation Holding). Alenia Aermacchi is part of the **Eurofighter** consortium (21% Alenia Aermacchi, 33% BAE Systems, 33% Airbus Defence & Space Germany, 13% Airbus Defence & Space Spagna 13%), for the manufacture of the multi-role Typhoon fighter jet.

Highlights

13 January - A new simulator was installed in the Russian facility of Sukhoi Civil Aircraft Company (SCAC) at Komsomolsk-on-Amur that checks system functionality in the Sukhoi SuperJet 100. The simulator reduces the work organisation times at each station of the final assembly line and tests the performance of aircraft systems before they pass to the next assembly line station, thereby increasing productivity and the quality of the final product.

11 February - A new agreement was signed with Boeing for the revision of the B787 programme (Working Together Agreement) and to improve relationships between the two companies, guaranteeing stability in industrial and business performance. Thanks to the programme's market success and growth in productivity rates, at 10 units per month, Boeing confirmed orders for additional components. Great satisfaction for the Monteiasi-Grottaglie and Foggia facilities that respectively manufacture sections 44 and 46 of the Boeing 787 Dreamliner and the horizontal stabilisers. In 2014, 113 fuselages were delivered.

27 February - An agreement was signed in Deblin (an air base in the heart of rural Poland and the Polish air force trainer centre) for the construction of eight advanced M-346 aircraft valued at €280 million. The agreement includes the so-called Integrated Training System that provides logistical support and a complete ground based training system, consisting of simulators of varying degrees of complexity. It also includes classes equipped with a computer-based training system for pilots and land technicians. The Integrated Training System is the strong point of Alenia Aermacchi's training offer and can be considered the most technologically advanced system in the world today.

[4] As per the shareholder agreements involving Alenia Aermacchi.

27 November - The new Maintenance Information System (SIM) is the product of the collaboration between Alenia Aermacchi and Selex ES. This system, in operation since 10 November in all nine Alenia Aermacchi facilities and the five associated military bases, represents a technological solution that can be easily extended to the other companies of Finmeccanica Group, with improvements in the terms of efficiency, standardisation of maintenance processes and intuitive management of maintenance activities in a single system.

DEFENCE SYSTEMS

OTO Melara is a world leader in the manufacture of small and medium-calibre naval artillery and offers complete solutions in various sectors from artillery to tanks and from naval ammunition to anti-aircraft systems. **WASS** manufactures a complete range of light-weight and heavy-weight torpedoes, torpedo countermeasures for submarines and surface ships, and avoidance and threat detection sonars for helicopters and naval vessels, mines sonar and underwater surveillance. **MBDA** is a joint venture between BAE Systems (37.5%), Airbus Group (37.5%) and Finmeccanica (25%) that manufactures missiles and missile systems.

Highlights

11 March - WASS commenced the pilot project Business Process Re-engineering and Improvement for procurement activities, with the objective of defining and improving company processes. Finmeccanica, WASS, Alenia Aermacchi, SuperJet International and the University of Salento participated in a workshop dedicated to the Key Performance Indicators (KPI).

22 May - At WASS' Livorno plant, water tests of Tam-Tam sonars to be installed in the bows of ships, coproduced by WASS and the French Thales, were commenced. The Tam-Tam system is characterised by the use of a bass frequency transmission that operates at longer distances than other sonars (such as the MAS, another WASS product) that operate at shorter distances on a wider scale. The "Transfer Technology" process from WASS to Thales has enabled the direct transfer of know-how to the end customer.

27 October - In the 24th edition of Euronaval, OTO Melara introduced the medium calibre, multi-role, remotely controlled turret HITROLE 20mm that guarantees the operator flexibility and autonomy and, at the same time, acts as an optimal safeguard from asymetric threats. An important agreement (Memorandum of Understanding) was signed with SAKT, an Arab Emirates company, for the development and co-manufacture of the HITROLE 20mm system in partnership with OTO Melara. In the 24th edition of Euronaval, the 4AP fuze was also introduced, enabling ammunitions to be fired in multiple situations, aircraft, antimissile and anti-ship engagement, anti-missiles, and coastal bombing.

SPACE

Telespazio is a joint venture between Finmeccanica (67%) and Thales (33%) and is one of the main world operators in satellite services dedicated to: network and connectivity, satellite operations, earth observations, navigation and infomobility. **Thales Alenia Space** is a joint venture between Thales (67%) and Finmeccanica (33%) and operates in the manufacturing business sector for telecommunication satellites, scientific programmes, earth observation systems, satellite navigation, orbiting infrastructure and transport systems, equipment and apparatus.

Highlights

6 February - The French-Italian satellite for dual-use broadband telecommunications, ATHENA FIDUS (Access on THeatres for European Allied forces Nations - French Italian Dual Use Satellite), was successfully launched from Kourou (French Gujana). Telespazio managed the launch services, LEOP (Launch and Early Orbit Phase) and IOT (In Orbit Test) phase and took part in the implementation of the ground segment, and specifically the telecommunications aspect.

19 March - Telespazio received a new contract from DRS Technologies valued at more than USD18 million that provides for the supply of commercial capacity for the American Department of Defence used for "Special Operations Command" activities.

In addition, Telespazio signed two other agreements: a two-year agreement worth €3.8 million with BHS Telecommunication of the United Arab Emirates for the transmission service of 10 television channels on digital platform sites at the Fucino Space Centre; and the other agreement with satellite operator INMARSAT (International Maritime Satellite Organization) for the marketing of services of the Global Xpress system, the first broadband satellite service of global coverage with high data transmission speed.

28 October - The spatial sentinel, Sentinel-1A, the earth observation satellite of the European Copernicus Programme for environmental monitoring, entered its operational phase, supplying the data for which it was sent into orbit. The sentinel was designed and tested by Thales Alenia Space in order to check its performance and calibrate the subsystems and flight desk instruments on board, with a view to entry into service. The commitment to Sentinel-1B, which is being integrated in the specialised Rome centre, continues.

TRANSPORTATION

Ansaldo STS, listed on the Milan Stock Exchange for 60% (the remaining 40% is held by Finmeccanica), is active in the design, development, management and maintenance of turnkey railway transportation and metros, and related signalling and transportation supervision solutions. **AnsaldoBreda** specialises in the construction of technologically advanced rolling stock for railway and metro networks. **BredaMenarinibus** designs, manufactures, assembles and tests various types of buses.

Highlights

12 February/13 March - The metro lines M3 and M2 were opened in Ankara. Ansaldo STS contributed to the development of the M3 line, as the consortium leader, and managed the design, supply, installation and testing of the M2 line, including activating the new CBTC (Communications Based Train Control), IXL Interlocking, ATS (Automatic Train Control), and DCS (Data Communication Systems) signalling systems and subsystems.

28 March - Ansaldo STS and AnsaldoBreda won a contract worth USD1.2 billion for the design, construction and subsequent maintenance of the Lima metro lines 2 and 4.

OTHER ACTIVITIES

FATA SpA is a diversified group of companies active in the field of industrial plant engineering and construction. Established in 1936 in Turin as a manufacturing concern, today FATA is responsible for the strategic, financial and coordination activities of its various divisions and subsidiaries. Finmeccanica has been FATA's only shareholder since 2004.

Highlights

31 March - 2 April - FATA participated in the ninth edition of Oil & Gas West Asia (OGWA), one of the most important events in the Oil & Gas sector in the Persian Gulf area, which recently took place at the Oman International Centre in Muscat, Sultanate of Oman. More than 10,000 operators and 312 companies from more than 30 countries were present.

Finmeccanica Global Services (FGS) is the "Shared Services Company" of Finmeccanica Group, which resulted from the merger of Finmeccanica Group Services with Finmeccanica Group Real Estate. The company provides management and enhancement services for real estate and purchases and general services to the Parent and subsidiaries.

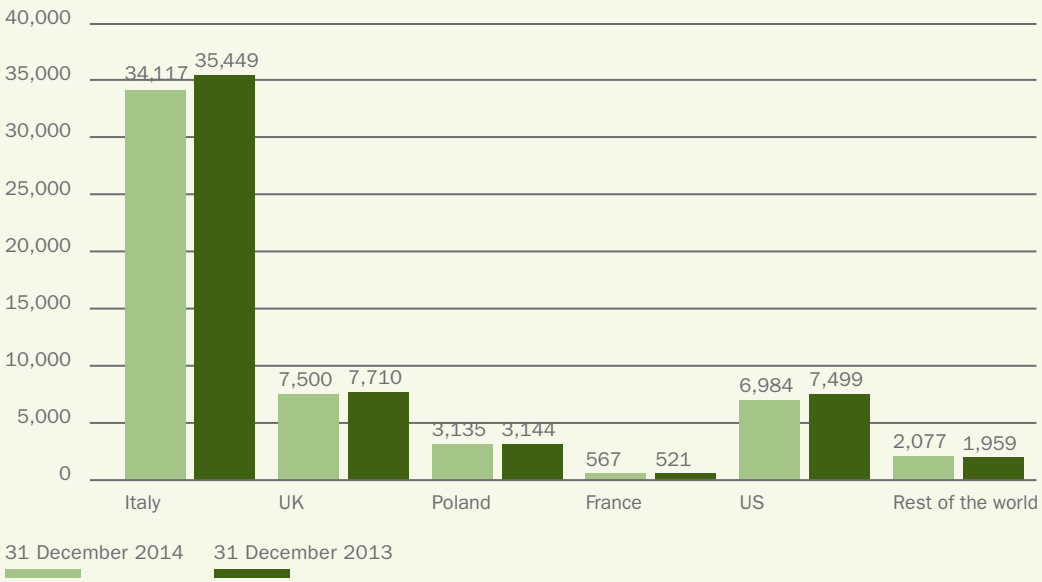
OFFICES AND PRODUCTION SITES

FIGURE 2 - FINMECCANICA'S INTERNATIONAL PRESENCE

In 2014, the Group operated on an international level with a structure comprising 273 sites[5] (35% in Italy and 65% abroad), of which 120 are production facilities (56 in Italy and 64 abroad). Apart from the de-consolidation of 60 sites of joint ventures as of 1 January 2014[6], wide scale downscaling mainly impacted DRS Technologies and Alenia Aermacchi in the US and Selex ES in Italy, with a total reduction in 62 sites abroad and 27 in Italy.

[5] Sites include production facilities and offices.
[6] See Methodological note.

FIGURE 3 - BREAKDOWN OF PERSONNEL BY GEOGRAPHICAL SEGMENT



Major partnerships, joint ventures and business associations

HELICOPTERS	
Helivert	Equal share joint venture with Russian Helicopters, a subsidiary of Oboronprom, for the configuration and final assembly of the AW139 helicopter and the development of a new single-engine 2.5-tonne helicopter model.
Indian Rotorcraft	Joint venture between AgustaWestland (26%) and Tata Sons (74%) for the production of the AW119ke.
LIATEC	LIATEC (Libyan Italian Advanced Technology Company) is a joint venture between Libyan Company for Aviation Industry (50%), AgustaWestland (25%) and Finmeccanica (25%).
NHindustries	A Eurocopter subsidiary (62.5%) and investee of AgustaWestland (32%) and Fokker Aerostructures (5.5%).
AERONAUTICS	
SCAC	SCAC (Sukhoi Civil Aircraft Company) is a partnership between Sukhoi (75%) and Finmeccanica (25% as per the shareholder agreements involving Alenia Aermacchi).
ATR	Equal share joint venture between Alenia Aermacchi and Airbus.
SuperJet International	Joint venture between Alenia Aermacchi (51%) and Sukhoi Holding (49%).
DEFENCE AND SECURITY ELECTRONICS	
ADSI	ADSI (Abu Dhabi Systems Integration) is a joint venture between Abu Dhabi Ship Building (57%) and Selex ES (43%).
SPACE	
Spaceopal GmbH	Joint venture between Telespazio (50%) and DLR (50%), a German Space Agency company, for activities related to the Galileo programme.

Breakdown of main multi-business programmes per segment

AERONAUTICS	
Joint Strike Fighter	Finmeccanica participates in the Joint Strike Fighter F-35 Lightning II programme with its operating companies Alenia Aermacchi, Selex ES and OTO Melara in Italy, and with Selex ES in the UK and DRS Technologies in the US. The first assembly line for the JSF outside the US was developed at the Cameri military base with the support of the Italian Ministry of Defence for the manufacture of wings and assembly of Italian and Dutch aircraft by Alenia Aermacchi. In December 2014, Cameri was selected as the regional support centre for European/Mediterranean aircraft of the consortium comprising Airbus, BAE Systems and Alenia Aermacchi.
Eurofighter Typhoon	Alenia Aermacchi is responsible for the final assembly of aircraft for the Italian Airforce and some foreign markets. At the Italian Avionic Maintenance Centre (CMA) in the Grosseto military base, Selex ES, with Alenia Aermacchi, supplies most of aircraft avionics and is in charge of the maintenance of the Italian Typhoon fleet.
Aerostructures	Numerous collaborations in the aerostructure field between Alenia Aermacchi and the main international manufacturers, particularly Boeing (currently for the 767, 777 and 787 Dreamliner programmes), and Airbus (for the supply of structural parts for A321, A340-500/600 and A380).
NAVAL	
FREMM	FREMM (European multi-mission frigate) is a joint Italian-French programme for the construction of ten naval frigates. The prime contractors (Armaris and Orizzonte Sistemi Navali - joint venture between Fincantieri 51% and Selex ES 49%) perform a fundamental role in the drafting of the specifics and development of the combat system and main subsystems.
TERRESTRIAL	
FNEC	Forza NEC (Network Enabled Capability) is a programme for the digitalisation of the Italian Army, with the objective of enhancing the exchange of operative, tactical and logistical information between different units and members of the armed forces deployed in the field. Selex ES is the prime contractor of the programme and system integrator.
VBM FRECCIA	The multi-role infantry fighting vehicle VBM “FRECCIA” is a medium armed vehicle developed by the Iveco/OTO Melara consortium, equipped with the OTO Melara turrets and Selex ES high performance infrared staring focal plane array sensor technology, which represents the main platform for the new NEC terrestrial brigade and is the first digitalised vehicle to enter into service with the Italian Army.
SPACE	
COSMO SkyMed	COSMO SkyMed is a constellation of four earth observation satellites for civil and military applications. The programme was financed by ASI (Italian Space Agency), the Italian Ministry of Defence and the Italian Ministry of Education, Universities and Research. Thales Alenia Space Italy is the prime contractor with responsibility for the whole system, while Telespazio developed the land segment and manages the value-added services. In August 2014, the contract relating to the second generation COSMO SkyMed activities was signed.
DUAL	
Cyber Security	Selex ES, with the American company Northrop Grumman, is responsible for the development, construction and support of the system to guarantee the information security of approximately 50 NATO sites and offices in 28 countries around the world.

2014 GROUP RESULTS

New orders amounted to €15,619 million, €560 million more than 2013 and €2 billion more than original estimates. This result is due to the Transportation segment, in particular the USD1.2 billion acquisition by Ansaldo STS and AnsaldoBreda of orders relating to the Lima driverless metro in Peru. The A,D&S sector recorded a slight decrease of 3%, which was however significantly better than the original forecasts in light of the defence budget announcements of the main countries. The Helicopters (a 4% increase compared to 2013) and Defence and Security Electronics business segments recorded positive performance. These improvements almost entirely compensated for the contraction in the Aeronautics and Defence Systems sectors. The book-to-bill ratio (new orders over revenues) was more than 1 both overall and in the A,D&S sector. 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.

Revenues amounted to approximately €14,663 million, an increase of 7.1% from 2013, mainly attributable to the A,D&S business segment. In particular, there was a significant increase in SES in 2014 due to the commencement of important projects acquired at the end of 2013 and in early 2014. This increase relates particularly to the Aeronautics (mainly due to growth in productivity rates of the Boeing 787 programme) and Helicopters sectors, owing to the activities relating to the new AW189 aircraft and CH47 programme for the Italian army, and the growth of product support and AW101 line. These increases were partially compensated for by the expected fall in DRS, resulting from the contraction of the US defence budget.

The **gross operating profit** has also markedly improved at €1,080 million, a big jump of 23% on 2013 and of more than €1 billion for the A,D&S sector. The overall increase is mainly attributable to the Transportation segment due to the smaller loss in the vehicles segment. The Aerospace, Defence and Security sector recorded a growth in gross operating profit despite DRS, mainly thanks to the significant improvement in SES and first significant results of the cost review process, mainly for Corporate. Furthermore, comparison with 2013 shows that the Helicopters sector was substantially the same, despite the non-recurring income recorded in 2013 resulting from the closure of the VH-71 programme, excluding which the Helicopters sector would have experienced significant growth. The **operating profit** came to €692 million, compared to the loss of €14 million for 2013, due, along with the improvement in gross operating profit, to a marked decrease in restructuring costs and, in particular, non-recurring items.

The **profit from ordinary operations** is finally positive (€70 million compared to the loss of €649 million in 2013). This performance is due to the above-mentioned improvement in operating profit, and is only partially offset by the consequent increase in income taxes and the small loss of equity-accounted investees, while net financial expense remained generally constant.

The **Group's net debt**, generally in line with that of 2013, benefited in large part from the sale proceeds from Avio's transfer of the motor business, but was negatively affected by the exchange rate trends, resulting in a reassessment of the debt dominated in US dollars.

The **free operating cash flow** (FOCF) was negative at €137 million, an improvement of €83 million compared to the negative €220 million in 2013, and better than estimates, despite the effect of the enforcement of guarantees for the Indian contract in the Helicopters segment for €256 million. Net of this enforcement, the FOCF should have been positive at €119 million, with the A,D&S segment generating cash flows of more than €350 million.

For a more detailed overview, see the 2014 Annual Financial Report available on the Finmeccanica website.

PERFORMANCE (€ MILLION)

	FY 2014	FY 2013 (*)
Orders	**15,619**	15,059
Order backlog	**38,234**	36,831
Revenues	**14,663**	13,690
Gross operating profit (**)	**1,080**	878
ROS	**7.4%**	6.4%
Operating profit/(loss) (***)	**692**	(14)
Profit/(loss) from ordinary operations	**70**	(649)
Profit for the year	**20**	74
Group net debt	**3,962**	3,902
FOCF	**(137)**	(220)
ROI	**14.0%**	11.6%
ROE	**1.9%**	(17.6%)
Workforce (no.)	**54,380**	56,282

(*) Restated due to adoption of IFRS11, which required the deconsolidation of the Group's joint ventures.
(**) The gross operating profit is calculated by deducting the following elements from the operating profit: any impairment of goodwill; amortisation and possible impairment of the part of the purchase price allocated to immaterial assets acquired as part of business combinations; restructuring costs within defined and significant plans; other income and expenses not of an ordinary nature, i.e., related to particularly significant events unrelated to ordinary business.
(***) The operating profit is obtained by adding the Group's share of the results of the strategic joint ventures (GIE ATR, MBDA, Thales Alenia Space and Telespazio) to the pre-tax profit (loss) and financial expense.

FIGURE 4 - GEOGRAPHICAL BREAKDOWN OF ORDERS IN 2014 (€ MILLION)

FIGURE 5 - GEOGRAPHICAL BREAKDOWN OF REVENUES IN 2014 (€ MILLION)

FIGURE 6 - PERCENTAGE BREAKDOWN OF REVENUES BY BUSINESS SECTOR

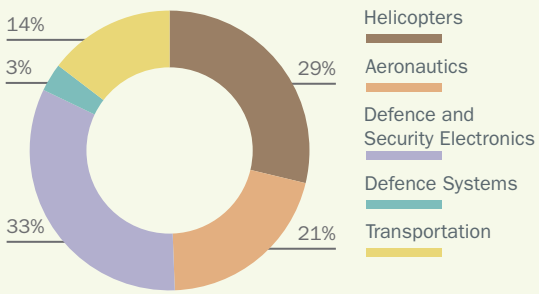


FIGURE 7 - PERCENTAGE BREAKDOWN OF ORDERS BY BUSINESS SECTOR

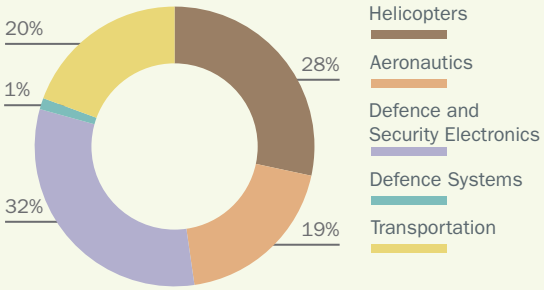


FIGURE 8 - PERCENTAGE BREAKDOWN OF ORDER BACKLOG BY BUSINESS SECTOR

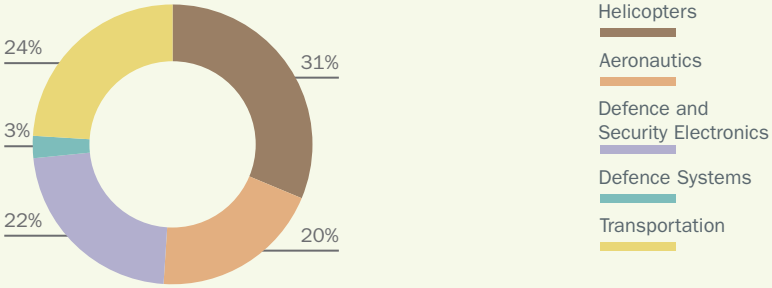


FIGURE 9 - PERCENTAGE BREAKDOWN OF RESEARCH AND DEVELOPMENT BY BUSINESS SECTOR

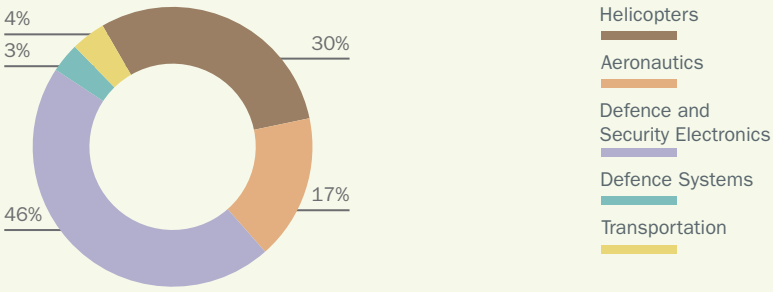


FIGURE 10 - REVENUES BREAKDOWN BETWEEN MILITARY AND CIVIL MARKETS

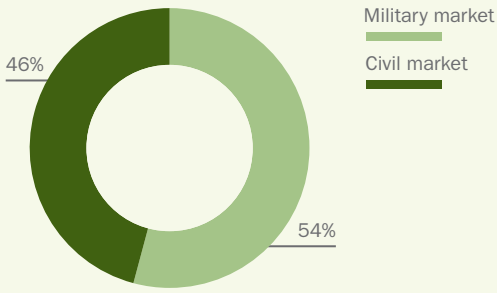
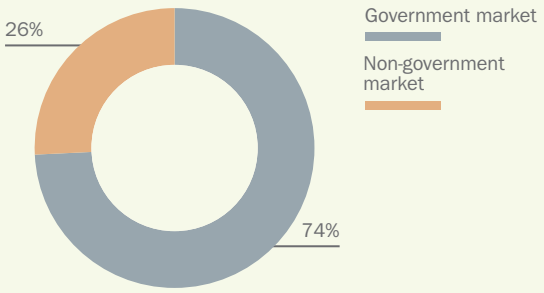
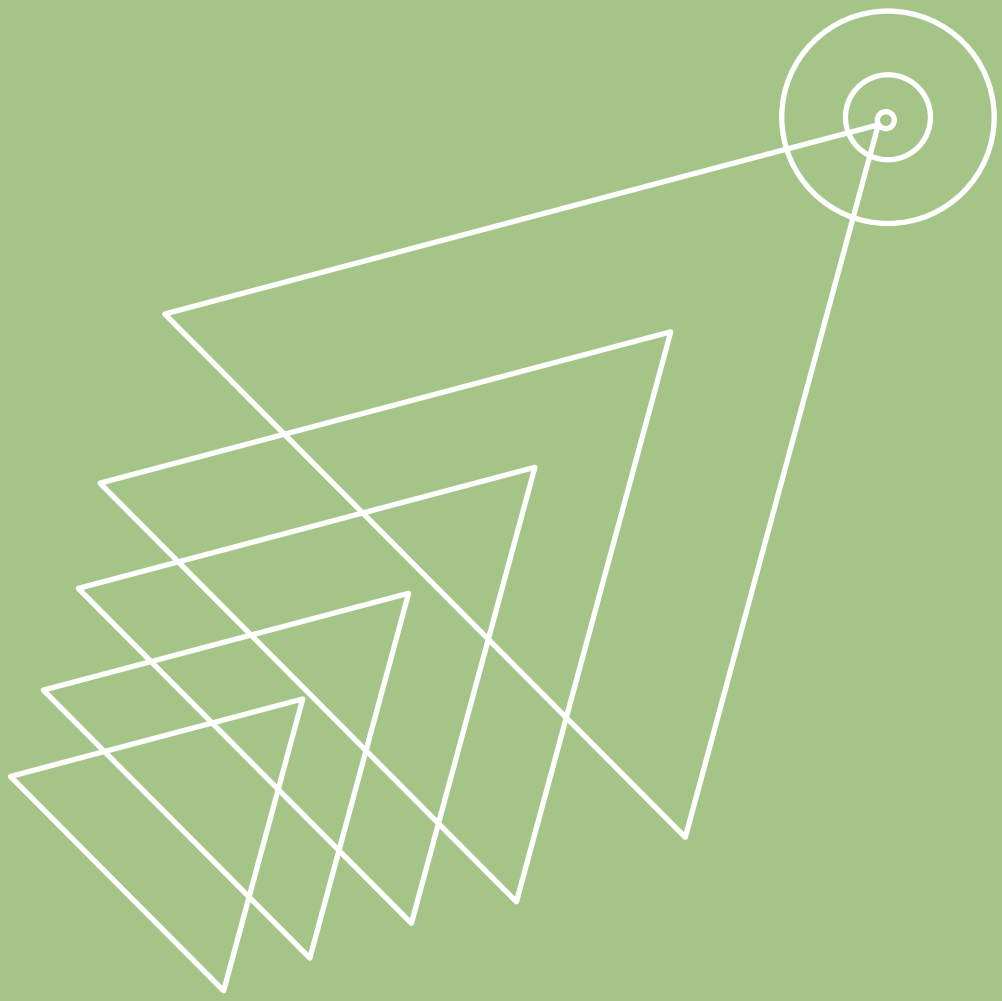


FIGURE 11 - REVENUES BREAKDOWN BETWEEN GOVERNMENT AND NON-GOVERNMENT MARKETS



2

New strategy



THE NEW OPERATIONAL AND ORGANISATIONAL MODEL

We intend to compete successfully on the global A,D&S market, basing our future on our trademark technological excellence.

On 19 June 2014, Finmeccanica's Board of Directors approved the guidelines for implementation of the Group's new Operational and Organisational Model. The guidelines provide that the wholly owned companies active in the Aerospace, Defence and Security (A,D&S) will be transformed into divisions, except for the US subsidiary DRS Technologies.
Each division will have all the resources necessary to develop and manage their activities, as well as technical support, access to the central units' services for coordination and support assistance and more integrated governance and strategic guidance. The new model's main objectives are:

- integrated and cohesive governance, generating benefits in terms of production output, economies of scale and greater competitiveness;
- a more simplified control chain, leading to greater effectiveness, flexibility and operating adaptability;
- a more effective and coordinated Group-level approach to key markets;
- more efficient industrial processes, through measures to improve engineering and the supply chain.

THE NEW INDUSTRIAL PLAN

"Actions undertaken since May last year highlight the change taking place which puts Finmeccanica on the right path for the future, for its re-launch and development, to create value for our shareholders, for our customers, for our employees and for all stakeholders of the Group."
Mauro Moretti – London, 28 January 2015, presentation of the Industrial Plan to the financial community

The 2015-2019 Industrial Plan, approved by the Board of Directors on 27 January 2015, presents a new Finmeccanica, a tight, dynamic Group, whose renewed international credibility and competitive edge are its key success factors.
The Group's new strategy is the result of a careful analysis of its markets and competitive positioning in its business sectors, as well as an in-depth evaluation of its industrial processes. This has enabled it to plan its ongoing restructuring and development.

Accordingly, the Group has identified its key objectives in terms of (i) cost cutting, (ii) streamlining and fine-tuning industrial processes and governance, (iii) market and customer-oriented business models, designed also for greater internationalisation.
Finmeccanica will pursue all these objectives to ensure a return on invested capital and its capacity to generate cash flows sufficient to match its investments, its competitors' results and market standards, making the Group sustainable in the medium to long term.
Although it is smaller than the other main players in its sector in terms of revenues, Finmeccanica has a highly diversified business portfolio. Its presence in many business sectors, that often do not overlap significantly in terms of technologies, customers and markets, means that the Group is not always able to properly exploit economies of scale and scope.
The Group has started to focus on its A,D&S business and to review its product portfolio in order to ensure the development of its human and technological resources. This has required selective investments and elimination of waste.
Finmeccanica's strategic development hinges on four pillars:

- **business portfolio**: focus on A,D&S;
- **technologies**: standardisation and modularity of solutions and reinforcement of dual applications to strengthen the "civil" segment;
- **markets**: greater internationalisation, focusing on target markets;
- **offer**: enhancing integrated skills, concentrating on product/solution affordability; development of customer service activities.

The following principles underpin the pillars:

- **better quality and efficiency**;
- **lower costs**;
- **more internationalisation and markets**.

FIGURE 12 - INDUSTRIAL PLAN DRIVERS

The drive to become more efficient and to promote its reputation led to an **organisational revolution** to meet best international business practices and the highest ethical standards. Finmeccanica will ensure integrated governance through the new Organisational Model for maximum operating transparency, a shared internal culture and real cost savings.

The Group's objective for its core A,D&S sector is to build up those activities where it can be sure of a strong market position, cutting edge technology and competitive products and services on international markets.

FIGURE 13 - KEY ACTIONS BY SECTOR

Helicopters	Defence and Security Electronics	Aeronautics	Space	Unmanned Aerial Systems
Strengthen leadership on a global scale Expand service activities Optimise product range Finalise development of the Tilt Rotor (AW609)	**Enhance trademark technology to offer integrated solutions** Opportunities in civil avionics and selected areas of Defence and Security Strengthen position in the electronic war Enhance security products, particularly in the cyber domain	**Consolidate positioning on platforms** Strengthen position in the Trainer segment Enhance regional aircraft capabilities Maintain a distinctive presence in combat aircraft, optimising returns from international collaboration programmes	**Build a future based on excellence** Strengthen role as national provider of services and satellite applications Enhance manufacturing components Key role in European launch systems	The Group believes it is crucial to enhance the across-the-board competences developed so far also through strategic participation in future national and European programmes in the Unmanned Aerial Systems sector

FIGURE 14 - INDUSTRIAL PLAN FINANCIAL OBJECTIVES

Further improvement and generation of positive cash flows from 2015	Gross operating profit growth of 20% from 2014 to 2016 in the A,D&S segment, with A,D&S ROS increasing by more than 150bp	Debt reduction to less than €3.5 million from 2014 to 2017, a reduction of more than €600 million, excluding non-recurring operations

FIGURE 15 - 2015-2019 INDUSTRIAL PLAN PILLARS

Integrated expertise/services

In line with the main trends of its reference markets, Finmeccanica has increased its commitment to improve the Group's integrated offer ability in its various sectors. This is to be achieved by introducing **new and more efficient business models**, designed to adapt to customer requirements more effectively and faster, including by:

Greater integration of individual "technological ability"

Standardisation and modularity of solutions

Increase in dual applications of technologies

A key factor is the expansion of the Group's share of the "Service" sector, especially for the commercial business segments, so as to build up its customer portfolio and maintain high customer satisfaction levels. **Finmeccanica will roll out this innovative approach steadily in its various business sectors starting in 2015.**

THE CORPORATE REORGANISATION

BredaMenarinibus

In 2014, BredaMenarinibus sold a business unit, including all its operations and contacts with the urban and interurban road transport sector[7], to Industria Italiana Autobus SpA (IIA), in which Finmeccanica has a 20% stake. The transaction's objective is to create a national grouping of all the major players in this sector and it was encouraged by the Ministry of Economic Development, which was involved in and coordinated the different stages of the negotiations, partly to safeguard the interests of all the parties involved.
The related agreements provided that, inter alia, IIA will comply with the Organisational, Management and Control Model adopted by Finmeccanica pursuant to Legislative Decree 231. IIA will also introduce an effective and appropriate internal control system, which will include measures to prevent the risks of corruption, to which this sector is vulnerable.

AnsaldoBreda and Ansaldo STS

On 24 February 2015, Finmeccanica reached an understanding with the Japanese group Hitachi to sell its railway transport business. The agreement concludes Finmeccanica's disposal plan rolled out in 2011 and provides for the transfer of its investment in Ansaldo STS (40%) to Hitachi as well as the rolling stock business of AnsaldoBreda, excluding the insignificant revamping activities which Finmeccanica will continue to perform. Once the normal conditions precedent, inherent in this type of transaction, have been met, Finmeccanica will receive the consideration for the Ansaldo STS shares directly (€773 million, subject to adjustment if it receives the 2015 dividend before the transaction is closed). The other subsidiaries involved in the agreement will receive €36 million, subject to price adjustment mechanisms.
Together with the agreement finalised at the end of 2014 to sell the BredaMenarinibus business to Industria Italiana Autobus, this transaction will allow Finmeccanica to focus on its core A,D&S sector and concurrently offer the businesses covered by the agreement inclusion in a global group, with specific expertise in these sectors. Once the acquisition transaction has been closed, Hitachi will make a public purchase bid for Ansaldo STS's remaining capital (roughly 60%), pursuant to the current regulations.

[7] Excluding certain pre-existing contracts. See page 70 of the 2014 Annual Financial Report.

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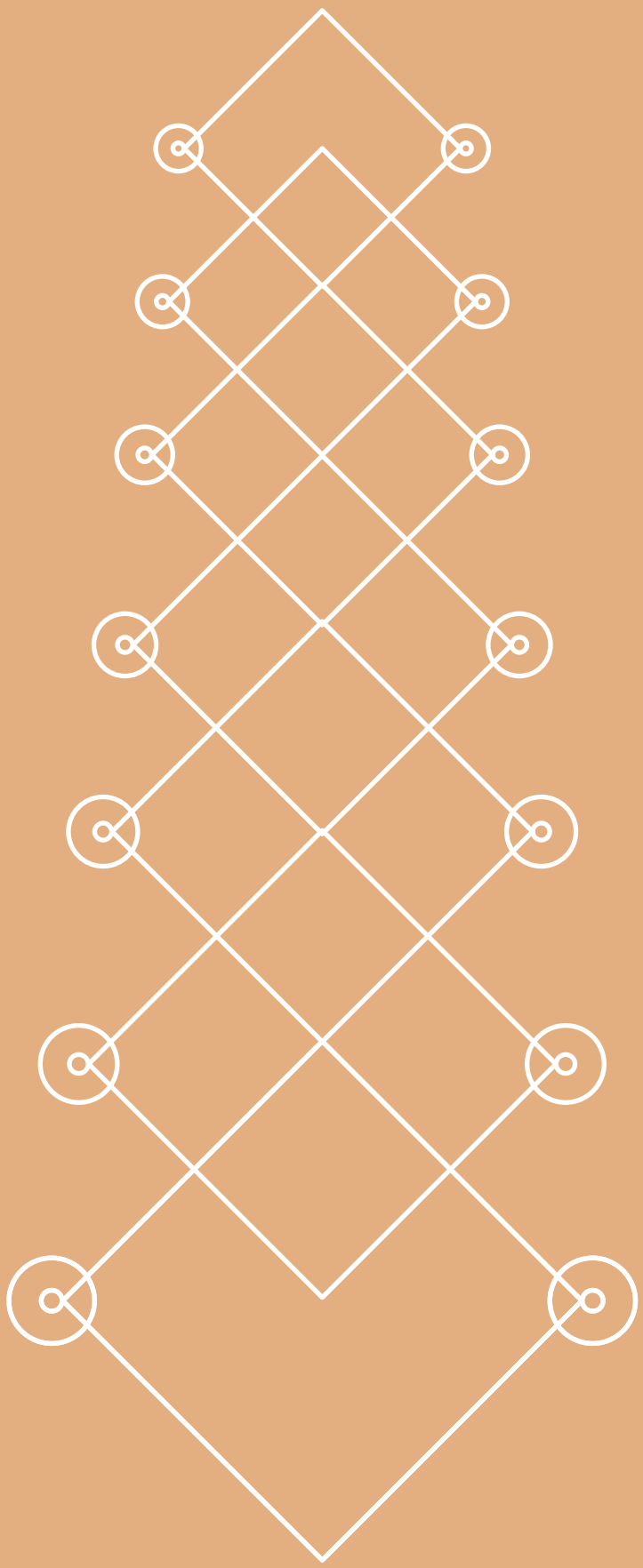
Sustainability at Finmeccanica



FiInmeccanica intrepretes sustainability as the ability to be an active player in the definition of new development models. Its aim and objective is to integrate social, environmental, governance and ethics issues into its Industrial Plan, through a more efficient and effective business conduct, suitable to create synergies with its customers and suppliers, and new ways of participating in the life and developments of local communities and areas in which it operates.

"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."
Code of Ethics

Finmeccanica's mission is to offer innovation through competitive, technologically cutting-edge products and services that generate sustainable value for shareholders and all stakeholders, through 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 development of an advanced stakeholder engagement that embraces the requests of the Group's numerous stakeholders;
- preserving the Group'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 companies are required to uphold, and are fundamental elements in the ethical and conduct guidelines to be adhered to in business activities, in close collaboration with all stakeholders.
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. Any unlawful conduct is to be reported to the Supervisory Bodies directly and confidentially, in the manner provided for by the same Code.
Finmeccanica's business model 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.

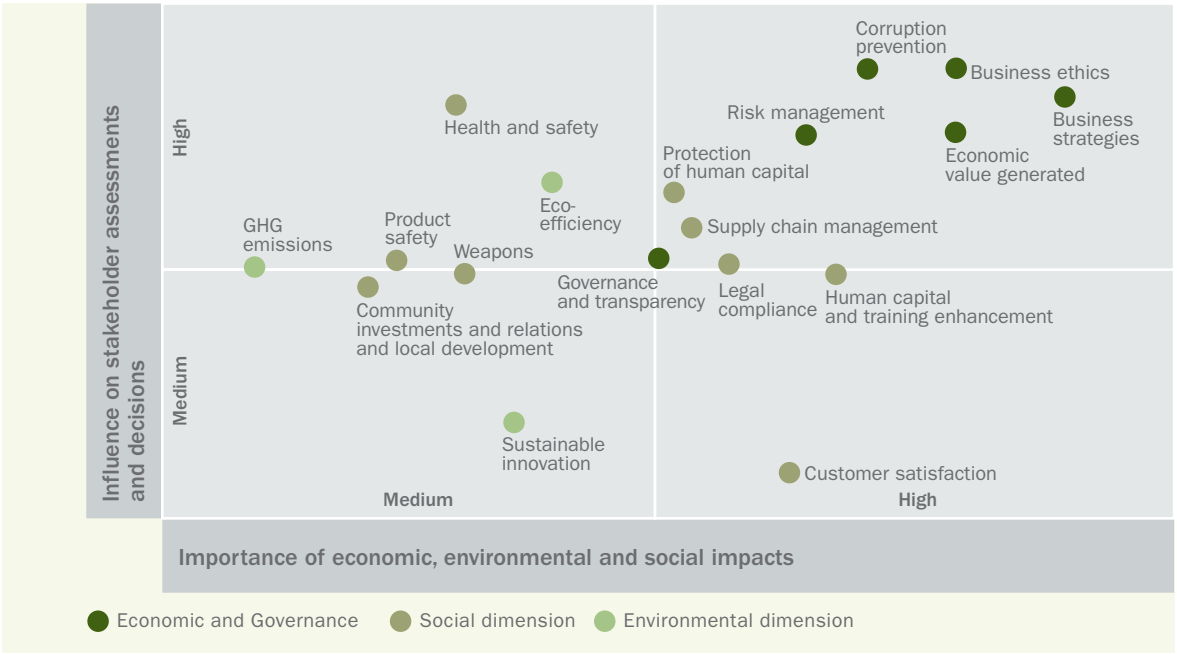
MATERIALITY

In line with previous years and the Global Reporting Initiative 3.1 (GRI G3.1) guidelines, Finmeccanica undertook a survey again this year to identify aspects deemed material by the Group and stakeholders, i.e., all those issues that have a direct or indirect impact on Finmeccanica's ability to create, preserve or damage the Group's economic, environmental and social standing.
This materiality survey allowed Finmeccanica to identify and reinforce those issues it intended to present in its 2014 Sustainability Report.
Unlike in previous years, the survey entailed an in-depth mapping of external sources enabling identification of key issues for the stakeholders and the Group in line with the "inclusiveness" principle. The following external sources were referred to:

- media analysis;
- benchmarking with competitors;
- analyses of sector sustainability documents.

The Company integrated the results of this survey through meetings with senior management to make it even more effective. Finmeccanica subsequently assessed the relevance for stakeholders and itself of each issue identified to define the reporting priority, creating a materiality matrix. Company senior management assessed this matrix and identified the internal priorities.
The materiality matrix combines the priorities assigned by the external stakeholders with the internal priorities and briefly identifies the key issues for Finmeccanica and its stakeholders.

FIGURE 16 - MATERIALITY MATRIX



An analysis of the matrix shows strong interest in financial and governance aspects and especially issues related to the Group's governance and strategies, considering also the internal reorganisation and new Industrial Plan.
The Group and its stakeholders continue to focus on specific issues such as prevention of corruption, supply chain management and risk management. They have stepped up their emphasis on enhancing, training and protecting the Group's human resources and eco-efficiency aspects.

THE GROUP'S RESPONSES TO MATERIALITY ISSUES IN 2014

Chapter	Issue	Main stakeholders	Finmeccanica's responses
Strategy	• Business strategy	• Investors • Shareholders • Customers • People	• Preparation and drafting of the **2015-2019 Industrial Plan** (presented in January 2015). • **Reorganisation of production processes** with emphasis on modularity and standardisation of production and re-use. • Sale of the BredaMenarinibus business unit.
Governance	• Business ethics • Governance and transparency • Legislative compliance	• Investors • Shareholders • Customers • People	• Governance in line with the best international guidelines and practices and focus on preventing conflicts of interest, the fair remuneration of directors and protection of non-controlling shareholders. • Introduction of a **Lead Independent Director**, to ensure balance within the Board of Directors. • Approval of the Directive about adoption, implementation and updating of the Organisational, Management and Control Model as per Legislative Decree 231. • Training programme for all personnel on the update for the Organisational, Management and Control Model.
	• Prevention of corruption	• Shareholders • Suppliers • Customers	• **Introduction of the Flick Committee's seven recommendations**. • Issue of an Anti-corruption Directive for the Group. • Preparation of an **Integrity and Anti-corruption Code** for the Group.
	• Risk management	• Shareholders • Customers • People	• Set up of a **Group Risk Management unit**. • Mapping strategic business risks in the Risk Library. • Adoption of a Group Directive on "Contract risk management" and industrial offsets. • **Set up of a Security unit** to monitor sensitive activities related to the Group's assets and human capital.
Business conduct	• Generating economic value	• Shareholders • Investors • Financial backers	• Change of name of the Investor Relations unit to Investors Relations & SRI unit to emphasise the importance of ESG issues and the Group's engagement with responsible and sustainable investors. • **Increase the Finmeccanica share price by 40.5%** in 2014.
	• Sustainable innovation	• Suppliers • Customers	• Build up and consolidate the intellectual property (IP) and patent centralisation management activities. • **Develop the patent portfolio** (+3% on 2013).
	• Supply chain management	• Suppliers	• Inclusion of ethical and sustainability requirements for suppliers. • **Utilisation of the FAST portal to ensure greater transparency and traceability** during tenders.
	• Customer satisfaction and product safety	• Customers	• Partnership agreements with Fincantieri in the ship building sector. • Preparation of the first assembly lines for production of the F35 wings outside the US. • Definition of a **new Commercial Network Model** for international markets.
	• Controversial weapons	• Community • Investors	• **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)**.

Chapter	Issue	Main stakeholders	Finmeccanica's responses
People and the community	• Enhancing and protection of human capital and training	• People	• **Compliance with labour regulations applicable in each country and international ILO treaties** on workers' freedom of association, child and forced labour and discrimination in the workplace. • Promotion of compliance with labour rights along the supply chain. • Responsible handling of company reorganisations. • **Set up of a Group HR steering council**, to ensure consistency and standardised HR strategies in line with the operating companies' personnel policies. • Receipt of the Top Employer certification in Poland and the US, which the Group had already been awarded in Italy (since 2011) and the UK (since 2012). • Two employee dialogue projects: "Have your Say" and "New Technician Insight". • Roll out of three projects to improve and enhance employees' skills: "Management Appraisal", "Assessor Academy" and "High Potential Resources". • Completion of two projects to reward talented employees: "Best 3.0" and "Change".
	• Health and safety	• People	• **Reduction of accident indexes**. • Certification of occupational health and safety management systems to OHSAS 18001 standard.
	• Investments and interaction with the community and social development	• Community	• Expansion of corporate social responsibility activities. • Performance of the **first social stakeholder assessment and engagement**.
Respect and protection of the environment	• Ecological efficiency	• Environment • Customers	• Increase in the number of sites that are environmental management system certified. • Involvement in and development of **projects to reduce products' environmental impact** (SESAR, SESAR 2020 and Clean Sky). • Commencement of the Environmental strategies and policies project for environmental strategies based on innovative approaches.
	• GHG emissions	• Environment • Customers	• Satisfaction of the CO_2e emission reduction objectives one year early by purchasing energy certificates for 2015.

STAKEHOLDERS

Running a business is based on a complicated system of relationships with political, economic, civil, social, military, public and private institutions that are a part of the Group's "intangible capital".
Dialogue with and involvement of stakeholders covers a wide range of issues, given the economic, social and environmental impacts of Finmeccanica's business operations in the countries and areas where it operates. The Group's objective is to identify and develop common ground as well as agree to actions that allow it to develop its business in a more sustainable manner.
Engagement with stakeholders is a fundamental part of the Industrial Plan's new strategy, which defines specific customised approaches for each shareholder, considered a key contributor to the Group's prospective development as per its long-term sustainable growth strategy.

DIALOGUE WITH STAKEHOLDERS

Each year, Finmeccanica engages with its stakeholders in compliance with the guidance given in the "Guidelines for relationships with stakeholders" issued in July 2013 to ensure consistent governance of the Group's business and the best use of its results. The Group has stepped up its commitment to its many stakeholders by continuing and developing some of the activities already commenced previously, such as, for example, its commitment to inclusion in the main sustainability indices and promotion of the Responsible Canteen programme throughout the Group. It has also launched new projects (including the first ever mapping of the social stakeholders), aimed at developing a closer relationship and agreement of values. Some examples of the Group's engagement with stakeholders in 2014 are set out below.

Dialogue with customers - International promotion

The Group revised its international expansion project with respect to attendance at sector trade fairs, which are an increasingly important tool for the promotion of the Group's business in those countries that are slowly building up their industrial capacity in the A,D&S sector. Accordingly, alongside its regular participation in the two traditional events in London (Farnborough International Airshow) and Paris (Paris Air Show), which are the high points of the international aerospace industry, the Group has increased its attendance over the last few years at these events in countries with high growth potential in sectors with great technological content, including dual technology. A brief summary of the key sector events is set out below.

- **DSEi London**: the largest international defence and security equipment exhibition.
- **IDEF Istanbul**: IDEF plays a fundamental role in the development of the Turkish defence industry and international cooperation.
- **IDEX Abu Dhabi**: (International Defence Exhibition & Conference): the most important defence exhibition in the Middle East and North Africa.
- **DUBAI Dubai**: this exhibition is one of the most prestigious of its kind for the aerospace sector in the UAE.
- **LAAD Rio de Janeiro**: the major exhibition for the aerospatial and defence sector in Latin America.
- **MSPO Kielce, Poland**: the International Defence Industry Exhibition, a key appointment for large international groups in a globally important country in geopolitical terms.

Finmeccania attended the exhibitions in Farnborough and the MSPO in 2014; the other events are held every two years and will take place in 2015.

Dialogue with suppliers - The Selex ES example

In 2014, Selex ES won the CIPS Supply Management Awards[8] for the "Best Supplier Relationship Management". The prize was awarded for its management of its relationship with Research Electro-Optics (REO), the only supplier able to assist Selex ES produce a prototype for a laser development programme for the US Army. Selex ES was commended as follows: "The winner showed an impressive approach to supplier management, working hand in hand with the business to deliver real and tangible benefits, owning a problem and working hard to turn a failing supplier around. They showed tenacity and openness when working with the supplier that resulted in a real step change in performance".

[8] http://www.selex-es.com/documents/737448/26163883/body_CIPS_2014_award_winner_Selex_ES.pdf.

Dialogue with the ESG analysts and admission for the key sustainability indices

Finmeccanica is committed to guaranteeing transparency and assistance to financial and non-financial analysts. It engages in structured dialogue with many companies specialised in the ESG assessment of the Group (such as RobecoSAM, Sustainalytics, Eiris) given the increasing requests for information about non-financial performances. It guarantees maximum transparency through one-to-one communication and detailed answers to sustainability questionnaires prepared by ESG analysts. To this end, in 2014, the Group organised its first workshop on these issues assisted by the rating agency ESG Vigeo. Personnel from the various internal units were able to study the rating methods, analyse the Group's strengths and weaknesses and receive recommendations about how to improve control over all those activities that affect sustainability.

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

Dow Jones Sustainability Indices

Finmeccanica was admitted for the Dow Jones Sustainability World and European Indices (DJSI) for the fifth consecutive year. The DJSI are international share indices, which reward the companies most committed to Sustainability, based on specific environmental, social, economic and governance criteria.

CDP
DRIVING SUSTAINABLE ECONOMIES

Il *Carbon Disclosure Project*

CDP is a not-for-profit organisation involved in CO_2 emission issues (GHG). It measures more than 3,000 of the largest listed companies at global level each year, preparing an international classification, the Carbon Disclosure Leadership Index (CDLI).
Finmeccanica Group successfully participates in the CDP's measurement, distinguishing itself for the range of information provided for all its business sectors.

Dialogue with the academic world - The PZL-Świdnik case study

PZL-Świdnik's collaboration with universities has been extended to include two new cooperation agreements (in addition to the five existing ones with five universities) with Maria-Curie Skłodowska University of Lublin and AGH University of Science and Technology of Krakow. Their objective is to strengthen the relationships between the business world and the universities/scientific world, encouraging dialogue among students, graduates and workers through traineeships and visits to companies. The agreements are also aimed at increasing exchanges between the employees of companies and the universities and master and PhD research into topics of shared interest. In 2014, PZL-Świdnik participated in six career fairs organised by the universities and took on 60 trainees. It also organised six visits to production facilities for students. The company sponsored the international conference "Development of Organisations and Regions - Challenges for Economics and Management Sciences", organised by the Lublin University of Technology.

Dialogue with the scientific community and the general public

Finmeccanica took part in two important scientific events in 2014 to promote synergies between science, culture and innovation: the European Researchers' Night and the Science Festival.

The **European Researchers' Night** is an event promoted by the European Commission to encourage dialogue and interaction between the scientific community and the general public. It involves thousands of research bodies each year in all the European countries. During the event, the ninth edition of which was held in 2014:

- at La Spezia, OTO Melara presented its Unmanned Ground and Aerial Vehicles for civil and military use and Horus, the small robotic platform (currently being endorsed), which carries out surveillance and tactical reconnaissance missions through a remote control;
- Selex ES presented the Micro UAV aircraft (DRAKO and CREX-B) and the ground control station at the CNR - Research area at Tor Vergata.

The **Science Festival** is one of the biggest international scientific events and a reference point for many scientific research experts. The topic of "time", at the heart of this year's edition, was laid out in all its aspects, including that linked to the climate change emergency. Finmeccanica participated with Thales Alenia Space, Telespazio and Selex ES this year.

- Telespazio and Thales Alenia Space presented the actions taken to monitor the planet's health using the COSMO SkyMed, Sentinel and Meteosat satellites at the "Il riscaldamento Globale visto dallo Spazio" (Global warming seen from Space) exhibition organised by the French Embassy in Italy at Palazzo della Borsa. The extremely high resolution images prepared by e-GEOS (80% Telespazio, 20% ASI-Agenzia Spaziale Italiana), which detail the signs of change on our planet each day in real time, were shown during the event.
- Selex ES demonstrated the working of atomic clocks designed for satellite systems as part of the Galileo navigation satellite system. It also participated in the "Sfide sociali del III millennio e robotica" (Social challenges of the third millennium and robotics) conference, focusing on the ethical, social and legal aspects of the autonomous systems, the use of which is spreading rapidly into areas in a way that just a few years ago could not have been foreseen.

Thales Alenia Space participated in the **European Space Expo**, a travelling exhibition organised by the European Commission to show how space and its applications provide benefits to the EU. The company illustrated its experience in robotised space missions during the "Autisti marziani - come costruire un robot spaziale e guidarlo su Marte" (Martian drivers - how to build a space robot and guide it on Mars) conference. Telespazio contributed to the subject of inter-connections between time and astronomy, with a presentation at the "Dal passato al futuro, viaggio nello spazio" (From past to future, space travel) conference.

Dialogue with the local community

One of the key points of engagement with its local community for Selex ES in the UK is the **search and enhancement of female expertise** in the engineering sector and supporting diversity within its offices. Engagement with the female academic world is fostered by on-site visits, university involvement, work experience, seminars and merit recognition. Since 2014, Selex ES has been involved in the Smallpiece Trust's "Girls into Engineering" courses and the "CareerWISE" plan in Scotland, offering work experience and paid apprenticeships to high performing female students. It is committed to encouraging gender equality and is engaged in a campaign with the UK government to increase the number of female engineers (the current ratio is one woman to every 10 men). In June, Selex ES celebrated the National Women in Engineering Day with a wide range of activities designed to raise the profile and celebrate the achievements of women in engineering.

Dialogue with civil society - Engagement with social stakeholders

In 2014, Finmeccanica carried out its first social stakeholder assessment to map the civil society players interested in the Group's activities tied to sustainable development and social innovation. It also drew up the first map of social stakeholders for constructive dialogue purposes. The assessment considered the social-environmental issues and scope of intervention, in line with materiality analyses and classification of the Group's investments in the community.
The Group analysed the relationship of each stakeholder with Finmeccanica based on its values (e.g., the Code of Ethics, the Charter of Values, Policies, etc.), the consistency of its mission and the values of its organisation compared to issues of interest to the Group as well as its communication capacity and the visibility of actions taken.
Finmeccanica then undertook its first structured Social Stakeholder Engagement based on the results of its assessment, involving not-for-profit parties with which the Group has a longstanding relationship, including those parties involved in the Responsible Canteen programme, as well as voluntary associations to which its employees belong. The engagement consisted of sending a questionnaire to the parties to obtain comments and recommendations for a better and more constructive relationship with Finmeccanica as well as more information about the activities carried out by them.
The replies to the questionnaire showed a medium to high satisfaction level with the Responsible Canteen programme. The associations hope to build stronger relationship with the Group and its employees, together with more focus on and promotion of voluntary work.
Finmeccanica's analysis of the replies also identified about 10 associations that will be invited to take part in a round table discussion scheduled for early 2015.

Dialogue with the services sector - Responsible Canteens

The widespread request for help by a growing number of people and the awareness of the need to combat food wastage encouraged Finmeccanica to set up the Group's Responsible Canteen programme in 2013. Its aim is to redirect excess food from the operating companies' canteens to not-for-profit associations. The programme has been developed in partnership with the Banco Alimentare network and Siticibo, which collect and distribute foodstuffs to people in need free of charge through voluntary associations that are their members. The programme was continued in 2014 with activation of all the Group's Italian canteens that could be of use (27, of which 23 were operational in 2014 and four are currently being activated). Moreover, Finmeccanica participated in the World Food Day organised by FAO, the International Fund for Agricultural Development (IFAD) and the World Food Programme (WFP) on 16 October 2014, involving more than 150 countries.

Dialogue with national and international institutions - Finmeccanica's new strategy

Guided by the new Board of Directors, the Group centralised the processes to manage Institutional Relations, previously handled by the individual companies, at the Parent in 2014.
The main impact of this policy related to the support given to Finmeccanica's larger long-term projects in the A,D&S sector by the 2015 Stability Law. The Group's centralised approach to the Government and Parliament has facilitated the unified presentation of issues of interest, overcoming differences due to the multitude of stakeholders for an individual measure. Having a single contact person has made this process simpler and more transparent, especially as regards contacts with the Government.
Moreover, the centralised coordination of relations with the heads of civil and military institutions has translated into a single approach and consistent interaction in negotiations with the stakeholders interested in the Group's activities for various reasons. This approach has also been adopted to define standard rules for contacts at local level, especially for visits by institutional delegations to the Group's facilities. It also assisted the effective management of the parliamentary hearings before the Chamber of Deputies and Senate of the Republic production activities commissions following the establishment of the new management team, and definition of a single approach, including about defence issues and the passage through parliament of strategic interest measures (e.g., the Naval Law).
Finmeccanica has started to draft a procedure for the "Management of National and International Institutional Relations", which will be formalised in 2015. Its intention is to identify who is authorised to engage in these relations and how, so as to clarify the related internal management chain and maintain governance of the procedure by Finmeccanica's External Relations and Communications unit.
Finally, in order to enhance Finmeccanica's most prestigious partnerships, it commenced a project to assess associations/foundations/study centres to decide in which of these it intends to maintain its membership. This will obviously lead to consolidation of its relationship with sector associations such as AIAD.

The Selex ES procedure for Institutional Relations Management

Selex ES has outlined its **procedure for the Management of National and International Institutional Relations** in an internal document issued in March 2014, pursuant to the regulations applicable to the Group companies active in Italy, the UK and the US (Legislative Decree 231/01 and Law 262/05 in Italy, the Bribery Act 2010 in the UK and Foreign Corrupt Practices Act in the US).
In order to regulate relationships with governments, parliaments, ministers or high ranking staff at ministries, international bodies, local bodies, associations and bodies that operate in sectors of interest to Selex ES, the procedure comprises four stages and identifies the contact persons:

FIGURE 17 - MANAGEMENT OF NATIONAL AND INTERNATIONAL INSTITUTIONAL RELATIONS IN SELEX ES

As shown in the graph, the procedure starts with the identification of opportunities/needs, based on information received and discussions with internal units and companies, followed by a stage of preparation and management of negotiations with the institutions and a final reporting stage to guarantee that the information treated and parties involved can be identified.
The system used to file and store documents exchanged with the contact person means that the company can verify *ex post* all the issues discussed and concurrently carry out internal and external checks before the subsequent stages of the engagement.

Dialogue with sector associations

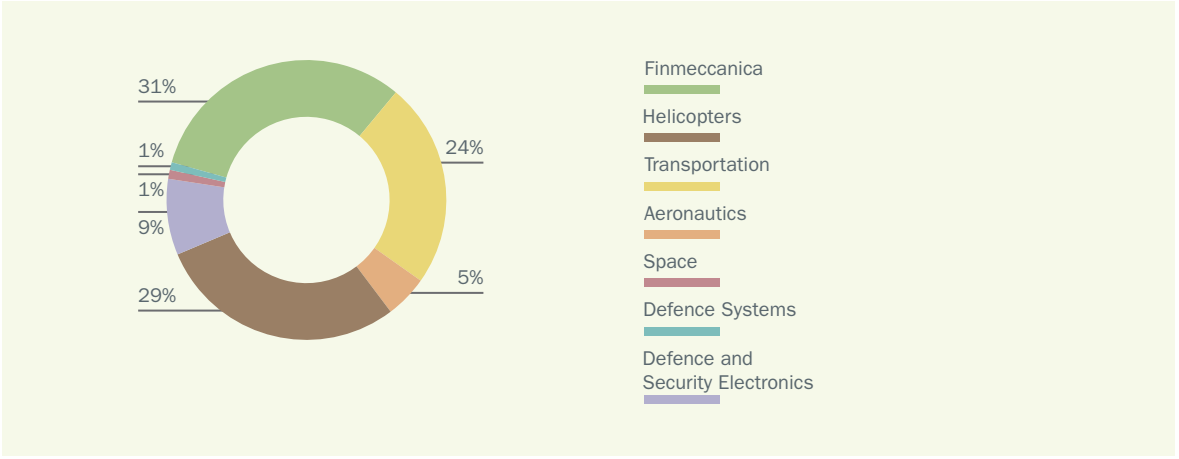
As part of its constructive dialogue with the institutions of the national Aerospace and Defence sector, coordinated by AIAD[9] (of which Finmeccanica is a member and leader at national level), and in Europe with the sector association, ASD[10], Finmeccanica has continued to collaborate with national and European authorities on projects and legislative processes of common interest.
AIAD coordinated the **national initiatives** at various levels, with permanent and ad hoc work groups depending on the specialist issues to be handled each time. The industry offered its contribution during the public consultation commenced by the Ministry of Defence on the preparation of a white paper on international security and defence, setting out the industrial prospects and especially collaboration in Europe. Similarly, AIAD and the Ministry of Defence worked together as part of the European defence master plan (letter of intent), attending international meetings of the six countries to agree on proposals to be presented to the European Commission about promoting competition in the defence and security sector.
The main issues tackled by the sector companies and the **European institutions** on the Defence and Security sector's competitiveness ranged across a wide spectrum. The industry participated in the European debate on the theme of Europe's non-dependence for critical space technologies (long-term objective for strategic European independence), which has gained importance due to the economic crisis and cutback in investments. The critical issue is to ensure the security of supplies of rare and strategic natural resources required for the European economies to work and continuity of sensitive technological developments. Research into alternative fuels and substitute raw materials (recommended by the European Defence Agency) garnered the interest and involvement of the Aerospace and Defence sector.

[9] AIAD is the Federation, member of Confindustria, which represents the Italian Aerospace, Defence and Security companies.
[10] AeroSpace and Defence Industries Association of Europe.

Dialogue by means of digital and traditional communication tools

After a benchmark analysis performed to align the Group's website with best practices, a new web digital identity to assist the brand's identifiability on the new digital communication platforms was completed[11].
As part of the new Web Corporate System Project, launched in 2013, the Group's restructuring of its website enabled it to improve its ranking in the KWD Webranking, qualifying as the second best improver (going from 27th to 19th place in most accredited classification at European level).
This allowed Finmeccanica to introduce tools for the ongoing monitoring of the effectiveness of its work and the online sentiments of its stakeholders. As a result, the Group is better placed to handle crisis situations and introduce improvements. In addition, upon conclusion of the reorganisation of the website, a user survey showed a large increase in the time spent on the website and the number of pages visited by the individual users. Finmeccanica uses the **social media** to make timely communications to its stakeholders. During 2014 and in order to make its social communications channels even more efficient, it centralised these activities at Group level, circulating strategic information via the Finmeccanica channel and information about products and services through the operating companies' social channels.
Finmeccanica and the operating companies were mentioned 18,297[12] times in the press during the year, as monitored by the company.
The most mention was made of the Helicopters and Transportation sectors: a breakdown by sector is set out below.

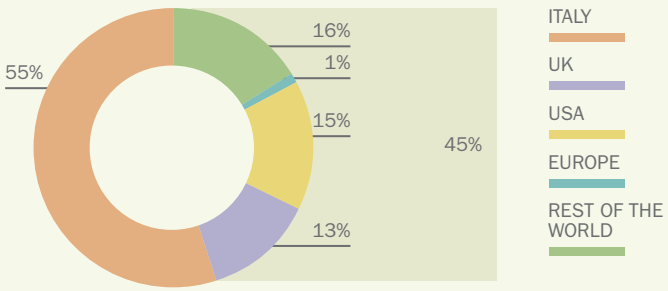
FIGURE 18 - PRESENCE IN THE PRESS IN 2014: BREAKDOWN BY BUSINESS SEGMENT



[11] Except for the AgustaWestland website which was launched in January 2015.
[12] FACTIVA research engine.

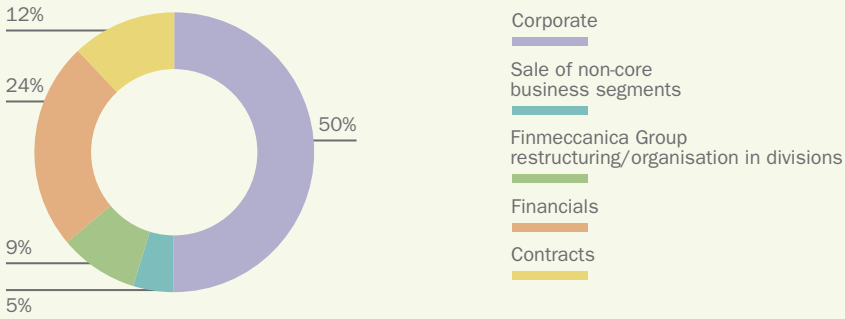
During the year, Finmeccanica Group was referred to 148 times at international level in publications: 29 Italian and 119 foreign.
A breakdown by geographical segment shows that 55% was in Italian and the other 45% was foreign publications.

FIGURE 19 - PRESENCE IN THE PRESS IN 2014: GEOGRAPHICAL BREAKDOWN OF PUBLICATIONS AND PUBLISHING GROUPS



A breakdown by the main topics of interest to the Group is as follows:

FIGURE 20 - PRESENCE IN THE PRESS IN 2014: BREAKDOWN BY TOPICS OF INTEREST



Finally, the next graph compares the main topics of interest divided between the Italian and foreign press.

FIGURE 21 - PRESENCE IN THE ITALIAN PRESS IN 2014

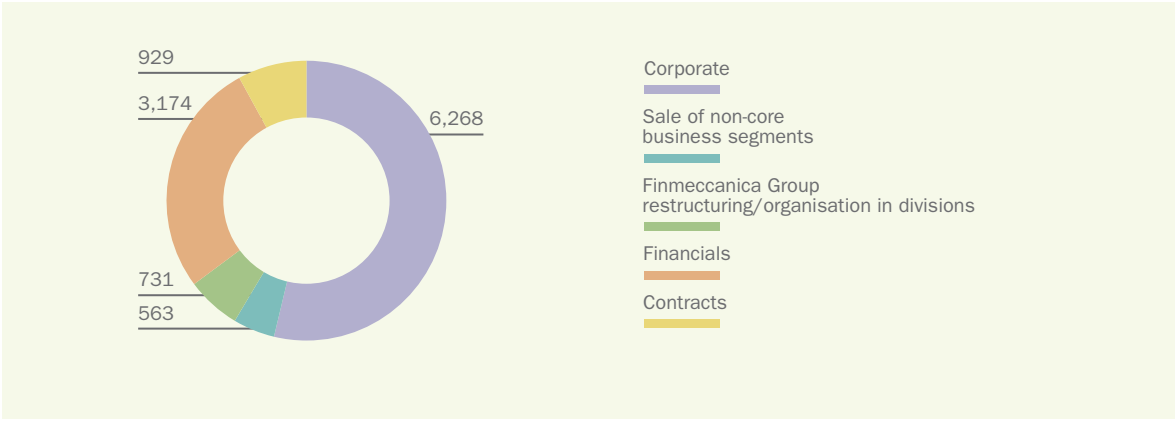
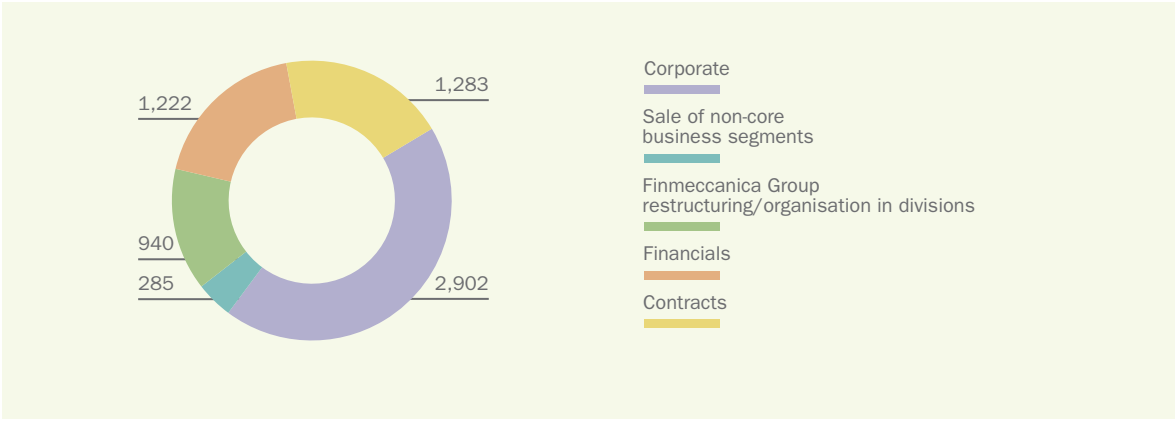


FIGURE 22 - PRESENCE IN THE FOREIGN PRESS IN 2014

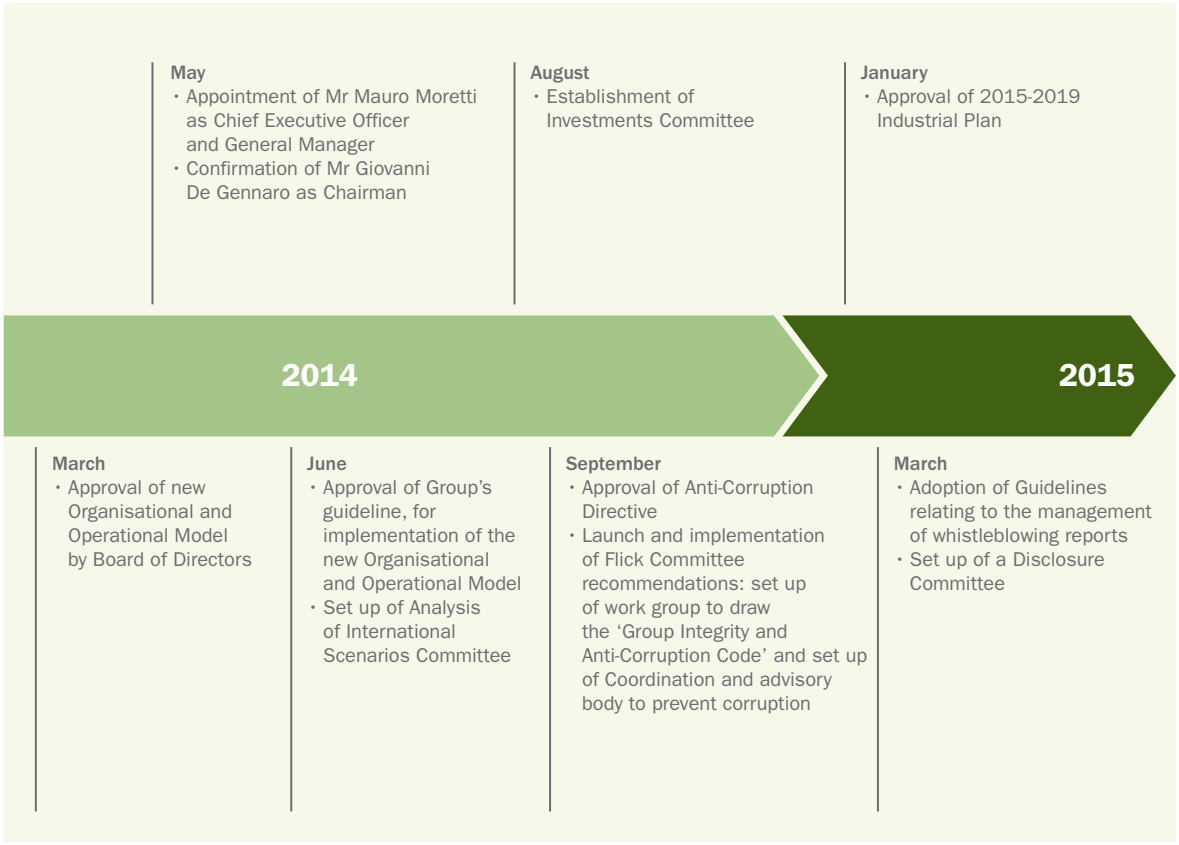


4

Governance

CORPORATE GOVERNANCE SYSTEM

FIGURE 23 - ROADMAP OF THE MAIN 2014/2015 CORPORATE GOVERNANCE INITIATIVES



Finmeccanica favours and promotes a corporate culture of responsibility, upstanding conduct and integrity in the performance of its activities, paying the utmost attention to the professional conduct of all parties operating in the interests of the Group companies.

Finmeccanica SpA's Corporate Governance Model is in line with the provisions of regulations issued by CONSOB (the Italian commission for listed companies and the Stock Exchange) and Borsa Italiana SpA (the Italian Stock Exchange), as well as with the Code of Conduct for listed companies (approved in March 2006 and updated in July 2014), with which Finmeccanica complies. It is also in line with best international practices.

Special Government Powers

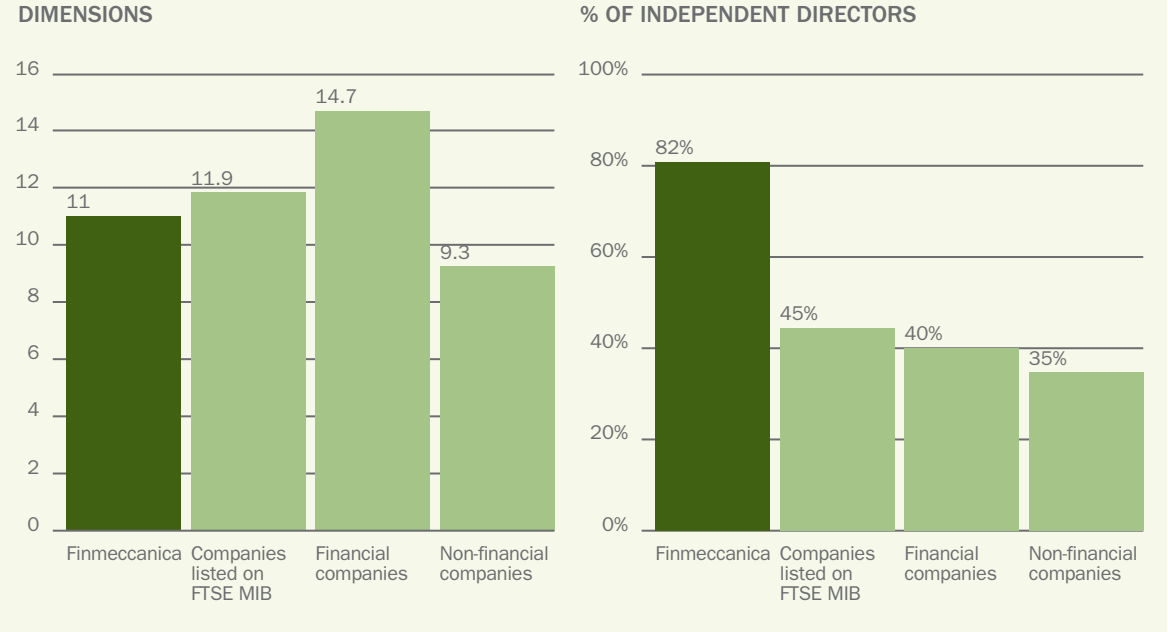
The Italian Ministry of Economy and Finance holds 30.2% of Finmeccanica's share capital. In the case of a real threat and/or serious injury to national defence and security interests, the Government can exercise special powers on the ownership structures of operating companies in this sector that perform strategic activities (Law 56 of 11 May 2012 converting Decree Law 21 of 15 March 2012, and applicable implementing provisions. Those powers relate to the defence system and national security sectors, including the strategic activities thereof, defined in the Prime Minister's Decree 108 of 6 June 2014. 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 non-recurring or particularly significant transactions.

Finmeccanica's corporate governance system aims to maximise value for shareholders, control risks and achieve greater market transparency, as well as ensure integrity and proper conduct in its decision-making processes.

Finmeccanica's organisational structure is as follows:

- Shareholders
  The Shareholders' Meeting deliberate in ordinary and extraordinary meetings on issues reserved to them by the law or company by-laws.
- Board of Directors
  This body has the most extensive management powers, and the power to perform all deeds necessary to achieve corporate goals, excluding those reserved to shareholders by the law or company by-laws.
  The 11 members of the current Board of Directors, which will remain in office until approval of the 2016 financial statements, were appointed by the shareholders on 15 May 2014.
  Main features of Finmeccanica's Board of Directors:
  - except for the Chief Executive Officer and General Manager and Chairman, all members are independent and coordinated by a Lead Independent Director, to ensure the Board of Directors is balanced;
  - new members do not have an executive role, except for Mauro Moretti, the Chief Executive Officer and General Manager, who has sole management of the Company and the Group;
  - the Board of Directors' composition is in line with the principle of gender equality for management and control bodies of listed companies (Law 120 of 12 July 2011);
  - the number of women in the new Board of Directors increased from 1 to 4.

FIGURE 24 - COMPARISON BETWEEN FINMECCANICA'S BOARD OF DIRECTORS AND THE BOARDS OF DIRECTORS IN OTHER CATEGORIES OF COMPANIES[13]



[13] Source: Sodali.

Finmeccanica SpA's Board of Directors evaluates the independence of its non-executive members in the first meeting after their appointment. This evaluation is performed once a year (when this report is prepared), as well as whenever circumstances arise that could impact independence.
The current Board of Directors has evaluated and confirmed the existence of the independence requirements required by law (art. 148.3 of the Consolidated Finance Act) and Code of Conduct for all non-executive directors in office, except for Chairman De Gennaro given that he is a key member of the Company[14].
The directors' CVs are available in the Governance section of the Company'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** (which also performs the duties of the Related-party Transaction Committee), **Remuneration Committee** and the **Appointments Committee** (as set out in the Code of Conduct), as well as the **Analysis of International Scenarios Committee**, set up by the Board of Directors on 19 June 2014 in the place of the former Strategy Committee, which assists the Board of Directors in defining the Company's strategies and provides in-depth analyses of opportunities and significant geopolitical risks. The Committee members are non-executive, independent 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; 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 current Board of Statutory Auditors for the 2012-2014 three-year period during their 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' Meeting on 16 May 2012, upon the documented proposal put forward by the Board of Statutory Auditors, to KPMG for the 2012-2020 period.

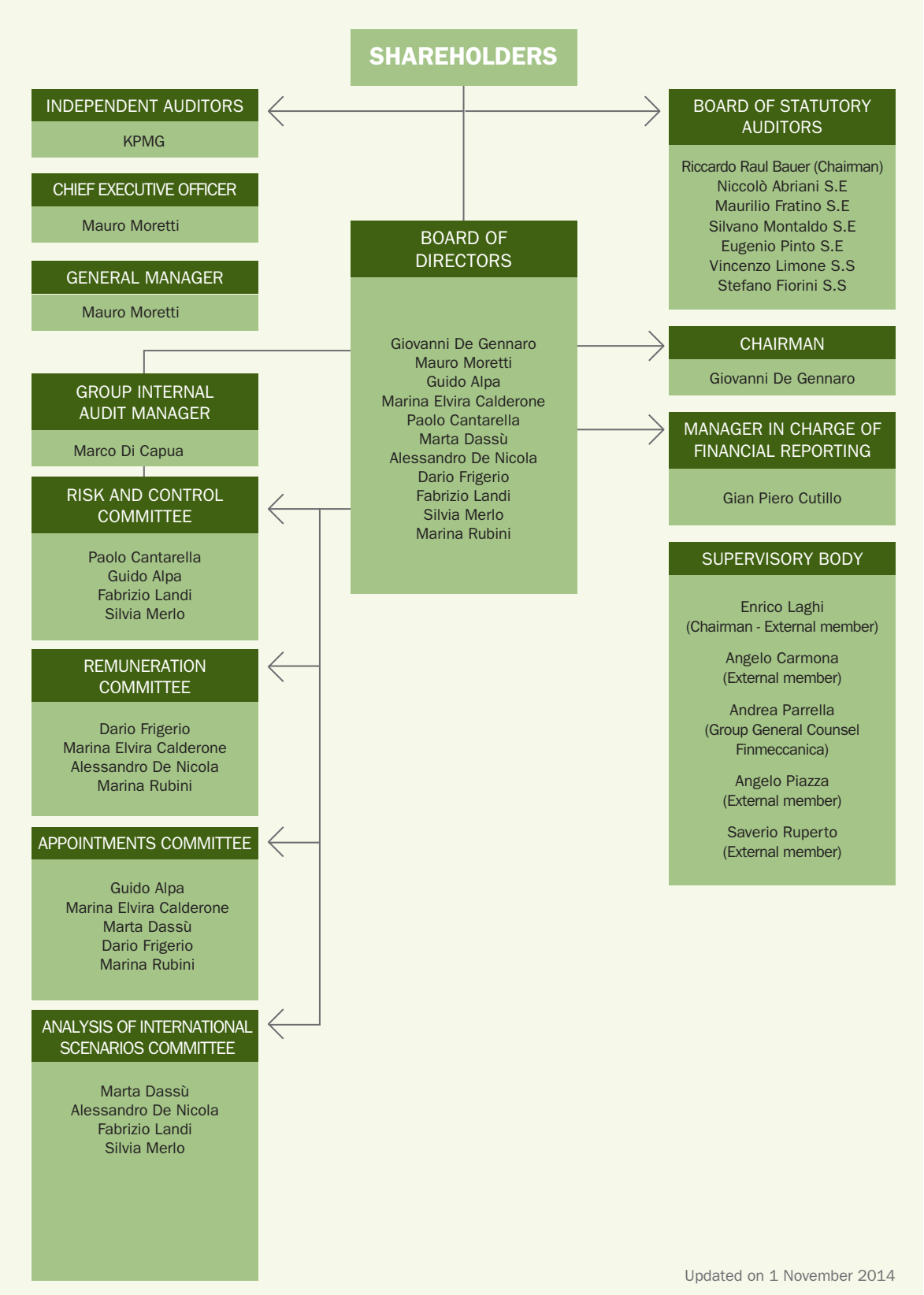
- Manager in charge of financial reporting

  The duties of the Manager appointed by the Board of Directors are as follows, pursuant to article 154-*bis* of the Consolidated Finance Act and articles 25.4 and 25.5 of the by-laws: a) stating in a specific written statement that the Company's financial information disclosed to the market is consistent with the accounting documentation, ledgers and entries; 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 relevant Company bodies, a specific statement, on the separate financial statements, the consolidated financial statements and the interim consolidated financial statements.

[14] For a more detailed overview, see the 2015 Corporate Governance Report (pages 47-48), available on the Finmeccanica website.

Below is a diagram of the structure of Finmeccanica's corporate governance system.

FIGURE 25 - STRUCTURE OF THE FINMECCANICA SPA CORPORATE GOVERNANCE SYSTEM



For a more detailed overview, see the 2015 Corporate Governance Report on the Finmeccanica website (http://www.finmeccanica.com/en/governance-finmeccanica-1/sistema-di-governance/relazione-corporate-governance).

THE INTERNAL REGULATORY SYSTEM

The internal regulatory system regulates the conduct of business in all sectors in which Finmeccanica operates and mainly consists of the following types of documents:

- **Guidelines**: documents containing the Group's important social and ethical values. These are issued by the Board of Directors to promote and implement the principles in the Group's Charter of Values and Code of Ethics;
- **Group directives**: documents that have an across-the-board impact on the business segments and the operating companies. These relate to significant Group governance aspects and include mandatory instructions that the individual operating companies must formally implement by adopting specific implementation procedures;
- **procedure**: documents that define how to operate and manage Finmeccanica's processes. They identify the roles and responsibilities of those involved;
- **policy, manuals and operating instructions**: documents that define the operating modalities in a detailed way with particular reference to themes regarding a specific professional organisational/family unit.

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, in 2014, Finmeccanica set up a specific unit to formalise Group directives and policies/guidelines and to continuously monitor the operating companies to ensure they correctly implement those directives and policies/guidelines. During the year, numerous directives were formalised for this purpose, the main ones which are set out in the following table.

MAIN DIRECTIVES ADOPTED IN 2014 FINMECCANICA

DIRECTIVE	DATE ISSUED
Directive on training and the functioning of the companies' Boards of Directors	29 January 2014
Directive on industrial offsetting	10 February 2014
Directive on operational continuity in Finmeccanica Group	14 April 2014
Directive on engagement assignments to the Group's independent auditors	18 April 2014
Directive on personnel training and professional development	23 September 2014
Anti-corruption directive	23 September 2014
Directive on the adoption, implementation and updating of the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001	23 September 2014
Directive on Law 262 of 2005 in Finmeccanica Group	27 October 2014

Updating and review of the Organisational Model pursuant to Legislative Decree 231

Legislative Decree 231 of 8 June 2001 introduced company liability under Italian law for certain crimes committed in the interests or to the advantage of those companies. Finmeccanica adopted a system to reduce the risk of the commission of those crimes by directors, statutory auditors, managers, employees, freelancers and/or other parties having any relationship with the Company.
In 2003, Finmeccanica implemented an Organisation, Management and Control Model pursuant to Legislative Decree 231/01 and a supervisory body that monitors the implementation of that Model[15].
The current Organisational Model – revised and updated in light of the modified regulations entitled "Provisions for the prevention and repression of corruption and illegality in public administration"[16] – was approved by Finmeccanica's Board of Directors on 15 April 2013. Furthermore, in order to create an independent ethical governance tool, the company separated the Code of Ethics from the Organisational Model.

[15] Finmeccanica's Organisational Model is available in the Governance section of the Parent's website (www.finmeccanica.com) and the respective websites of its Italian subsidiaries.
[16] Law 190/12 contains the above-mentioned modified regulations.

FIGURE 26 - TYPES OF CRIMES PROVIDED FOR BY FINMECCANICA SpA ORGANISATIONAL MODEL

The operating companies and the Organisational Model

The Italian Group companies adopted their own Organisational Models and Codes of Ethics and set up their own supervisory bodies. Two Group directives were adopted to ensure uniformity among the Group companies:

- 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;
- Group Directive no. 16 "Adoption, implementation and updating of the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001", issued in September 2014, defines the principles and obligations – consistent with that set out in the decree, the guidelines issued by trade sector associations, applicable jurisprudence, doctrines and best practices – for the adoption, implementation, and continuous updating of the Organisational Model.

The Organisational Model is updated in light of the modified regulations entitled "Provisions on repatriation for financial capital held abroad and strengthening of fighting tax evasion. Provisions on self money laundering[17]". Finmeccanica and the Italian Group companies are evaluating the impact of the provisions relating to self money laundering on their Organisational models, taking into account the evolution of the Group's organisational structure.
The non-Italian Group operating companies prepared their own codes of ethics that regulate the conduct of their respective business. Furthermore, they adopt, implement and update compliance programmes and other systems pursuant to the relevant legal orders.
In 2014, the supervisory bodies received 13 notifications of alleged infringements of the Code of Ethics and 10 notifications regarding possible infringements of the provisions of the Organisational Model pursuant to Legislative Decree 231/01. The analysis of these notifications resulted in the proposal of sanctions in one case only.

NOTIFICATIONS RECEIVED BY THE SUPERVISORY BODIES

	2014	2013	2012
for alleged infringements of the Code of Ethics	13	15	8
for possible infringements of the provisions of the Organisational Model pursuant to Legislative Decree 231	10	3	9
Total	**23**	**18**	**17**

Following the update of the Organisational, Management and Control Model pursuant to Legislative Decree 231/01, an **obligatory training course for personnel of all corporate units** was launched in collaboration

[17] Those provisions were introduced under Law 186/2014.

with the Group Internal Audit units. This comprises an online course accessible via the Company's intranet and a final assessment to test knowledge of the general content and its subsequent integration by Legislative Decree 231/01 and the Organisational Model. Considering the importance of the subject and of raising awareness among personnel of 231 model issues, the training documents have been analysed and archived by the Finmeccanica SpA supervisory body.

Judicial investigations

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 with respect to Legislative Decree 231/01. These are described in the notes to the consolidated financial statements at 31 December 2014 (pages 157-161).
Some Group companies have commenced civil actions for compensation for damage they allegedly incurred as a result of the unlawful conduct of their former directors, managers, employees or suppliers.
Based on the information gathered and findings 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 2014. Any negative developments – which cannot be currently foreseen or determined – arising from internal investigations or the judicial investigations underway, will be evaluated for the purposes of calculating accruals.

Civil and administrative litigation

The business sectors and markets in which the Group operates, as well as the complexity and advanced technological content of contracts, have resulted in civil and administrative litigation involving both Finmeccanica and the Group companies. 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 2014 (pages 127, 161-167), 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 (Trade compliance programme)

In carrying out its business activities, Finmeccanica operates with full respect for the law relating to the export, import and transfer of military and dual use materials. In Italy, this activity is governed by Law 185/1990, which is internationally considered one of the most restrictive laws[18].
The European Union has issued specific regulations, directives and decisions imposing stringent conditions and limitations on the direct or indirect import and/or export of dual use[19] goods and technology, which could potentially be used for internal repression or uses other than those permitted.
In addition to Italian and European law, Finmeccanica must comply with the legislation of the other countries in which it operates, in particular that of the US and UK. This is due to the significance of the production activities carried out and the extensive extra-territorial application of the respective national legislation, which imposes high level controls on the export, import and transfer of weapons and dual use materials, as well as over certain commercial uses considered sensitive.

Through Group Directive no. 21 issued in March 2012, Finmeccanica, has developed a Trade compliance programme that regulates two particularly important areas:

- the import/export of materials for military, dual use or commercial use that are subject to specific legislative requirements[20];
- the sanctions or restrictive measures regarding countries or people considered sensitive[21].

[18] The law was amended by Legislative Decree 105/2012 and implemented with the implementation regulation issued under Ministerial Decree 19 of 7 January 2013 and by the subsequent directives issued by the National control authority, MAE-UAMA (Ministry of Foreign Affairs - Armaments Exports Licensing Unit).
[19] As per Regulation 428/2009/EC.
[20] In particular, the US ITAR, EAR and OFAC legislation, legislation issued by the Council of the European Union and laws in force in the UK and Italy.
[21] In particular, those pursuant to the relevant US, European, British and Italian authorities, and to the resolutions of the United Nations Security Council.

References to countries subject to sanctions or restrictions

www.esteri.it/MAE/IT/Politica_Europea/Misure_Deroghe/
www.sviluppoeconomico.gov.it/index.php/it/
www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx
www.pmddtc.state.gov/embargoed_countries/index.html
www.eeas.europa.eu/cfsp/sanctions/index_en.htm
www.gov.uk/government/organisations/export-control-organisation

Following the introduction of the Trade compliance programme, the Finmeccanica Group companies active in import/export activities set up organisational controls, as described in the figure below.

FIGURE 27 - DIAGRAM OF ORGANISATIONAL CONTROLS ON IMPORT/EXPORT ACTIVITIES

In particular, the Directive established the "Global Trade Council" body composed of all the Group's compliance officers that promotes collaboration, the exchange of information and development of best trade compliance practices to integrate broader training activities with a specific focus on applicable laws and the use of dual technologies.

In September 2014, the compliance units of Finmeccanica SpA and the Italian Group companies participated in a "Compliance Day" in Rome. The objective of the meeting was to analyse the main technical-operational questions relating to business and trade compliance, also in view of the Group's new Organisational Model.

The Commercial Audit unit carried out trade compliance control activities, with particular regard to:

- the implementation of the improvement actions identified by the across-the-board audit on exports/imports of goods covered by Law 185/1990 in 2012;
- the implementation of the minimal requirements of, and particularly, the 11 standards, of the relevant internal directive.

GROUP INTERNAL AUDIT

Internal audit activities

Finmeccanica encourages and promotes a corporate culture of responsibility, proper conduct and integrity in the performance of its activities, paying the utmost attention to the professional conduct of all parties operating in the interests of the Group's companies. To ensure full respect for every applicable regulation and to prevent illegal practices, Finmeccanica has implemented structures and protocols for Group-level evaluations of controls to identify company risks.
On 21 February 2013, Finmeccanica's Board of Directors decided to **centralise internal auditing** with the aim of strengthening Group governance and optimising control measures.
As a result, in October 2013 a new Group Internal Audit unit was established and placed under the supervision of Finmeccanica's Board of Directors, as set out in the Code of Conduct of listed companies.
In particular:

- the Chairman supervises the unit's activities;
- the Risk and Control Committee, as part of its assistance and support activities to the Board of Directors, monitors the unit's autonomy, adequacy, effectiveness and efficiency.

The Group Internal Audit unit's responsibility for assisting all of Finmeccanica's and the Group's control and supervisory bodies, included in the centralisation process and in the performance of assessments of the adequacy and effective functioning of Finmeccanica Group's internal control and risk management systems, was confirmed. In order to achieve the Group Internal Audit unit's activities, a "matrix" model, with structures focused on macro-activity areas and with responsibility for the various business segments that hierarchically report to the head of the Group's units, was adopted. In turn, the heads of the business segments liaise with the central heads for the various types of audits.
Assessments of the internal control and risk management system are carried out through ordinary audits, as set out in the Internal audit aggregated plan, and "spot" interventions, required by Finmeccanica's and the Group companies' control and supervisory bodies.

NUMBER OF AUDITS CARRIED OUT BY MANAGEMENT AREA

	2013	2012
Financial	14	34
Operational	96	98
Compliance	79	89
EDP	4	8
Total	**193**	**229**

In 2014, 147 Group-level ordinary audits (including follow-up interventions) and 16 "special" audits, as detailed below, were performed. The representation of audits performed in 2014 takes into account the reorganisation of the Group Internal Audit unit, centralised at the end of 2013.

NUMBER OF AUDITS CARRIED OUT BY TYPOLOGY

CLOSED ACTIVITIES AND REPORTS ISSUED	2014
Operational & Regulation	**86**
Commercial	**34**
IT	**16**
Fraud	**11**
Total	**147**
Special audits	**16**
Total	**163**

Of these audits, approximately 66% were completed with requests for improvements and the corresponding action plans, and their implementation, will be monitored by the Group Internal Audit unit in 2015 based on deadlines agreed with management.

The Intangibles Project

The Intangibles Project was launched in 2013 pursuant to a specific Board of Directors' resolution with the objective of carrying out a preliminary investigation on certain expense items for intangible assets incurred by the Group's operating companies. In particular, the investigation evaluates spending on advisory, engineering, software, commercial brokerage and agent services. The investigation, carried out by a major international consultancy company, focused on the 2010-2012 period and on all of Finmeccanica Group's business segments.
The consultancy company carried out an extensive and complex transaction review. The objectives were to assess:

- whether the transaction methods properly comply with procedures in place;
- the pertinence and effectiveness of services provided by counterparties;
- whether transactions are documented and traced;
- the integrity and reputation of counterparties;
- the fairness of transaction values (where permitted by the particular circumstances of the transaction).

The consultancy company performed a retrospective (subsequent control/inspection) review of a sufficiently representative sample of costs/transactions (1,026 transactions for a total value of €578 million, approximately 50% of all the transactions). In particular, the consultancy company assessed:

- compliance with applicable procedures, with proxies and powers;
- the supplier selection process, supply reliability and consistency with Group's requirements;
- the pertinence and effectiveness of services received;
- how the transactions were settled;
- the supplier's background (integrity due diligence);
- the fairness of transaction values (also availing itself of the assistance of the Milan Politecnico).

The complex and structured approach to the transaction review was based on the definition of irregularity and conduct indicators commonly associated with risks of corruption and/or related crimes in order to identify and analyse red flags (or risk factors) in the transactions sampled.
The red flags were therefore defined according to the project's objectives (compliance, pertinence, fairness, documentability and traceability, integrity of counterparties). The stage of the project currently underway is the comparison between the operating companies in order to perform the in-depth analyses necessary to complete and integrate the work conducted by the consultancy company.
At the end, the results of those analyses will be evaluated with the aid of and in consultation with the consultancy company engaged, after which the final report will be issued. The results of the report will be evaluated in order to identify possible actions to be taken.

PREVENTING THE RISK OF CORRUPTION

Finmeccanica is committed to preventing corruption and the risk of unlawful practices in the execution of its business mission, at all levels of the organisation and in all geographical locations, through the diffusion and promotion of ethical values and principles and the effective implementation of conduct rules and control processes, in line with the requirements of the applicable legislation and best international practices.
In recent years, several controls have been developed in line with the recommendations of the OECD and the World Economic Forum guidelines, and the principles and initiatives promulgated by leading ASD sector associations (AeroSpace and Defence Industries Association of Europe) and IFBEC (International Forum for Business Ethical Conduct)[22].

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 Tool for Multinational Enterprises in Weak Governance Zones"		"Global Principles of Business Ethics for the Aerospace and Defence Industry" (IFBEC)
"Good Practice Guidance on Internal Controls, Ethics, and Compliance"		
"Typologies on the Role of Intermediaries in International Business Transactions"		

Group's Anti-corruption Directive

For the benefit of the whole Group, Finmeccanica has created an archive of 133 legal opinions concerning jurisdictions in countries where it operates or plans to operate, providing recommendations on the legal system applicable to the activities of consultants and sales agents.

In 2014, the Parent issued Directive no. 14 on anti-corruption in order to reinforce its corruption prevention compliance system. The Directive sets out the principles of conduct that Finmeccanica and the Group companies must respect in the performance of their activities with the aim of establishing a harmonised, coherent system of mandatory rules that ensures the observance of the anti-corruption laws applicable to the Group.

[22] 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.

The Anti-corruption Directive reinforces the principles already defined in the various related directives (such as, for example, Directive no. 8 on "Advisors and business promoters"), which can be summarised as follows:

- the updating of the protocol to encompass certain new legislative developments, specifically the introduction of the bribery in the private sector in Italian legislation and its inclusion among predicate crimes 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 standard contractual clauses established at Group level ("contract guidance");
  - 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 due diligence tools on intermediaries in the light of the development of international best practices regarding relationships with third parties;
- the segregation of duties between the Parent and the subsidiaries, 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 units, in line with the principles of the segregation of duties, transparency and the impartiality of decisions and the traceability of processes.

The operating companies and the Directive on advisors and business promoters

Finmeccanica has verified the effective implementation of Directive no. 8 on advisors and business promoters by the operating companies through the "Statement on the stage of implementation" tool. Using this methodology, the operating companies supplied information on the application of procedures and possible existence of exceptions, and in the latter case, on planned remedial actions. The processes are in line with Finmeccanica's general rules, except for minor deviations for certain contracts with advisors and business promoters made before the Directive's entry into force.
In 2014, the Commercial audit assessed the compliance with Directive no. 8 of contracts agreed after the entry into force of that Directive, as well as the compliance of contracts agreed prior to the Directive's entry into force, which are still active, or have expired but whose effects (for example, payments) continue. Those audits were performed across-the-board for all subsidiaries.

RECOMMENDATIONS OF THE WISEMEN COMMITTEE (FLICK COMMITTEE) AND THE WHISTLEBLOWING SYSTEM

In April 2013, Finmeccanica's Board of Directors resolved to establish the so-called "Flick Committee" with the task of **identifying the criteria and conduct** that a Group with international presence and reach operating in the Aerospace and Defence sector must follow to meet new and stricter best practices and **formulate the necessary "recommendations"** on how to meet them. The Flick Committee was composed of third party professionals of renowned independence, authority and competence, including Chairman Giovanni Maria Flick, Alberto Alessandri, Vittorio Mincato, Giorgio Sacerdoti and Angelo Tantazzi. At the conclusion of its work, the Committee formulated seven recommendations for the purpose of identifying:

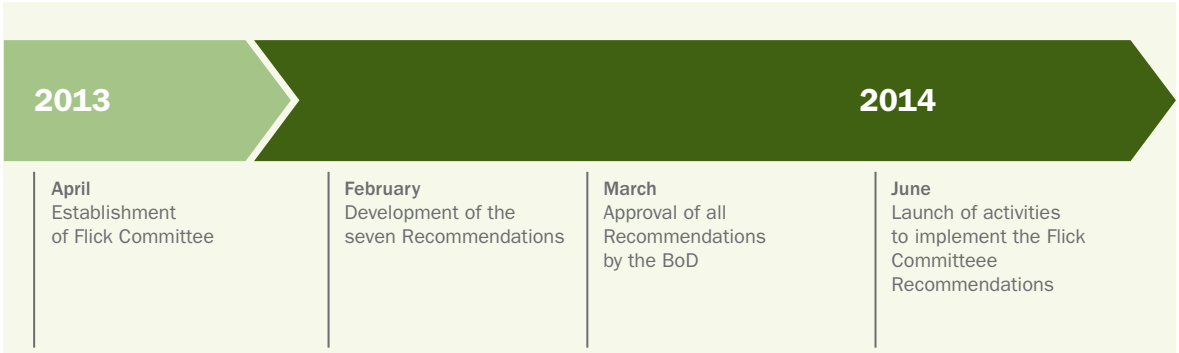
- measures and actions that can increase adherence to ethical principles and standards in business conduct (considering the Group's markets and international dimensions, and the industrial and technological profile of the activities it performs), contributing to the redefinition of best practices in the sector;
- additional measures to ensure that those new ethical principles and standards are implemented as effectively as possible.

Finmeccanica's Board of Directors used these seven Recommendations to improve the Group's anti-corruption measures.

On 31 March 2014, the Flick Committee's report was presented to the Board of Directors, who received the seven Recommendations for additional anti-corruption measures within the context of a larger scheme already put in place by the Parent for the strengthening of the internal control system and development of new compliance policies.
In their meeting of 19 June 2014, the Board of Directors approved the following Plan for the implementation of those Recommendations:
Recommendation no. 1: the establishment of a work group with the task of developing a "Finmeccanica Group's Integrity and Anti-Corruption Code", composed of the company's managers and officers as well as Prof. Giovanni Maria Flick and Prof. Sergio M. Carbone. As a result of this recommendation, the "Anti-corruption Code" is currently being finalised and will be presented to the Board of Directors for approval.
Recommendation no. 2: the establishment of a "Integrity and Anti-Corruption Committee" to coordinate the bodies that check applicable conduct rules within the Group, composed of the Chairman of the Board of Directors, Risk and Control Committee, Board of Statutory Auditors and Supervisory Body pursuant to Legislative Decree 231/01 of Finmeccanica SpA.

Recommendation no. 3: at the Board of Directors' meeting of 19 June 2014, it was noted that the structuring of audit activities and information flows for control activities is already adequately dealt with by the Interrelations Operating Model (MOI) for the Group's internal audit activities.
Recommendation no. 4: the adoption of the regime relating to the management of whistleblowing reports, including anonymous reports ("Guidelines relating to the management of whistleblowing reports"), by the Board of Directors at their 18 March 2015 meeting.
Recommendation no. 5: provide for a specific training system for preventing the risk of corruption within the "Anti-corruption Code" of Recommendation no. 1.
Recommendation no. 6: with respect to the public anti-corruption commitment and support for related initiatives, Finmeccanica has already been participating in the IFBEC (International Forum on Business Ethical Conduct) and ASD (AeroSpace and Defence Industries Association of Europe) forums for some time.
Recommendation no. 7: the recent reorganisation of the Compliance unit as well as the set up of the Criminal, Ethics and Integrity unit, both as part of the Legal, Corporate Affairs and Compliance unit.

FIGURE 28 - MAIN PHASES OF THE FLICK COMMITTEE'S WORK



The Flick Committee's Report and Recommendations are available on the company's website (www.finmeccanica.com) in the Governance section, under Ethics and Compliance.

The whistleblowing system

At the year end, the Board of Directors adopted, in implementation of the relevant Recommendation already formulated by the Flick Committee, the "Whistleblowing Management Guidelines". These guidelines provide for the establishment of a Disclosures Committee for the management of the investigation phase and reporting of whistleblowing reports received, including anonymous reports. The Disclosures Committee is composed of the Heads of the Legal, Corporate Affairs and Compliance; Group Internal Audit; Human Resources and Organisation; Security; Administration, Finance and Control units.

SECURITY SYSTEM

The Parent plays a guiding role, directly and indirectly, for its subsidiaries, with respect to business sectors considered to be "sensitive" given the high risks to which they are potentially exposed.

Protection of corporate assets and human capital

The Security unit carries out specific risk management activities aimed at protecting corporate assets and human capital, both in terms of resources and reputation. In this respect, Finmeccanica ensures that all Group companies:

- adopt the appropriate tools to mitigate risks to employee safety and corporate assets, in conformity with national legislation and international best practices[23], as well as the most advanced technological standards;
- adopt a security governance model that ensures the existence of the functions, technical skills and powers necessary for the identification, assessment, management and control of security risks.

In 2014, Finmeccanica redefined[24] the **Security** unit structure. This unit's tasks are to ensure the control and management of security risks for Finmeccanica and the operating companies in order to optimise processes and increase their efficiency.
Specifically, the new Security unit structure entails its division into two units: the **Corporate Protection** and **IT Security** units.

Breakdown of the activities of the Security unit

The **Corporate Protection** unit is tasked with:

- ensuring the security of property, plant and equipment and intangible assets pursuant to the applicable legislation and standards, in particular, by developing an effective internal regulatory system (directives, policies, procedures, operating instructions), as well as establishing and implementing more innovative technical criteria for the protection of company assets;
- ensuring continuity in business operations in the face of an extraordinary event that could partially or totally restrict the Company's ability to operate, as well as the management of crisis situations and emergencies;
- ensuring that proper analyses of the reputations of suppliers, partners and third parties that have or could have relationships with the Company are made, continuously monitoring the existence and maintenance of the requirements over time, in collaboration with all of the Company's units. This activity is particularly inspired by the international principles of ethical business conduct, above all the fight against corruption.
- ensuring the control of anti-fraud activities, in conjunction with the Group Internal Audit unit;
- guarantee Group-wide coordination on the issue of travel security, ensuring the corresponding compliance;
- spreading a security culture, contributing, in conjunction with the Human Resources and Organisational unit, the provision of training.

The **IT Security** unit is tasked with:

- ensuring the protection of the Group's IT assets/infrastructure and information assets;
- defining the policies and specific functions and services of cyber security, guaranteeing the prevention and management of threats and accidents;
- ensuring the management of the Group's Security Operations Center (SOC) and coordination of the SOCs of networks subject to national security restrictions;
- ensuring the management of the Group's Computer Emergency Response Team (CERT) and the coordination of the CERT functions of the operating companies/divisions;
- selecting the ICT security technologies, defining the procedural standards to be applied by the technical divisions responsible for the management of infrastructure, applications and services, in close collaboration with the ICT unit.

[23] The legislative framework relating to corporate security includes, in particular, Legislative Decree 196/2003 (Privacy Code), Legislative Decree 231/2001 ("Administrative responsibility of companies"), Law 262/2005 ("The protection of savings and regulation of financial markets") and the ISO 27000 family of international standards.
[24] With Service Order no. 19 of 30 December 2014.

Documents as part of the corporate regulatory system are regularly prepared to support the Group's security activities.
The corporate regulatory system that governs Finmeccanica Group security activities is composed of various directives (including Protection of company assets in the Finmeccanica Group companies; Operational continuity in Finmeccanica Group; and Classification of company information, integrated most recently by the Directive on crisis management); Procedures (relating to the entry and exit of personnel, vehicles and materials to and from the Finmeccanica head office; protection of classified information; security in the use of ICT resources; company asset management; notification and management of security incidents) and operating instructions (Supervision - sworn security guards; Correspondence, switchboard and reception management; Business continuity management).
ICT security has also been harmonised across the Group companies by setting the above-mentioned ICT security requirements and by drafting a Manual on information security.

In 2014, two important awards relating to the issue of security were received:

- certification of Finmeccanica SpA's Information Security Management System (ISMS) in its corporate electronic post management system issued by Det Norske Veritas (DNV), in accordance with the ISO/IEC 27001 international standard;
- an award conferred by the US Department of Defence to DRS for the excellence of its counter-intelligence system for the prevention of information theft and fraud, a system that contributes, according to the US Department of Defence, to the protection of US security.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

Risk Governance

There are many risks associated with Finmeccanica Group's business operations which, if not properly managed, could have significant impacts on its financial position, results of operations and reputation. 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 full compliance with applicable legislation and standards. 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 based on the type of risks dealt with at the various levels. This risk governance activity was further strengthened in 2014 with the establishment of a central Risk Management unit to support senior management in the control of activities relating to risk management and to implement an effective control of all risk areas, operating in close collaboration with the related Parent divisions. Each year, the Chief Executive Officer, on behalf of the Board of Directors and with the crucial support of the Risk and Control Committee, updates the guidelines for the internal control and risk management system, so that these risks are properly identified and adequately measured, managed and monitored.
Consistent with the implementation of central control functions in Finmeccanica designed to improve governance integration, the Risk Management unit focuses on:

- the development of Enterprise Risk Management (ERM) as an integrated and structured model to support business operations;
- the continuous improvement of the risk management process for contracts/programmes in terms of effectiveness and efficiency, to standardise the different business operations and in close collaboration with the related company divisions;
- the implementation of the rules, metrics and procedures that are consistent and coherent with the governance model, in line with best practices, and with specific regard to risk-mapping, defining mitigation actions and monitoring of related plans.

There is a particular focus in Enterprise Risk Management development activities on the synergy of management of all of the main classes of risk, on strong involvement of management and on the implementation of a dynamic and interactive management process, to support the more traditional corporate decision-making processes.
The main actors in the internal control and risk management system are therefore:

- the Board of Directors;
- the Director in charge of the internal control and risk management system;
- the Control and Risks Committee;
- the Board of Statutory Auditors;
- the Surveillance Body formed as per Legislative Decree 231/2001;
- the Officer in charge of financial reporting pursuant to Law 262/05;
- the Head of the Group Internal Audit;
- the Head of the Risk Management.

In that context, the role of the Company is central in that it:

- defines the relevant framework and directly monitors the strategic and financial risks linked to the conduct of business 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 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 risk management system is set up to control business risks of a strategic, financial, and operational nature and to ensure compliance:

Kinds of risks	Origin and description of potential impacts
Strategic risks	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	Impact on the areas of accounting and reporting, tax, liquidity and credit management.
Operational risks	Impact on level of effectiveness and efficiency of various corporate areas/processes.
Compliance risks	Non-compliance of business activities with relevant contractual clauses, laws, regulations and legislation could result in fines/criminal penalties for the Group and negatively impact its corporate image and operations.

Control of risks connected with industrial offsetting obligations

Industrial offsets are an increasingly significant factor in the international competitive scenario as they are often considered a criterion in the awarding of contracts, along with price and other technical and economic elements of the bid. Furthermore, they mitigate impact on the trade, technological and employment balances of countries that acquire goods and services in the Aerospace, Defence and Security sector and, particularly, in emerging countries.
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, co-production 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 can also be regulated by local legislation and governed by specific agreements typically signed by the Ministry of Defence or the Ministry of Economy 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.
The Directive on industrial offsets (no. 11 of 10 February 2014) was adopted to control the management process 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 document is directed at ensuring trade efficiency, while at the same time pursuing risk reduction objectives, also in terms of compliance and economic efficiency.

	Pre-contractual stage	Contractual stage	Executive stage	Accounting stage
Activity	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.
Tools	Offset proposal, made up of a mix of direct and indirect offset projects.	Agreement signed with the support of the relevant 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 whole process, which is coordinated and supervised by the offset manager. Finmeccanica coordinates the companies to share their know-how and good practices, also in view of realising synergies in the fulfilment of offset obligations in the various countries. The Offset Management Council, composed of the offset managers of the Group companies, manages industrial offsets in coordination with the Parent's unit.
The provisions of the Directive on industrial offsets 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

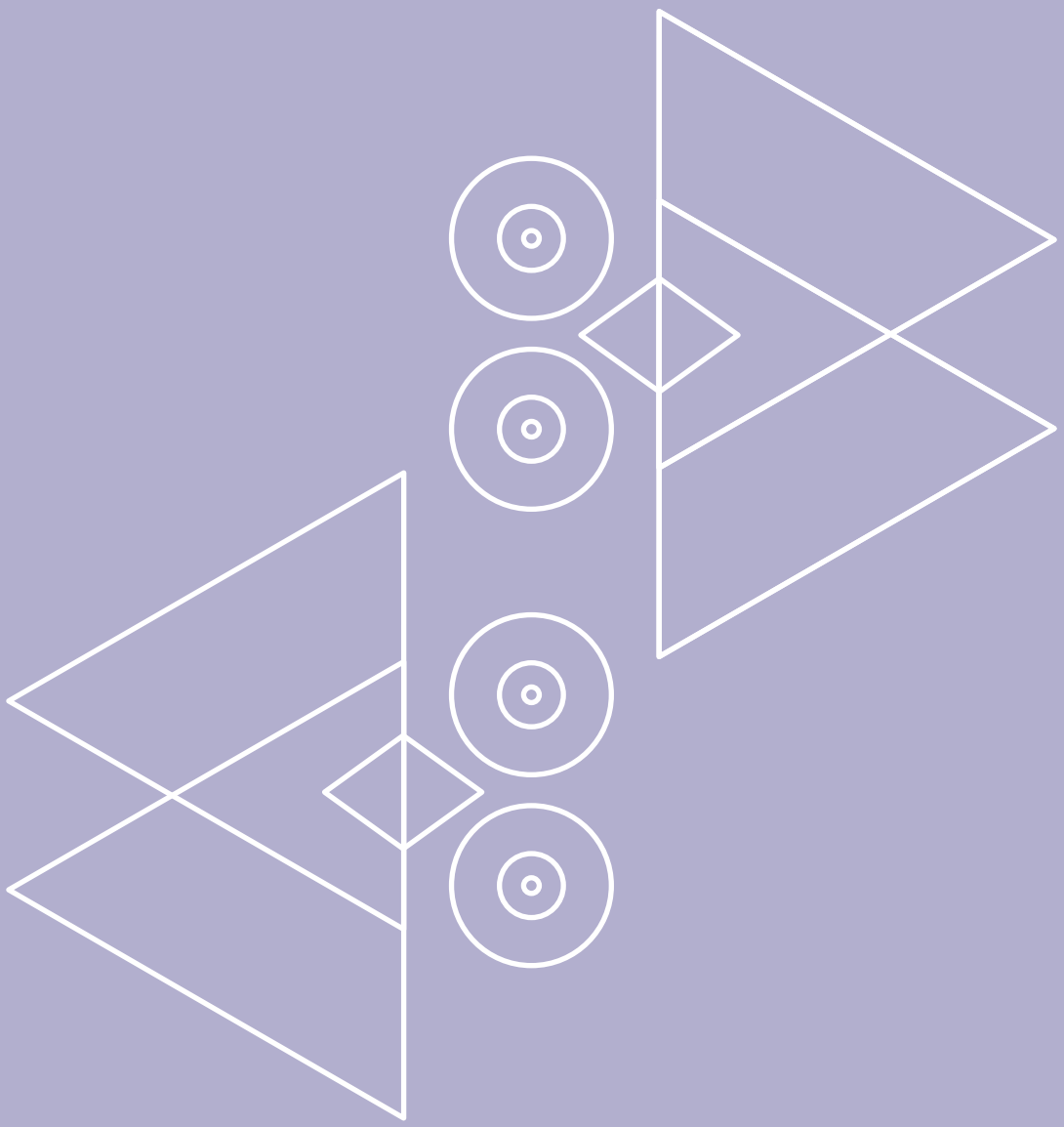
The risks related to contract performance are generally identified, assessed and mitigated directly by the operating companies, each with respect to its field of business, reporting adequately to the Parent Company. Regardless, more critical risks are managed with the direct involvement of the Parent Company's management.

Life Cycle Management and Project Control
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.

Portfolio Evaluation
The technological and operational risks of the individual programmes are analysed, along with commercial risks associated with the programmes themselves, and 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.
The management of these risks is centralised by the Parent both for the risks that the operating companies share and for technological risks relating to the individual programmes. Claims are also managed with the Parent's coordination and supervision.

5

Business conduct



CUSTOMERS

Finmeccanica's new strategy entails strengthening its commercial hold of international markets through a cohesive approach ("one voice").

The Group has a vastly diversified base of public and private sector military and institutional customers, including ministries of defence, international military agencies, public administrations (Italian and foreign) and local bodies as well as the major Italian and international industrial groups. Over the years, it has extended its presence abroad thanks to many direct investments and a wide-ranging export market, achieved through diversified approaches to the various countries and geographical areas. As a result, it has both built up its industrial strength in some countries and stepped up its penetration of markets with high growth rates. Alongside the Group's reorganisation, commenced in 2014, and in line with the objectives of the Industrial Plan approved in January 2015, Finmeccanica intends to build up its international market share and adopt an integrated, cohesive commercial model whereby the Group companies will act as a single entity, using a "one voice" approach.
The outcome of this new strategy will allow Finmeccanica to overcome the gap between domestic and emerging markets and to build a foreign market entry model based on a more efficient and effective **international commercial network**.

New International Commercial Network Model

Finmeccanica will roll out its "New Commercial Network Model" for international markets in 2015 to accompany the change in its Operational and Organisational Model and to attain better efficiency and effectiveness, cost containment and greater penetration into and commercial presence in target areas.

The Group has designed this new model to ensure a single commercial approach and strengthen its visibility on global markets (brand perception).

The short-term stages of this project are:

- definition of the roles and responsibilities of the Corporate Centre and the divisions as they monitor the markets;
- redesign and overhaul of the Group's current network of "representative offices" and the method used to monitor geographical areas: the Group intends to appoint regional managers for each macro-region (Australasia, Latin America, Middle East, Africa, Europe and North America);
- streamlining the local legal entities in the different geographical areas.

The Group's intention is to replicate, mutatis mutandis, its new organisational structure in each target country.

International presence

Europe

Finmeccanica Group came into being in **Italy** in the twentieth century, steadily consolidating its industrial capacity and sophisticated technological expertise. It has a very strong industrial base in Italy with 94 sites and facilities spread out over the country and a workforce of 35,449 people.
In addition to its bases in Liguria and Tuscany, the Group is also present in Campania, Lazio, Lombardy, Piedmont and Puglia, where most of its employees work and where its five largest research, innovation and training industrial/technological hubs are based.
Finmeccanica's fundamental importance to Italy's economic growth and social wellbeing is not solely due to its contribution to the country's GDP, but also the added value created along the supply-production chain involving growth, innovation, efficiency and competitiveness.

Finmeccanica - Fincantieri agreement

In October 2014, **Finmeccanica and Fincantieri signed an important collaboration agreement in the naval vessels sector**, aimed at increasing their competitive edge on the Italian and foreign markets through the more effective and efficient integrated offer of products by the two companies. This collaboration will be developed by taking advantage of the technical and commercial synergies between the Naval Vessels Business Unit in Fincantieri and the Finmeccanica Group companies (the subsidiaries Selex ES, OTO Melara, WASS and the MBDA joint venture), benefitting from their distinctive skills in combat systems, electronics and surface and underwater warfare systems.
This agreement also envisages collaboration on **research and innovation** activities, to maximise market positioning and to rationalise investments, including through the promotion of joint studies in areas of common interest. Fincantieri and Finmeccanica will assess the opportunity to create a shared network of suppliers for base products and components, in order to achieve adequate synergies and develop the technological excellence of Italian small and medium-sized enterprises, fostering their growth in financial and technical-scientific terms and increasing their competitive edge.
The agreement also provides for the possible involvement of DRS Technologies in the propulsion and energy management fields.
It is a concrete example of how to achieve the "Country System" and strengthen the domestic economy.

Once again in 2014, Finmeccanica was the biggest Italian investor in the **UK**, the second largest defence and security industrial Group operating in this country and the third biggest exporter of defence products. The Group is well represented with sites in Scotland and the south-west and south-east of the country[25], working with more than 1,250 SMEs. It is also the UK Ministry of Defence's strategic partner for medium to long-term programmes and contributes to the UK's success in exporting to other countries.
The Group has companies and employees scattered across **Europe** (within and outside the EU), including in Belgium, Denmark, France, Germany, Poland, Russia, Spain, Sweden and Turkey. It sells its products on these markets and provides logistical support and business development assistance.
Finmeccanica's presence in **Poland**, in particular, has grown in line with this country's greater role in NATO and the EU, especially after AgustaWestland's acquisition of PZL-Świdnik[26]. The Group's policy for Poland is to foster and build up its contacts to develop long-term relationships with the institutions, industries and the academic and research worlds as part of its "Finmeccanica system - country system" approach and despite the very challenging local competition.
In **Russia**, Finmeccanica has signed important joint venture agreements in the aeronautics and helicopters segments. It has decided to maintain its position in this market despite the difficult political-social events while it awaits positive developments in the international situation.
The Group companies and some local operators have entered into close collaboration agreements in **Turkey**, creating a solid industrial partnership, mainly for the Defence and Security, Aeronautical and Helicopters sectors, as well as programmes for civil applications.

[25] See the document "The contribution of Finmeccanica to the UK" published by Oxford Economics-Prometeia.
[26] A company with sixty years of consolidated experience in the design and manufacture of helicopters for the international market.

North America

Finmeccanica is present in 28 states with numerous sites and facilities in the key **US** market, which alone generates 50% of global defence expenditure. During the year, the Group strengthened its position and now has many products "made in the USA", achieved by building up its relationships with public and private sector customers both directly and through DRS Technologies, large suppliers at federal level and by acting as partner in many US programmes.

F-35 JSF programme

The Group has been assigned the important job of assembling wing parts for the international F-35 Joint Strike Fighter ("JSF") programme.
During 2014 and assisted by the Italian Ministry of Defence, the **first assembly line for this programme outside the US was set up at the Cameri (Novara**) military base (FACO - Final Assembly & Check Out line) to manufacture the JSF wings and assemble Italian and Dutch aircraft.
Alenia Aermacchi, leader of a consortium of 25 Italian companies (including other Group companies like Selex ES and OTO Melara), plans to manufacture roughly 800 wing units.
In December 2014, the Cameri site was officially recognised as the only European facility for the high tech content logistics and maintenance activities for the F-35 jets in the European/Mediterranean area, confirming Finmeccanica Group's excellence in the aeronautic sector.
This recognition is the result of an efficient strategy of the joint industry and institutional team to develop manufacturing opportunities in Italy, which would lead to considerable returns in terms of employment, technological transfers and the development of a large network of local SMEs in a high tech sector.

Africa and the Middle East

Finmeccanica has been operational in **Africa** and the **Middle East** for years, both through direct investments and commercial transactions, in line with the foreign trade policy implemented by Italy and the UK.
Indeed, thanks to the strategic political-economic-institutional relations between Italy, the UK and countries in these areas, the Group has achieved significant success in the past with the supply of the Eurofighter Typhoons to Saudi Arabia, the M346 trainer aircraft to Israel and the C27J to Morocco. In addition, Finmeccanica exports its products to central Africa through its Group company PZL-Świdnik.
Although the local political situations are not always optimal, the Group has decided to maintain a base in certain **Mediterranean** countries, as this region is still deemed strategic.
Persian Gulf countries of particular interest are mainly the UAE, Kuwait, Oman, Qatar and Yemen, as proven by the Group's more than 40 years presence in the UAE, with which it has undertaken significant research programmes. This led to the set up of an office in Abu Dhabi to coordinate all the Group's activities in this area. Finmeccanica intends to build up its relationship with the UAE by agreeing additional partnerships with the public and private sectors and key government research agencies, expanding its collaboration network with the local operators.
Like in the UAE, the Group also foresees potential growth in Qatar in certain strategic sectors, especially in the helicopters, naval and aeronautical fields.
Finmeccanica has recently rolled out a project to promote contacts with several **African** countries, including South Africa, Angola, Mozambique, Uganda, Ghana, Kenya, Nigeria, Senegal and others which are important target markets, especially given their fast economic growth. The Group's increasingly integrated plan is to sustain growth in these countries, contributing to developing local industries, also by hiring local staff.

Latin America

Finmeccanica actively supports programmes to modernise defence, security, infrastructure management, protection of sites and platforms, satellite and communications networks and rescue missions in Brazil, Peru, Chile, Colombia and Mexico.
Its objective for this area is to build up its local presence and increase its commitment, mainly through commercial, industrial and institutional actions.

Asia and Australia

Finmeccanica is very active in the **Australasia** market, where it has formed several partnerships achieving excellent results with countries not deemed accessible until a few decades ago. Specifically, it has agreements with Australia, South Korea, China, Singapore, Japan and India, where it operates in full compliance with international rules[27] about importing and exporting military materials.
The Group often supplies civil sector products in these markets and has developed a global supply chain, involving Australian SMEs as suppliers.
Products manufactured by Finmeccanica in Australasia include:

- helicopters;
- communication systems for naval platforms;
- turboprop passenger planes;
- air traffic control systems for transport planes;
- railway signalling systems;
- transportation sector products;
- coastal and border security systems.

[27] Principally the International Traffic in Arms Regulations (ITAR).

SUPPLIERS

One of the key elements to gain a competitive edge is sustainable management of the supply chain. Finmeccanica pursues this objective by centralising its real estate management, concentrating and streamlining its indirect purchases and analysing its business critical supply chain at global level to increase efficiency.
This unified approach also contributes to the responsible enhancement of the Group's sites.

FIGURE 29 - BREAKDOWN OF 2014 DIRECT AND INDIRECT PURCHASES BY BUSINESS SEGMENT

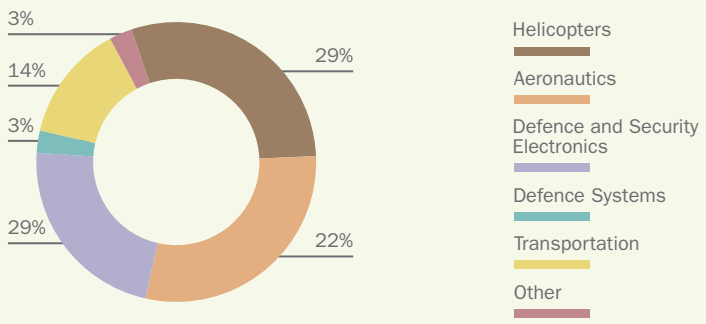
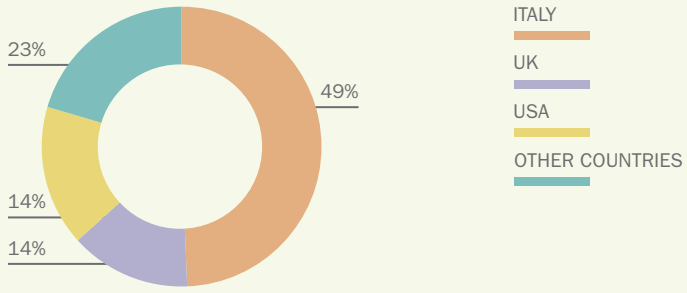
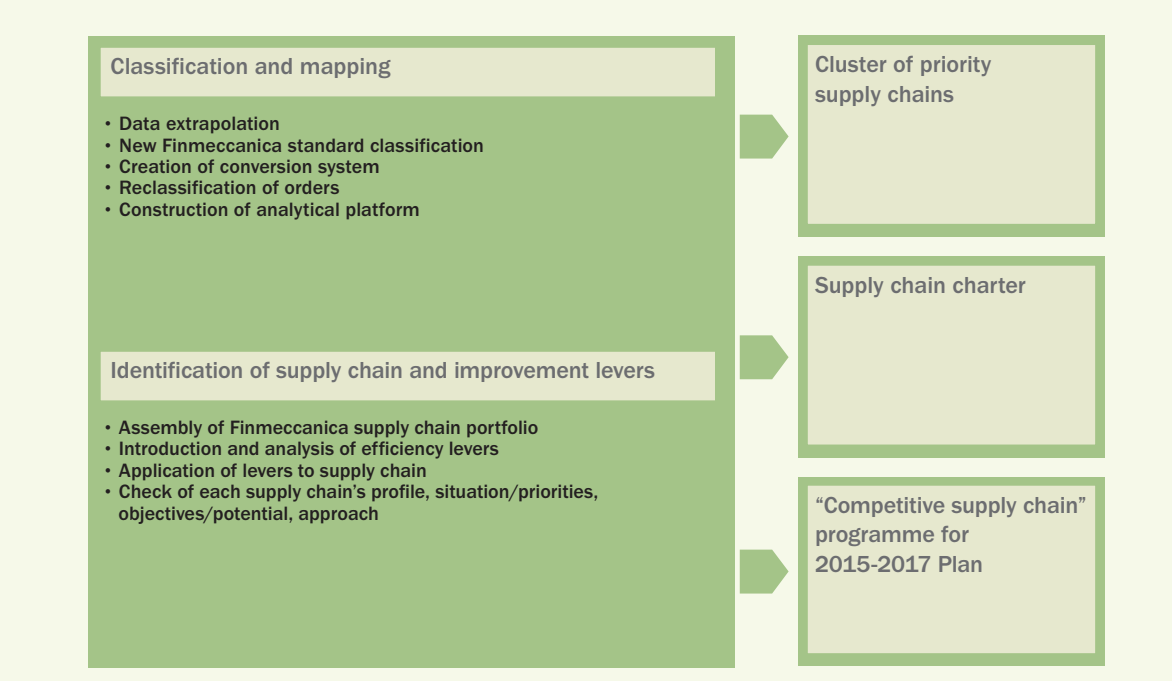


FIGURE 30 - BREAKDOWN OF 2014 DIRECT AND INDIRECT PURCHASES BY GEOGRAPHICAL SEGMENT



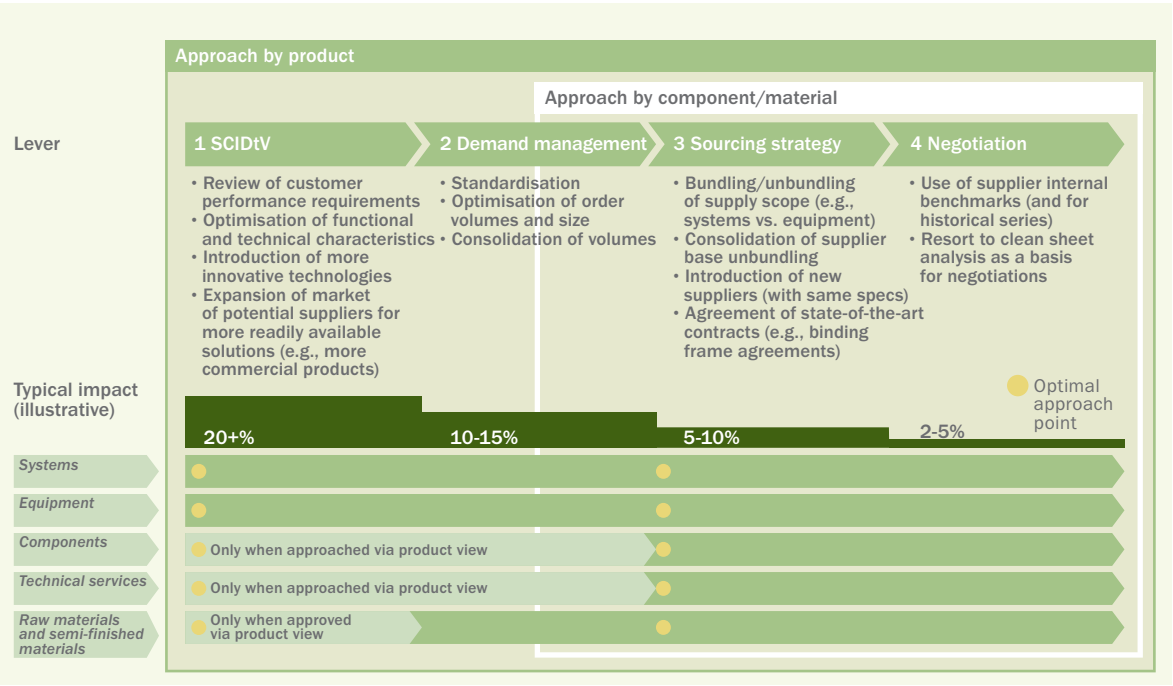
The Group's purchases of goods and services equal more than 75% of its revenues. Therefore, its efficiency and reorganisation activities, launched in the second half of 2014, take into account the importance of its supplier base for its technical and financial business success. Finmeccanica carefully analysed its supplies and suppliers to identify any room for improvement in terms of cost reduction and product technical/qualitative characteristics, thus defining its new strategy for supply chain management. The related reorganisation process provides for the strong involvement of the operating companies and the even stronger involvement of the central units.

FIGURE 31 - CLASSIFICATION AND MAPPING



The Group mapped its purchases to identify similar supply patterns in the operating companies. It focused its analysis on both supplies and suppliers and on relatively similar purchases used for the same purpose that made up a large percentage of the Group's total spending and had a significant effect on its competitiveness. This analysis was performed to make the purchases process more efficient through a common approach.

FIGURE 32 - IMPROVEMENT LEVERS

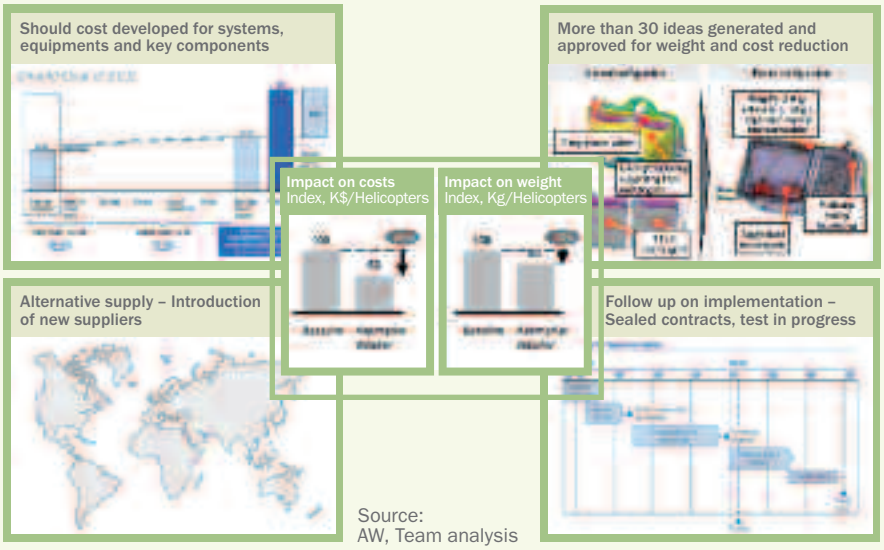


The map was used to achieve the strategic objective of ensuing a more efficient supply chain using both traditional levers (negotiations and "sourcing strategies")[28] for materials and components and innovative tools like the "should cost"[29] "and "design to value"[30] approaches for systems and equipment.

[28] The internal process designed to ensure ongoing procurement of goods and services.

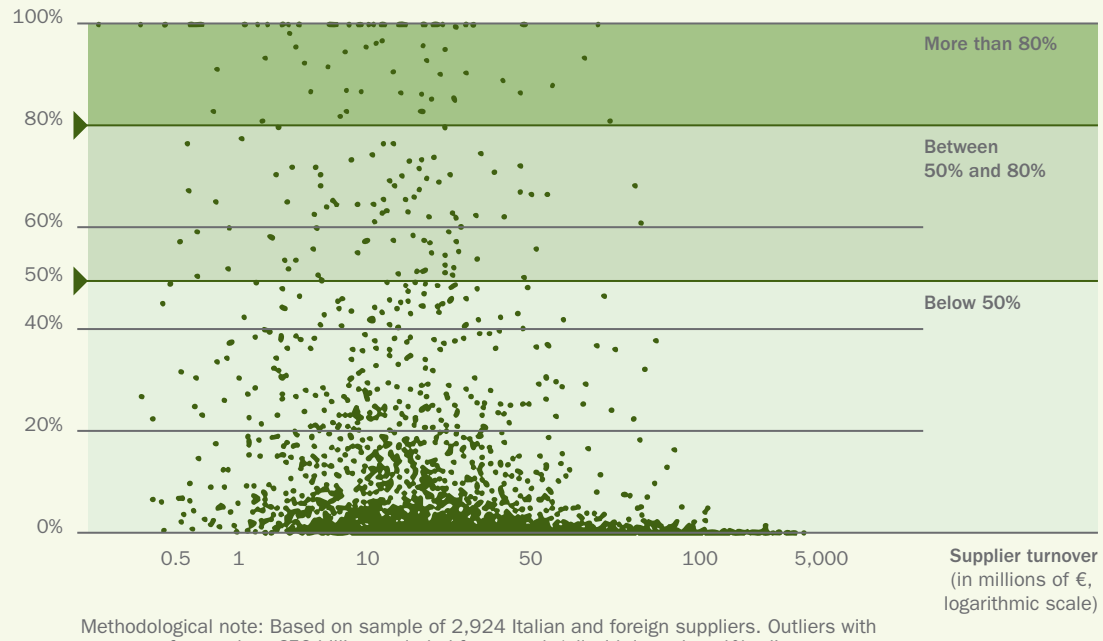
This method allows the Group to reap significant financial benefits and a technical analysis of its products, through a review of their specific characteristics, and by making them more competitive, including more accessible.

FIGURE 33 - DESIGN TO VALUE - ENVIRONMENTAL CONTROL SYSTEM



Making the operating companies' standard purchasing more efficient entailed a careful overview of the supplier base and promotion of interdivision synergies. The Group's objective with respect to its strategic suppliers is to optimise their relationships in both parties' interests, including by encouraging risk sharing.

FIGURE 34 - RELIANCE ON FINMECCANICA GROUP (PERCENTAGE)



Methodological note: Based on sample of 2,924 Italian and foreign suppliers. Outliers with turnover of more than €50 billion excluded from graph (all with less than 1% reliance on Finmeccanica Group). Source: Finmeccanica, Financial statements, Team analysis

[29] Identification of the optimised cost for a certain product after eliminating all production process inefficiencies.
[30] Design of a product to implement only those characteristics that create value for the customer and, hence, eliminating all those features that are not strictly necessary and which would lead to an undesired increase in the product's cost/price.

The method also includes a two-pronged approach to suppliers that are heavily dependent on the Group: cut back their number and decrease their dependence to an acceptable level which should not exceed 50% in the long term.
The new Organisational and Operational Model assigns the strategic decisions about developing new products and checking project progress and results to the central units together with the strategies and coordination of the offsets and general directives on negotiations. In the meantime, the operating companies continue to be in charge of all the purchase processes, efficiency projects to cut costs and increase the supply chain's competitiveness, including through a cross-functional approach.
As well as encouraging those activities that can be performed in conjunction with the operating companies, the central units' assistance includes the launch of several cross-functional activities, such as:

- development of a single supplier register;
- definition of a Group standard goods tree;
- set up of an e-procurement services centre for indirect purchases and common goods categories.

A large part of the Group's purchases (roughly 20%) are "indirect", i.e., goods and services not related to its core business. In line with the new Organisational and Operational Model, the aim is that Finmeccanica Group Service (FGS) will make all the indirect purchases and manage the Group's real estate.
This centralisation process will enable a combined approach based on negotiating effectiveness, process optimisation and rationalisation of spending requests. Specifically:

- strategic sourcing activities will be performed using a category management approach. Teams specialised in indirect goods purchases will manage the various sourcing process stages, from an analysis of the purchase requirements of customers to the negotiations and contract signing with suppliers;
- demand management projects, i.e., identification, development and implementation of spending requirement efficiency projects;
- purchasing activities entirely entrusted to FGS, which will manage the entire purchasing process from requests to the issue of orders and payment checks.

Accountability in management processes

Finmeccanica requires that all its suppliers uphold the principles of awareness, transparency, upstanding conduct, integrity, responsibility and sustainability by fully complying with the Code of Ethics.
The Group revised and improved its supplier **vetting** process by issuing a new Regulation for Managing Negotiations, which includes rules designed to encourage greater rotation of suppliers and more transparent tenders.

FIGURE 35 - PRINCIPLES CONSIDERED IN SELECTING SUPPLIERS

Principles considered in selecting suppliers	
Cost, effectiveness, timeliness, ethics, quality and efficiency	Pursuit of objectives to reduce and streamline costs
Free competition, equal treatment, non-discrimination, transparency, proportionality, advertising, loyalty, impartiality, good faith	Maximise participation in tenders by operators that meet the minimum operational requirements and technical standards of each goods sector
Reconciliation of requirement for maximum cost efficiency for objective decisions	Social and environmental sustainability and protection of occupational health and safety

The regulations issued by FGS at the end of 2014 will be extended to various Group companies in 2015 so that the Group has a standardised approach to its suppliers for all stages of contract negotiations, especially the ethical-legal, compliance, etc. aspects.
FGS is in charge of managing the Group's indirect purchases. It defines and implements structured purchase procedures for all the operating companies which are reviewed regularly to ensure improvement in terms of their transparency, traceability and to decrease environmental, social and economic sustainability risks, with specific regard to the eligibility and vetting process applied to Group suppliers.
The operating companies handle their direct purchases through their specific units. They assess sustainability issues when selecting and qualifying suppliers and may sometimes include ethical clauses in the related contracts (e.g., child labor and conflict minerals clauses).

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

As the operating companies' offices are located all over the world, they also focus on local suppliers.
The supplier **qualification** process includes 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 system certification is required. Additional certification (OHSAS 18001 health and safety and SA 8000 social accountability) are also crucial factors considered when awarding tenders.
The Group uses its **FAST** (Finmeccanica Advanced Sourcing Tools) **e-procurement platform** for its calls to tender, as it ensures greater transparency and traceability in negotiations. Its use is regulated by specific operating instructions and tender participation rules (tenders and calls to tender), available for consultation by suppliers and users on the home page of Finmeccanica's website. The FAST portal is also available to all the other Group companies for direct purchases negotiation. In 2014, the total amount of transactions that went through FAST was more than €1 billion (potential negotiated amount).
FGS also has a Customer Relation Management (CRM) unit to assist negotiations on the e-procurement portal and ensure equal treatment of all the suppliers and assistance to the Group companies.

FIGURE 36 - 2014 RESULTS OF THE E-PROCUREMENT PLATFORM MANAGED BY FGS

FGS' new procurement procedures led to an increase in the number of suppliers registered on the e-procurement portal in 2014, reflecting the greater advertising of tenders. The number of transactions managed on the portal decreased by 28% on 2013, when negotiations commenced in 2012 were finalised.

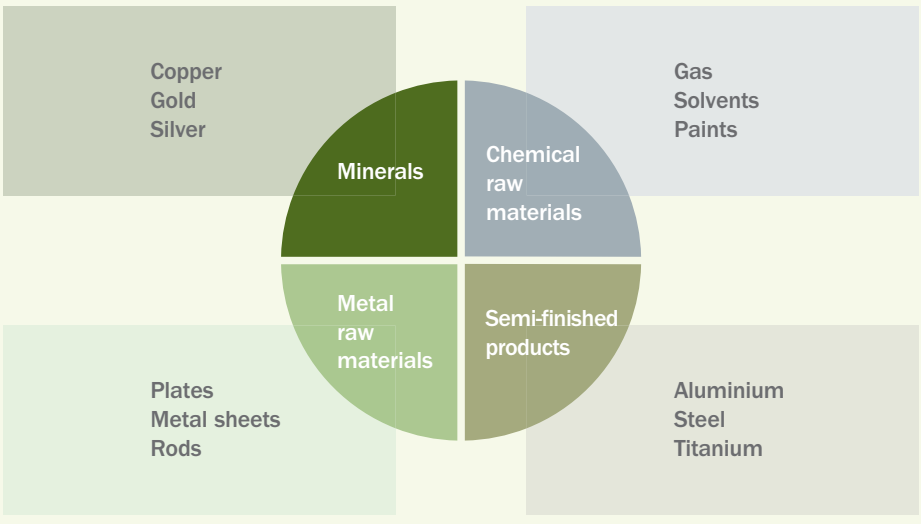
FGS SYSTEM OPERATING DATA

	2014	2013	2012
Total suppliers registered on the FAST e-procurement platform (business critical + non-business critical)	**8,246**	7,711	7,235
- of which, new registrations	**535**	476	460
Transactions managed using the e-procurement platform	**4,191**	5,847	4,400

NON-BUSINESS CRITICAL SUPPLIER MANAGEMENT

	2014	2013	2012
Total non-business critical eligible suppliers (included in the Eligible Suppliers List)	**1,136**	703	602
- of which still eligible (< 3 years - eligibility not expired at 31.12)	**736**	414	345
- of which vetted/with active agreements at 31.12	**277**	344	378
- of which qualified as eligible during the year	**291**	181	123
Percentage of suppliers with third party certification	**92%**	93%	92%
Percentage of non-business critical suppliers monitored via vendor rating processes (qualitative KPIs)	**41%**	57%	51%
Percentage of expenditure on non-business critical product types from suppliers that meet quantitative KPIs	**15%**	14%	14%

FIGURE 37 - MAIN RAW MATERIALS AND SEMI-FINISHED PRODUCTS PURCHASED



Responsible management of mining resources in the supply chain

Finmeccanica is aware of the importance of sustainable management of supply chains and, accordingly, provides its stakeholders with responses to their rising demand for information. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, companies listed in the US are required to disclose whether their products include conflict minerals, i.e., minerals (cassiterite, wolframite, coltan and gold ore and their derivatives) extracted in Africa and especially in the Congo river basin. Finmeccanica never purchases these minerals directly from suppliers as it purchases components already available on the market (COTS - Commercial Off-the-shelf Components) or specific components that are produced internally or assembled inside its supply chain. Therefore, Finmeccanica's direct suppliers are producers, transformers, integrators or distributors which are not mineral producers, making it difficult to obtain information about the origin of these minerals.
Although it is not directly required to comply with the above Act, the Group has commenced a procedure to analyse the issue through the various levels of its supply chain.

Good sustainable procurement practices

- **Renewable sources**
  Guarantees that supplies derive from renewable sources have grown from the equivalent of 70% of the Group's main Italian sites' 2014 energy consumption to over 90% in 2015. The commitment to acquire certificates was made in 2014, in conjunction with the negotiation of energy supplies.
- **Facility services**
  - The Group's car fleet has been streamlined, leading to a reduction in the number of cars assigned and the selection of more environmentally friendly models.
  - Events and trade fairs: the Group participates at events optimising the number of transport trips made, availing of geographical synergies and reducing the transport weight.
  - Agreements for office consumables have been defined which include the supply of lower weight paper (75 g) and environmentally friendly products.
- **Transportation and logistics**
  Shipping companies are vetted considering their use of lower carbon emission fleets and the Group monitors their emissions (100% of transportation under the master agreement is monitored on a quarterly basis). Innovative supply chain management processes have been implemented that enable the Group to prepare logistics plans to optimise vehicle loading and travel routes.
- **Business travel**
  - The use of Unified Communication & Collaboration systems to reduce business travel, with clear benefits in terms of CO_2 reductions, is encouraged.
  - The Group issued a new travel policy to cut back costs without compromising business efficiency and effectiveness. The new methods entail greater planning of business travel and, for example, the use of trains rather than planes for domestic trips that are shorter than a certain length.
  - Finmeccanica regularly monitors the emissions of air travel and short-term car hire to check utilisation trends. It shares the results with the operating companies to promote more efficient travel methods.
  - The hotel chain most used by the operating companies has scheduled an internal project to achieve the LEED environmental certification (level 1) by 2015.
- **Printing services**
  The Group has issued a printing policy, which sets out guidelines for printing services to be complied with by employees. Each user is required to directly contribute to the lower use of paper and ink, decreasing output volumes and using print modes that allow a smaller quantity of paper to be used (e.g., front/back) and the related costs (e.g., printing in black and white). The Group also plans to rationalise the printing infrastructure with respect to both the current and future situations. It regularly collects information on printer use to efficiently manage its costs.
- **Environmental hygiene services**
  - Part of the materials used by cleaning service providers have a reduced impact on the environment (Ecolabel). They also use containers and other materials that do not contain PVC and are recyclable as well as electric transport vehicles to get around the Group's facilities.
  - The provider performance monitoring process includes assessment mechanisms whereby fines are applied for individual non-compliance, which can be deducted from the cleaning agency's fees. Otherwise, the agencies may agree to reinvest an amount equal to the fines in environmental sustainability projects.

RESEARCH, DEVELOPMENT AND INNOVATION

Sustainable innovation is not only achieved through research and adoption of solutions that have a smaller impact on the environment, but also through identification of those actions that make a company stronger and more efficient.

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 build up within its various business sectors. The Group therefore decided to step up its commitment to reorganising its production processes, to encourage re-use, modularity and standardised production. This approach will have a positive impact on the entire Group's operations, promoting the organisation of cross-country and cross-discipline production models and optimising the allocation of work. Therefore and with a view of assessing the effectiveness of its actions, the Group will perform an in-depth review and check of its engineering performances.
Research and development investments are carefully planned by preparing and continuously revising the technological plan, prepared by each Group company, tying objectives and strategies to innovation, product and process targets. The Investment Committee, headed by the Chief Executive Officer and General Manager, checks and approves this plan every year. Its duties are to:

- assess the Group operating companies' investment/divestment plans for their strategic, economic and financial compliance;
- check and approve the list of the operating companies' planned investments/divestments and new investments as well as the parameters necessary to assess the technical/technological characteristics of each project.

One of the Group's key objectives vis-à-vis its research and development activities is to contain risks of innovation while concurrently ensuring the rapid and effective introduction of new proprietary technologies in its products held for sale. It schedules and manages its activities with different timeframes, depending on whether they relate to development of base products or applications.
In 2011, the Group set up an Innovation Board to ensure maximum coordination of technological governance and to encourage interoperability between the operating companies. This body comprises all the operating companies' Chief Technology Officers (CTO), engineers and R&D managers. The Group also has a technological incubator, MindSh@re, to nurture networking of innovation.
In addition to the activities carried out within the Group companies, Finmeccanica is involved in numerous Italian and international research and development programmes, including as project leader.

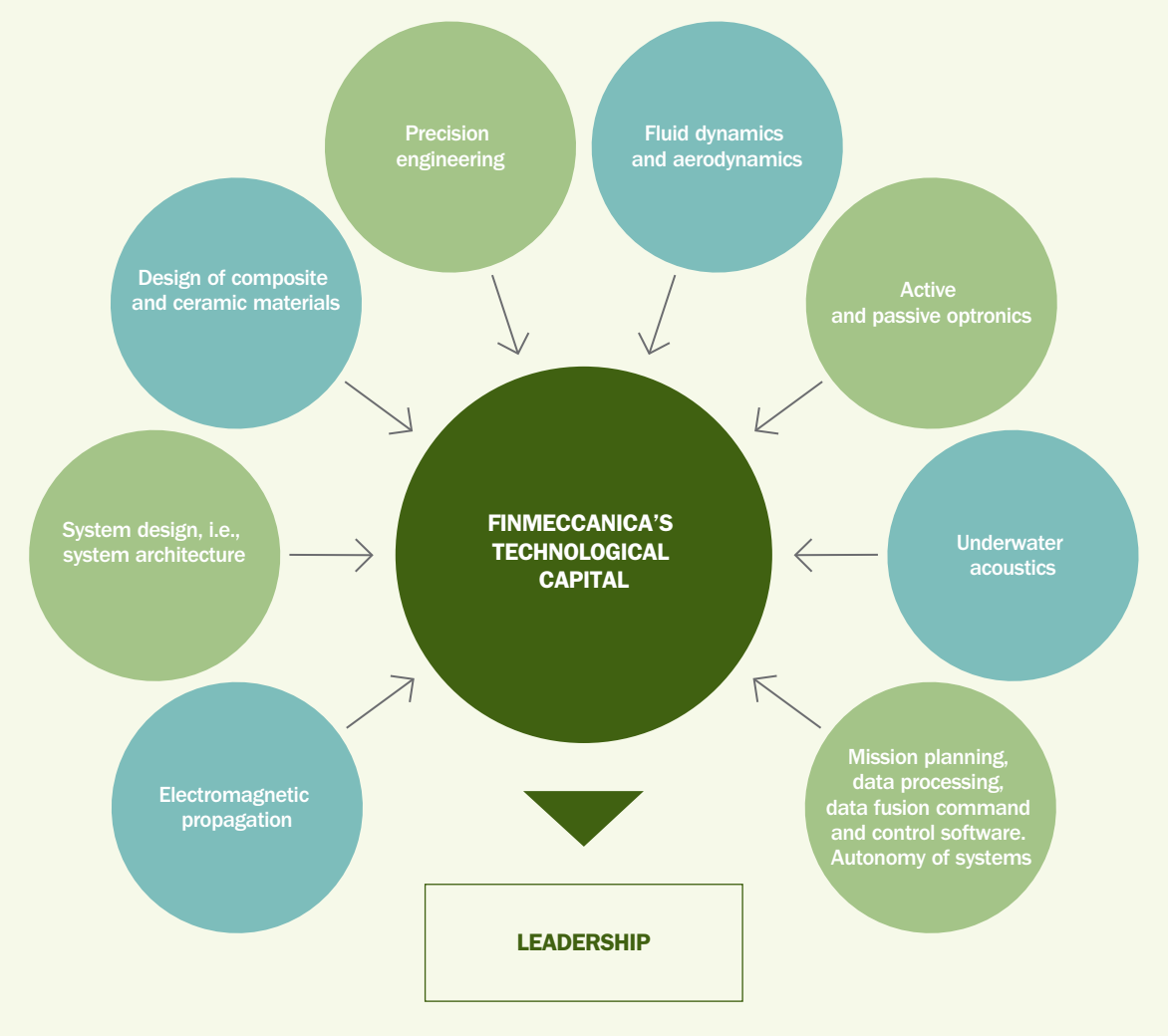
RESEARCH AND DEVELOPMENT

	2014	2013	2012
R&D expenses (€ million)	**1,560**[31]	1,820[32]	1,912
R&D expenses/revenues ratio	**10.6%**	11.3%	11.2%

The Group's technological capital

Over the years, Finmeccanica has acquired important technological capital in the sectors in which it operates. This has allowed the Group to manufacture cutting edge, competitive products that both meet customer requirements and the increasingly strict national and international regulations. The Group's technological capital includes certain expertise for which it is the unquestioned international leader. The following graph sets out some examples.

FIGURE 38 - TECHNOLOGICAL DOMAINS WHERE FINMECCANICA IS LEADER



Most of the Group's technological investments are aimed at maintaining its leadership position for key technologies and developing the expertise necessary to meet future customer and market requirements.

[31] Reflects adoption of IFRS 11.
[32] The restated comparative 2013 figures total €1,545 million when the effects of adopting IFRS 11 are considered.

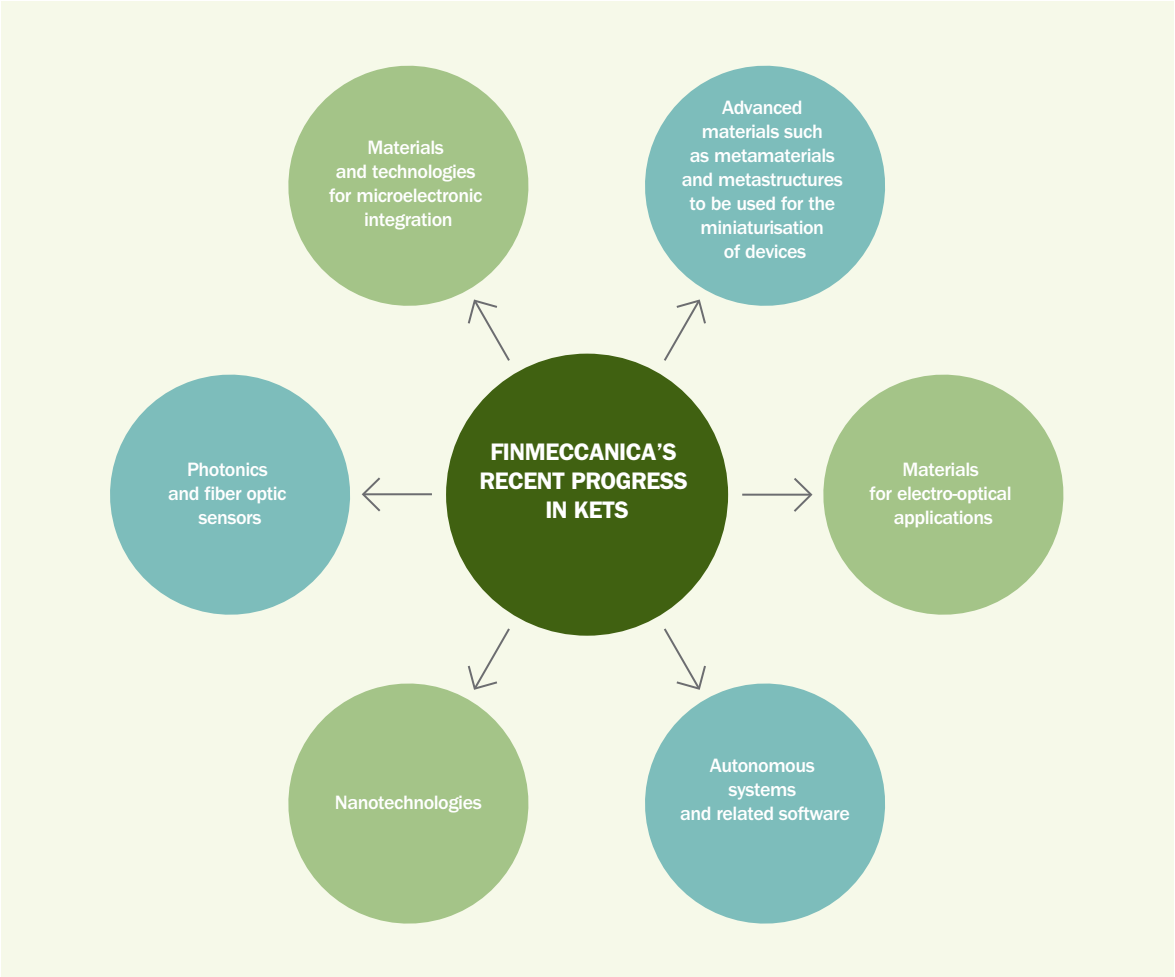
FIGURE 39 - INVESTMENTS IN SPECIFIC EXPERTISE

Competences to be developed to meet future requirements of customers and the market		
High frequency and fibre optic electroacoustic transducers	Metamaterials	Photonics
Energy electronics (Energy storage and energy management)	Advanced electromechanics	System design, big data and cyber data management software
Simulation for all stages of product development	Innovative materials and advanced production techniques	GaN

Basic research: advanced materials and nanotechnologies

An example of basic research development by Finmeccanica is the Key Enabling Technologies (KET), i.e., specific technological sectors which are key to the promotion of innovation and growth. They are at the heart of the European Commission's "Horizon 2020 - The Framework Programme for Research and Innovation" initiative, which is aimed at strengthening the competitiveness of the European industry. Thanks to the KETs, innovation is possible in processes, goods and services in every economic sector, not only those in which the Group is present. Consequently, they have a systematic importance as they tend to converge and integrate. The following graph shows the KETs for which the Group is leader.

FIGURE 40 - KEY ENABLING TECHNOLOGIES IN WHICH THE GROUP IS LEADER



Research and development applied to products

HELICOPTERS

- Implementation of the “Family” approach, i.e. the aggregation of multiple products of different classes (from 4.5 up to 8.6 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 based on cutting-edge solutions (both systems and technology) in terms of flight controls, propulsion and high-reliability nacelle integrated transmission. In this 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.
- Development for the 100-300 kg mini RUAV (Rotary Wings Unmanned Aerial Vehicle) systems and the OPV (Optionally Piloted Vehicle), based on SW4 2 and AW119 platforms, is underway.

AERONAUTICS

- Development on the M346-Master military trainer and the Basic Turbofan M345 HET model trainer continued.
- Start-up of research into technological modules aimed at the creation of the regional turboprop aircraft (with at least 90/100 seats).
- Launch of the MALE 2020 project, a new generation 7-8 tonne unmanned advanced aerial system (UAS - European Unmanned Aerial System, MALE - Medium Altitude Long Endurance), together with Airbus Defence and Space, Dassault Aviation.

DEFENCE AND SECURITY ELECTRONICS

- Roll-out of 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, which includes radar sensors evolving towards dual-band integrated configurations (C and X).
- In the field of electro-optics, completed development of the HORIZON thermal camera, a Medium Ware InfraRed (MWIR) camera that uses state-of-the-art technologies for the array sensor (FPA - Focal Plan Array), with advanced performances for long distance surveillance and identification of targets.
- Best development of the SDR avionics configuration based on operating requirements, with activities in the area of wideband satellite data links, based on the SDR platform, to increase the data rate of the Beyond Line of Sight version.

SPACE

- Project for the new “transmit-receive” modules based on gallium nitride components for next generation radar devices (COSMO SkyMed and Compact/Export SAR).
- Definition of the G2G (Galileo Second Generation) system; definition of the satellite (electronic propulsion platform and payload); definition and prototyping of the new Galileo signal generation system (E-NSGU).
- Development of enabling technologies for ongoing and future space missions, autonomous rover navigation, rendezvous and docking mechanisms, inflatable modules.
- 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.
- Studies of missions for the direct exploration of NEO (Near-Earth Objects), the small solar system objects that risk colliding with our planet and development of value added applications and services for the navigation sector (EGNOS/Galileo/GAL PRS).

DEFENCE SYSTEMS

Testing of the heavyweight torpedo with warhead configuration, tested the LiPo battery for heavyweight torpedoes.

Completed development of dual-use autonomous underwater systems (UUV) (protection, surveillance and monitoring of marine environment, etc.).

Activities for the new naval gun, especially studies for the new automatic loading system and lightening system.

Research into guided ammunition (Vulcano) has continued 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.

AW189: roll out of the AgustaWestland family

The AW189 is a next generation twin engine helicopter, certified pursuant to the most recent operational and safety standards. Officially presented in summer 2011, it obtained EASA certification in February 2014 and FAA certification one year later, with an extremely competitive time-to-market compared to the average of the more recent international helicopter projects.
This helicopter belongs to the new super medium category and has a maximum take-off weight of 8.3 tonnes (that can be increased to 8.6 with a new optional kit). It is designed to offer the global helicopter market with a new higher capacity model able to carry out longer range missions. The AW189 provides performance and capacity levels in terms of range, autonomy and number of passengers (up to 19) not previously available without using larger/heavier helicopters that were more expensive and not as modern.
The AW189 is the ideal helicopter for offshore transport for the energy supply industry (Oil&Gas), long range search and rescue missions (in open seas) and also passenger transport. It has already received considerable market acclaim for all its models and ranks top of its category (with roughly 70% market share) and current sales for more than 150 units. Countries where the helicopter is already deployed or will be in the near future are, inter alia, the UK, US, Malaysia, Qatar, Nigeria, UAE, Vietnam, Turkey, Azerbaijan, Denmark, China, Brazil and Russia.
The AW189 has also won two tenders for the UK's new search and rescue fleet, the first called by the Ministry of Transport and the second by the Ministry of Defence. They herald the transfer of this duty from the military to civil operators that work on the ministries' behalf.
The helicopter's success is also due to the vast range of its **technical and design features** common also to the smaller AW139 (6.4-7 tonnes), introduced a few years earlier and the key product for the intermediate size market. The AW139 and the AW189 make up the exclusive family of AgustaWestland's next generation helicopters, which share the same design philosophy and certification standards, certain components, approach to product support (and maintenance for some models) and training (the cockpit controls and layout are similar allowing the pilots easy transition from one machine to another). This concept means that operators of large mixed fleets benefit from efficiency levels and operating flexibility that was previously unthought-of on the global helicopter market. In addition, the AW189 is the first helicopter even to have a transmission that can work regularly for 50 minutes without lubricant, giving an extra 20 minutes reliability and safety compared to the current standards promoted by the relevant certification authorities.

Some examples of the Group's unmanned platforms

Drako K5 (Selex ES)

- Vertical take-off and landing micro Unmanned Aerial System (UAS) capable of autonomous and semi-autonomous flight.
- Suitable for night and day operations, it provides information for reconnaissance and surveillance missions.
- The stabilised and tilt video cameras can take aerial videos and photos for civil and commercial/industrial use.

Falco (Selex ES)

- A tactical UAV System, designed for civil and military surveillance.
- Easy to use and able to operate in adverse weather conditions.
- Completely automated take-off and landing in tight spaces, flight and navigation both by day and night, as well as a ground control station compliant with NATO requirements that allow the planning, redefinition of mission duties and data integration.

SW-4 Solo (AgustaWestland)

- Rotorcraft Unmanned Air System/Optionally Piloted Helicopter (RUAS/OPH) for unmanned operations (intelligence, surveillance and reconnaissance missions and cargo re-supply) or in piloted configuration (transportation of personnel, surveillance and intervention).
- Currently under development and flight tests, the RUAS/OPH technology will meet the Navy's operational requirements in the future.

SKY-Y (Alenia Aermacchi)

- Innovative technology demonstrator built as part of the development of an unmanned medium altitude long endurance (MALE) aircraft for surveillance and patrol missions.
- Constructed with carbon composites with an engine of automotive derivation to minimise consumption, contain operating costs and use the same fuel as jet aircrafts.
- SKY-Y and two other unmanned platforms are the first in Europe to have operated jointly and at the same time in the same air space in a flight area that was not a military firing range (taking off from and landing at civil airports), as authorised by the civil aeronautical authorities (ENAC and ENAV, with the Italian Air Force).

TRP3 NEC (OTO Melara)

- Small light UGV endorsed by the Italian Army, designed for RSTA missions.
- The vehicle's small size (3 kg) and its very low level of noise emission allow it to inspect areas that are difficult to reach such as tunnels, canals or culverts to carry out stealth reconnaissance missions.
- It has day cameras and IR to transmit data in real time to the operator.
- Possibility to install small arm for IEDD/EOD operations.

V-Fides (WASS)

- Wire-guidable underwater vehicle for underwater identification, reconnaissance and exploration of the sea bottom. It can also be used for archaeological prospecting and as a mobile node for underwater communications.
- Thanks to its versatile nature, it can be used to check pollution of the sea, surveillance, monitoring and maintenance of underwater industrial installations and for research into marine flora and fauna.
- It can be operated both on an autonomous or remote-operated basis and has commercial opportunities both in its civil version "Columbus" and in the military one "Devilfish".

MindSh@re

MindSh@re is Finmeccanica's Open Innovation network. Over the ten years since its creation, it has become the focal point of the collaborative network formed to share know-how, drive development, research and innovation activities and effectively implement projects across the Group to foster its growth and encourage its diversity.
The network has **seven active communities**, involving around 250 representatives of the technical, research and engineering departments of all the Group operating companies.

FIGURE 41 - MINDSH@RE WORK AREAS

Advanced radar systems	Software technologies	Innovative materials
Metamaterials	Photonics	Robotics and autonomous systems
Lean engineering	Simulation and advanced training	Management and enhancement of intellectual capital and technologies

FIGURE 42 - REUSABLE SOFTWARE

Reusable Software: sharing IT assets among the group companies

The Group's commitment to developing and using software that can be shared and used by the largest possible number of Group companies led to the following achievements in 2014:
4 software packages are already used by several Group companies;
1 software package may be upgraded to allow its use by all the Group companies.
The Group's ongoing involvement in this area should lead to the sharing of **12** design and development software packages.

Software	Agusta Westland	Alenia Aermacchi	Ansaldo STS	Ansaldo Breda	Eurotech	MBDA IT	OTO Melara	Selex A&I	Selex L&N	Selex S&I	Thales Alenia Space	Telespazio	WASS
FIN.X-RTOS	↗	✓	✓	↗	✓		↗	✓	✓	✓	↗	↗	↗
C2 MDA Console	↗	↗	↗		↗				↗			↗	↗
SWIM-BOX		↗	↗		↗			↗		✓		✓	
RT-DDS			↗		↗	↗	✓	↗		✓			↗
SCA					↗				✓	✓			
VIR3X	↗	↗				↗				↗		↗	
CoFlight					↗			↗					
CARDAMON					↗	↗		↗					
DMTI	↗		↗			↗		↗					
AMS	↗		↗			↗		↗					
IsCover	↗		↗	↗	↗	↗		↗					
ESF			↗	↗			↗			↗		↗	

✓ software in use
↗ software whose application or re-use is being assessed

Finmeccanica's presence on national and international platforms

The Group is involved in projects that receive regional, national and European funding for research and innovation.
Finmeccanica is one of the main promoters and is one of the founding partners of the National Aerospace Technology Cluster, an Italian technological cluster. It is an active player of regional technological district and several technological platforms, including:

- ACARE Italy, set up to guide R&D activities for the aeronautical sector;
- SPIN-IT (Space Innovation in Italy), created to promote innovation and strengthen Italy's presence in European and international programmes of applied research in the space sector;
- SERIT (SEcurity Research in ITaly), which aims to develop and promote a technology roadmap in the field of security.

The Seventh Framework Programme (FP7) promoted by the European Commission ended in 2013 and Horizon 2020, the new funding programme for research and innovation, commenced in 2014. Finmeccanica's first proposals covered the four main research areas: Space, ICT, Transport (including Aeronautics) and Secure Society.
Group companies carried out research projects through several Joint Technology Initiatives (JTI), including:

- Clean Sky 2, to develop more suitable technologies to reduce the environmental impact of aircraft;
- ECSEL, created by the merger of the previous ARTEMIS and ENIAC JTI, to develop new components and electronic systems, included embedded systems;
- SESAR, to develop the new European ATM system.

A new JTI for the railway sector was set up, SHIFT2RAIL, of which Finmeccanica is one of the main promoters and founders.

Rosetta: the probe to explore comets

After travelling for more than 10 years in the solar system, Rosetta reached its destination: the 67/P Churyumov-Gerasimenko comet. The exploration probe, built by Selex ES, Telespazio and Thales Alenia Space (prime contractor) for the European Space Agency, intercepted the 67/P comet on its return trip in the internal solar system, when the ice-crusted comet with a roughly 4 km diameter was still in the cold regions more than 600 million km from the sun. The probe is designed to assist the European Space Agency to finally understand the birth and evolution of our solar system.

Clean Sky: phase 2

The FP7 Clean Sky project launched in 2008 will be completed in 2016. Its strategic partners include 86 organisations from 16 countries, of which 54 are companies (20 SMEs), 15 are research centres and 17 are universities. It also has a large number of other partners selected through tenders.
Alenia Aermacchi is leading the platform set up to build sophisticated technological solutions for green regional aircraft with a more efficient aerodynamics configuration and which are less heavy, generating a significant reduction in fuel consumption (up to 10%), noise and emission of pollutants (CO_2 and NO_x), in addition to cutting the consumption and emissions of future propellers. The regional aircraft could be launched around 2025 and the aim is that the technologies can be used by both regional jets and turboprop aircraft.
Clean Sky 2 has a budget of approximately €1,800 million and its objective is to achieve greater integration of aeronautical technologies compared to Clean Sky and a significant improvement in the competitiveness of the EU aeronautical products on the market. Alenia Aermacchi's role is even more important for this stage and consists of leading the entire Regional Innovative Aircraft Demonstration Platform (R-IADP), which is fully dedicated to regional aircraft. It plans, inter alia, to carry out flight tests on an innovative wing and to build an all-composite fuselage section fully integrated with the on-board and cabin systems of a real regional aircraft.
Alenia Aermacchi's commitment to the Clean Sky project involves approximately 700,000 research hours and tests between 2008 and 2015 and 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.

AgustaWestland is leader of the rotor wing platform, Green Rotorcraft; the intention is to develop technologies designed to reduce the environmental impact of helicopters and convertiplanes. This includes the design of rotor blades with the Active Gourney Flap active system which enables identification of the optimal configuration for the subsequent building of the parts for the validation tests, improvement of the helicopter-engine aerodynamic integration, reduction of airframe drag of the rotor through improved rotor fairing, more efficient electrical systems (brushless generators, electromechanical actuators, electrical tail rotor drive) and definition of new flight procedures with little noise emissions and optimised flight paths (including management of avionics missions). With respect to the reduction of the environmental impact of industrial processes (eco-design), studies have continued to introduce metal anti-corrosive treatments (without using chrome), mainly for titanium and steel alloys. Tests have been performed in saline solution environments.
As part of Clean Sky 2, AgustaWestland is leader of the Green Rotorcraft platform; the intention is to develop sophisticated technologies for the second generation convertiplane.

ECSEL and SPARC

The Electronic Component and Systems for European Leadership's (ECSEL)[33] mission is to increase the resources available for research and innovation in micro/nano-electronic technologies, ICT and software, and to make the European industry more competitive, similar to that of the large American players concurrently creating new jobs. Specifically, one of the Joint Technology Initiative's (JTI) objectives is to improve the technology capacity in embedded systems for the aeronautical, space, transport and security sectors. Selex ES' and AnsaldoSTS' interest and roles in this project are greater than for ARTEMIS, given: the need to keep up to date with ICT technologies (for embedded systems, software engineering for big data, high performance computing, cloud computing storage, cyber-security, etc.); the need for innovation for autonomous flying (RPAS) and driverless (trains and metros) systems. The project is important to Telespazio and Thales Alenia Space with respect to all the base technologies and service communications for spatial navigation and earth monitoring/observation applications.
Activities underway and scheduled for 2015 include preparation of technological roadmaps and the calls to tender, in line with Horizon 2020's new operating approach approved by the European Commission.
The selection of the industrial and academic partners is an advantage in the context of European research collaboration as the new JTI offers an incomparable opportunity for collaboration.
The technological requirements of the unmanned platforms (UAS) and robotic platforms (UGS, UUS) of OTO Melara, WASS and Alenia Aermacchi have also developed, tied to the exponential increase in external interconnectivity and energy savings of the flight systems, as well as the increasingly important role of software for all structure, navigation and mission activities. SPARC[34], a public private partnership between the European Commission and euRobotics launched in June 2014, comprising 180 European companies and which includes Finmeccanica as a founding member, is one of the largest civil research and innovative programmes in the world for robotics. SPARC covers technological and application issues for industrial automation, agriculture, health, transport and civil safety and intends to bolster the EU's industrial policy and Europe's position in the global robotics market which will be worth €60 billion a year by 2020. The European Commission will invest roughly €700 million and euRobotics €2.1 billion to lay the base to create 240,000 new jobs in the international robotics market and related sectors. Finmeccanica is one of the main players involved in this challenge alongside major Italian research institutes of international reputation, such as the Italian Institute of Technology, Scuola Superiore Sant'Anna di Pisa, University of Naples Federico II and the Sapienza University of Rome.

[33] ECSEL is a partnership between the public and private sectors for electric components and systems. It is established within the meaning of Article 187 of the Treaty on the Functioning of the European Union for the implementation of the Joint Technology Initiative on "Electronic Components and Systems for European Leadership".
[34] SPARC is a public-private partnership in the robotics industry launched by the EU Commission and the euRobotics network as part of the Horizon 2020 research and innovation programme.

SESAR and SESAR 2020

SESAR is a programme for R&D and implementation of its results at pan European level. Its aim is to promote the European ATM (Air Traffic Management) Master Plan as part of the Single European Sky project. Its first phase has the following objectives: increase European air space capacity by 27%, reduce accident risk by hour flown by 40%, reduce the environmental impact of each flight by 2.8% and reduce the cost of each flight by 6%. This is a very important project for the improvement of the environmental and economic sustainability of air transport in Europe and the world.
SESAR 2020, the continuation of SESAR, forms part of Horizon 2020 and consists of exploratory research, industrial research and validation and large scale technological demonstrations.
Selex ES has developed the following technologies as part of SESAR: system architecture, Approach and Airport ATM, 4D flight data processing and flight path management, system wide information management (SWIM) and collaborative decision making (CDM), new technologies for ground/flight/ground data lines, flight integration, certifications, flight simulations, flight systems for navigation surveillance communications and ATM (CNS/ATM), satellite aspects of ATM, remotely piloted aircraft systems (RPAS) in ATM.
Some of these will be used in the next generation ATM systems to be built in certain European countries, starting from Italy with Enav's 4Flight project.
As part of SESAR 2020, Selex ES will continue to design developments to the airport management technologies, cyber security and the inclusion of RPAS in unsegregated air space. The programme also includes vast scale demonstration projects (VLSD).
As part of SESAR, Alenia Aermacchi has contributed to developing 4D Inertial Navigation Technologies, Approach Procedures with Vertical Guidance (advanced LPV), Airborne Separation Assurance System, Airport Surface Taxi Clearances & Surface Alerts, SWIM Air-ground Capacity, Enhanced and Synthetic Vision Solutions, Avionics Roadmap and Cost Benefit Analysis, Mission & Business Trajectory Management, ADS-B IN/OUT for Military Aircraft And Military Datalink (link 16) Accommodation.
Alenia Aermacchi is interested in completing certain developments of systems commenced in the previous phase for SESAR 2020 (pre-industrial TFL for the regional and military aircraft avionics), developing and validating critical technologies for the RPAS (Roadmap CE) and validating the high TRL systems for deployment.
During 2014, the activities covered by the expression of interest by potential partners of SESAR 2020 have started. Selex ES and Alenia Aermacchi both successfully passed this stage and have been admitted to the next round. The development activities will commence in the second half of 2015.
AgustaWestland has also recently become involved in SESAR to focus attention on the strategic impact of helicopter operations. The company is part of a newly funded specific technical-operational project on rotorcraft. Subsequently, SESAR acknowledged the need to introduce new operational improvements for rotorcraft in order to integrate the specific requirements of the helicopter sector. SESAR's impact on the helicopter sector will mainly relate to IFR (Instrument Flight Rules) certified helicopters and IFR flight operations.

Valuing intellectual property

Directive no. 20/2012 on the "Valuing, managing and protecting of intellectual property" promotes the standard and integrated management of the patent portfolio, patent registration procedures, patent retention and protection of Group-relevant know-how, including by monitoring the filing of patents by its main competitors (IP Intelligence).

During 2014, activities to strengthen Directive no. 20/2012 were continued; this is a complex, complicated and multidimensional process adopted to protect the Group's intellectual property (IP) and centralise its patents, thanks to a database, which increases access to patent-protected know-how at intercompany level and optimises IP resources, including in financial terms.

PATENT PORTFOLIO[35]

	2014	2013	2012
Trend of the portfolio of patents filed compared to last year	**3%**	1%	(0.1%)
Patent portfolio by geographical segment:			
- Italy	**16%**	17%	18%
- Abroad	**84%**	83%	82%

Most patents were filed for the Defence Electronics segment. Adoption of Directive no. 20/2012 "Valuing, managing and protecting of intellectual property" in 2014 allowed the Group to improve the patent portfolio's performance, better aligning it with the technology and product portfolio.
Roughly 15% of the Group's current patent portfolio is made up of innovative solutions that have contributed to the award of the Innovation Award to the Group operating companies in the past.

FIGURE 43 - BREAKDOWN OF PATENTS BY BUSINESS SEGMENT

Helicopters	Defence and Security Electronics	Aeronautics	Other
11%	**49%**	**12%**	**2%**
AgustaWestland SpA & Ltd, WSK PZL	Selex ES, DRS. Electronics	Alenia Aermacchi, ATR	Finmeccanica SpA, FATA

Space	Defence Systems	Transportation	Group
4%	**12%**	**11%**	**+3%**
Telespazio, Thales Alenia Space Italia	OTO Melara, WASS, MBDA Italia	AnsaldoBreda, Ansaldo STS	2014 vs 2013

[35] The patent portfolio includes patents filed by the joint ventures of which the Group is a venturer.

Finmeccanica Innovation Award

Company	Winning project
Alenia Aermacchi	**Thermographic fault detection system for composite materials** This method represents a significant improvement on traditional detection procedures such as, for example, the ultrasound system that, although it detects the presence of faults in the structure, is incapable of outlining their shape and size. Instead, the thermographic inspection system, which uses thermographic cameras, scanning devices and data acquisition and processing software, can accurately quantify the fault, thus reducing detection costs because it eliminates several steps of the diagnostic process that, in some cases, can even damage the part being diagnosed.
Selex ES	**Minimetris: metamaterials for the miniaturisation of microwave components** Metamaterials cannot be defined as proper materials, as they cannot be found in nature, but are rather artificially engineered structures developed in order to obtain specific optical and electromagnetic features. They make it possible to design devices and systems endowed with innovative characteristics and properties impossible to obtain through conventional methods. The Minimetris project uses metamaterials for the miniaturisation of devices installed in our microwave systems such as, for example, several components used in the miniaturisation of printed antennas. With Minimetris, the use of metamaterials makes it possible to reduce component size by 20-30% compared to conventional devices, offering evident advantages in terms of volume and weight. The introduction of metamaterial solutions paves the way for innovative devices with state-of-the-art performance features such as, for example, negative refractive indexes not present in nature.
Telespazio	**e-GEOS 3D Smart** This is an evolution of the geo-information platform already used for 3D cartographic representations. The solution integrates monitored environment representation modes with highly innovative functions such as the quantification of atmospheric visibility, 3D sound propagation models, the detection of electromagnetic interference, the analysis of traffic flows and security applications for low visibility environments. Through 3D Smart, e-GEOS enhances the value of its 3D products and services, enabling new and increasingly advanced and customised geo-information services for different market segments: for example, note should be taken of the innumerable applications that can be offered thanks to data generated by the COSMO SkyMed Earth observation satellite system.

Partnerships with the academic world

Finmeccanica acknowledges the significant and valuable contribution of the scientific and academic community to developing its technologies and products. Collaboration with the academic world fosters the ongoing exchange of experiences and expertise that allow the development of technical “human capital” and also ensure the Group’s success and future growth.
Collaboration with universities and academic institutions is vital to research and development as well as the training of Finmeccanica’s resources. Relationships cultivated with internationally renowned universities and specific faculties provide the Group with high scientific quality in its various fields.
Finmeccanica currently has about 400 relationships with universities and research centres to develop new technologies (through contracts and partnerships for research programmes) and training new resources (by offering apprenticeships and hosting undergraduates). The Group has more than 70 partners in Italy (universities - 60%, research centres - 30% and business schools - 5%). It has more than 40 academic partners in the UK and collaborates with over 60 universities and research centres in the rest of the world, mostly for the major European research projects. Roughly 60% of Finmeccanica’s technological partnerships have been agreed to develop technologies and expertise, 25% to develop new products or services and 15% for basic research. The future objective is to continue to expand the Group’s horizons strategically, to build up its know-how and remain on the cutting edge of innovation, privileging certain partners with which it will agree strategic master agreements.

FIGURE 44 - MAIN COLLABORATIONS WITH RESEARCH INSTITUTES AND BODIES

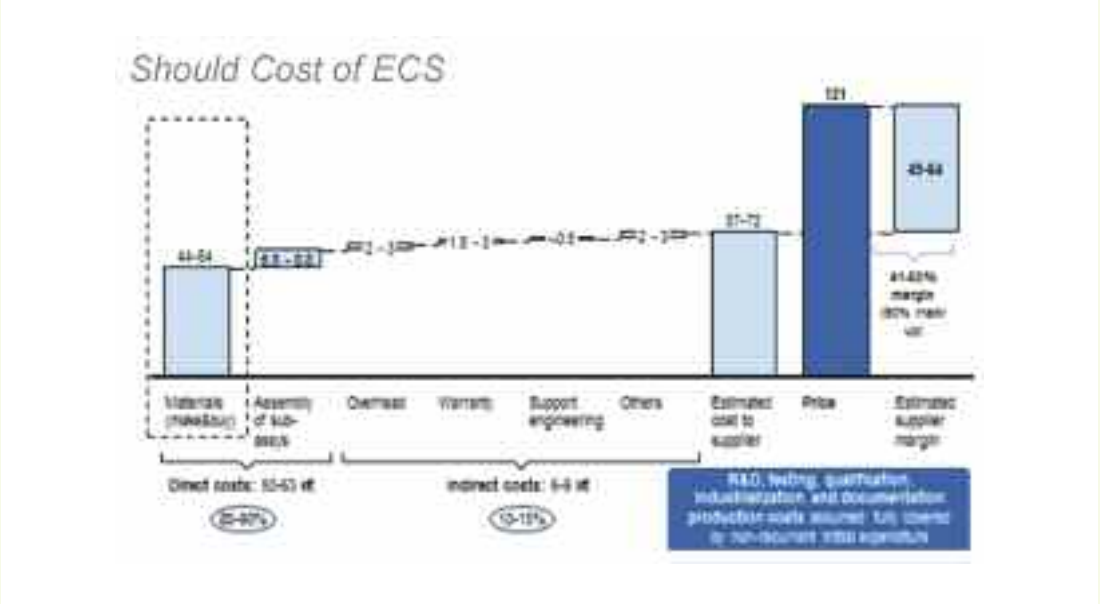
Italy	UK	Poland	Rest of the world
University of Naples Federico II Milan Politecnico University of Pisa University of Firenze Sapienza University of Rome University of Salerno Turin Politecnico University of Salento University of Padova Tor Vergata University of Rome University of Sannio University of Bologna University of Catania University of Genova Scuola Superiore Sant'Anna di Pisa Bocconi LUISS CNR CIRA TICom CNIT Radiolabs	Heriot-Watt University University of Bristol University of Liverpool University of Cranfield University of Edinburgh University of Glasgow University of Southampton University of Manchester	Space Research Center Cracow University of Technology Lublin University of Technology Warsaw University	GERMANIA Fraunhofer Institute DLR (Deutsches Zentrum fur Luftund Raumfahrt e.V.) Technical University of Munich OLANDA NLR (Stichting Nationaal Lucht en Rulmtevaartlaboratorium) TNO (Nederlandse Organisatie voor Toegepast Natuurwetenschappelijk Onderzoek) STATI UNITI MIT (Massachusetts Institute of Technology) Princeton University University of Pennsylvania Stanford University University of California, Berkeley Columbia Business School FRANCIA École Centrale Paris INSEAD ESTACA (École Supérieure des Techniques Aéronautiques et de Construction Automobile) Onera (Office National d'Études et de Recherches Aérospatiales)

Sustainable innovation

Sustainable innovation is not solely the search for and adoption of solutions with smaller impacts on the environment, but is also the identification of actions that make its business stronger and more efficient. Accordingly, the Group has identified actions to be taken in all its business segments to ensure that sustainability continues to become an increasingly strategic driver. These actions are part of the project to reorganise production processes, designed to encourage re-use, modularity and standardised production. The ultimate goal is to do more with less, concentrating on the dual use of products, unmanned products (drones or other remotely piloted vehicles) and the development of integrated capacity and services for consumers. This allows the Group to expand its markets and customer base, enhancing the operating companies' expertise and excellence.

Selex ES and the Should Cost process

The Should Product Cost Estimation is a process designed to calculate how much a product should cost based on the cost of the raw materials used, of manufacturing and general production. It is used throughout the product life cycle, starting from its conception as the central part of the design stage, providing a link between engineering, procurement and manufacturing, allowing the company to identify cost cutting opportunities.
This process develops, manages and supports the Unit Production Cost (UPC), defined as the recurring cost target for the Group's products. It provides a base for development, production, business winning design, to estimate the costs of participating in calls to tender and future internal development. The process has been applied to more than 70 Selex ES products, including some key products such as the Radar Kronos and the Software Defined Ratio (SDR), obtaining a reduction of up to 25% in the UPC.



Protection and preservation of the artistic heritage

The sustainability and safety of a community and territory increasingly make a multi-disciplinary approach necessary, including through the use of cutting edge technologies. Many technological solutions developed by Finmeccanica (often for other purposes and in other contexts) can be used for safety, security and sustainability purposes. For example, they enable the protection and knowledgeable management of natural resources, better energy efficiency, adoption of sustainable mobility models and the combatting of environmental damage and natural catastrophes.
The integration of Finmeccanica's dual technologies can lead to new useful applications for the protection and enhancement of artistic and cultural heritage as well. The Group has made its mainly military technologies (hyperspectral, satellite interferometry, professional communications) available to MiBACT (the Ministry of Cultural Heritage and Activities and Tourism) to be used to protect the Pompei archaeological site in three key areas:

- risks related to hydrogeological instability;
- diagnosis of materials and archaeological structures;
- management of the site's operations, with its better use.

These solutions, developed by a multi-disciplinary team comprising Selex ES and Telespazio/e-Geos, were set out in an agreement signed by Finmeccanica and MiBACT in April 2014. The three-year agreement also establishes an innovative manner of creating the partnership with the public and private sectors. This decision was based on the awareness of the urgency of the situation at Pompei as well as Finmeccanica's willingness to return part of the fruits of its technological research in which the Group invests heavily to the area where it has several production sites. It also allows the Group to explore new fields of application for its high tech products.

ECONOMIC-FINANCIAL SUSTAINABILITY

In line with its new Organisational and Operational Model, Finmeccanica intends to adopt a system whereby:

- the operating processes with customers and suppliers are more integrated;
- its investments are more dynamic and effective, including greater sharing of technologies and products within the Group;
- there is more focus on strategic priorities.

Distribution of added value

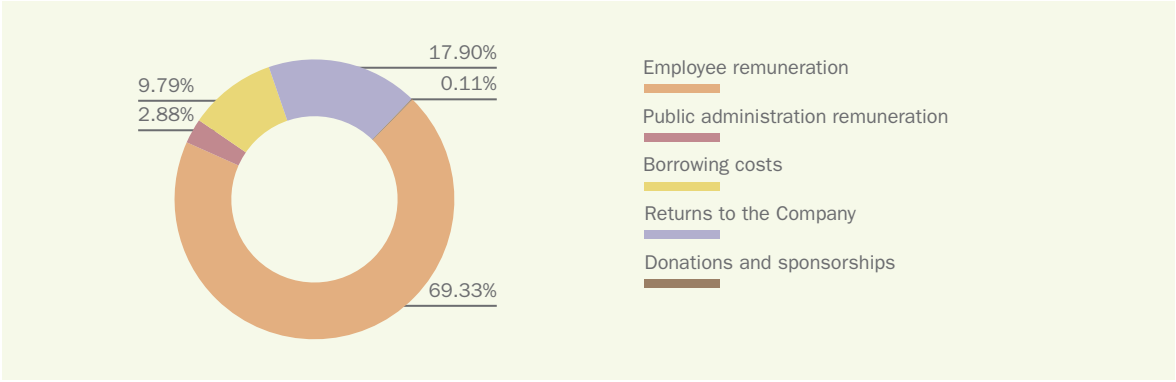
At global level, gross added value amounted to €5,343 million at year end, down roughly 9.4%.

BREAKDOWN OF GROSS TOTAL ADDED VALUE (IN MILLIONS OF €)

	2014	2013 restated[36]	2013	2012 restated
Employee remuneration	**3,704**	**3,887**	**4,513**	**4,541**
Personnel expense	**3,570**	3,622	4,243	4,415
Personnel expense for restructuring	**134**	265	270	126
Public administration remuneration	**154**	**93**	**143**	**-103**
Income taxes	**154**	93	143	-103
Borrowing costs	**523**	**519**	**535**	**601**
Interest expense	**514**	512	528	589
Interest expense - related parties	**9**	7	7	12
Return on Equity[37]				
Profit (loss) attributable to the owners of the Parent				
Profit attributable to non-controlling interests				
Returns to the Company	**956**	**1,389**	**1,504**	**285**
Amortisation and depreciation and allowances	**936**	1,314	1,429	1,071
Reserves and retained earnings (losses carried forward)	**20**	74	74	-786
Donations and sponsorships	**6**	**9**	**9**	**8**
Gross total added value	**5,343**	**5,897**	**6,703**	**5,332**

In line with previous years, most of the added value was earmarked to remunerate personnel (more than 69% of the 2014 total) although there was a decrease in the returns to the Company compared to 2013 (17.9% of the 2014 total). Conversely, public administration remuneration grew to 2.88% of the 2014 total.

FIGURE 45 - BREAKDOWN OF GROSS TOTAL ADDED VALUE



[36] Restated to reflect adoption of IFRS 11, which entailed the deconsolidation of the Group's joint ventures.
[37] The Group has not distributed dividends in the last three years. For the purposes of better disclosure, it reclassified the macro-caption "Return on risk capital" included in this table to "Reserves and retained earnings (losses carried forward)" of the macro-caption "Returns to the Company".

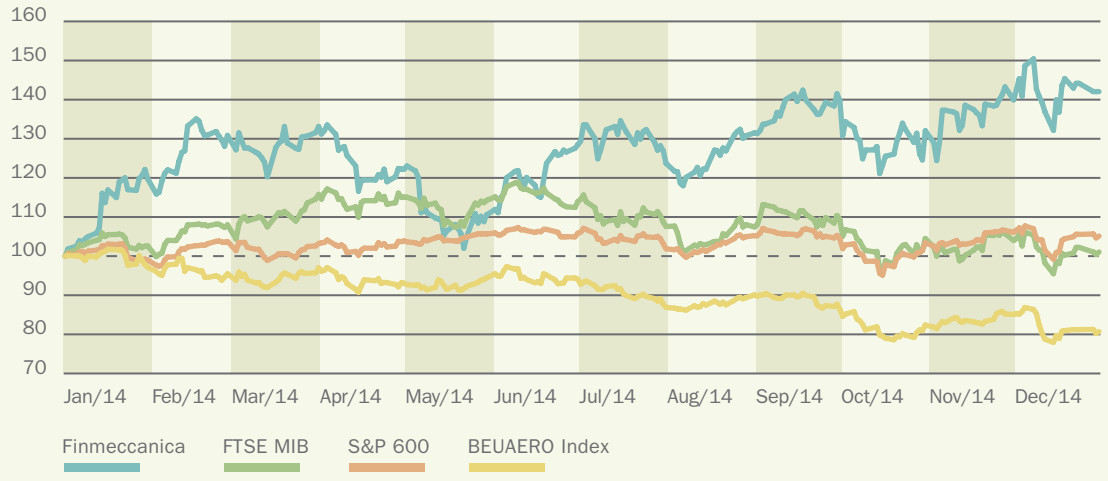
Investor relations and share performance

The Group set up a first level Investor Relations unit some time ago which was renamed the IR (Investor Relations) & SRI (Sustainable Responsible Investors) unit in 2014. The name change was made to emphasise the importance of the Group's engagement with SRI, new important financial counterparties. The unit (IR & SRI) handles financial and non-financial communications about all ESG (Environmental, Social and Governance) issues and relations with the credit rating agencies (Moody's, Fitch, Standard & Poor's) and the ESG rating agencies (Eiris, Oekom, Sustainalytics, Standard Ethics, Vigeo, etc.).
In addition, the unit prepares the Group's sustainability report and completes the questionnaires for inclusion in the sustainability stock indices (Dow Jones Sustainability Index, FTSE4Goods, MSCI) and CDP.
The IR & SRI unit organised the following events in 2014:

- a roadshow with stops in London, Paris, Geneva, Zurich, New York and Boston;
- a site visit to AgustaWestland's Cascina Costa facilities;
- 54 conference/teleconference calls and 88 one-to-one and Group presentation meetings;
- the first ESG workshop, attended by representatives from the Group's internal units and the rating agency ESG Vigeo.

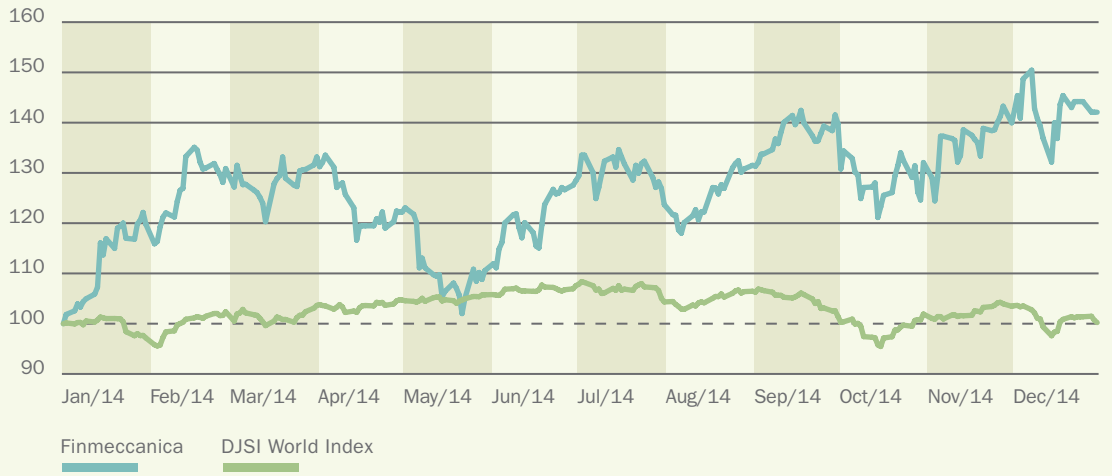
The official 2014 closing price of the Finmeccanica share[38] was €7.735, up 40.5% over the price at the end of the previous year[39].

FIGURE 46 - FINMECCANICA SHARE PERFORMANCE COMPARED TO THE FTSE MIB, S&P 600 AND BEUAERO (A,D&S EUROPE) INDICES



[38] ISIN Code: IT0003856405, Reuters: SIFI.MI, Bloomberg: FNC IM.
[39] On 31 December 2013, the Finmeccanica share closed at a price of €5.505.

FIGURE 47 - FINMECCANICA SHARE PERFORMANCE COMPARED TO THE DOW JONES SUSTAINABILITY WORLD INDEX



Finmeccanica's share capital at 31 December 2014 totalled €2,543,861,738, 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.

FIGURE 48 - DISTRIBUTION OF SHAREHOLDERS

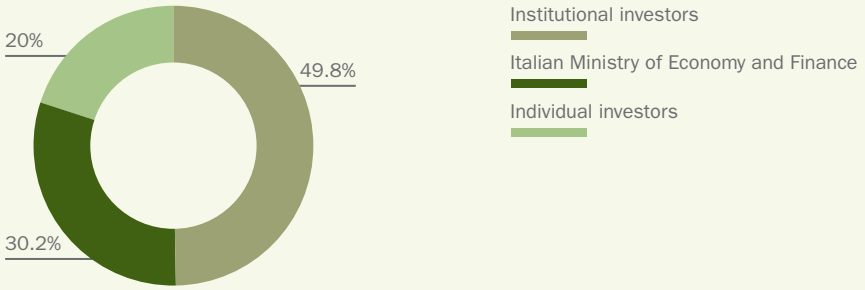
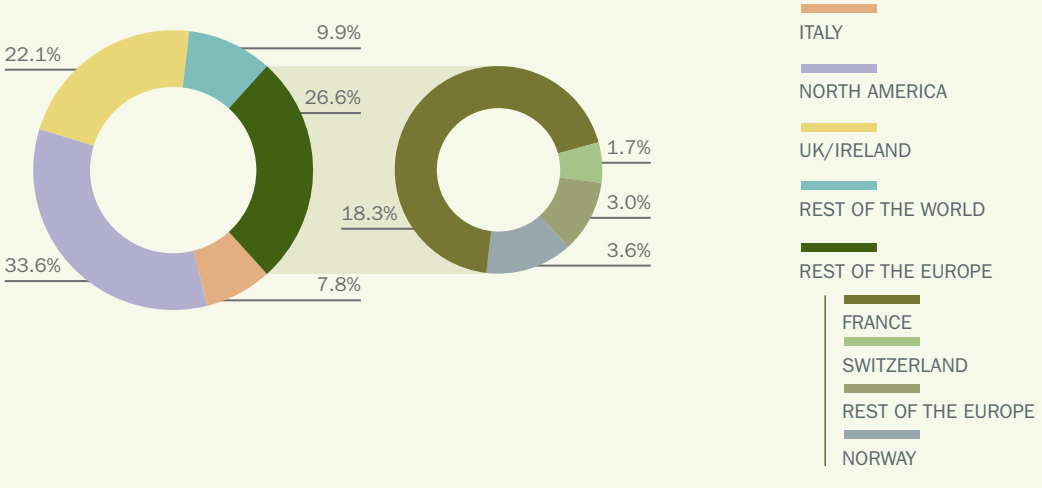


FIGURE 49 - GEOGRAPHICAL DISTRIBUTION OF THE INSTITUTIONAL SHAREHOLDERS FLOATING RATE



Finmeccanica's shareholders include many Sustainable Responsible Investors (SRI), which make up a steadily growing shareholder category in terms of their number and capital held. These shareholders are institutional investors that base their investment decisions on ethical principles and corporate governance methods. They consider the reputational risk of their investees. In order to comply with the increasing request by these investors for transparency and engagement, Finmeccanica rolled out a number of communication projects (roadshows and meetings about specific issues, such as how the Board of Directors works and other corporate governance matters like compliance and remuneration policies) designed to ensure an increasingly structured and complete dialogue.

Bondholders

As part of its duties, the IR & SRI unit handles relations with the Fixed Income financial community, providing analysts and bondholders with information about their investments. Finmeccanica took part in a round table in London together with some of the main international funds and brokers in December 2014.
Since 2014, the unit has also been responsible for managing relations with the three credit rating agencies that have currently assigned Finmeccanica a rating (Moody's, Standard & Poor's and Fitch). In line with the particular nature of its relationship with these agencies, the unit organises regular individual conference calls to provide detailed information about the quarterly results and any other issues of significance to Finmeccanica's credit rating.

Financial sustainability

Finmeccanica monitors its capital structure so that it can foresee its funding requirements in advance and resort to the various capital markets. It thus ensures that its commitments are always covered by a suitable base of funding sources. The Group matches its debt by cash inflows and profitability so that it can assess the debt's sustainability in the short and medium to long term.
The Group also monitors the **financial risks**[40] to which it is exposed, including by applying the related Directives, especially for the following types of risk:

- liquidity risk;
- interest and currency risk;
- credit and/or counterparty risk.

In order to **minimise liquidity risk** and optimise financial resources management, the Parent is responsible for obtaining funds on the reference markets (mainly through bond issues and bank financing). Finmeccanica SpA's ability to obtain bank financing while minimising the related costs depends on several factors, such as: the liquidity available on the reference markets, the Group's results and its credit rating.

FINMECCANICA CREDIT RATING (DECEMBER 2014)

AGENCY	RATING	OUTLOOK
Standard and Poor's	BB+	Negative
Fitch	BB+	Negative
Moody's	Ba1	Negative

The Group mainly obtains **medium to long-term funding** by issuing bonds either directly by the Parent or through its foreign financial companies, using standard market documentation. The bonds outstanding at 31 December 2014 are redeemable after five years and before 31 years and have a total nominal amount of €4.68 billion.

[40] The "Financial risk management" section of Finmeccanica's separate financial statements provides more information about this issue.

BOND ISSUES

ISSUER	ISSUE DATE	MATURITY DATE	NOMINAL AMOUNT(€m)	COUPON
Finmeccanica SpA - EMTN*	2012	Dec-2017	600	4.375%
Finmeccanica SpA - EMTN*	2003	Dec-2018	500	5.750%
Meccanica Holding USA	2009	Jul-2019	358	6.250%
Finmeccanica SpA - EMTN*	2009	Dec-2019	514	8.000%
Finmeccanica SpA - EMTN*	2013-2014	Jan-2021	950	4.500%
Finmeccanica SpA - EMTN*	2009	Jan-2022	600	5.250%
Finmeccanica SpA - EMTN*	2005	Mar-2025	500	4.875%
Meccanica Holding USA	2009	Jul-2039	247	7.375%
Meccanica Holding USA	2009	Jan-2040	412	6.250%
Totale			**4.680**	

(*) Bond originally issued by Finmeccanica Finance SA and transferred to Finmeccanica SpA.

The Group also has **short-term bank facilities** to cover its ordinary operations, including:

- cash facilities, used to meet working capital requirements. These facilities are managed at Parent level to meet the Group's requirements through cash pooling accounts and intercompany loans;
- credit lines, used to assist Group companies during tenders for construction contracts (bid, award and execution stages)[41].

The amounts granted and related terms depend both on the results of the banks' internal rating models and the cost of obtaining funding.

CREDIT LINES

FACILITY	AMOUNT (€ BILLION)	SITUATION	RENEWAL
Revolving Credit Facility (RCF)	2.2	Not entirely used	09/07/2014[42]
Short-term credit lines	0.6	Not entirely used	Unconfirmed
Credit lines	2.8	Available	Unconfirmed

The **interest rate risk** is dependent on fluctuations in interest rates. The Group manages this risk to reduce these fluctuations and concurrently minimise its borrowing costs. Its overall exposure to this risk is modest as 87% of its debt[43] is agreed at a fixed rate with just 13% at a floating rate.
As a result of their commercial activities, the Group companies are exposed to **currency risk**, i.e., the risk of fluctuations in exchange rates when their orders, revenues and costs are expressed in currencies other than the reporting currency[44]. After analysing all its foreign currency positions, Finmeccanica hedges this risk using derivatives to maintain the exchange rate ruling on the contract agreement date throughout the contract term[45].

[41] Credit endorsements include: bid bonds, advance payment bonds, progress payment bonds and performance bonds.
[42] Renewal of this credit line for the same amount until 2019 implied stricter conditions due to the introduction, for example, of the obligation to have specific financial indicators meet certain objectives (financial covenants). The agreement also includes ethical anti-corruption and anti-money laundering clauses to comply with current market standards.
[43] At 31 December 2014, debt approximates €5.8 billion.
[44] For example, this situation arose with the transactions performed in the US and the UK where the currencies used (the US dollar and pound sterling, respectively) differ from the Group's reporting currency, which is the euro.
[45] These are derivative forwards that have amounts, maturities and reference parameters consistent with those of the transactions they hedge for currency risk. Currency derivative transactions are monitored using an internal control system which checks their compatibility with current market conditions.

Finmeccanica competes on the market efficiently and in an ethically responsible manner. It has set up an organised system of controls over compliance to avoid the risk of being involved in unlawful conduct during the performance of its business activities.

The **credit and/or counterparty risk** relates to the possible reduction in the credit standing of the Group's commercial and financial partners. With respect to the commercial transactions, mostly carried out with public sector customers or public-private sector customers, Finmeccanica carefully assesses and monitors countries where it does not carry out regular business activities during the bid stage to identify and mitigate any solvency risks. When it selects its financial counterparties, Finmeccanica not only considers the economic feasibility of transactions, but also the other party's financial stability. In addition, as part of its internal procedures to minimise the risk of fraud, Finmeccanica has set up a unit that uses a software which manages a complicated internal authorisation process able to track the various stages of entering data, checking and authorising it, signatures and the sending of payment orders to banks[46]. Similarly to its treatment of currency derivatives, Finmeccanica has a system of daily checks of the transactions performed and their compatibility with the current market conditions.
The **insurable risks** are those operational risks that can be wholly or partly "transferred" to the insurance sector, by agreeing suitable policies. The Parent maps and assesses this type of risks to identify which ones can be mitigated or eliminated and, if necessary, to improve the prevention/control measures and support the transfer of risk to the insurance market in order to ensure increasing protection against risks and the related cost (premiums, exposure, management costs).

Finmeccanica's "insurable" operational risks

The Group's insurable risks include:

- risks arising from product defects and/or design errors and/or wrong maintenance that can lead to material and/or pecuniary damage of third parties (including customers and suppliers);
- risks of losing the Group's aircraft;
- risks related to the grounding of an aircraft due to measures imposed by the relevant authorities (aircraft on ground risk);
- risks caused by events (such as fires, natural events, catastrophes) that could damage properties and production;
- risks related to the handling of goods in the warehouse and in transit;
- risks that could cause damage to the Group or third parties during construction or installation/assembly of works;
- environmental risks;
- risks related to occupational safety;
- risks related to directors' and statutory auditors' liability.

[46] The Group also uses instruments (e.g., the Swift electronic payment system) to transact with its banks directly using the channel the Italian and international banks use to exchange payment orders, which are highly secure.

Finmeccanica's tax planning

The Group deems that adoption of responsible conduct in tax planning is essential for its sustainable growth. Accordingly, it operates in full compliance with the tax legislation enacted in the countries where it operates. The Group's correct compliance with its tax obligations is ensured by internal procedures that identify roles and responsibilities, operations and checks and the flows of necessary information. Moreover, the Group has an open and transparent relationship with the tax authorities achieved through:

- compliance with the rules and standards for financial reporting to provide information and communications;
- definition of decision-making procedures for investments in tax havens, based on compliance with the principle that these investments must have valid economic reasons and not be made for tax evasion and/or planning purposes;
- adoption of transfer pricing policies that comply with the ruling regulations;
- compliance with regulations about tax returns and payments, both of which are checked by the independent auditors.

Financial compliance

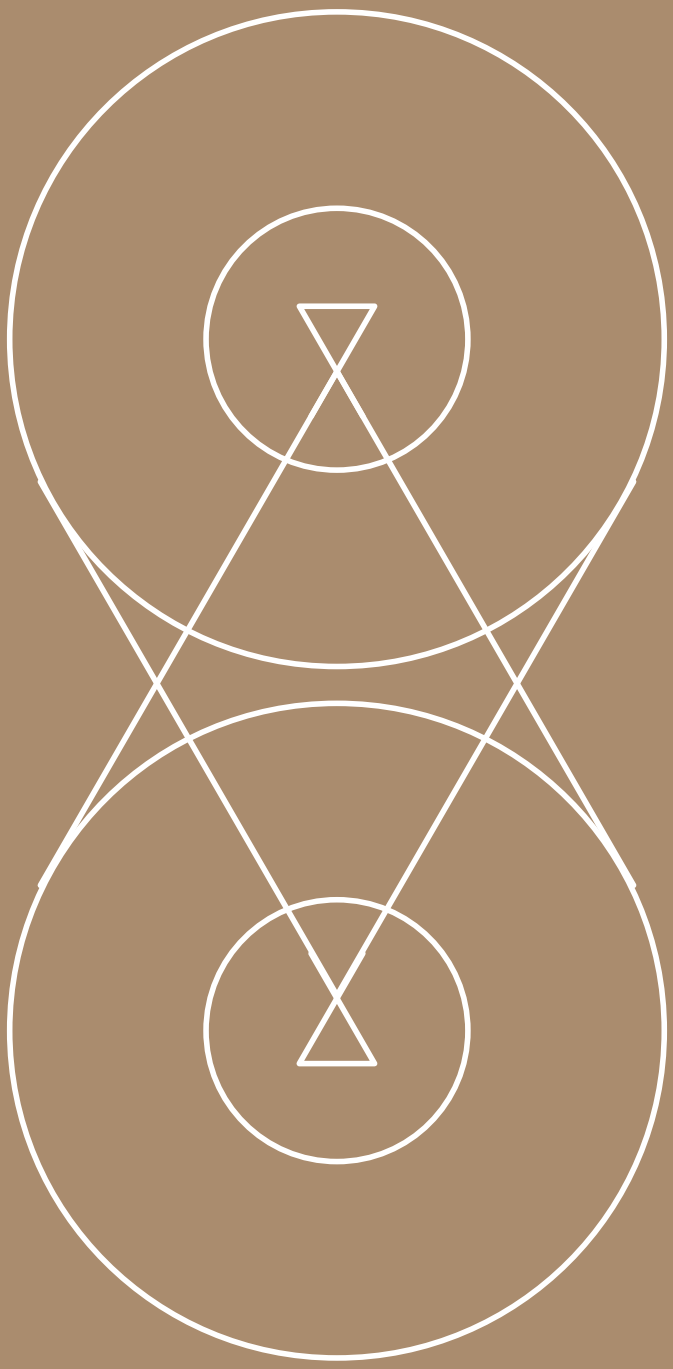
Finmeccanica competes on the market efficiently and in an ethically responsible manner. It has set up an organised system of controls over compliance to avoid the risk of being involved in unlawful conduct during the performance of its business activities.
As part of its responsible business management model, Finmeccanica has introduced a Group Trade Compliance programme to regulate the handling of goods and services for defence, dual or commercial purposes, subject to regulations, and transactions in "sensitive" countries or individuals or companies subject to embargos, sanctions or other restrictive measures (see page 57).
In order to reinforce attention on ethical and compliance matters, Finmeccanica has recently agreed, including with its banks, (i) to respect anti-corruption and anti-money laundering laws, adopt and maintain policies and procedures designed to prevent possible violations by Group companies, and (ii) not to use its bank financing to promote projects in sanctioned countries or with sanctioned parties that violate the reference regulations applicable thereto.
Accordingly, Finmeccanica has worked closely with its banks for some years and promotes interaction and financial communications with the relevant bank offices, including through the providing of information that describes all the main aspects of the Group's operations, so as to assist:

- the bank's correct understanding of its business;
- the correct management of transactions in line with the reference regulations, such as, for example, Law 185/90 on new regulations for controls over the export, import and transfers of weapons;
- the positive conclusion of its commercial transactions.

Considering all the compliance checks in place at the Group and although its core business is the Defence and Security sectors, Finmeccanica is not involved in the manufacture, development, storage, trade and/or sale of unconventional weapons (e.g., cluster bombs, mines, chemical weapons, etc.) nor does it engage in transactions that are not authorised by the relevant Italian and foreign governmental authorities as per the relevant regulations. Therefore, the services provided by banks to the Group are not used for transactions that would violate the applicable regulations.
Moreover and again as part of its close relationship with its banks, Finmeccanica provides them with a statement confirming its complete non-connection with any transaction involving unconventional weapons.

6

People and the community



HUMAN RESOURCES

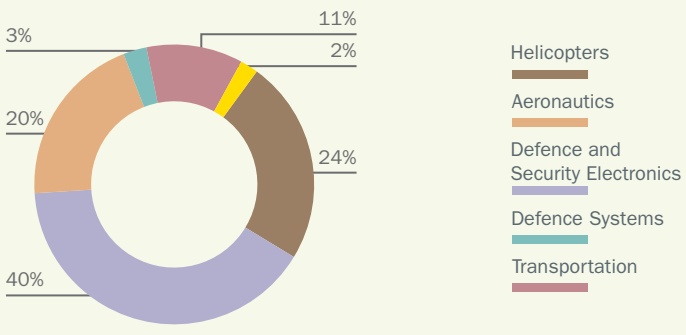
Human resources are the internal pillar on which Finmeccanica builds its leadership in the face of increasing international competition. The growth of the Group guarantees a merit-based environment which rewards professionalism, responsibility and ethical behaviour.

The operating activities directly managed by Finmeccanica mainly take place in Italy, the UK, the US, Poland and other countries where labour legislation is advanced.
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 on the protection of human rights, in accordance with the UN's Universal Declaration of Human Rights, the ILO's (International Labour Organisation) 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.
Finmeccanica also promotes the adoption of management systems for workplace health and safety at 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 operate in a multifaceted and diversified talent-oriented organisation in which international diversity is a strength and the Parent Company seeks to bolster its business identity and the sense of belonging to achieve a distinctive shared business culture mindful of regional dimensions and to enhance intellectual capital by strengthening and passing on the Group's "key" expertise. Finmeccanica offers equal job opportunities, guaranteeing fair treatment based on individual expertise and abilities.

Workforce

At 31 December 2014, Finmeccanica Group had 54,380 personnel, down by 3.5% on the figure at the beginning of the year restated to reflect the amendment to IFRS 11 - "Joint arrangements" and the resulting exclusion of Telespazio, Thales Alenia Space and MBDA from the reporting scope. The total workforce reported in the 2013 Sustainability Report numbered 63,835, while the 2013 restated workforce was 56,282 employees, not taking into account the main joint ventures.

FIGURE 50 - BREAKDOWN OF WORKFORCE BY BUSINESS SEGMENT



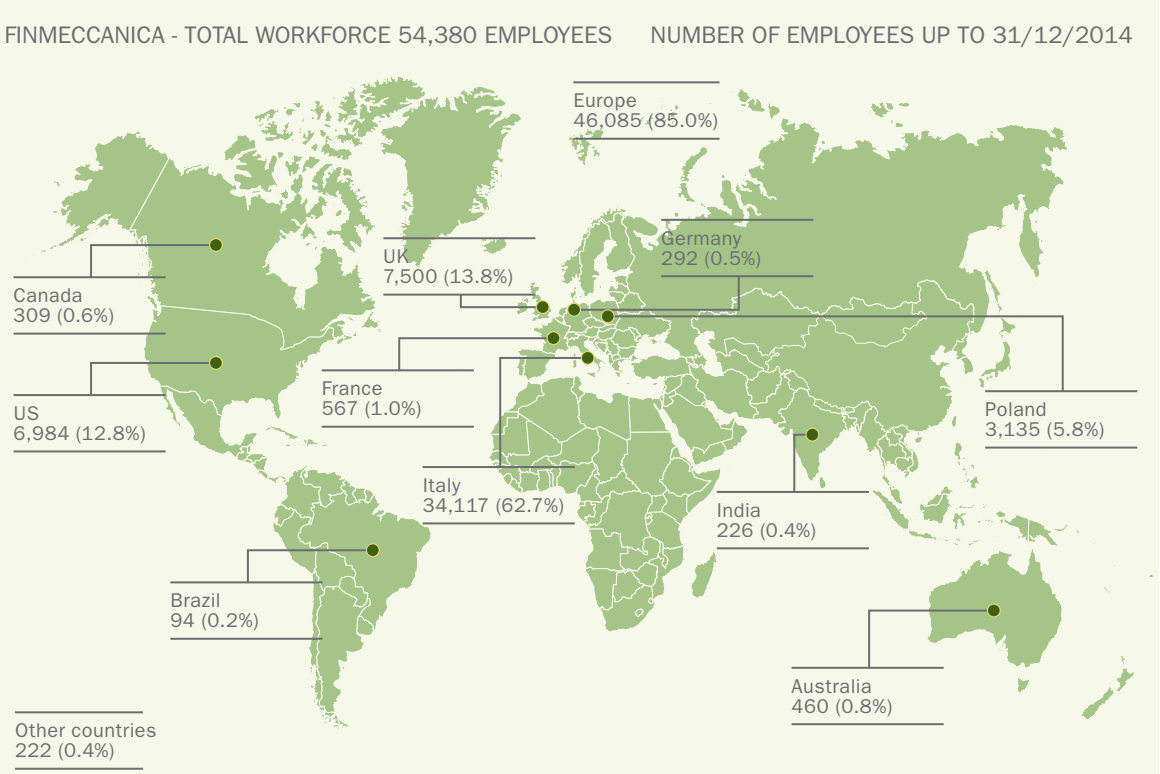
BREAKDOWN OF WORKFORCE BY BUSINESS SEGMENT

	2014	2013 restated	2013	2012
Helicopters	**12,850**	13,121	13,225	13,050
Aeronautics	**10,932**	11,157	11,702	11,708
Defence and Security Electronics	**21,927**	22,851	23,019	25,183
Space	-	-	4,097	4,131
Defence Systems	**1,472**	1,531	3,971	3,963
Energy	-	-	-	1,830
Transportation	**6,063**	6,540	6,739	6,568
Other activities	**1,136**	1,082	1,082	975
Total	**54,380**	**56,282**	**63,835**	**67,408**

Geographical distribution

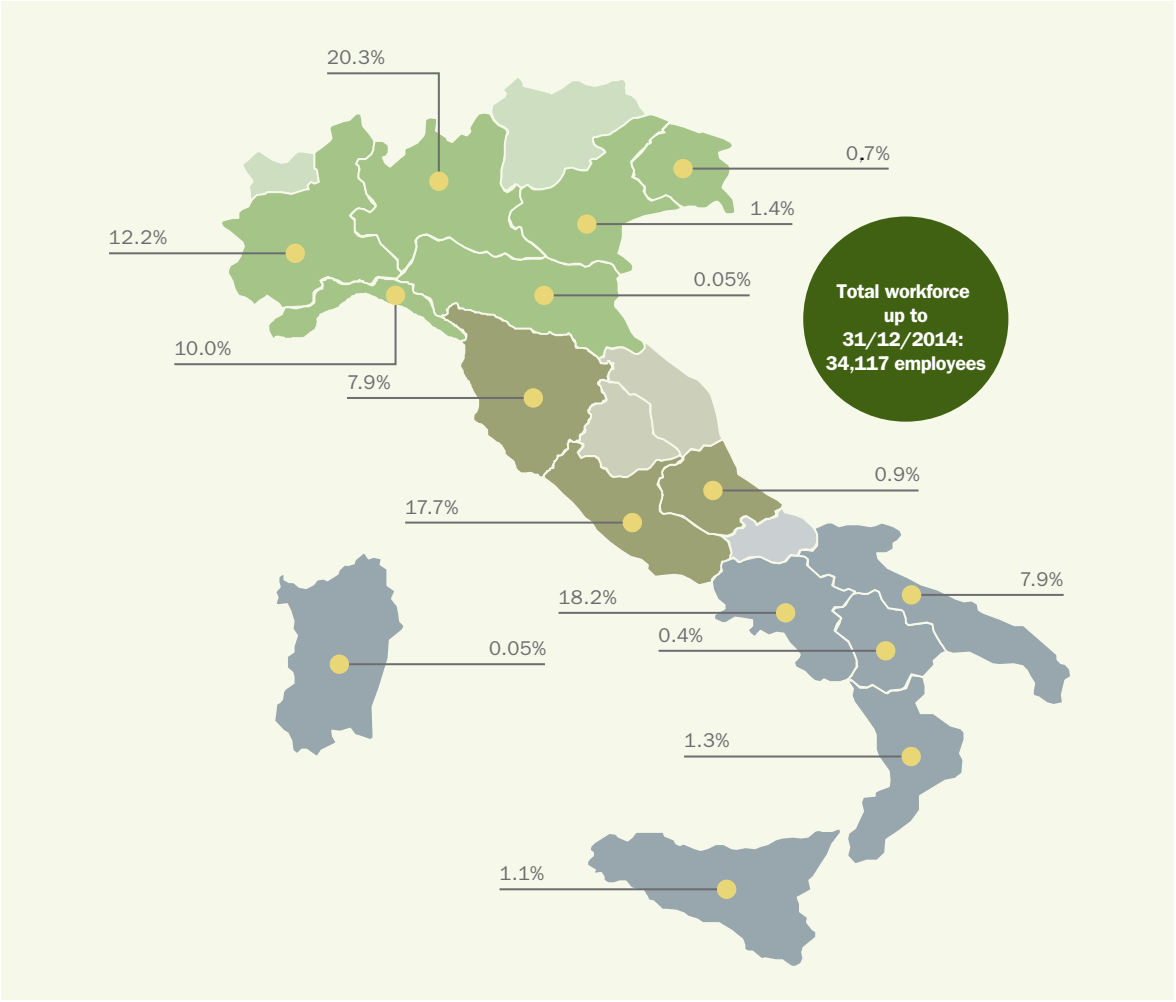
At 31 December 2014, 65.2% of the Group's workforce was located in Italy and 34.8% abroad.

FIGURE 51 - BREAKDOWN OF WORKFORCE BY GEOGRAPHICAL SECTOR



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

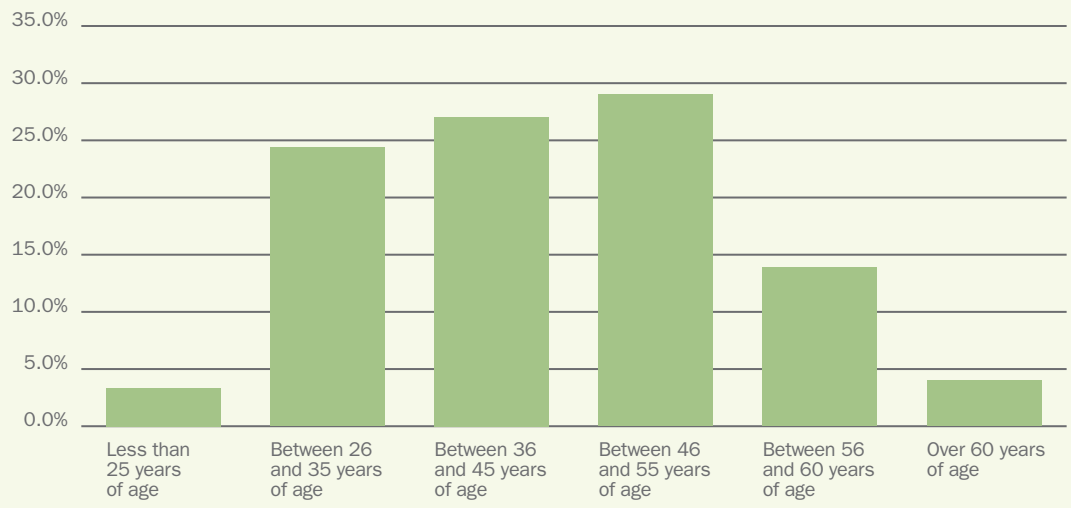
FIGURE 52 - BREAKDOWN OF ITALIAN WORKFORCE BY REGION



Education and age levels

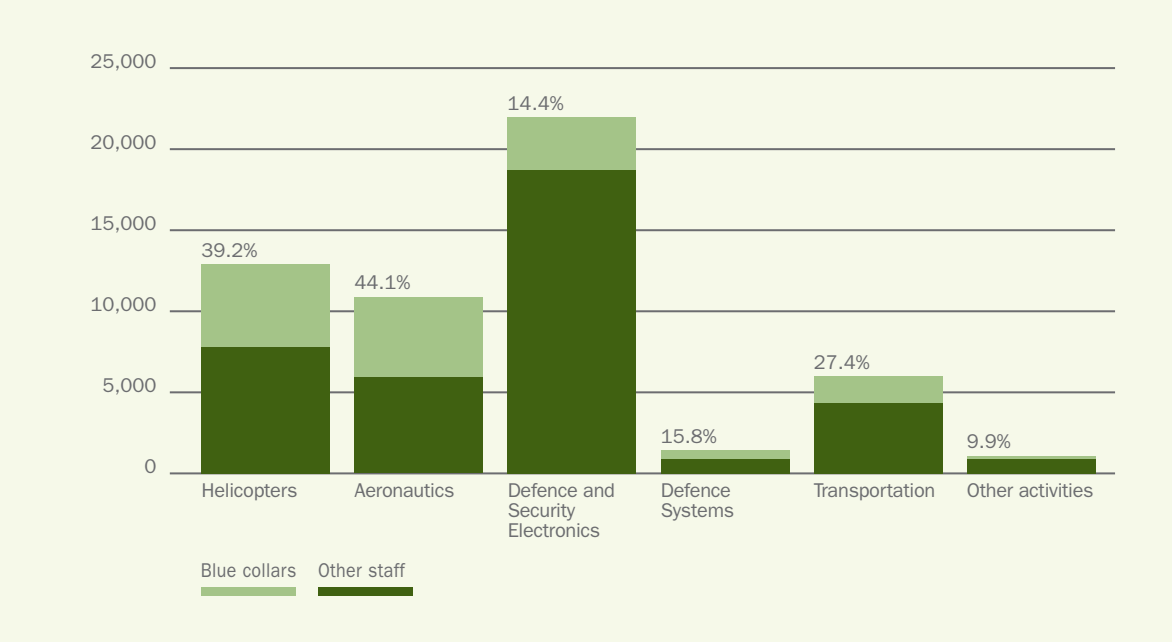
The average age for Group employees is 44, with a greater concentration of employees in the 46 to 55 years bracket. The average length of employment is 15 years.

FIGURE 53 - PERSONNEL BY AGE BRACKET



Finmeccanica employs highly qualified and trained personnel: 37% of its employees hold a university degree and 43.2% a tehnical high school diploma, mainly with a technical orientation.

FIGURE 54 - BREAKDOWN OF BLUE COLLAR ON TOTAL WORKFORCE SPLIT BY BUSINESS SEGMENT (PERCENTAGE)



FINMECCANICA

Remuneration of Directors and Executives with strategic responsibilities[47]

The Board of Directors annually approves, on the proposal of the Remuneration Committee, the remuneration policy for directors, General Managers and other Executives with strategic responsibilities, in accordance with the recommendations of the Code of conduct for listed companies, thereby guaranteeing consistency with market standards and the Group structure, also considering related governance developments. This policy aims to attract and motivate managers and directors who carry out duties and fulfil assigned responsibilities by providing excellent services. Moreover, the policy ensures that the variable component of remuneration (where present) is adequately balanced with the fixed component, ensuring an equilibrium between short and long-term criteria in order to ensure the long-term feasibility of the policy.
Specifically:

- the fees for executive directors and Executives with strategic responsibilities 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 as to be sufficient to remunerate the director or key management personnel for their service if the variable bonus is not received;
- non-executive directors' remuneration comprises a fixed component only, as defined by the shareholders and in no way linked to the achievement of performance targets.

The variable short-term incentive system (MBO) enables an assessment to be made of the performance of managers with direct responsibility for environmental, social and governance (ESG) issues and for environmental and social objectives defined at both a Company and individual level.

[47] For more information on the Group's criteria and guidelines relating to this policy and fees paid for 2014, please see the "Remuneration Report", available on Finmeccanica's website.

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 Italy in 2011/2012, again saw a significant number of employees (as a proportion of the total number of employees) leave the Group in 2014 in Italy, the US and the UK.
One of the main restructuring projects in 2014 concerned the Defence and Security Electronics segment.

DEFENCE AND SECURITY ELECTRONICS

Harmonisation of the treatment of Selex ES employees

Selex ES completed a project, commenced in 2013, to harmonise employees' remuneration and contractual terms, which were previously inconsistent as a result of the many corporate events that took place over the years.
Specifically, in 2014, the FIM – FIOM - UILM[48] national coordinators for the Selex ES group and company management signed the following four agreements:

- in February, a trade union agreement governing the harmonisation of remuneration and contractual terms was signed. This agreement covers remuneration structure, working hours, the system of flexibility, and transfers, and led to the lapse of 137 agreements of the three former companies that merged into Selex ES;
- in March, an agreement for the harmonisation of the company's welfare and work-life balance programmes was signed;
- in April, an agreement to regulate a single performance bonus solely for 2014 was signed, superseding previous company agreements on the matter;
- also in April, an agreement for the harmonisation of the remuneration and contractual terms of junior management was signed, to supersede previously existing fragmented processes.

In 2014, most of the operating companies active in Italy were affected by new trade union agreements. Where new agreements were not signed, redundancy programmes started in the previous year were completed.
As in previous years, all the management tools provided for by the relevant legislation were used for Selex ES' restructuring and reorganisation process. Specifically, the tools used included:

- ordinary and extraordinary government-sponsored lay-off schemes;
- redundancy programmes;
- employer-sponsored early retirement schemes pursuant to article 4 of Law 92 of 2012 ("Fornero reform");
- "defensive" job security agreements.

[48] FIM (Italian Federation of Workers' Trade Unions (CISL), FIOM, Italian General Confederation of Labour (CFIL), UILM, the Italian metalworkers' section of the Italian Labour Union).

These tools were also integrated by other 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 for employees under government-sponsored lay-off schemes (CIGS) or redundancy procedures;
- 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 courses to enhance the expertise of the resources involved.

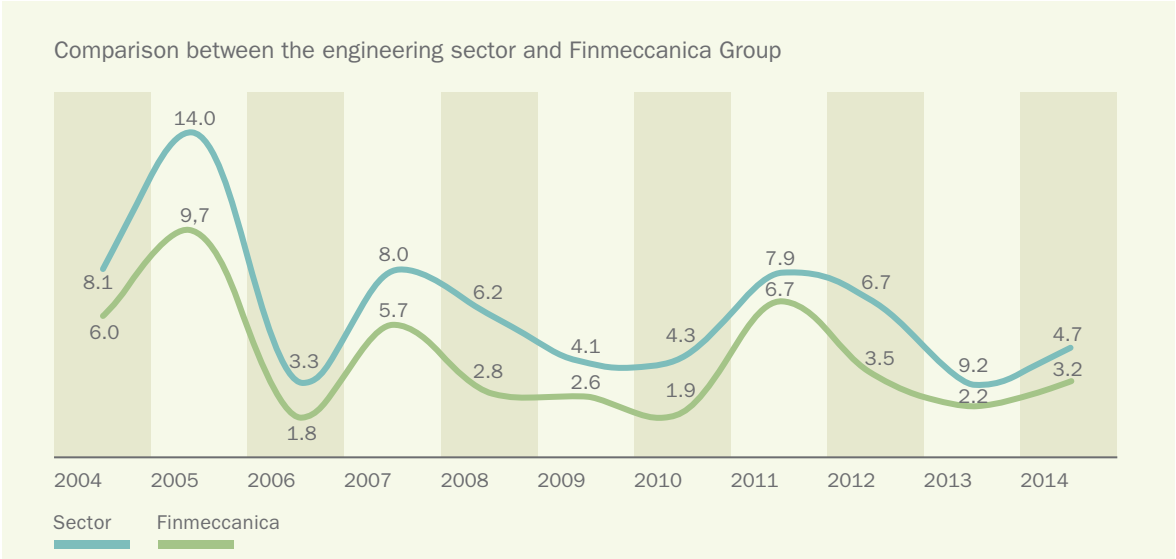
The main reorganisation/restructuring processes which involved the companies operating abroad include:

- the restructuring plan carried out by Selex ES in the UK in 2011 in response to the difficulties generated by the relevant market context. In 2014, this process led to a decrease in UK employees of 611;
- in 2014, the DRS Group's restructuring and reorganisation plans, rolled out in the past few years, involved approximately 550 employees. In this instance, employment contracts were terminated on the basis of a redundancy package that offers an amount equal to two weeks' wages for each year the employee has been with the company.

Labour relations and trade union membership

80% of Finmeccanica's personnel is employed under a national collective labour agreement. This is an average figure that 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 US. Trade union membership rates depend on the presence of trade union organisations and privacy legislation. In Italy, the freedom of trade union membership is guaranteed and around 42% of employees are members. This figure is at 37% in the UK, 52% in Poland and 5% in the US.

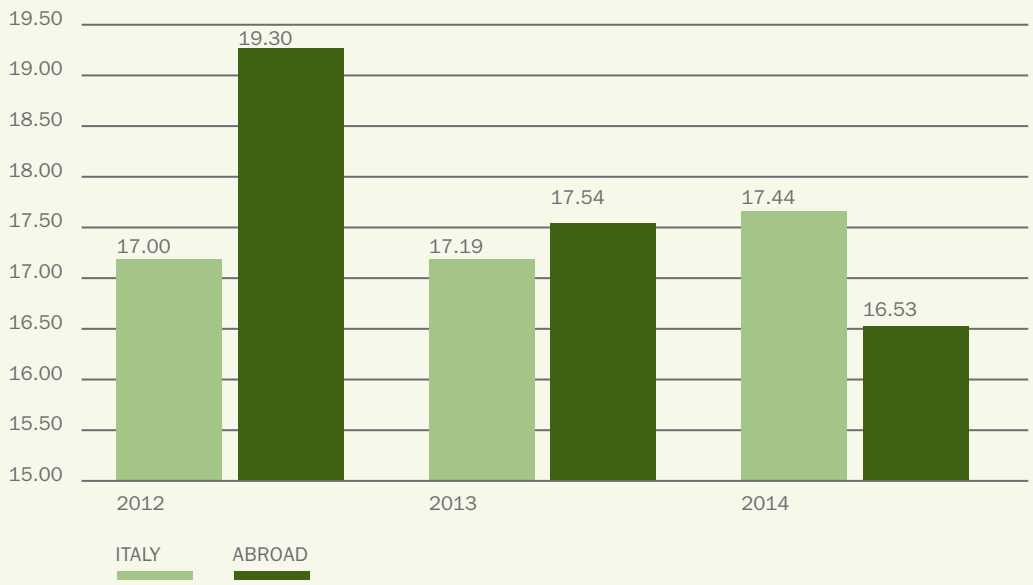
FIGURE 55 - STRIKE HOURS PER CAPITA FROM 2004 TO 2014



THE VALUE AND DEVELOPMENT OF OUR PERSONNEL

Finmeccanica is committed to ensuring a merit-based working environment, which rewards professionalism, responsibility and ethical behaviour. It offers a fertile environment in which each person can recognise and develop their talents, to be put towards the realisation of a common vision. To this end, the Group has finalised a training and development system over the years with the objective of identifying and evaluating the high potential resources, and developing listening and dialogue tools for continual improvement. The Group has launched various initiatives directed at developing the key expertise of its personnel and facilitating the sharing of knowledge and best practices within the Group.

FIGURE 56 - AVERAGE TRAINING HOURS PER EMPLOYEE



In order to define the general principles inherent in the planning, management and monitoring of the Group companies' training and development processes, the Directive on Professional Training and Development of Personnel was issued in 2014 as part of the Quality Management System of Finmeccanica Human Resources Development and Training Processes[49]. In particular, this Directive aims to ensure more efficient coordination of the Group's activities and projects pursued by the single companies, in line with the divisional reorganisation process underway, with the ultimate objective of guaranteeing quality products and services.

Change management as part of the new Industrial Plan

The change management process, started at the end of 2014, envisages, within the Human Resources and Organisation unit, the establishment of:

- an HR Steering Council composed of the Head of the Human Resources and Organisation unit, Subject Matter Experts, and the Heads of the Human Resources and Organisation units of the companies/divisions. The HR Steering Council's mission is to ensure coherency and the alignment of HR strategies with the personnel policies of the operating companies;
- a special unit to support change management in terms of the corporate vision, value system and corporate culture.

[49] System certified for the seventh consecutive year pursuant to the UNI EN ISO 9001:2008 regulation of the Globe Certification international organ.

Professional training and development of personnel

As part of its professional training and development of resources activities, Finmeccanica annually outlines a **Training and Development Operational Plan** (as part of the Group's human resources operational plan), in line with the strategic business priorities and budget constraints articulated in various initiatives that aim to:

- promote the acknowledgement of merit through transparent and effective assessment development tools;
- identify and develop talent;
- ensure the control of technical-specialist and managerial expertise;
- promote the transfer of knowledge and spread of good practices, developing personnel and enhancing assets;
- guarantee a structured relationship with the academic world and centralised governance that ensures efficiency and consistency in activities at a Group level;
- support the process of hiring young people and the sense of belonging to Finmeccanica;
- measure the effectiveness of and returns on initiatives in terms of enjoyment, learning and application to the job.

FINMECCANICA

Finmeccanica - Top Employer in four countries

In 2014, Finmeccanica was certified a "Top Employer" in Poland and the US, an award already received in Italy (since 2011) and the UK (since 2012).
The aspects of HR policies analysed by the Top Employers Institute, an independent organisation that analyses and rewards companies that positively enhance their human capital based on international standards, included training and development, work conditions and benefits, remuneration policies, career opportunities, and the management of corporate culture.
This award is the result of various initiatives begun by Finmeccanica both within and outside the Group to support the professional growth and development of all its personnel, confirming its position among the top companies on human resources training, development and management at an international level.

Best Employer of Choice

Finmeccanica ranked 15th among the Best Employers of Choice Italy 2014, climbing 8 positions in one year.
The ranking is based on an annual survey carried out by an independent company (Cesop Communication) which includes a reliable sample of 2,500 new Italian graduates that is representative of the national situation, considering the proportions of the official figures of the Ministry of Education, University and Research.

Finmeccanica Group's new listening initiatives

The people's motivation and expectations are key levers for the management of personnel. To this end, in 2014 the Group focused on providing employees with opportunities to be heard, 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 initiatives: "Have your Say" and "New Technician Insight".
"Have your Say" is the Group's structured listening and action model which collects and builds upon the experiences of the Business Culture system, introduced in 2006 by Finmeccanica to support its change processes. In 2014, the listening opportunities led to a new online questionnaire to gather employees' points of view on work-related issues. Between January and March 2014, 32,000 personnel from 22 different countries and 270 sites responded to the 65 questions in the survey, which was available on smartphones and tablets and in 10 languages for the first time.
To understand the position of the Group in relation to the issues concerned, the survey results have been compared with those of other international companies using benchmarks.
The survey results have highlighted:

- **strengths** (pride of belonging, satisfaction, passion for the job, perception of Finmeccanica as a customer-orientated industrial company, health and safety and the environment and that endeavours to contribute value to local areas and foster good relationships between colleagues and with direct superiors);
- **weaknesses** (operational effectiveness and efficiency, managerial conduct and meritocracy, innovation and communications). Specifically, the effectiveness and speed of decision-making and operational processes were assessed as inadequate, management was assessed as distant and management styles as uninspiring, with the obvious expectation that award rules and systems be more transparent and shared.

These results were analysed in-depth by the management in all the companies, in order to answer the need for profound change, a change already put in action at Group level.
By contrast, "New Technician Insight" is the listening initiative that targets the Group's technicians and blue collars which account for approximately 26% of Finmeccanica's workforce and are at the heart of its manufacturing activities. The aim of this project 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 initiative, launched in Italy in 2013, involved about 120 technicians in eight Focus Groups (at five production sites) from AgustaWestland, Alenia Aermacchi and AnsaldoBreda and enabled the creation of an "identikit" of technicians and related work conditions, the main motivational levers and possible communication and engagement channels. Based on the results of the first stage, at the beginning of 2014, dedicated meetings were held in each company concerned to study the findings, attended by the technicians involved in the project, their direct superiors and the Heads of Human Resources. In addition, these meetings were an opportunity to raise additional issues relating to work organisation, manager-employee relations, and to the special expertise and life-stories of Finmeccanica's technicians, by interviewing certain managers closest to the technicians' world and to a determined profile of particularly important operators.

Development projects

During 2014, new guidelines relating to personnel assessment processes were outlined, within which emphasis was placed on merit, transparency, communication and ethics as essential values to guide the organisation and conduct of everyone during the Group's important phase of change.
In order to immediately implement a new system that enables organisational and management choices based on those values to be made, Finmeccanica commenced initiatives dedicated to specific brackets of the Company population, "Management Appraisal", an initiative for high potential resources, and the "Assessor Academy".

Project	2014 Activity
Management Appraisal	The objective of the "Management Appraisal" process, developed in partnership with a leading consultancy company, is to examine the knowledge of the Group's management population and perform an objective and consistent evaluation based on the new managerial model. The appraisal led to identification of the key resources for the control of critical roles for the Group's business by providing precise indications as to the performance and potential for development of the personnel involved. The first stage of the initiative concerned 80 Top Managers, including first level managers in the Finmeccanica structure, and the CEOs and the first level managers and business unit managers of the operating companies. In 2015, the Group will continue its evaluation of the remaining levels of the managerial population.
Initiative for high potential resources	This initiative confirms the Company's intention to invest in merit-based and transparent procedures, assigning adequate responsibility to the best professionals and identifying and evaluating a pool of excellence resources to support the Group's long-term development. Approximately 300 high potential resources have been identified including management and non-management personnel, selected based on their growth potential, performance excellence and their willingness to change jobs and locations. In 2015, the resources will be subject to individual assessments, performed with the support of certain company HR professionals, in order to ensure that the evaluation methods are consistent with Finmeccanica's strategy.
Assessor Academy	In order further enhance HR professionals in the Group, already specialised in procedures that evaluate potential, the first edition of the "Development" course was prepared and launched, involving 14 resources. This initiative, which addresses development issues, aims to increase the ability of those resources to: · support the line of procedures to improve the contract workers' services and scout for and enhance high potential resources; · suggest development actions consistent with individual, organisational and business needs.

Evaluating talent

Among the human resources enhancement initiatives, various training programmes for the Group's brilliant young personnel, who have been with the Group less than 15 years, were realised in order 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.
Among the main initiatives commenced in 2014, "BEST 3.0" is the Finmeccanica training and development programme directed at talented young people, who have been with the Group less than seven years, from all the Group companies and all the countries in which the Group operates. It is an innovative and multimedia programme that provides many learning methods, communication channels, experiences and testimonies. The physical and virtual activities consisted of a mix of classroom and online lessons (webinars, reading, tutoring) held entirely in English. The programme's second edition, achieved in partnership with the SDA Bocconi School of Management and concluded in November 2014, involved 29 resources.
The "Mentoring" programme was activated as part of the "BEST 3.0" programme with the objective of promoting the transfer of expertise and knowledge from senior managers to brilliant young people and of supporting professional motivation and growth, concurrently activating a virtuous intergenerational dialogue. In 2014, 14 mentors from different Finmeccanica companies participated.
Finally, during the year, the "Change" initiative to enhance and develop employees who had been with the Group less than 8-15 years, had international standing and the potential to be promoted to more complex roles, was commenced. The learning structure consists of four modules that address important current issues such as strategy, leadership, change management and collaborative performance. 26 Finmeccanica resources participated in the programme's second edition, which was achieved in collaboration with the INSEAD Business School of Fointanebleau (Paris).

Promoting key expertise

In 2014, Finmeccanica continued to invest in the circulation of an industrial culture through initiatives designed to strengthen the Group's distinctive expertise and capitalise on/share important experiences within the organisation. Systems to map professional expertise were also developed, and extended for the first time into staff areas.
Within an industrial Group that mainly works on medium/long-term contracts, project management competences are strategic. The "Project Management Programme" (PMP) is a process designed to develop and spread common and effective methods of managing contracts within the Group companies. The model is based on the adoption of internal and external best practices in programme, project and risk management areas with the aim of developing a standard approach to those issues. Since its launch, 3,000 Finmeccanica employees have participated in the initiative, 300 of whom have obtained international certification (PMI-PMP® and IPMA level B and level C). Specifically, in early 2014, two events to support the maintenance of the certifications were organised, one in Milan with the Milan Politecnico and one in Rome with LUISS, and more than 200 programme management personnel participated.
In the first half of 2014, an online survey was conducted to assess the level of maturity of the Programme Management processes in the Group companies and to identify the existing critical issues, at both organisational level and with respect to methods and tools used. More than 740 people participated in the survey, including programme/project managers and members of the project teams of the main companies, whose contributions enabled the issue of returns on the training investment (ROI) to be examined for the PMP training course. Indeed, participants in the training course provided feedback on how often they applied "good conduct practices", the content and compliance with improvement margins identified in the application of each good practice. The results showed a 3.1 average rate of application of those practices on a scale from 1 to 4. Although the adoption of good conduct practices in terms of frequency of application was satisfactory, the participants noted that the effectiveness of that conduct could be improved. This assessment was probably determined by an organisational complexity and reference context that is not yet ready to fully embrace the new work modalities suggested by the training course.
The "Supply Chain Programme" is the Group's training and development initiative for personnel responsible for the planning and execution of the supply chain, which Finmeccanica considers a real source of its competitive edge. Now in its third edition, the programme aims to adopt the best internal and external supply chain practices. Approximately 560 personnel from Italy, the UK and the US have participated up to now. In the September 2014 edition, which will be concluded in early 2015, 350 personnel participated in 21 training modules.
"Faculty" is an initiative to identify, select, accredit and manage a group of internal Subject Matter Experts (SMEs) to exploit and disseminate the Group's distinctive expertise. In 2014, the SMEs were selected from

the professional areas already present in the "Faculty" (Programme Management, Finance, Supply Chain, Marketing, Business Development and Sales) and from the professional staff areas (Internal Audit, Security, ICT). Since 2011, more than 100 experts from four countries have been accredited as part of the "Faculty", while 26 new candidates will complete the accreditation course in the first quarter of 2015.

FINMECCANICA

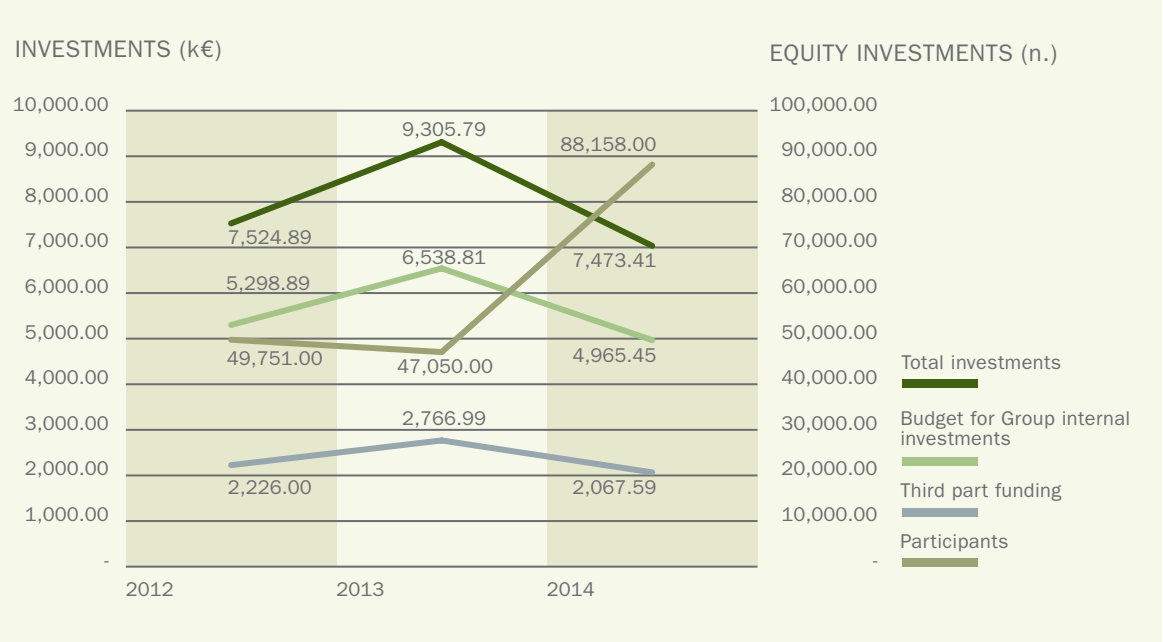
COMPETENCE MANAGEMENT SYSTEM (CMS)

Finmeccanica developed a Group Competence Management System (CMS) with the aim of identifying and defining macro-roles to control key processes and related distinctive competences. This system enables participating human resources to be mapped according to a standard and shared approach, and also provides information on the expertise and experience developed, professional courses and results achieved.
The fundamental processes of the CMS are:

- identification of the competences (current or future) necessary to perform each role;
- identification of the existing gaps in the Company population through online assessments of competences;
- implementation of training plans to bridge individual gaps.

The CMS therefore enables existing resources, competences and skill gaps to be identified, monitors their development in terms of availability and/or future needs, and where necessary, supports professional re-qualification processes.
In 2014, the system was applied to the ICT, Security, Cyber-security and Internal Audit professional families. Following the launch of the 2015-2019 Industrial Plan, the resulting creation of the central support functions and the commencement of the divisional restructuring process, the system will also be extended to the Legal, Corporate Affairs and Compliance, External Relations, Communication and Institutional Relations units, and to the Strategy, Business and Market Development. Subsequently, other staff functions will become available.

FIGURE 57 - TRAINING AND DEVELOPMENT INVESTMENTS IN ITALY



Building on the "know-how" culture

Finmeccanica confirmed its commitment to relaunch Italy's culture of trades and to enhance expertise in the aerospace area, signing a memorandum of understanding with the Ministry of Education, University and Research, the Ministry of Labour and Social Policies and Confindustria. The agreement's objective is to consolidate a systematic and sustainable approach, reviving the technological and manufacturing soul of the country for the benefit of young people. The Group has extended the already consolidated 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 such as "1,000 young people for Finmeccanica" and "Special technology schools (Istituti Tecnici Superiori - ITS) for Finmeccanica".
"**1,000 young people for Finmeccanica**" is a recruitment and orientation project launched in 2013 aimed at further expanding the Group's internal skills and knowledge, while concurrently promoting young people's employment in Italy. The project's objective is to select and include in the Italian Group operating companies young people who will carry out technological and industrial activities by the end of 2014. There were 56,641 applications for participation in the selection process for professional technical figures. In 2014, following the screening of the candidates, identification of 5,000 profiles best suited to the needs of the operating companies, and an online orientation for the selected candidates, 350 young people were introduced into the Group. From the beginning of 2013 to mid 2014, more than 850 young people under 30 were introduced into the operating companies. Given the significant transformation and the process of re-organisation and business efficiency improvement launched in 2014, the introduction of young people relating to the project can be considered completed.
In 2014, the activities of the "**Special technology high schools for Finmeccanica**", which were opened in 2009, were continued, with the signing of the memorandum of understanding between Finmeccanica and the Ministry of Education, University and Research. 2014 saw the consolidation of the partnerships throughout Italy to ensure the quality of the training service offered. 114 teachers in the Group provided services at Finmeccanica's seven Special technology schools.
In the three-year period between 2011 and 2013, 181 young people received diplomas from Finmeccanica's ITS, about a third of whom (56 in total) were introduced into the Group. The average grade was 90/100 and most graduates found employment (approximately 65% of the young people enrolled in the seven Finmeccanica ITS).
In 2014, new two-year courses were launched (that will end in 2016). With a view to the internationalisation of the training received, each of the seven ITS applied for and were accredited for the Erasmus Plus project. This accreditation qualifies them for further financing from Ministry of Education, University and Research and enables overseas training/cultural exchanges (for teachers and pupils).

Innovation Award

The tenth edition of the Innovation Award was concluded in 2014. Since 2004, this initiative has stimulated employees' contributions to Finmeccanica's ongoing progress, offering visibility and awards to those who propose solutions to improve the Group companies' performance.
In ten years, some 25,000 employees around the world have taken part in this initiative for a total of 8,500 projects presented, for many of which a patent application was filed.

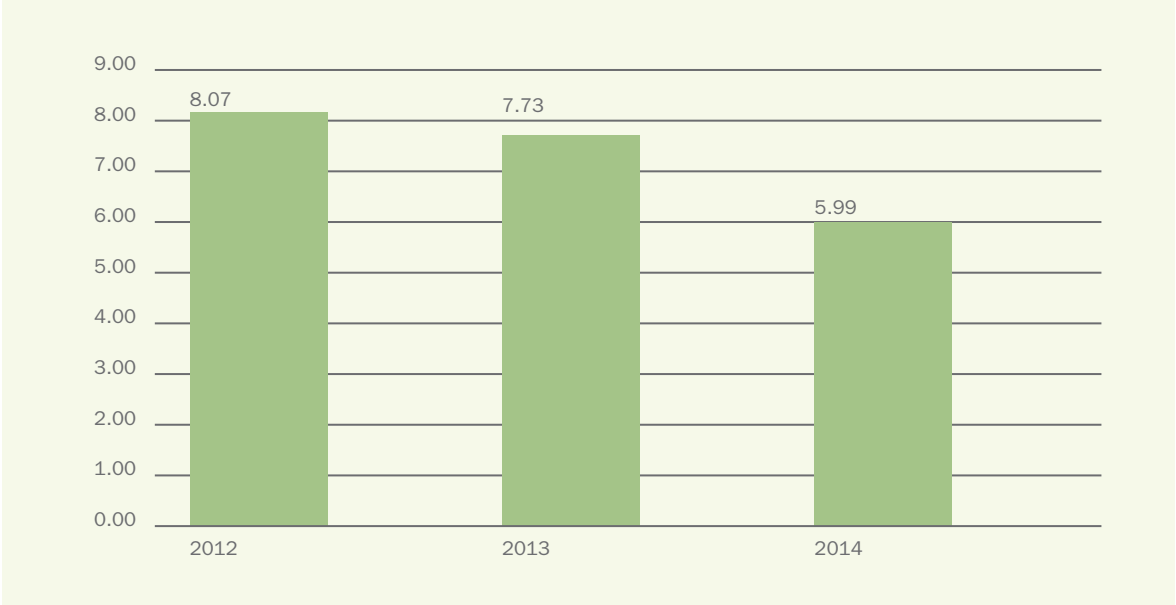
The internal communication plan

In 2014, the consolidation of certain internal communication initiatives already launched in 2013 was continued, directed at strengthening the Group spirit and personnel's sense of belonging to Finmeccanica.
The **Group "My Finmeccanica" Portal** gave voice to the various individual social commitment initiatives (such as, for example, volunteer services) and professional experiences tied to specific products/programmes by publishing videos and articles. In 2014, the portal made various modifications to its communication style and editorial line, through more informal language and news and in-depth studies focussed on personnel.
A further internal communication tool, to integrate the portal content, is "**Finmeccanica Flash**", the news conveyed through 80 plasma screens installed at the Group companies, with a multimedia news programme schedule updated every 2-3 days, for example, video interviews of employees and product and work-related videos. Furthermore, as part of the internal communications, the "Working in..." and "Finmeccanica People" initiatives, which aim to give visibility to expertise in the different companies and promote knowledge within the Group, were continued. "Working in..." provides for the performance of photographic reporting dedicated to personnel at the various Group facilities (blue collars, engineers, project managers, etc.), while "Finmeccanica People" is based on video statements by employees recounting their involvement in specific projects, programmes and initiatives.

HEALTH AND SAFETY

For Finmeccanica, the protection of employees' health and safety at work is of paramount importance, also considering the technological and engineering complexities of the production processes of each company. The Group's positive results over the years demonstrate its commitment to this area.
The remarkable **reduction in the number of workplace accidents** (570 recorded in 2014, compared to 801 in 2013, an almost 29% reduction), the **intensive training and awareness programme** (over 218,000 hours) and investments (over €11 million) are the key elements for attentive and responsible management.
In 2014, the consistent decline in the number of accidents caused a reduction in the accident frequency rate[50] equal to more than 22% (in the whole Group, for each million of hours worked, less than six accidents are recorded) and no accidents resulting in fatalities.

FIGURE 58 - ACCIDENT FREQUENCY RATE



By contrast, 28 accidents took place at 112 minor sites of the Group (with a decline of 17% in the frequency rate compared to 2013). Those sites, although belonging to one of the operating companies, do not fall within the EHS reporting scope due to the insignificant impact of the activities carried out and the number of employees present[51].

ACCIDENTS IN MINOR SITES

	2014	2013	2012
Number of monitored minor sites	**112**	149	103
Total number of operating resources	**2,190**	2,038	1,726
Number of accidents (excluding those on the way to and from work)	**28**	32	14
Frequency rate	**7.06**	8.51	4.55

In relation to personnel from external companies (340 suppliers from external companies, global services, logistics, ICT companies, etc.), operating at company sites (52 sites) and falling within the reporting scope, in 2014, 156 accidents were reported (excluding accidents on the way to and from work), being an average of three accidents per site.

In 2014, more than 400 external audits relating to health and safety were conducted.

[50] The 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 10^6. 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.
[51] This decision was made based on fixed inclusion criteria to define the reporting scope.

Occupational health and safety initiatives

In recent years, in addition to having widely satisfied the obligations to train its employees on **occupational health and safety**, Finmeccanica commenced an intensive awareness and information/training programme at Group level on company security issues.

Programme	Targets – 2014
Plan for mandatory occupational health and safety training for Finmeccanica employees	The Plan consists of five specific courses (pursuant to Legislative Decree 81/08 and subsequent amendments and integrations): 1. specific training for relevant Finmeccanica SpA employees. This eight-hour course had 16 participants; 2. specific training for persons in charge of first aid. This four-hour course had ten participants; 3. specific training for fire emergency officials. This five-hour course, carried out at the provincial office of the fire station had three participants; 4. a two-hour refresher course for Finmeccanica SpA fire squadron employees, in which 12 personnel participated; 5. a refresher course for workers' safety representatives (RSL). Four Finmeccanica S.p.A. representatives participated in this eight-hour course.
Training programme on the Organisation, Management and Control Model (pursuant to Legislative Decree 231/01) for Finmeccanica employees	The Programme was prepared in collaboration with the Internal Audit unit following the approval of the new Organisation, Management and Control Model (pursuant to Legislative Decree 231/01) by Finmeccanica's Board of Directors. In 2014, the training process commenced in the previous year was completed. Specifically, the following courses were carried out: • one-to-one training/informative interviews with senior managers and managers classed as "first level" (a total of eight) employed at Finmeccanica in 2014. These interviews were conducted by the Internal Audit unit; • an online course designed for all Finmeccanica employees (junior managers and white collars), available from December 2014. At 31 December 2014, 161 resources had been trained, while those in the workforce who have not already attended will take the course before 31 March 2015.

THE COMMUNITY AND TERRITORIES

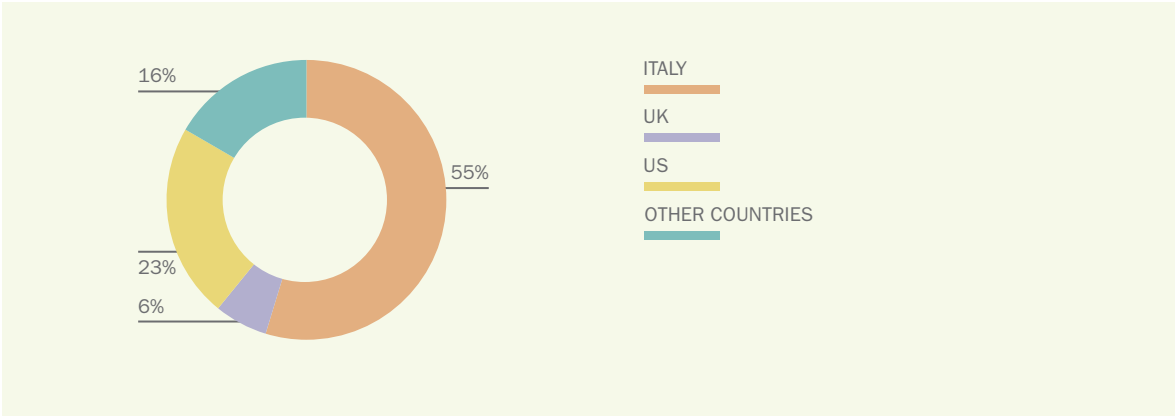
The Group's strong local roots and proximity to the local community enable it to acknowledge and respond to stakeholders' increasing requests, with the objective of creating a new reference model of collaborative economics to help the Group grow in a responsible and sustainable way.

Finmeccanica is an industrial company that has a positive impact on the countries in which it operates. Through projects and initiatives in the communities where the operating countries are located, the Group fulfils its "corporate citizen", providing social and economic value.
The Group is rooted in the community, thereby responding to the ever-evolving requests of stakeholders. In this way, Finmeccanica positively contributes both in terms of human resources and economic investments to the development needs of local communities.
Its physical proximity to the local community is confirmed by the 100 visits to its production sites, organised during 2014 as part of its open days, which involved many people. On the one hand, that activity created awareness about the Group and on the other hand, strengthened dialogue with the communities.
Among the additional activities carried out, both at a Group level and at the operating companies level, the notable contribution for the development and education of young people should be highlighted, to which Finmeccanica has committed almost €800,000 for scholarships[52] (of which €670,000 is for overseas scholarships) contribution to research.

Sponsorships and donations

The new Group policy on the "Management of sponsorship contracts, membership fees and events", issued in 2014, provides for centralised management starting from January 2015 for those activities in order to ensure more efficient use of the resources, with a view to containing and streamlining costs.
In 2014, investments in the community in the form of sponsorships and donations were cut back from approximately €9 million in 2013 to €5.2 million in 2014[53]. This amount is reported in the financial statements in accordance with the London Benchmarking Group (LBG) model[54].

FIGURE 59 - GEOGRAFICAL DISTRIBUTION OF DONATIONS AND SPONSORSHIPS



[52] Those figures do not include the scholarships of €228,320 and €45,400 donated internally and externally by the Thales Alenia Space and Telespazio joint ventures respectively. In addition, the figures do not include the grant of €14,450 externally donated by MBDA.
[53] The Thales Alenia Space and Telespazio and MBDA joint ventures are not included in 2014.
[54] This estimate is based on the figures collected from the Corporate Social Responsibility (CSR) unit at the Parent and the operating companies.

FIGURE 60 - BREAKDOWN OF DONATIONS AND SPONSORSHIPS BY AREA OF INTEREST

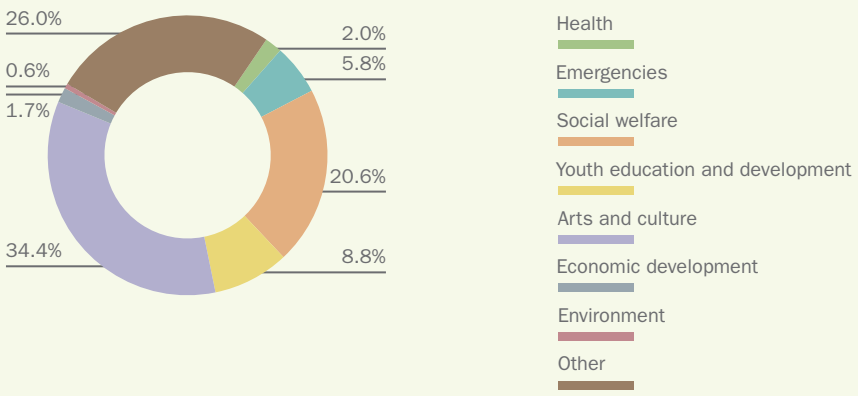
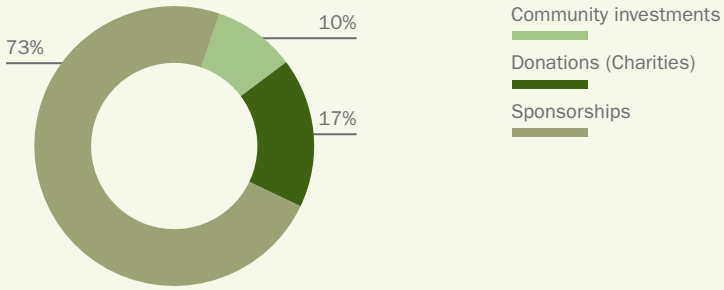


FIGURE 61 - BREAKDOWN OF CONTRIBUTIONS BY MOTIVATION OF THE INITIATIVE



The reduction of investments made recently, in line with the Group's reorganisation and efficiency processes, enabled donations and sponsorships to be concentrated in the most effective projects and areas.
In particular, donations were directed at promoting and safeguarding art and culture and promoting youth education and social development. In addition, the promotion of the history and traditions of the Group's operating companies was taken into particular consideration.
The Corporate Social Responsibility (CSR) unit, part of the External Relations Organisation and Communication unit, promoted and managed, on behalf of the Parent Company, all of the initiatives and projects on the Group's social relevance, in collaboration with the Group's other units, enhancing the results with a view to involving stakeholders.

Corporate Social Responsibility (CSR) in Italy and the world

Italy

FINMECCANICA

Finmeccanica's Mense Responsabili (Responsible Canteen) Programme
The Group's Responsible Canteen Programme, which in 2014 involved 27 company canteens, enabled Finmeccanica to implement an important social spending review mechanism by reintroducing its surplus food into a utility chain that provides basic and daily support to the needy. Over 170,000 meals, more than 8,500 kilos of bread, 2,300 kilos of fruit and 5,000 kilos of other food, estimated to be worth more than €360,000[55], were donated in 2014.

The charities' many volunteers were required to make a greater effort. Every day, they travelled to Finmeccanica, Alenia Aermacchi, AgustaWestland, AnsaldoBreda, MBDA, OTO Melara, Selex ES, Telespazio, Thales Alenia Space and WASS offices, almost always using their vehicles and without reimbursement, to collect surplus food which will then be distributed where it is necessary.

In addition to an economic result, between all the Group's operating companies, which facilitated the implementation of the best practice, and catering companies, which facilitated the launch of this virtuous cycle, a particularly important social objective was achieved.

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

The Banco Alimentare Foundation, selected out of the 18 international best practices in the agri-food and nutrition field, was the first in its category, and the sole Italian winner, in the "**Best Sustainable Development Practices**" tender of the 2015 Milan EXPO for its FIRST AID project (Food is a resource to secure tangibile assistance and inclusion to the deprived) for the distribution of food to those in need. This result was achieved also thanks to Finmeccanica's contribution with its Responsible Canteen Programme, as well as programmes by others. In light of this result, the Banco Alimentare will be present at the 2015 Milan EXPO and its activities will be presented as part of a series of events during the six months of the EXPO.

DEFENCE SYSTEMS

OTO Melara: solidarity and protection of archival assets initiative
Associazione Museo della Melara (Melara Museum Association) signed a master agreement with the La Spezia municipality, the Italian Navy and the Fincantieri Foundation for the protection and enhancement of the city's archival assets (corporate and non-corporate), which received the notification of historical interest from the Italian Ministry of Cultural Heritage and Activities and are considered of national interest. The "Men of steel 1900-1920. La Spezia between dreams and reality" exhibition, opened on 28 November 2014, is part of the master agreement, like the permanent exhibition managed by the OTO Melara Group's seniors entitled "Our history: the origins of the Breda Meccanica Bresciana from its foundation to reconstruction 1924-1955".

OTO Melara's engagement with the local community also occurred through the coordinated action of OTO Melara's San Vincenzo Cultural Association. The Association was founded 50 years ago, has 350 members (all employees) and organises social activities both for its employees and the community. In 2014, the Association supported various initiatives, including the donation of a kitchen to the Paediatrics ward at the Sant'Andrea Hospital in La Spezia and a power lift for an old people's home. In addition, the Association supported a charity concert for the local section of the Italian League Against Cancer and purchased teaching materials and school books for students in need living in the area. This commitment was made possible thanks to the support deriving from membership fees (advanced by the operating companies on their employees' behalf and subsequently deducted from the employees' pay slips), donations by OTO Melara and voluntary donations.

[55] The figures only refer to 23 canteens, given that four were activated solely at the end of 2014.

SPACE

"The good things" - Availability of facilities and time for volunteer services
During the 2014 Christmas period, Thales Alenia Space, in agreement with its HR department, provided the Italian Association of People with Down Syndrome (AIPD) with the use of the company's canteens in Rome, in order to sell its 2015 calendar entitled "The good things", in which children and young people with down syndrome were pictured preparing plates of food with renowned chefs. The company promoted the initiative internally, emailing all personnel, promoting the initiative on internal company screens and putting up posters inside the Rome office.
Afterwards, the AIDP sent an official letter of thanks, emphasising how the opportunity and proceeds received assist the Association to continue its activities.

Technology serving human beings and the environment
Matteo Miceli, holder of two world records in crossing the Atlantic in a sailboat, left on 19 October 2014 from the Riva di Traiano port (Civitavecchia) on board the Eco 40[56] with the aim of completing the "Roma Ocean World", the first round trip to be completed alone, without assistance or stopovers and with complete energy and food self-sufficiency. Telespazio provided the L-band satellite communication service for six months, as part of an agreement with Inmarsat. Telespazio helped spread the strong environmental message about new energy solutions with zero environmental impact.

TRANSPORTATION

AnsaldoBreda's "Open Days"
AnsaldoBreda organised the "Factory and family" Open Days, three days at the Pistoia, Reggio Calabria and Naples facilities. The Open Days gave families of employees and all the citizens of the cities the opportunity to learn about AnsaldoBreda and its products. More than 25,000 visitors participated in the Open Days, which were mainly directed at the younger members of the public. In particular, during the Naples and Reggio Calabria Open Days, "The train that I would like" initiative was promoted, the concept of which was to give space to the creativity of the employees' children, familiarising them with the work of their parents. During the Pistoia Open Day, a 1911 historical engine was unveiled, donated by the FS Foundation and restored for free by AnsaldoBreda workers in their free time.

[56] Ecological 12-metre boat, equipped with solar panels, wind and hydro turbine generators for energy production. Two chickens are also on board, which, together with the vegetable garden and fishing, will provide food.

UK

The Corporate Social Responsibility (CSR) policies implemented in the UK aim to establish strong relationships with local stakeholders also through initiatives of a social character, in line with the Group's guidelines. The operating companies active in the UK independently pursue different initiatives, particularly encouraging creativity and the direct involvement of their employees.

HELICOPTERS

AgustaWestland for the British Heart Foundation
Ten young "first year graduates" from the AgustaWestland Yeovil (UK) site put together the "Project Cycle Team" and rode 1,303 km by bicycle in 11 days from Cascina Costa to Yeovil in order to raise funds for the **British Heart Foundation**, a foundation committed to the research, education, care and awareness on cardiovascular health.
The young people crossed four countries (Italy, Switzerland, France and the UK), organising demonstrations of static pedalling in the squares of English cities along the course route, raising funds and making people aware about the importance of a healthy lifestyle.
Proceeds from the initiative equalled £16,000, which the Project Cycle Team delivered to the British Heart Foundation in February 2015.

DEFENCE AND SECURITY ELECTRONICS

At the Selex ES sites, employees meet in Charity committees to raise funds for a series of charity initiatives, thanks also to the company's support in providing the premises and time. Furthermore, Selex ES promotes all the solidarity initiatives individually carried out by its employees, raising awareness within the company.

Selex ES for sport and the disabled
On 9 September 2014, Selex ES organised a bike ride called "Ride of Thrones" to raise funds for the British charity association, Combined Services Disabled Ski Team (CSDST), which is dedicated to the rehabilitation of wounded, injured and sick military serving personnel and veterans. The cyclists, all Selex ES employees, cycled from the Edinburgh Castle to the Tower of London, pedalling from one "throne" to the other for 450 miles. Proceeds from the initiative equalled £40,000, to be used for the purchase of special bicycles for aspiring paralympic athletes and the sportive preparation of four new disabled athletes who will take part in the 2018 Paralympics in Pyeongchang, Korea. Sergeant Mick Brennan, thanks to Selex ES' support, already represented the UK at the 2014 Sochi Paralympics and qualified among the top ten athletes in the race.
Selex ES employees, as well as actively participating in the race, offered their support for the initiative through generous donations made via the company's website and social media. Furthermore, a small team of engineers in the company dedicated their free time to a technology development programme directed at improving special ski equipment for the CSDST group's athletes, the "sky outrigger". Selex ES has supported the ski team since 2009 through fund-raising activities in order to reintroduce the spirit of challenge and competition into the lives of the para-athletes.

Selex ES for education
Selex ES promotes specific programmes to discover and support the most talented students and teachers at the engineering universities, with the objective of involving the local community and inspiring young people to study technical subjects. Each year, more than 2,000 primary school students are involved in the construction and race of small robots called "Rampaging Chariots".

United States - DRS Technologies

The US Corporate Social Responsibility initiatives included projects to support the US armed forces and their families, in the field of the health and education of children and, more generally, initiatives for the improvement in the quality of life of the community where DRS Technologies has its offices.
The company engages in many charitable initiatives. Each year, employees from the Corporate Legal and Human Resources unit engage in voluntary activities at the "Washington DC Central" canteen, which feeds thousands of homeless or low-income people. Furthermore, many sites support local and national associations for the fight against breast cancer, taking part each year in October in the proposed initiatives.
DRS Technologies focuses on organisations that support military personnel and war veterans and their families, directing most of their resources to those causes. Examples are the supply of assistance packs to soldiers being cared for at the Walter Reed National Military Medical Center and the signing of the "DRS Guardian Scholarship Fund", which exclusively bears the company logo and offers university study grants for children of National guardsmen killed during military service since 11 September 2001.

Poland

Every year, PZL-Świdnik supports all of the initiatives managed by the local Cultural Centre and participates in the "Grand Finale of the Great Christmas Aid Orchestra", the most important national fundraising event. Specifically, during the 2014 Christmas period, the protagonists were the children of employees and some children from orphanages. The initiative was also flanked by a Christmas event organised in, and to raise funds for, those orphanages. Ten employees were involved in the event, organising games for the orphans. In 2014, a total of 736 children of employees and 60 children from the Przybyslawice and Rybczewice orphanages participated.
Furthermore, PZL-Świdnik supports orphans who perform well at school, offering financial support for them to continue their studies and the possibility of employment in the company. In 2014, the second person (finishing secondary school) was selected as a candidate for employment as an aeronautic mechanic.
Among the beneficiaries of the company's sponsorship and donations are the Polish Red Cross and the annual charity ball of the Ex-Animo foundation, organised in collaboration with the Turkish Ambassador in Poland, the proceeds from which were donated to the Children's Memorial Health Institute Mi dzyliese, an oncology clinic.

Malaysia

Thanks to the funds raised by AgustaWestland Malaysia, five seriously ill children were offered an hour's flight in a helicopter over the Malaysian capital. The flight was bought at a charity auction at the "2014 Wishball", the annual gala dinner organised by the not-for-profit foundation Make-A-Wish, Malaysia, which fulfils the wishes of children with serious diseases, thereby bringing hope and joy to their lives.

ENHANCING CORPORATE CULTURE

MAIN FOUNDATIONS WITH WHICH FINMECCANICA COLLABORATES

Tor Vergata Economics Foundation

The Foundation was established in 2008 as a result of the experience of CEIS, the Center for Economics and International Studies of the Tor Vergata University, Rome. The objective of the Foundation is to develop a network capable of building connections and collaboration on projects between public and private institutions and academic expertise and non-academic expertise; to implement methods of knowledge sharing; and give impetus to the relationship between the world of research and civil societies and institutions that can promote innovation and sustainable development.

Research and Entrepreneurs Foundations

The Foundation was established in 2010 as a result of the strategic alliance between Finmeccanica, the Milan Politecnico Foundation, Intesa Sanpaolo, Italian Institute of Technology, Scuola Superiore Sant'Anna and Telecom Italia, to grow high tech newcos and create a stable link between research, innovation and industry, which is an advantage for everyone. In February 2015, Mauro Moretti, Finmeccanica's Chief Executive Officer and General Manager, was nominated Chairman of the Foundation.

Ansaldo Foundation

The Ansaldo Foundation, set up by Finmeccanica SpA, is mainly active in the fields of scientific research, training, and cultural and archival activities. 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.
Again in 2014, the Foundation was a fundamental intermediary for bodies and institutions operating in the culture, training and research of labour market and business world.

The Ansaldo Foundation - Activities completed or continued in 2014	
Scientific research	Research has recently been completed on "The evolution of large companies and global value chains", carried out by the work group led by Prof. Giovanni Zanetti of the Research Institute on Business and Development of the Italian National Research Council, and on "Smart City. Technology and creativity to support innovation", carried out by Prof. Donatella Sciuto and her team from the Electronics, Information and Bioengineering Department of the Milan Politecnico. This research has been published by the Ansaldo Foundation Editore in the "Research and study" series. The research led by Prof. Zanetti was presented on 21 November 2014 at Alenia Aermacchi's Caselle Torinese facility, while Prof. Sciuto's research will be presented on 5 March 2015 at the Milan Politecnico. Consolidation of the network with universities, academies and scientific bodies, focusing on joint research activity continued.
Training	The excellence initiatives were continued by the Finmeccanica Group companies and other Ligurian companies, such as Selex ES, Ansaldo STS, Ansaldo Energia, Ansaldo Nucleare, CEIS and SOGEA. In particular, the training course entitled "Finmeccanica Faculty - Preparation to the SME role", should be noted, which was held in October 2014. The agreement to continue and execute a collaborative relationship in order to develop shared initiatives and activities relating to specialist training was renewed.
Cultural and archivist activities	The activities of purchasing hard-copy documents, photographs and films were continued. In 2014, the Foundation opened its doors to 2,255 people for archival research, guided visits, and participation in initiatives and various events. Specifically, 12 scientific research projects carried out at the Universities of Genova, Salerno, Milan, Chieti-Pescara, Nice and Arizona, are worthy of note, and, among the guided visits, that given to Florida International University students as part of the Modern Italian social history course. The three-year (1 July 2012 - 30 June 2015) project financed by Ilva SpA for the inventory of hard-copy documents from the Ilva archive, consisting of approximately 7,000 units from the period 1882-1993, was continued. 225 audio oral testimonies relating to the Italian Resistance against the Nazis and Fascists in the Second World War were digitalised and partly loaned to the Foundation, as provided for in the agreement of December 2013 with the ILSREC (the Ligury region institute for resistance and contemporary history studies). The activities relating to the "Memory as a resource" project were continued. This project was launched in January 2012 with the aim of connecting the present to the historical past of the Finmeccanica Group companies via the Intranet. In collaboration with CNR-IMATI, the project for the protection and enhancement of industrial historical archives "R.I.C.E.R.C.A. - Cultural industrial resources: extraction and collection of the content for accessibility" was continued. The project "Photography and industry. Initiative for the safeguard and evaluation of world industry and labour sources" has been prepared. The initiative, financed by the Compagnia di San Paolo, will take place during 2015 and will entail the digitalisation, and availability to the community, of the first lot of ten thousand photographic plates with silver salts dating from the beginning of the 20th century.

The "Social Commitment" on the Group's website and portal

With reference to stakeholder engagement, in 2014, Finmeccanica published its "Social Commitment" in the "Sustainability" section of the Group's website that discusses the Group's main social responsibility projects. Along with the number one project for the canteens, the website lists cultural initiatives that describe the Group's cultural awareness. Finmeccanica has promoted and supports the value of art and culture (such as at the exhibition of Leonardo's "Codex on the flight of birds" in Washington and New York). Furthermore, a space has been dedicated to the Company museums, established to conserve the historical and industrial memory of the Group companies related to their local area.

The company museums[57]

In order to enhance the assets of the Group's company museums, information cards and material have been prepared and published in the "Culture" section of the Group's portal and on the corporate website. These museums are testimonies of the companies' history and constitute an instrument of ongoing dialogue and interaction between the companies and their local areas.
In addition to the operating companies, employees, former employees and senior former employees have made an exceptional contribution to the establishment and maintenance of Finmeccanica's company museums by donating memorabilia, reorganising archives and often managing the museums.
These company museums are living and dynamic ambiences that assist companies' integration into their local communities. Indeed, the Group's objective is to make these pillars of industrial culture open to economic and cultural visitors, researchers, students, and operators.

The Group's company museums	
Melara Museum Association	The Melara Museum Association was established in 2001 in La Spezia, and manages the cataloguing of the OTO Melara historical archive. The work performed by the Association is gathered in the "Inventory of the historical archives of OTO Melara 1902-1972", a volume published by the Ansaldo Foundation. In collaboration with Canon, the Association has set up a photography exhibition at the OTO Melara office in Brescia. The exhibition represents the history of the company from its foundation in 1924 to its reconstruction after the Second World War and beyond up to 1955. In addition to photographs, some publications and vintage objects from the era are on display.
Agusta Museum Foundation	The Agusta Museum Foundation was established in 2003 at Cascina Costa di Samarate (Varese), thanks to the commitment of AgustaWestland's Elderly Seniors Workers Group. The museum includes documents and objects conveying testimonies relating to the historical Costruzioni aeronautiche Giovanni Agusta (today AgustaWestland SpA) and the historical MV Agusta. There is also a conference room and flight simulator in the museum.
AnsaldoBreda Museum	The Finmeccanica-AnsaldoBreda Museum, founded in 2013 within the historical Pistoia facility, hosts a vast collection of antique utensils, work tools, historical models, and measuring instruments, which retrace over a century and a half of the history of the Italian railway industry.
"Adolfo Tiezzi" Technology Museum	The "Adolfo Tiezzi" Technology Museum, founded in 2006 by Galileo Avionica, is in Campi Bisenzio (Florence) and is organised by technological sector: precision engineering, photography, heavy engineering, hydraulics, and radar. The Finmeccanica-Selex ES Seniors Association manages the museum on behalf of the company.
Selex ES - Radar Museum	The Finmeccanica-Selex ES Radar Museum was established in 2009 at the Selex ES plant of Fusaro (Naples). It is the first company museum in Europe dedicated to radars. It consists of an exhibition space with historical instruments and some of the most important radar antennas developed and built over the years by Selex Sistemi Integrati. The documentary archive contains numerous historical and modern volumes on radars and related technology. There is a simulation area with three consoles configured to show each console in a different operational scenario, for example, ground surveillance, naval surveillance, and air traffic control.
Volandia Park and Museum of Flight	The Volandia Park and Museum of Flight, opened in 2010, is the largest Italian museum-park dedicated to aeronautics located in the buildings of the Officine Aeronautiche Caproni di Somma Lombard (Varese). Finmeccanica is one of its founding partners. The area is spread over 60 thousand square metres, divided into five thematic sections that include 30 aircraft, a thousand models, a cinema area and technological equipment including flight simulators, one of which is a mount for a real helicopter. The collection presents the local aeronautic tradition that made aviation history, from Caproni, whose family has provided the legendary warehouses, to SIAI Marchetti, Macchi, Agusta and others.

[57] The museums include the Volandia Park and Museum of Flight, although strictly speaking it is not a company museum as it is managed by the Aeronautical Museum Foundation, in which Finmeccanica has a 40% share.

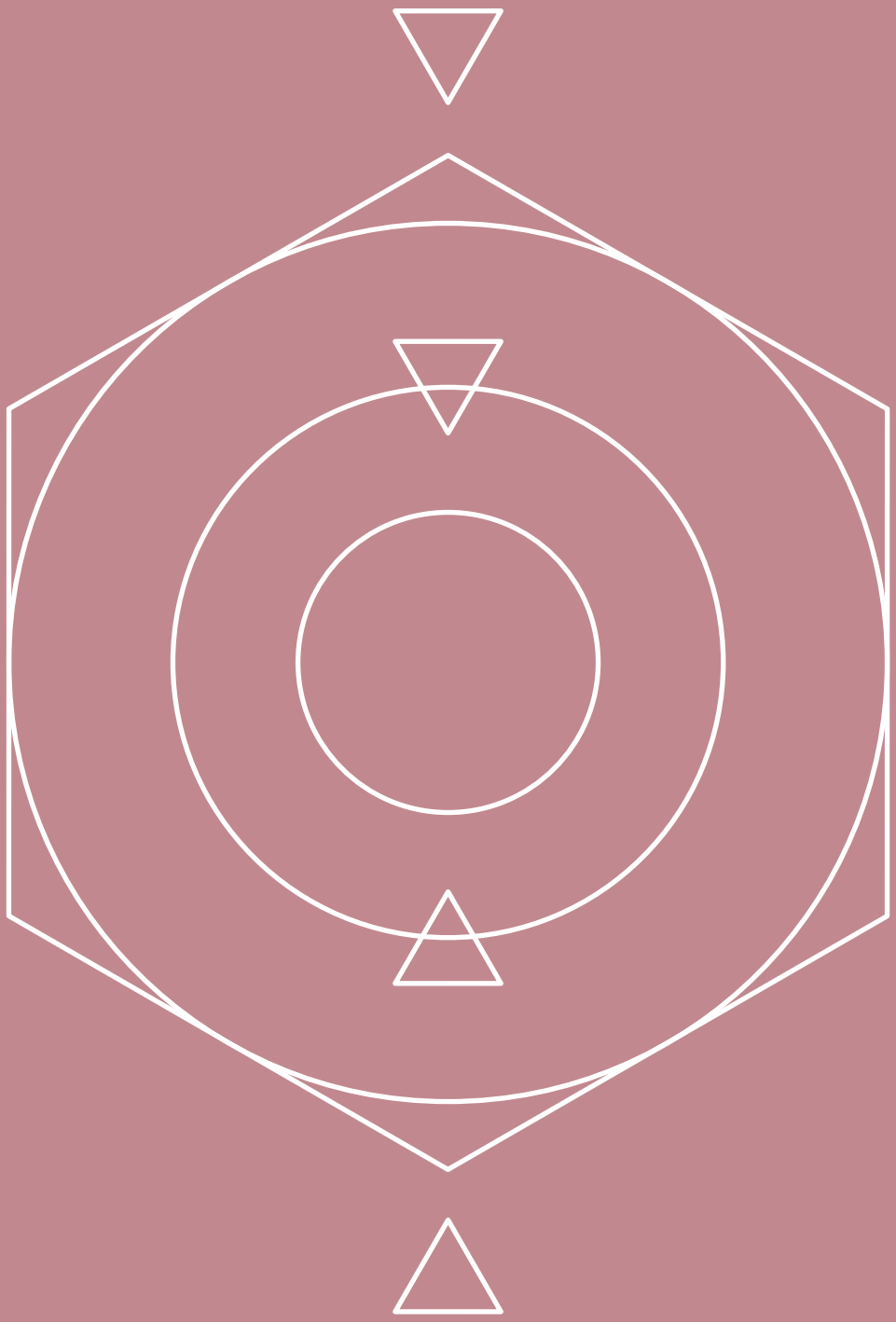
The section of the website dedicated to the Group's social commitment contains a selection of videos on Corporate Social Responsibility. The subsection "Publications" within the "Media" section of the corporate website has been published, with some information cards on books relating to the Group's culture, including publications dedicated to Finmeccanica, the people who work in the Group, and the numerous objectives achieved in the technology sector.
A new section entitled, and dedicated to, "Social Commitment" was published on the Group's "My Finmeccanica" portal in order to inform employees about the activities that Finmeccanica carries out directly, or thanks to the voluntary activities of its personnel (the Responsible Canteen Programme, voluntary work, culture, environmental education, welfare, diversity, social stakeholders, good social practices, glossary and news and media gallery). There is a lot of news relating to Corporate Social Responsibility (CSR), created to stimulate an ongoing interaction with employees to develop their knowledge and social cohesion and make the CSR activities an integral part of a shared corporate culture.

The volontary activities of Finmeccanica Group employees

Many employees of the Group companies engage in voluntary activities in their spare time. Considering this large "human capital", the Corporate Social Responsibility (CSR) unit deemed to offer an internal promotion with the objective of giving recognition to personnel that offers that commitment. To evaluate the experiences of these employees, around fifteen video interviews have been created and published on the Group's portal in which the volunteers speak about their commitments in the services sector, which, as mentioned, involves millions of people in Italy. The initiative, welcomed by the operating companies, will continue into 2015.
Furthermore, in 2014, a survey was conducted in order to map the associations at which Finmeccanica personnel volunteer. One of the most interesting elements that emerged was the existence of a genuine network of solidarity between these associations, which have created partnerships and collaborations with each other to better enable them to address the many different needs of the individuals they assist.
All of the associations hope that Finmeccanica will increase the interest it has shown in the voluntary activities of its employees, leading to the creation of a genuine "corporate volunteer culture" and enabling an increasing number of employees to participate in those activities.

7

Respect and protection of the environment



RESPONSIBLE MANAGEMENT

Finmeccanica is committed to a sustainable and responsible roadmap to protect the environment and ensure the health and safety of its employees all over the world.

In line with Directive no. 3 “Environment protection” and its Environment, Health & Safety (EHS) Policy, the Group has been actively engaged in a process of sustainable and responsible protection of the environmental and the health and safety of its employees all around the world for many years.
It defines the environmental strategies and policies at central level in Group guidelines prepared by Finmeccanica Global Services’ (FGS) Environmental and Risk Prevention Policies unit, which monitors their implementation and assists the Group companies to do so and to define environmental management systems.
The key actions for a proactive and knowledgeable approach, that goes beyond straightforward compliance with the regulations are to analyse, manage, monitor, check and assess. The Group implements this approach through environmental governance procedures which include:

- drafting, finalising and circulating the Group guidelines on various environmental issues;
- drafting, finalising and circulating Environmental Procedures (in 2014, FGS and Finmeccanica implemented 18 such procedures for their sites, including more than 70 located in Italy);
- implementing monitoring and controls to prevent and manage environmental risks, both at Group and individual site and/or company level;
- promoting and disseminating environmental know-how to create, support and spread the culture of environmental sustainability and the protection of health and safety at all levels.

The Group companies are responsible for managing their environmental issues and independently implement the Group’s Directives and Guidelines as they apply to their sites. They prepare plant/structural and management action plans and programmes to improve environmental performance.

GROUP ENVIRONMENTAL GUIDELINES

AEE guideline
Underground tank guideline
Waste management guideline
Guideline for the identification, assessment and management of environmental emergencies
Guideline for water management at Finmeccanica Group’s sites
Guideline for hazardous waste management at Finmeccanica Group’s sites
Guideline for atmospheric emissions management at Finmeccanica Group’s sites
Guideline for management of fluorinated greenhouse gases at Finmeccanica Group’s sites
CO_2 and Climate Change: Carbon Management in Finmeccanica Group

FGS provides the Group with analyses and evaluations to define Group-wide strategies based on data and information about environmental and health and safety matters assembled for the Group's environmental reports and regular audits, which constitute a very important database. Indeed, it is a valid tool that the Group can use to define specific performance indicators and, hence, projects and programmes for short, medium and long-term improvements for each Group company and the Group as a whole.
The Group has informed the market about its environmental performance since 2006 and reported on it in its Sustainability Report since 2010.
In 2011, Finmeccanica introduced a web-based system, which it regularly revises and updates, to collect environmental and health and safety data and information for each site to be consolidated at Group level. During 2014, it upgraded the system, introducing 11 new indicators, to ensure its ongoing improvement. Specifically, it focused on biodiversity issues.
In 2014, 134 sites were included in the system, 15 less than in the previous year due to their sale or closure or due to the restructurings that affected some companies (e.g., Finmeccanica Global Services, Selex ES and DRS Technologies) as well as to the deconsolidation of the Energy business segment. The notes attached to the 2014 Annual Report provide a detailed list of the sites included in the system.

THE SPA PROJECT - Environmental strategies and policies

The Group presented the SPA PROJECT - Environmental strategies and policies in 2014 to propose environmental strategies based on innovative approaches to improve environmental risk management and monitor the Group's sustainability issues.
After a preliminary analysis of the risks faced by the Group's Italian sites, some proposals for improvement were made including, in particular:

- the launch of a number of specific activities designed for the sustainable and efficient management of the key environmental issues (soil, subsoil and groundwater contamination, underground storage, water supply, wastewater treatment and water discharge, waste management, ODS and F-gas, MCA, hazardous substances, atmospheric emissions, CO_2, protected areas);
- adoption of sustainable enhancement strategies for the Group's real estate, especially as regards the design of new sites or renovation of existing ones;
- definition of specific technical-commercial approaches for the supply of environmental services to the Group companies;
- environmental training courses.

The next stages include the analysis and assessment of which areas are priorities, considering replicable initiatives and those with the best environmental cost-benefit ratio.

Structural intervention and management actions

Over the 2014-2017 period and continuing on from projects and activities commenced in previous years, the Group operating companies have already partly implemented over 150 structural intervention and management actions to reduce the environmental impact of their business activities. Over 40% were aimed at improving energy efficiency while more than 30% related to waste cycle management and water management.
There was a reverse in the allocation of investments made by the Group companies in 2014 with over €1 million more earmarked for the environment than for health and safety.
FGS owns about 60 real estate assets used by the Group companies for a total of roughly 600 buildings standing on approximately 2.3 million square metres. In 2014, FGS carried out work on its properties (more than 140 interventions), investing over €12 million to reduce its impact on the environment (especially as regards the more careful and efficient use of water and energy) and to improve its employees' health and safety.
As part of the project to transfer management of the entire real estate portfolio to FGS, including ordinary and extraordinary site maintenance, the Group is currently defining regulations, contractual clauses and conditions for the sustainable management of environmental aspects. These will be flanked by special information and training projects, to ensure that all personnel are aware of and have the necessary skills in environmental matters.
Finmeccanica promotes training about the environment and health and safety. Specifically, most of its training courses are about health and safety, partly to comply with the obligation for periodic refresher courses imposed by the ruling legislation (in primis, Italian).
As part of the activities to improve the quality and traceability of environmental and health and safety reporting, in 2014, FGS organised a training day about the web-based reporting system and the creation and management of site data and information collection, analysis and traceability systems (roughly 50 users use this system in Italy).

FIGURE 62 - ANNUAL INVESTMENTS IN THE ENVIRONMENT, HEALTH AND SAFETY[58]

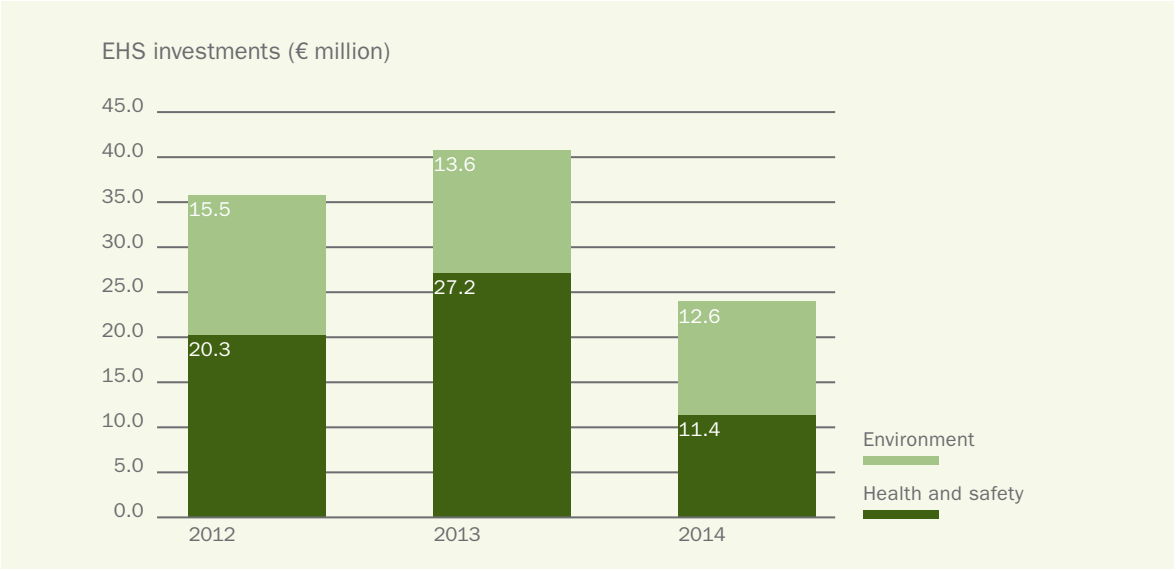
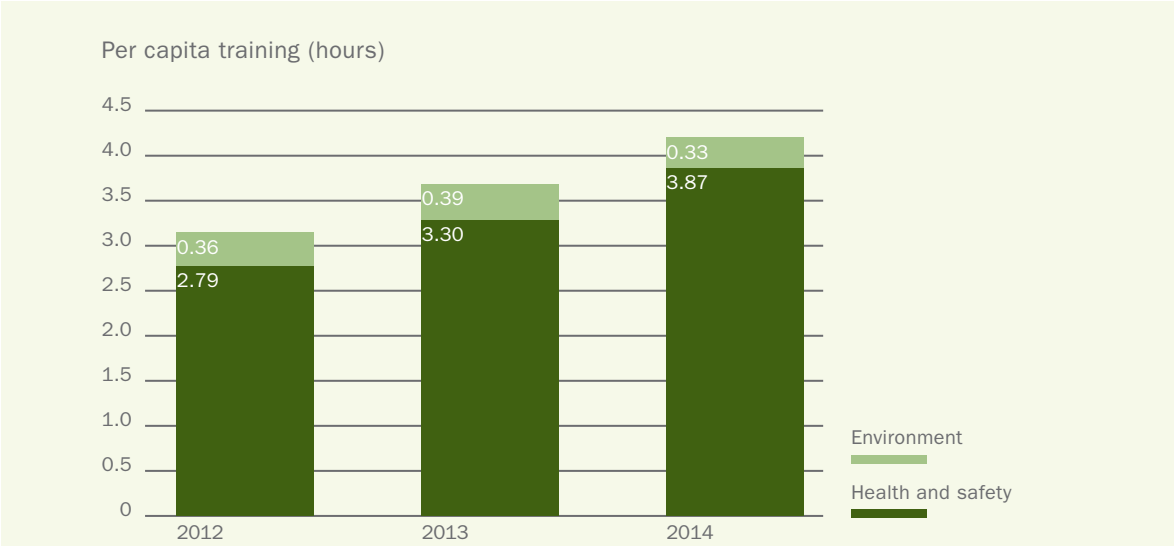


FIGURE 63 - PER CAPITA ANNUAL TRAINING ON ENVIRONMENT, HEALTH AND SAFETY ISSUES



The Group's most useful tools to promote innovation and the research and study of more sustainable plant solutions are the environmental management systems and the occupational health and safety management systems, both certified in line with the reference international standards. The Group companies are increasingly adopting these systems.
At the end of 2014, the 134 sites in the reporting scope included:

- 75 with an ISO 14001 certified environmental management system (employing more than 70% of the employees in the sustainability reporting scope);
- 59 with an OHSAS 18001 certified occupational health and safety system (employing 52% of the employees in the sustainability reporting scope);
- 55 that have both certifications.

[58] The 2014 figure does not include the environmental investments made by FGS.

In addition, during the year:

- in line with its long-term plans and programmes for improvement, AgustaWestland achieved ISO 14001 certification for all its Italian sites. It has also started the procedures to obtain OHSAS 18001 certification in 2015;
- the Foggia (Alenia Aermacchi) and Tito Scalo (Ansaldo STS) sites were registered in accordance with the EMAS Regulation (Eco-Management and Audit Scheme);
- five sites have adopted ISO 50001 certified energy management systems;
- nine sites have obtained the SA8000 certification for corporate social responsibility.

FIGURE 64 - PERCENTAGE OF GROUP SITES WITH CERTIFIED MANAGEMENT SYSTEMS (ISO 14001 AND OHSAS 18001)

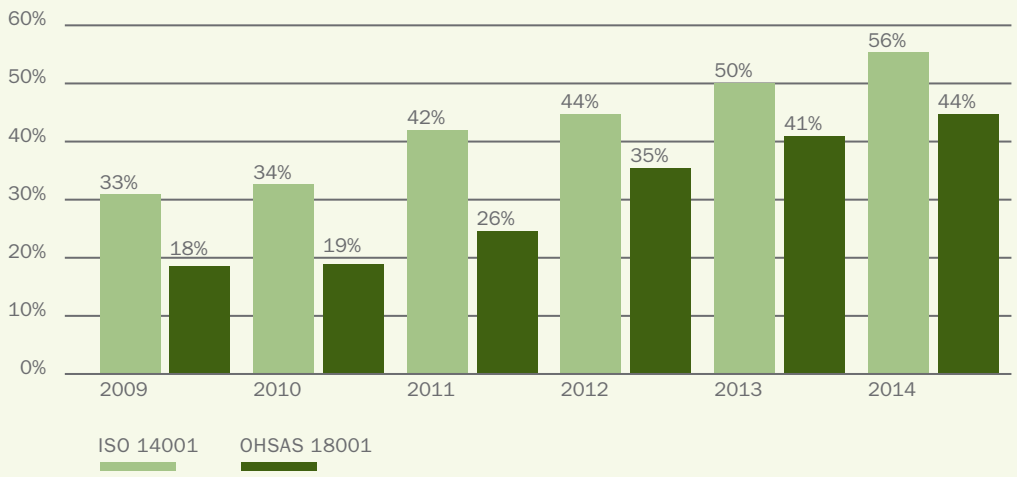
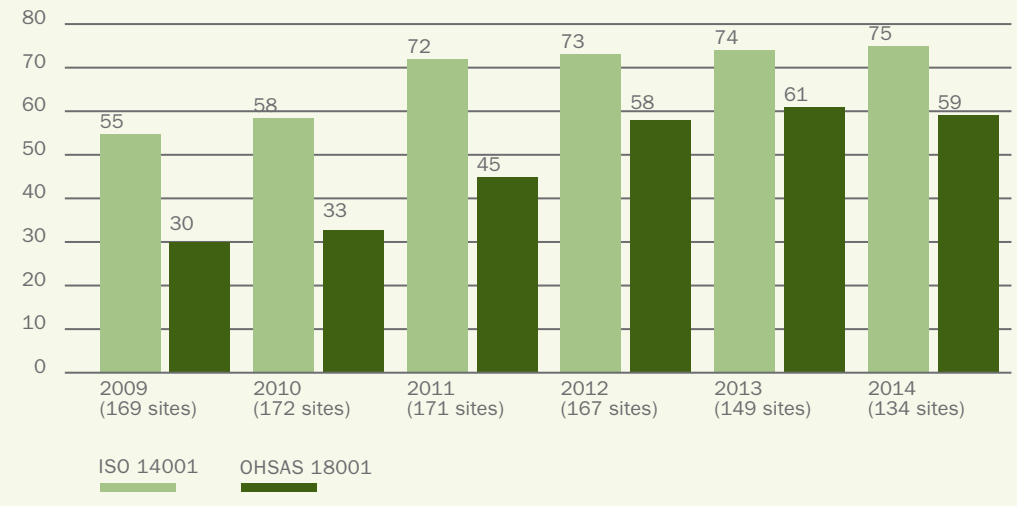


FIGURE 65 - SITES WITH CERTIFIED MANAGEMENT SYSTEMS (ISO 14001 AND OHSAS 18001), ABSOLUTE AMOUNTS



The increasing number of certified environmental management and occupational health and safety management systems can clearly be seen from the trend in the period from 2009 to 2014:

- the number of sites with the ISO 14001 certification (environmental management system) has grown by roughly 36%;
- the number of sites with the OHSAS 18001 certification (occupational health and safety management system) has grown by roughly 96%.

FINMECCANICA

Communication, information and training about EHS issues

The Group has used various tools to create an EHS culture and disseminate the related technical and specialist know-how for many years. FGS centrally coordinates and manages the research, analysis, assessment, selection and circulation of current regulations and updates, analyses and sector studies and best practices. In addition, FGS:

- manages the EHS portal, operational since 2012, which currently features over 250 technical documents and in-depth analyses of EHS issues and is accessible to over 150 Group employees;
- manages the e-mail address for EHS communications from which, in 2014, over 60 communications were sent about upgrades to regulations, best practices as well as supplementary documents, analyses and information.

Environmental risk prevention and control

2014 saw intensive assessments and checks of environmental risks related to production.
As already mentioned and in order to monitor potential Legislative Decree 231/01 crimes, Finmeccanica and FGS implemented 18 Environmental Procedures (7 and 11, respectively), defining the roles and responsibilities for checking and managing the main environmental matters at their sites used by the Group companies.
As well as preparing these Procedures, FGS commenced the activities related to Risk Gate[59], a maths based IT tool designed, developed and tested by the former Finmeccanica Group Real Estate (now FGS) to assess the environmental risks of the Group's Italian industrial sites through self-assessments by site personnel. These activities will be completed in mid 2015 and are intended to improve the tool's usability. FGS will also prepare and provide a training programme for the Group employees that use Risk Gate.
In 2014, FGS also carried out 23 environmental audits at Italian sites, as part of the annual environmental audit programme of the FGS and Finmeccanica sites, and commenced all the activities scheduled for 2015. After each audit, the managers of the companies using the sites were requested to prepare follow-up plans, describing the actions to be taken to resolve any critical issues identified and the related timeframe. FGS monitors implementation of these plans regularly.
As well as the above audits, external parties performed roughly 70 environmental inspections (e.g., certification bodies, independent auditors), mainly to obtain or confirm the sites' management systems certification.
During 2014, 20 environmental incidents were recorded (12 less than in 2013), including 18 related to minor spillages (the largest of which was roughly 500 litres), none of which impacted business continuity or had a significant impact on the environment. 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.

ENVIRONMENTAL MANAGEMENT

	2014	2013	2012	2011
Number of sites with certified environmental management systems	**75**	74	73	72
Environmental audits	**97**[60]	148	140	110
Environmental incidents (total)	**20**	32	19	11
- spillages	**18**	27	13	7
Violations of environmental regulations noted by control bodies	**9**	0	6	16

[59] 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.
[60] Including 23 audits by FGS.

ENVIRONMENTAL PERFORMANCE

Atmospheric emissions

The Group's atmospheric emissions relate to:

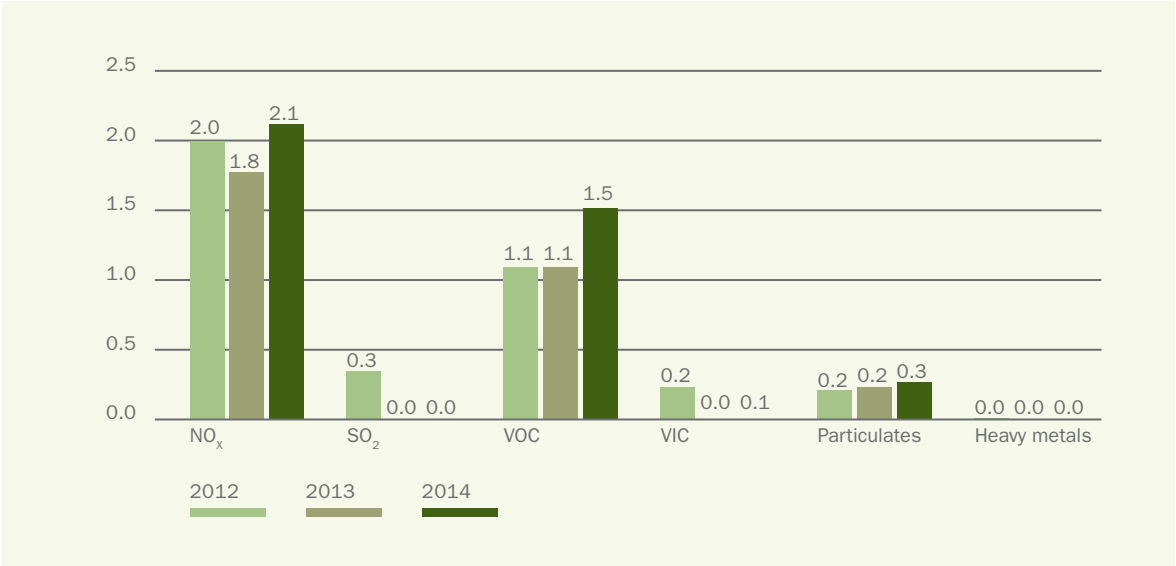
- combustion processes (e.g., natural gas, diesel oil, fuel oil) to generate energy and/or heat (e.g., air conditioning and heating of premises, production of hot water);
- industrial processes and site specific production activities (e.g., painting/stripping and treatment of surfaces, processing of resins and assembly, welding).

In addition to CO_2 (covered in another section), the Group sites report the following pollutants:

- NO_x and SO_2, mainly generated by combustion processes and the mix of fuels used;
- Volatile Organic Compounds (VOC);
- Volatile Inorganic Compounds (VIC);
- heavy metals - Pb, Hg, Cd, Cr, As, Co, Ni;
- particulates.

In 2014, there were 2,208 authorised emission points (individual or conveyed) in use in the Group's 61 sites, 144 (6%) less than in 2013. This reduction is mainly due to the exclusion of the Energy business segment from the reporting scope, and the streamlining of the emission points by several sites, which led to the conveying of emissions and the decrease in the number of chimneys used, as well as changes in certain production processes that generate atmospheric emissions.
In order to check compliance with the current legislative limitations, the Group companies carried out analyses of the chimneys (ongoing and/or periodic) and incorporated suitable emission reduction systems to minimise the environmental effect where necessary (e.g., active carbon filters, afterburners, mechanical filters).

FIGURE 66 - OTHER ATMOSPHERIC EMISSIONS (g/h)



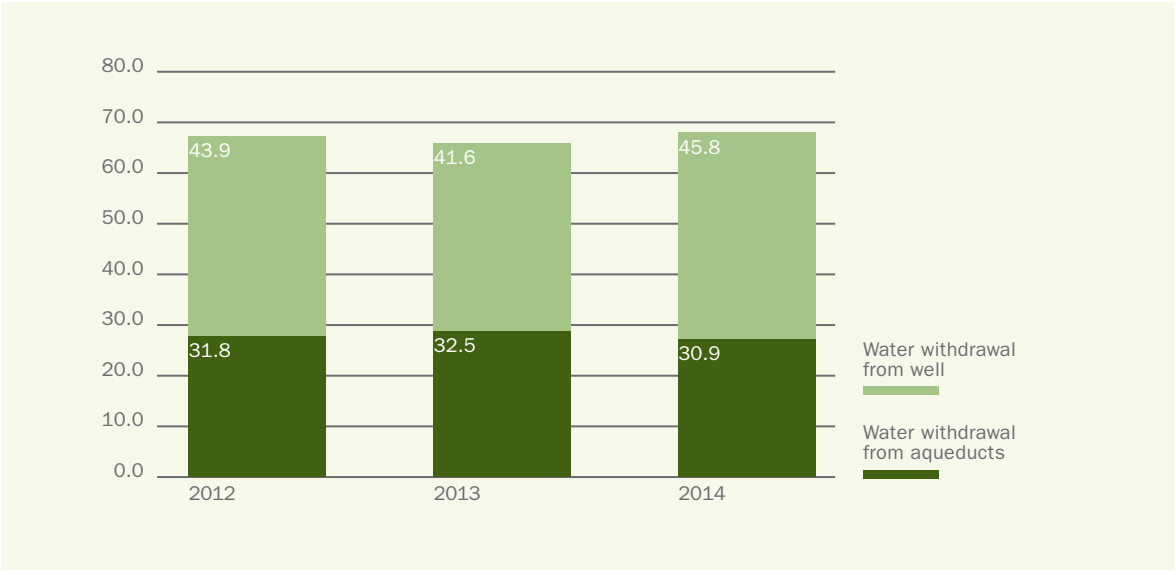
The type of emissions produced and changes over the years are closely tied to the type of fuel used by the site, its production processes and work programmes. During 2014, some process lines for the Aeronautics and Helicopters segments saw large increases in production output, which translated into a rise in certain atmospheric pollutants. The significant reduction in SO_2 emissions was achieved thanks to the almost complete elimination of the use of diesel oil (see the section on Energy management).

Water management

Management of water resources is very important to the Group. Finmeccanica encourages the sustainable and responsible management of water as set out in the EHS policy, the specific Guidelines, checking and assessment Procedures and the Procedures for operating management and controls. The preparation and analysis of the site water usage (from supply to the discharge of wastewater, including purification methods) is one of the areas most investigated as part of the environmental audit. This allows the Group to define an improvement and efficiency plan for the use of this important resource, which can also led to economic benefits.
An example of this model is the training and orientation project for apprentices forming part of an agreement signed with the Turin Politecnico and rolled out at the end of 2013 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 water withdrawal, use, treatment and discharge and any areas to be improved, specifically in relation to water saving.
Following on from this project and given its visible benefits, another water audit was carried out at a second Italian site in 2014, after which several proposals for improvements were made to assist the integrated and sustainable management of water consumption. One of the key proposed initiatives with the best cost/benefit ratio (in economic and environmental terms) was to install suitably located micro meters along the internal distribution network to check and rationalise the entire site's water consumption. The Group has already adopted this plant/management solution at several sites.
The Group mainly uses water for civil and industrial purposes and to water the green areas.

Water withdrawal
40% of the total water withdrawn by Finmeccanica Group comes from the water supply system while the other 60% comes from wells. The water withdrawn, less normal leakage from the piping network, evaporation, etc., substantially coincides with the amount consumed by the Group.
In 2014, the Group withdrew nearly 5% less than in 2013 (more than 12% less from the water supply system).
In addition to the change in the reporting scope[61], this reduction is a result of the drive to make processes more efficient, which have included the renovation of the piping network and its extraordinary maintenance, the more efficient use of plant and equipment that require water and increasing employees' awareness of the issue.
While the total amount of water withdrawn has decreased, the reduction in hours worked has meant that the percentage of water withdrawn per hour worked has increased by just over 3% compared to 2013.

FIGURE 67 - WATER WITHDRAWAL BY SOURCE (l/h)



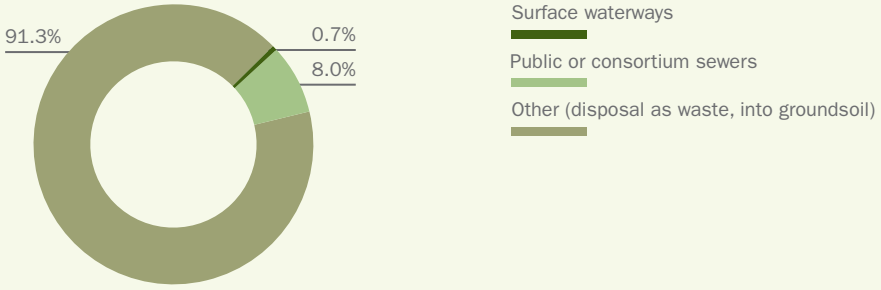
[61] Using the same scope as 2013, the total reduction was 2% (6% less from the water supply systems).

The operating companies use systems to recycle and reuse water in their production cycles, when possible and technically feasible in terms of the plants and processes used. During 2014, 14 Group sites (three less than in 2013) recovered more than 113,000 cubic metres of water, equal to 2% of the Group's total water withdrawals.

Wastewater

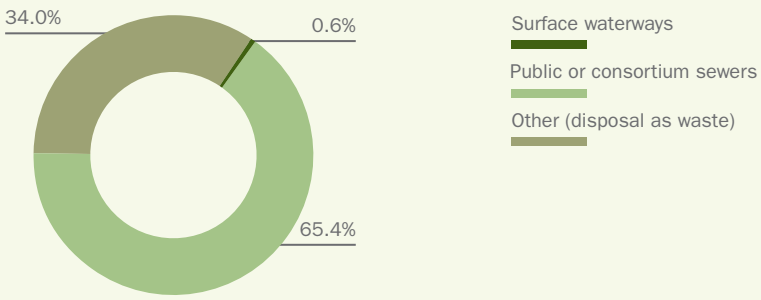
In 2014, the Group operating companies produced approximately 5.8 million cubic metres of wastewater, including roughly 3.2 million cubic metres of domestic or similar wastewater (roughly 54% of the total) and 2.6 million cubic metres of wastewater from production processes (roughly 46% of the total). Roughly 65% of the wastewater produced is channelled into public sewers and about 34% drains into surface waterways as it does not require additional purification treatment. The minimal remaining portion (about 1%) is disposed of in another way (as waste; into the ground soil, after purification, pursuant to the authorisations issued by the supervisory and control bodies).

FIGURE 68 - DOMESTIC WASTEWATER: BREAKDOWN BY RECEPTOR



Final receptor of domestic or similar wastewater

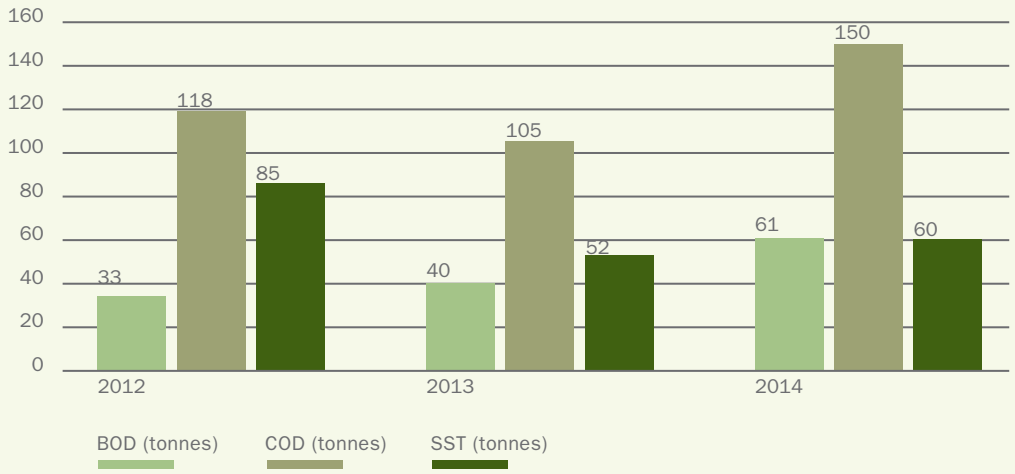
FIGURE 69 - INDUSTRIAL WASTEWATER: BREAKDOWN BY RECEPTOR



Final receptor of industrial/process wastewater

The Group sites have 26 domestic wastewater treatment plants and 22 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 annual variations are directly related to the specific production processes carried out at the sites. Like for the atmospheric emissions, during 2014, some of the process lines of the Aeronautics and Helicopters business segments saw large increases in production output, which led to a rise in these pollutants.

FIGURE 70 - DISCHARGED POLLUTANTS (tonnes)



The pilot plant at the Alenia Aermacchi facility

A tangible demonstration of the Group's focus on sustainable water management is the reverse osmosis pilot plant at Alenia Aermacchi's Caselle Nord facility, installed to treat the galvanic processing water.
The site has galvanic systems for surface treatment by immersion in tanks of specific solutions, which generate about 5,000 cubic metres of wastewater a year.
This wastewater was disposed of as liquid waste in external purification systems. The project, launched in 2014, included the installation of a pilot plant based on the physical process of reverse osmosis, which allows the recovery of a significant volume of purified water from the wastewater (more than 75% of the total). The purified water is recycled and reused for industrial purposes in the facility or discharged into the public sewers. The remainder (roughly 25%), which is about four times more concentrated than the original liquid, is eliminated as waste, keeping its original classification as non-hazardous.
The main benefits expected from the plant once it is fully operational are:

- reduction in water withdrawal and related procurement costs;
- reduction of the waste produced, optimisation of the elimination process;
- cutting of the related costs (estimated annual saving of approximately €100,000), reduction of the general environmental impact, technological innovation, also of interest for the ISO 14001 certification.

These benefits manifested three months after the pilot plant was put into operation and functional analyses were commenced to validate the feasibility of the plant model and to carefully define the final plant's technical characteristics (and possibly more effective purification technologies), for a minimum water recycling objective of 75%.

Waste production and management

All the Group companies have undertaken numerous projects to reduce waste and increase its separation, including by analysing the waste classification codes (European Waste Catalogue, EWC) that are amended from time to time by the relevant regulations.
In 2014 and following the change in the environmental reporting scope, the Group reduced its total waste by nearly 4% (roughly 52,000 tonnes) on 2013. It sent 49% for recycling while just above 50% was eliminated (like in 2013). It classified 79% of its waste as non-hazardous and the other 21% as hazardous (74% and 26%, respectively, in 2013).

FIGURE 71 - WASTE (kg/h): BREAKDOWN BETWEEN HAZARDOUS AND NON-HAZARDOUS

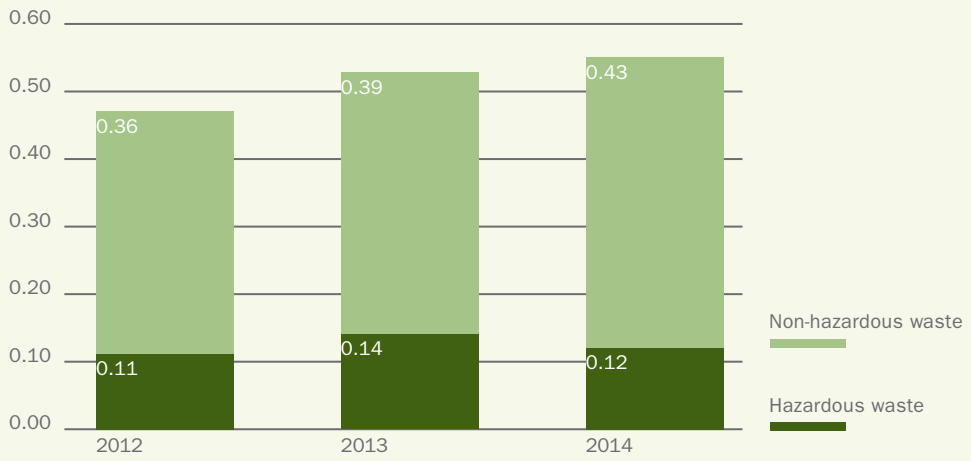
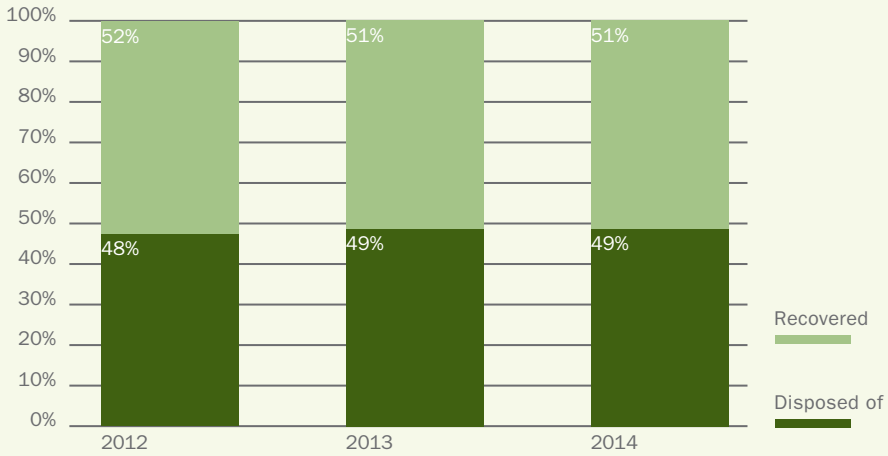


FIGURE 72 - WASTE BY DESTINATION (%)



The reduction in waste produced in 2014 is partly due to the decrease in the reporting scope. With respect to the sites no longer included in the scope and, especially, the main sites closed or being sold, the Group analysed the volumes of waste produced by the sales activities (roughly 611 tonnes of waste produced by Selex ES' four sites in Italy, mostly classified as non-hazardous and of which 87% was recycled).
One of the waste management projects is the Group's Printing Policy, which sets out guidelines for Group employees about printing services. Its twofold objective is to reduce printing costs and concurrently encourage a reduction in waste and environmental impacts.

Soil and subsoil

The total surface area occupied by the 134 Group sites surveyed is 14 square kilometres, of which 40% are green areas (more than 5.5 square kilometres).
42 Group sites have 303 underground storage tanks (in use or unused) for liquid raw materials, fuel and/or liquid waste related to production activities. In order to minimise the risk of contaminating the soil and subsoil, the operating companies have, where possible, been removing underground storage tanks for years. When these tanks are essential for production, the Group companies have installed double walls and/or systems that automatically identify leaks (for more than 30% of the Group's underground storage tanks) and/or regular control and monitoring activities.
More generally, the Group is strongly committed to addressing soil and subsoil contamination issues. As mentioned earlier, the main elements investigated as part of the environmental audits are the soil, subsoil and water (surface and groundwater) performance indicators. These investigations allow identification of water sources that may give or may have given rise to potential impacts on the environment. In 2014, 27 sites used by the Group's operating companies were audited in order to assess the environmental health of soil, subsoil and underground water.
In Italy, 19 sites owned by FGS and Finmeccanica have been or are being subject to clean-up activities as per Legislative Decree 152/06.

Hazardous materials

The Group companies all have long-standing programmes, projects and studies to identify the best technological and process solutions entailing the minimum use of hazardous materials. When possible, these materials have been fully eliminated. The main actions taken (e.g., by AnsaldoBreda and Alenia Aermacchi) were designed, depending on the case, to improve the processes that require the use of these hazardous materials (e.g., installation of dry spray booths, that do not generate waste including hazardous materials), or to encourage the use of waterborne paints, which have a minimal impact compared to traditional solvent-based paints that also generate emissions. Some production processes require the use of substances hazardous to health (classified as R40/H351[62], R45/H350[63], and R49/H350i[64]) and those hazardous to the environment (classified as R50/H400[65], R51/H401[66], R52/H402[67], R53/H410-H411-H412-H413[68]). Their consumption is carefully monitored and subjected to internal controls, to ensure their minimum use and to reduce their impact on health and the environment.
Changes in 2014 consumption are closely related to contracts, new programmes and new product lines developed during the year at various facilities. Specifically, the rise in the consumption of materials hazardous for the environment is due to the greater use of fuel to test aircraft (see the section on Energy management).

[62] Category R40: limited evidence of a carcinogenic effect, as defined by Directive 67/548/EEC, or H351: suspected of causing cancer, as defined by GHS and Regulation (EC) 1272/2008 (CLP).
[63] Category R45: may cause cancer, as defined by Directive 67/548/EEC, or H350: may cause cancer, as defined by GHS and Regulation (EC) 1272/2008 (CLP).
[64] Category R49: may cause cancer by inhalation, as defined by Directive 67/548/EEC, or H350i: may cause cancer by inhalation, as defined by GHS and Regulation (EC) 1272/2008 (CLP).
[65] Category R50: very toxic to aquatic organisms, as defined by Directive 67/548/EEC, or H400: very toxic to aquatic life, as defined by GHS and Regulation (EC) 1272/2008 (CLP).
[66] Category R51: toxic to aquatic organisms, as defined by Directive 67/548/EEC, or H401: toxic to aquatic life, as defined by GHS and Regulation (EC) 1272/2008 (CLP).
[67] Category R52: harmful to aquatic organisms, as defined by Directive 67/548/EEC, or H402: harmful to aquatic life, as defined by GHS and Regulation (EC) 1272/2008 (CLP).
[68] Category R53: may cause long-term adverse effects in the aquatic environment, as defined by Directive 67/548/EEC, 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).

FIGURE 73 - TOTAL QUANTITIES OF SUBSTANCES HAZARDOUS TO HEALTH (g/h)

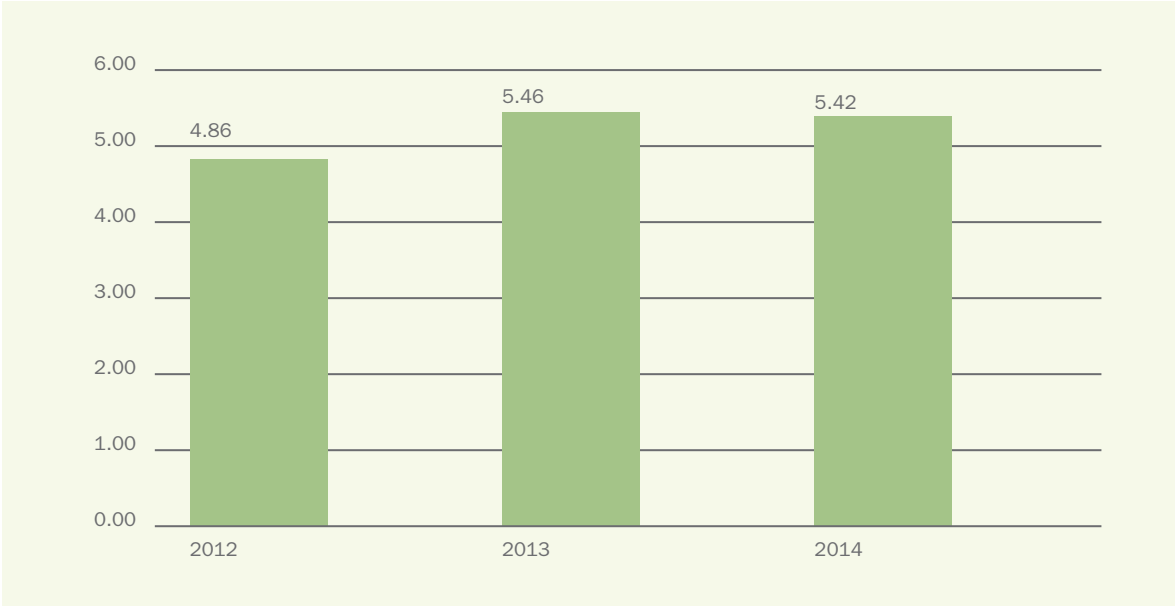
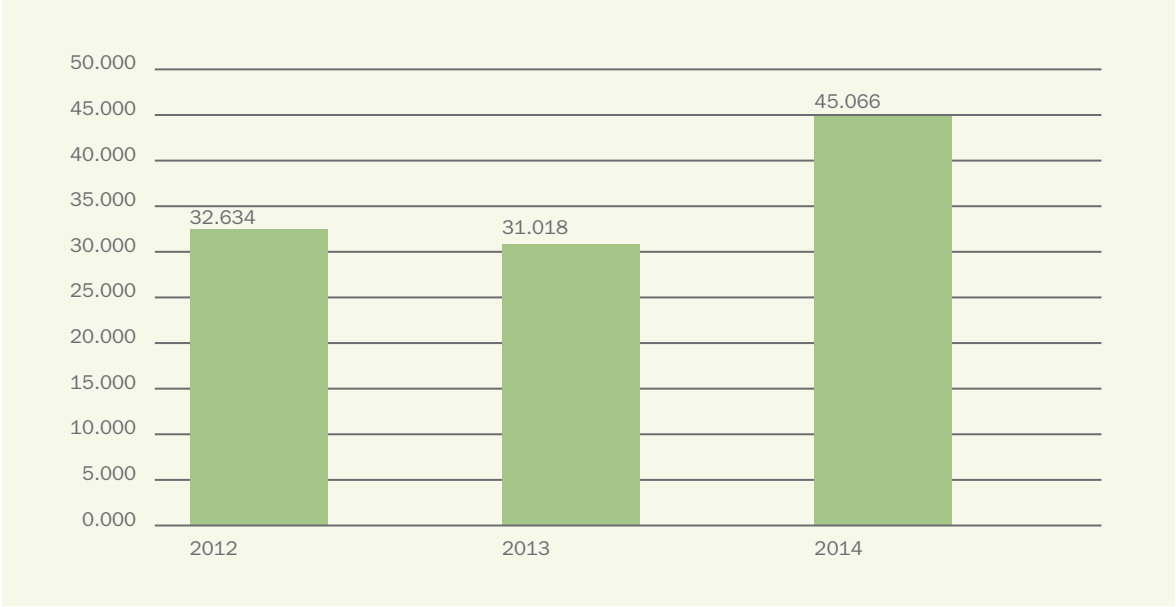


FIGURE 74 - TOTAL QUANTITIES OF SUBSTANCES HAZARDOUS TO THE ENVIRONMENT (g/h)



REACH

REACH is the Regulation Evaluation Authorisation and restriction of CHemical subtances. Together with Regulation (EC) 1272/2008 (the CLP Regulation), which covers the new labelling system, it is the EU's most far-reaching law designed to assist the management of risks posed by chemicals by increasing knowledge of dangers and risks created by use of existing products (introduced onto the market before September 1981) and new products (after September 1981). ECHA (the European Chemical Agency) monitors the situation and identifies substances and/or mixtures that cannot be used as they are dangerous to public health and the environment. This regulation has a strong impact on the industrial system as it affects both the production process and the products, which may be excluded from sale.
Finmeccanica has commenced a project to analyse its stage of compliance with REACH to improve its current Organisational Model and bring it into line with the industrial approach that increasingly focuses on the environment and public health. The Group set up a central control room to coordinate its activities and best reply to the requirements of its main stakeholders, including the Ministry of Defence, and to obtain a comprehensive understanding of the risks and impacts of the activities of the European policy makers on its industrial system. Finally, the Group also intends to take the related actions to mitigate these risks. The to-be REACH model envisages an industrial organisation where the separate organisational elements cooperate closely using a predictive approach. Finmeccanica is defining a roadmap to align the operating methods of all the operating companies so that REACH represents an advantage for the entire Group. Its first step in this direction was to ensure that the operators at the start of the industrial process chain are aware of the REACH regulation, especially as regards product development.
The first results of this project are:

- inclusion of responsibility for REACH in Alenia Aermacchi's Engineering unit;
- definition of functional responsibility for REACH in the various AgustaWestland units.

As a result of the specific production processes, the hazardous materials used and related quantities consumed, some of the Group sites are classified as At Risk of a Significant Incident (RSI)[69] and/or subject to the Integrated Pollution Prevention & Control (IPPC) Directive[70]. During 2014, the number of these sites decreased by 1 for IPPC (sale of plants for surface processing at one of Alenia Aermacchi's sites) and by 1 for RSI (due to the halting of the galvanic activities at one of AgustaWestland's Italian sites).

Company	RSI (9 sites in total)	IPPC (12 sites in total)
AgustaWestland	Anagni (Frosinone), Cascina Costa (Varese), Frosinone, Świdnik (Poland), Yeovil (UK) - 5 sites -	Anagni (Frosinone), Brindisi, Frosinone, Vergiate (Varese), Świdnik (Poland), Yeovil (UK) - 6 sites -
Alenia Aermacchi	Caselle Nord (Turin), Nola (Naples), Venegono Superiore (Varese) - 3 sites -	Caselle Nord (Turin), Nola (Naples), Pomigliano (Naples), Venegono Superiore (Varese) - 4 sites -
OTO Melara	La Spezia - 1 site -	La Spezia - 1 site -
Selex ES	- - 1 site -	Southampton (UK)

[69] 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.
[70] Sites subject to application of Directive 2008/1/EC.

Ozone-depleting substances and fluorinated greenhouse gases

The issue of ozone-depleting substances (ODS) and fluorinated greenhouse gases (F-gas) is regulated by Group guidelines, specific internal procedures and regular checks and assessments, including at central level by FGS.
Regulation (EC) 2037/2000 and subsequent Regulation (EC) 1005/2009 about equipment/plants containing substances that deplete the ozone layer established deadlines and methods for the elimination of more harmful refrigerants. Specifically, the virgin HCFC, including Gas R22, can no longer be used or sold after 1 January 2010 for plant maintenance: the use of recycled or regenerated Gas R22 was only allowed up until 31 December 2014. Several years ago, the Group companies, again assisted by FGS as the owner of the real estate used by them, implemented projects to remove and replace plants and equipment including these substances.
At the end of 2014, the total quantity of ozone-depleting substances, mainly present in the refrigeration and air conditioning systems, was just under 29 tonnes, 13% less than in 2013 (and more than 21% less than in 2012). This reduction is due to the removal of these substances (for roughly 10%) and to the reduction of the number of sites included in the environmental reporting scope (other 3%). At present, 56 sites have ozone depleting substances.
Regulation (EU) 517/2014 of 16 April 2014 on fluorinated greenhouse gases, which repealed Regulation (EC) 842/2006, came into force on 1 January 2015 and extends the scope of application of the regulation to equipment that uses considerable volumes of F-gas, increasing the number of cases in the register. 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 66 sites, 55 of which are in Italy. In compliance with the ruling Italian regulations[71], these sites have filed the Declaration relating to certain fixed refrigerating and air conditioning systems, heat pumps and fixed fire prevention systems containing fluorinated greenhouse gases, including through the relevant operators.

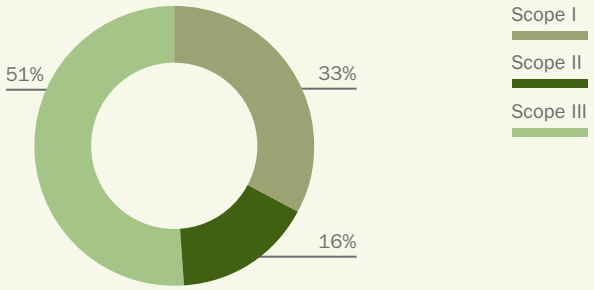
[71] Presidential Decree 43 of 27 January 2012 (Implementation of Regulation (EC) 842/2006 on certain fluorinated greenhouse gases - Official Journal no. 93 of 20 April 2012).

CARBON AND ENERGY MANAGEMENT

Carbon footprint

Finmeccanica Group reports its greenhouse gas emissions directly and indirectly via the Carbon Management System (CMS)[72], pursuant to the Greenhouse Gas Protocol (GHG Protocol[73]).
Direct emissions (Scope I) derive from the Group's own sources or those controlled by the Group, while indirect emissions (Scope II and Scope III) relate, respectively, to the generation of electrical energy purchased and deriving from sources not controlled by the Group, for instance, extraction of raw materials, transport of goods and employee travel.
Total carbon dioxide equivalent (CO_2e) emissions of roughly 740,000 tonnes produced by the Group in 2014 fell roughly 20% on 2013 (of which approximately 5% due to the change in scope) and by nearly 28% on 2009 (target baseline). These reductions are the result of actions taken as part of the Energy management project and the purchase of renewable energy guarantees[74] of origin for a quantity equivalent to 70% of 2014 consumption by the Italian sites, compared to 23% for 2013. The Group has thus met its objectives for the reduction of CO_2e produced (-15/20% by 2015) and will continue its actions to reduce its impact on climate change.
It has achieved this noteworthy result for both total carbon emissions (Scopes I, II and III) and for just the energy emissions (Scope I and II). Specifically, the latter make up 49% of the Group's total emissions and decreased by 30% on 2009.

FIGURE 75 - GHG EMISSIONS IN 2014 BY SCOPE

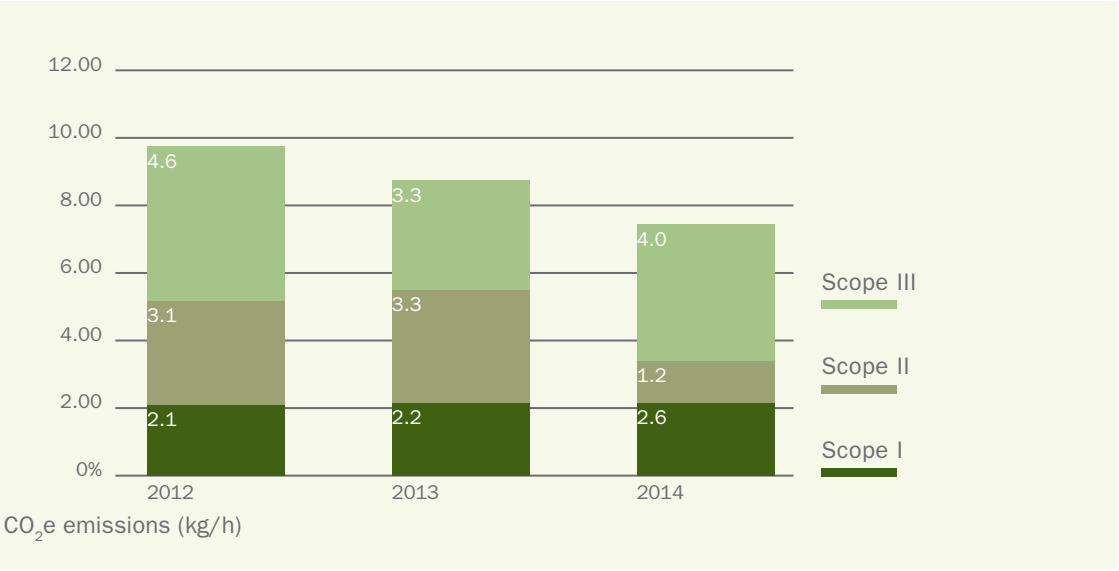


Breakdown of CO_2e emissions

A detailed analysis shows that Scope I emissions increased by roughly 5% on 2013 due to the greater consumption of certain substances for special process lines of the Aeronautics and Helicopters segments, which saw large rises in production output.
With respect to Scope II emissions, the Group's decision to use renewable energy led to a decrease in the CO_2e produced by almost 230,000 tonnes, at the same consumption level. Finally, Scope III emissions increased by roughly 10% on 2013 and continue to be closely tied to logistics and goods transportation.
The specific ratio of CO_2e generated per hour of work also decreased by 12% over that of last year and by 13% compared to 2009.

[72] Reference should be made to the related methodological note (Annex: Finmeccanica Group's Carbon Management System) for further details on the CMS Group project.
[73] 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, 2014).
[74] Reporting method based on the principles of the *GHG Protocol new Scope 2 reporting guidance*, in line with Directive 2009/28/EC of the European Parliament and Council of 23 April 2009 on the promotion of the use of energy from renewable sources, following the amendment and subsequent repeal of Directives 2001/77/EC and 2003/30/EC.

FIGURE 76 - GHG EMISSIONS BY YEAR AND SCOPE



Finmeccanica voluntarily joined the Carbon Disclosure Project (CDP) - Climate Change Programme seven years ago, distinguishing itself for the range of information provided for all its business sectors.

In addition, many of the projects put in place and/or planned by the Group companies in 2014 have led to benefits in terms of less CO_2 produced.
Some of these projects have entailed a reduction in the sites' Scope III emissions. Some companies have funded the use of bicycles while others have purchased electric cars and buses to be used for employee transportation from one site to another and/or from meeting points to and from the sites.
Thanks in part to implementation of the CMS, Finmeccanica, included in the Industrials sector, voluntarily joined the Carbon Disclosure Project (CDP) - Climate Change Programme seven years ago. This not-for-profit organisation represents a growing number of institutional investors (722 in 2013 and 767 in 2014) with assets under management of more than USD92,000 billion (5% more than in 2013).

Emissions trading

The third greenhouse gas emission trading period (2013-2020) for stationary plants[75] has seen a decrease in the number of allowances in order to reduce the environmental impact of the plants covered by Directive (EC) 2003/87/EC, as modified by Directive (EC) 2009/29/EC (Emission Trading Scheme - ETS).
In 2014, 13 sites were included in the scheme, all located in Italy, given the combustion method (natural gas) used mainly to generate heat and electrical energy. Where required by relevant legislation[76], these sites' emissions were certified by an independent accredited body.

[75] Directive 2009/29/EC was implemented into Italian legislation with Legislative Decree 30/2013 which became effective on 5 April 2013.
[76] 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 FOR 2014 (TONNES/YEAR)[77]	ACTUAL EMISSIONS FOR 2014 (TONNES/YEAR)
AgustaWestland	3	23,334	20,798.77
Alenia Aermacchi	8	38,325	59,809 (*)
AnsaldoBreda	1	4,353	3,851
OTO Melara	1	6,152	5,199
Finmeccanica Group	13	72,164	89,657.77

(*) Offsetting with transfer of allowances accumulated in previous years.

With respect to Aviation ETS (air transportation GHG emissions), some of the flights operated by AgustaWestland and Alenia Aermacchi fell under the scope of the Aviation ETS as independent air operators. Their emissions checked in 2013 and related to flights made in 2012 were certified in 2014.

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 by introducing a flexible portfolio management model) and identifying and implementing initiatives such to structurally reduce sites' demand for energy.
In 2014, the Group's total energy consumption was approximately 6,000 Tj, a considerable decrease on 2013 (-8%). This was mainly the result of numerous investments and projects to reduce waste, the decrease in the number of in-scope sites and the favourable weather conditions of 2014. The specific performance indicator based on hours worked did not change.
Almost all energy consumption (about 95%) is comprised of electrical energy and natural gas (stationary energy). The other 5% is made up other minor sources, which include diesel oil that is almost solely used for emergency situations involving the Group's generators.
The other energy sources (fuel oil, district heating, LPG and propane, for plant and automotive uses, jet fuel and other fuel) are mainly used to test products. Specifically, jet fuel is used as fuel for aircraft and its consumption increased by 14% in 2014.
The importance given by the Group to the sustainable management of energy is fully shown by its purchase in 2014 of renewable energy guarantees of origin for 2015 for an equivalent of more than 90% of the forecast consumption of its main Italian sites. The component of renewable sources has gone from 15% in 2012 to 6% in 2013 and 72% in 2014.
In addition, there has been a further reduction in fuel oil consumption (almost completely eliminated) in favour of natural gas and LPG, thanks to completion of the energy conversion plan for AgustaWestland's Italian sites.
Finally, self-generated electrical energy approximated 6,500 MWh. Of this amount, over 5,800 MWh was used for self consumption.

[77] CO_2 emissions allocated by the Ministry for the Environment, Land and Sea under the National allocation plan (2013-2020).

FIGURE 77 - 2014 ENERGY CONSUMPTION BY SOURCE

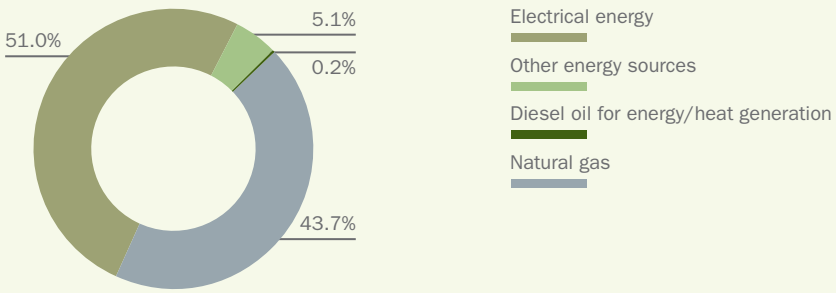
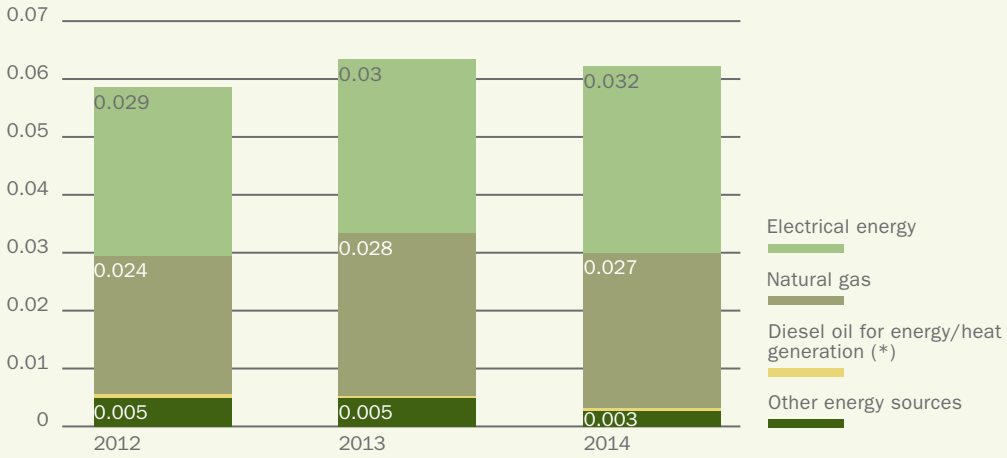


FIGURE 78 - THREE-YEAR TREND OF ENERGY CONSUMPTION BY SOURCE



(*) Figure not reflected in the graph as it is not significant compared to other sources

Group energy efficiency audit and certificates

During 2014, the Group rolled out the activities to define its new energy efficiency audit plan. This is the second stage of the programme launched by FGS in 2005 with the operating companies and will provide a detailed analysis of the energy performances of the Group's main industrial sites in 2015. The results of the on-site audits will assist identification and prioritising the activities to be performed in 2016. The audit will be carried out in accordance with the requirements of Legislative Decree 102/2014.
FGS also actively assists the operating companies to obtain energy efficiency certificates, by means of technical-economic analyses performed with the specialised energy service companies (ESCOs). The objective is to stimulate realisation of efficiency projects by introducing a structured valuation model that rewards projects with faster returns, partly thanks to the remuneration system of the energy efficiency certificates.

PROTECTING BIODIVERSITY

Finmeccanica has collected and analysed biodiversity data and information since 2011 to identify and monitor impacts on protected and/or high biodiversity areas (within a 3 km range of the production sites). 35 sites (19 in Italy, five in the UK, seven in the US and four in the rest of the world) are inside, have portions thereof or are close to 36 protected natural areas[78] and/or high biodiversity areas[79].

LOCATION OF GROUP SITES WITH RESPECT TO PROTECTED NATURAL AREAS AND/OR HIGH BIODIVERSITY AREAS

			MAIN ACTIVITIES		
	SURFACE AREA (THOUSANDS OF SQUARE METRES)	NUMBER OF SITES	OFFICES	MANUFACTURING	OFFICES/ MANUFACTURING
Inside	2,044	5	1	0	4
Partially inside	791	1	0	0	1
Very close (between 0 and 300 metres)	468	6	3	0	3
Close (between 301 and 1,000 metres)	1,552	8	2	1	5
Near (between 1,001 and 3,000 metres)	941	15	2	2	11
Total	5,797	35	8	3	24

[78] Protected natural area means a geographically separate area which is defined, governed or managed to reach specific conservation objectives.
[79] 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.

LIST OF PROTECTED NATURAL AREAS AND HIGH BIODIVERSITY AREAS LESS THAN 3,000 METRES FROM GROUP SITES

	NUMBER OF SITES	BUSINESS SEGMENT
Italy		
Parco naturale Lombardo della Valle del Ticino	5	4 Helicopters, 1 Aeronautics
Bosco di Vanzago	1	Defence and Security Electronics
Foce del Fiume Simeto and Lago Gornalunga	1	Defence and Security Electronics
Fondali da Punta Pezzo a Capo dell'Armi	1	Transportation
Riserva Naturale Pian di Spagna and Lago di Mezzola	1	Space
Area del Lago Fusaro	2	1 Defence and Security Electronics, 1 Defence Systems
Sughereta di Pomezia	1	Defence and Security Electronics
Riserva Naturale della Valle dell'Aniene	3	Space, Defence and Security Electronics, Defence Systems
Parco delle colline di Brescia	1	Defence Systems
Lago dello Scanzano and Riserva naturale orientata Bosco della Ficuzza	1	Space
Riserva Naturale Regionale Pantano di Pignola	1	Transportation
Lago d'Averno	1	Defence Systems
UK		
Nine Springs Country Park	1	Helicopters
Aldon Wood		
Langstone Harbour	1	Defence and Security Electronics
Totton and Eling Marshes	1	Defence and Security Electronics
River Frome	1	Defence and Security Electronics
Charlton Common	1	Defence and Security Electronics
US		
Merrimack River Watershed	1	Defence and Security Electronics
Beardsly 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
Beavercreek Wetlands	1	Defence and Security Electronics
Indian Intracoastal Waterway	1	Defence and Security Electronics
Germany		
Norfbach	1	Defence and Security Electronics
Poland		
Świdnik	1	Helicopters
Turkey		
Mogan Lake	1	Defence and Security Electronics
France		
Parc naturel régional del Haute Vallée de Chevreuse	1	Transportation
Total	**35**	

The activities carried out by 31 sites do not affect the flora and/or fauna in the protected and/or high biodiversity areas or they could only potentially damage or do insignificant damage.
Assessment of the environmental impact of one UK site on a nearby protected natural 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 atmospheric emission reduction systems; fire). Moreover, potentially affected plant species and animals are[80]: fish, amphibians, mammals, birds, invertebrates, flowering plants, moss, liverwort and lichen. This site, which has an ISO 14001 certified environmental management system, adopted a specific procedure to manage environmental emergencies which minimise both on-site and off-site impacts.

Natura 2000: the tool for EU biodiversity conservation

Natura 2000 is a network of protected areas in the EU, set up under the Habitats Directive to conserve natural habitats and threatened or rare flora and fauna over the long term. It comprises Sites of Community Importance (SCI) identified by the member states in line with the Habitats Directive that are subsequently designated as Special Areas of Conservation (SAC) and include Special Protection Areas (SPAs) under the Birds Directive (Directive (EC) 2009/147/EC) for the conservation of wild birds.
Specifically, in Italy, protected natural areas and high biodiversity areas less than 3,000 metres from Group sites are classified as follows:

- Parco naturale Lombardo della Valle del Ticino: SCI, SPA;
- Bosco di Vanzago: SCI;
- Foce del Fiume Simeto and Lago Gornalunga: SCI, SPA;
- Fondali da Punta Pezzo a Capo dell'Armi: SCI;
- Riserva Naturale Pian di Spagna and Lago di Mezzola: SCI, SAC, SPA;
- Area del Lago Fusaro: SCI;
- Riserva Naturale Regionale Pantano di Pignola: SCI, SAC, SPA;
- Lago d'Averno: SCI, SPA.

[80] *Survey of Species in the Yeovil Country Park for the South Somerset District Council by Yeovil Area Group of the Somerset Wildlife Trust & SSDC Countryside Officers* - December 2012.

Actions to protect biodiversity are dependent on and related to the characteristics of the area and the relevant habitats and the specific production activities carried out by the sites. Accordingly, in addition to the environmental audit procedures, 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 area[81]. However, some Group companies are implementing or have implemented biodiversity projects to comply with local regulations and also on a voluntary basis. The main projects are:

- drafting of guidelines at Group level to identify, assess and, if necessary, eliminate potential impacts on protected natural areas and high biodiversity areas. These areas are, inter alia, covered by specific Finmeccanica and FGS Procedures, with special reference to the inspections and assessments to be performed to minimise the impacts of production at the sites within or near sensitive environmental areas;
- like Finmeccanica and FGS, Selex ES decided to introduce a Procedure in 2014 for the analysis and assessment of environmental issues. This Procedure defines the analysis and valuation methods for its sites and the related responsibilities. The method is also applicable to environmental impact assessments at the Italian sites. The Procedure also specifies the requirements for reporting on the Italian sites' environmental analyses. The impacts considered include biodiversity and those related to habitats and protected species;
- following the transformation of a wooded area in the Cameri Military Airport to build the new JSF-F35 industrial site on a surface area of 1.9 hectares, Alenia Aermacchi planted trees in a section of 57,000 square metres as per the landscaping authorisation;
- with respect to the Świdnik area (Poland) where AgustaWestland operates, 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[82].

[81] Restored areas are areas used for or impacted by the company's activities which were subject to specific measures that restored the original environment or a healthy and operating ecosystem.
[82] Directive 92/43/EEC, on the conservation of natural and semi-natural habitats and of wild flora and fauna.

Appendix

SUSTAINABILITY GUIDANCE

Finmeccanica's approach to the issue of sustainability over the last few years has enabled it to respond effectively to its stakeholders' many requests for information.
In line with its Industrial Plan and its actions taken to date, and to increase its engagement with stakeholders and further develop its strategies, Finmeccanica has defined the following objectives for 2015/2016:

- strengthen sustainability reporting so that management has up-to-date details and can check information about the Group's non-financial issues (ESG issues);
- prepare the first Sustainability Report in one of the Group's reference countries, to report on its engagement with all the local stakeholders;
- set up an internal committee to define the guidelines and supervise the activities performed as part of the global Sustainability strategy;
- comply with the G4 guidelines for the preparation of Sustainability Reports, by extending the process to define materiality and assess the effects of its business outside its reporting scope, as requested by the new guidelines;
- formally commence the process to comply with the UN Global Compact programme, whose principles have already been incorporated into the daily activities of all the people who work for Finmeccanica.

MAIN DIALOGUE TOOLS WITH STAKEHOLDERS

Given the results of the materiality analysis, Finmeccanica has decided to formalise a procedure with respect to its engagement with the various stakeholder categories about the key topics of interest in this Report. The frequency of this engagement varies depending on the stakeholder category.
The following table summarises the main tools and engagement initiatives with the various stakeholders.

STAKEHOLDER	Topics of interest	Main engagement tools
Environment and future generations	· Ecological efficiency · Increase energy and water savings · GHG emissions · Minimise waste generation, encouraging recovery and recycling · Prevention of environmental incidents · Extension of the "dual" characteristics of proprietary technologies · Merging of business objectives with environmental protection	· Sustainability Report · CDP questionnaire · Replies to requests for information from supervisory bodies
Sector associations	· Reduction of the use of hazardous materials · Business ethics · Prevention of corruption · Legislative compliance · Merging of business objectives with environmental protection · Health and safety · European debate about Europe's non-dependence (long-term objective for European strategic independence)	· Sustainability Report · Conferences and one-to-one meetings · Annual Financial Report · Finmeccanica.com website and websites of operating companies · E-mail · Model 231, Code of Ethics, Charter of Values · "Common Industry Standards", common standards of the companies working in the Aerospace and Defence sector against corruption · "Global Principles for Business Ethical Conduct" for the Aerospace and Defence sector · Workshops
Business partners	· Business ethics · Consolidation of leadership position for technological development and innovation in the Group's core businesses · Sustainable innovation · Partnerships with universities	· Sustainability Report · Collaboration with universities, research centres and companies · Research projects · Conferences and one-to-one meetings · Annual Financial Report · Finmeccanica.com website and websites of operating companies · Workshops
Customers	· Technological leadership in security and environmental fields · Business ethics · Business strategies · Governance and transparency · Legislative compliance · Prevention of corruption · Risk management · Sustainable innovation · Customer satisfaction and product safety · Ecological efficiency · GHG emissions	· Sustainability Report · Customer satisfaction · Finmeccanica.com website and websites of operating companies · Conferences and one-to-one meetings · Workshops · E-mail

STAKEHOLDER	Topics of interest	Main engagement tools
Financial community - Analysts - Rating agencies - Shareholders - Financial backers - Investors - Bondholders	• Business strategy • Business ethics • Governance and transparency • Legislative compliance • Prevention of corruption • Generating economic value • Sustainable development • Intense investor relations activities • Partnerships with banks • Management of plethora of risks inherent in strategic decisions and operations, thus safeguarding the Group's tangible resources and reputation • Controversial weapons	• Sustainability Report • Annual Financial Report • Quarterly Reports • Investor Relations section of the Finmeccanica.com website • Quarterly conference calls • Annual collective live presentations • One-to-one meetings • Workshops • Model 231, Code of Ethics, Charter of Values and Directives
Local communities	• Clear, transparent and timely communication • Transparency and communication with the local community about business issues • Research and enhancement of women's skills in the engineering sector • Assessment, mitigation and management of environmental, social and human rights impacts • Contribution to the community's economic and social development • Promotion of humanitarian, social and cultural initiatives • Extension of the "dual" characteristics of proprietary technologies • Sharing and circulation of skills and expertise with the communities and areas where the Group is based around the world • Investments and relations with the community	• Sustainability Report • Finmeccanica.com website and websites of operating companies • Social networks • Press releases • Collaboration with universities, research centres and companies • Scientific events
Regulators	• Compliance with agreements • Anti-corruption • Checks of exports and activities in sensitive countries • Governance and transparency • Legislative compliance • Prevention of corruption	• Sustainability Report • Finmeccanica.com website and websites of operating companies • Conferences and one-to-one meetings • Press releases • E-mail • Model 231, Code of Ethics, Charter of Values and Directives
Suppliers	• Meeting deadlines • Regular payments • Transparent and fair assignment criteria • Clear, objective and documented selection criteria • Transparent, efficient and effective relations • Prevention of work-related accidents and protection of occupational health • Prevention of corruption • Sustainable innovation • Supply chain management	• Sustainability Report • Group FAST (Finmeccanica Advanced Sourcing Tool) portal • Communications by e-mail, registered post and certified e-mail • Conferences and one-to-one meetings • E-mail • Code of Ethics • Finmeccanica.com website and websites of operating companies
Governments	• Prevention of illegal conduct • Compliance with ruling rules and regulations • Tax policies • Extension of the "dual" characteristics of proprietary technologies • Governance and transparency • Business ethics • Sustainable development • Checks of exports and activities in sensitive countries • White paper for international security and defence • 2013 implementation roadmap of the European Defence Agency, preparation for the 2015 Defence Council, definition of an EU Cyber Defence framework and initiatives planned for Italy's presidency semester of the Council of the European Union • Research into alternative fuels and substitute raw materials	• Sustainability Report • Checks of exports and activities in sensitive countries • Model 231, Code of Ethics, Charter of Values • Annual Financial Report • One-to-one and joint international meetings • Institutional events • National and international legislation • E-mail

STAKEHOLDER	Topics of interest	Main engagement tools
Local, national and international institutions	· Prevention of corruption · Legislative compliance · Governance and transparency · Business ethics · Generating economic value · Checks of exports and activities in sensitive countries · Research programmes with public institutions · Extension of the "dual" characteristics of proprietary technologies · Issues tackled by the industry with European institutions for competitiveness in the Defence and Security sector (e.g., promotion of the supply chain, clusters and regional networks for European SMEs; easier access to European funding by SMEs; financial and tax incentives to encourage European cooperation and greater interaction)	· Sustainability Report · Research projects · Model 231, Code of Ethics, Charter of Values · Annual Financial Report · One-to-one meetings · Institutional events · Finmeccanica.com website and websites of operating companies · E-mail · National and international legislation
Media	· Quality and transparency in communications with the media	· Sustainability Report · Finmeccanica.com website and websites of operating companies · Social networks · Press conferences · Press releases · E-mail
People	· Business strategy · Business ethics · Governance and transparency · Risk management · Professional advancement based on merit · Focus on occupational health and safety · Listening to needs · Legislative compliance · Enhancement, development of skills and protection of human resources	· Sustainability Report · Company intranet · Training and refresher courses and on-the-job training · Survey · Model 231, Code of Ethics, Charter of Values and Directives · Internal communications · Conferences and one-to-one meetings · E-mail
Trade unions	· Business ethics · Governance and transparency · Job protection · Focus on occupational health and safety · Professional advancement based on merit	· Sustainability Report · Finmeccanica.com website and websites of operating companies · Meetings and conferences · Model 231, Code of Ethics, Charter of Values · Annual Financial Report · E-mail

GRI 3.1. DATA AND INDICATORS TABLES

ENVIRONMENT

EN1 Raw materials used by weight or volume	2014	2013	2012 (*)
Non-renewable			
Steel (tonnes)	3,888	6,477	-
Aluminium (tonnes)	5,947	10,928	-
Plastics (tonnes)	13	228	-
Ferrous alloy (tonnes)	92	247	-
Magnesium (tonnes)	65	-	-
Titanium (tonnes)	314	1,026	-
Copper (tonnes)	143	23	-
Resins (tonnes)	20	43	-
Composites (tonnes)	1,527	910	-
Nitrogen (litres) (**)	11,556,846	300	-
Precious materials (gold, platinum) (tonnes)	0.002	0.002	-
Renewable			
Wood (m^3)	273	199	-

(*) This indicator has been reported in 2013 for the first time. Consequently, there are no comparative figures for 2012.
(**) 2013 data boundery only includes Selex ES.

Energy consumption (TJ)	2014	2013	2012
EN3 Energy direct consumption by source			
Non-renewable			
Natural gas	2,616	2,862	2,678
Diesel oil for energy and/or heat generation	10	11	17
Fuel oil	2	28	92
Other (LPG, fuels used for product tests)	285	250	189
Total	**2,913**	**3,151**	**2,976**
EN4 Energy indirect consumption by source			
Electrical energy from conventional sources	833	2,948	2,669
Electrical energy from renewable sources	2,211	193	480
District heating	21	200	262
Total	**3,065**	**3,341**	**3,411**

EN8 Water withdrawal by source (thousands of m^3)	2014	2013	2012
Water supply systems	2,945	3,367	3,493
Wells	4,362	4,313	4,813
Total	**7,307**	**7,680**	**8,306**

CO_2e emissions (tonnes)	**2014**	**2013**	**2012**
EN16 Scope I (direct emissions)	245,102	232,911	232,302
EN16 Scope II (indirect emissions)	116,643	344,404	339,838
Total Scopes I and II	**361,745**	**577,315**	**572,140**
EN17 Scope III (other indirect emissions) (*)	379,458	344,263	503,403
Total Scopes I, II and III	**741,203**	**921,578**	**1,075,543**

(*) *Business travel, raw material extraction, freight transport, waste incineration.*

EN19 Substances harmful to the ozone layer	**2014**	**2013**	**2012**
Substances harmful to the ozone layer (tonnes)	28.6	32.9	36.3

EN20 Other emissions (tonnes)	**2014**	**2013**	**2012**
NO_X	200	183	219
SO_2	3	3	38
VOC	147	115	118
VIC	6	3	26
Heavy metal	0.1	0.1	0.1
Particulate	26	26	24

EN21 Waste water (thousands of m^3)	**2014**	**2013**	**2012**
Site treatment plant waste water	2,823	2,469	2,617

EN22 Waste produced (tonnes)	**2014**	**2013**	**2012**
Non-hazardous waste	41,237	40,256	39,617
Hazardous waste	11,252	14,336	11,844
Total	**52,489**	**54,592**	**51,461**

EN24 Treated waste deemed hazardous for health (tonnes)	2014	2013	2012
R40/H351 - Substances potentially carcinogenic	390	454	406
R45/H350 - Cancer causing substances	116	105	121
R49/H350i - Cancer causing substances by inhalation	10	8	6

EN24 Treated waste deemed hazardous for the environment (tonnes)	2014	2013	2012
R50/H400 - Highly toxic substances to acquatic organism	148	177	209
R51/H401 - Toxic substances to acquatic organism	3,283	1,983	1,445
R52/H402 - Harmful substances to acquatic organism	767	901	952
R53/H410-11-12-13 - Substances that could cause negative effects to the acquatic environment in the long term	90	154	975

EN27 Percentage of products sold and their packaging materials that are reclaimed or reused	2014			2013		
Percentage of packaging materials	Reused	Reclaimed	Other use	Reused	Reclaimed	Other use
Aeronautics						
Plastics	27.5	42.0	30.5	17	41	42
Paper	40	57.5	2.5	20	35	45
Wood	50	45	5	28	38	34
Helicopters						
Plastics	8.5	91.5	0	17	83	0
Paper	0	100	0	0	0	0
Wood	6.5	93.5	0	13	87	0
Metal	28	72	0	-	-	-
Metal/wood	15	85	0	-	-	-
Fibre	41.5	58.5	0	60	40	0
Defence Systems						
Plastics	35	60	5	25	45	30
Paper	35	60	5	28	55	17
Wood	37.5	57.5	5	28	53	18
Metal	70	20	10	14	44	42
Transportation (*)						
Plastics	20	70	10	18	33	49
Paper	20	70	10	17	33	50
Wood	20	70	10	17	33	50

(*) Selex ES and DRS are not included in the reporting boundery of this indicator.
(*) 2014 data does not include Ansaldo STS and AnsaldoBreda.

OUR PEOPLE

The reclassified 2013 figures have been restated in these tables to reflect application of IFRS 11 and the treatment of joint ventures (Telespazio, Thales Alenia Space and MBDA) which have been excluded from the consolidation scope in 2014.

LA1 Headcount	2014	2013 restated	2013
At 1 January	56,282	67,408	67,408
At 31 December	54,380	56,282	63,835

LA1 Workforce - professional category	2014 (*)	2013 restated	2013 (*)
Managers	1,452	1,610	1,858
- of which, women	124 (8.5%)	130 (8.1%)	138 (7.4%)
Junior managers	5,997	6,129	7,570
- of which, women	850 (14.2%)	905 (14.8%)	985 (13.0%)
White collars	31,868	32,935	37,824
- of which, women	7,094 (22.3%)	7,542 (22.9%)	7,893 (20.9%)
Blue collars	15,020	15,565	16,535
- of which, women	1,350 (9.0%)	1,423 (9.1%)	1,425 (8.6%)
Pilots	43	43	48
- of which, women	-	-	-
Total	**54,380**	**56,282**	**63,835**
- of which, women	**9,418 (17.3%)**	**10,001 (17.8%)**	**10,441 (16.4%)**

(*) *The "of which, women" lines refer to the Group scope, which relates to 93% of the Group employees in 2013 and 99.94% in 2014.*

LA1 Workforce - by contract and gender	2014 (*)	2013 restated	2013 (**)
Open-ended employment contracts	**47,518**	**49,735**	**54,499**
- of which, men	39,565	28,092	31,819
- of which, women	7,953	4,821	5,858
Fixed-term contracts	**1,276**	**888**	**895**
- of which, men	1,151	634	639
- of which, women	125	62	64
Full-time contracts	**47,653**	**49,547**	**54,213**
- of which, men	40,558	28,670	32,388
- of which, women	7,095	4,462	5,410
Part-time contracts	**1,141**	**1,076**	**1,181**
- of which, men	158	46	60
- of which, women	983	431	522

(*) Data about this indicator relate to approximately 90% of the Group employees. Specifically, for AnsaldoBreda, only the Italian scope is considered while DRS is excluded from the reporting scope.
(**) Data about this indicator relate to approximately 87% of the Group employees. Specifically, for Alenia Aermacchi, MBDA, OTO Melara, Telespazio and Thales Alenia Space, only the Italian scope is considered while DRS is excluded from the reporting scope. The breakdown by gender does not include Selex ES.

LA1 Headcount with open-ended contracts - professional category and gender	2014 (*)	2013 restated	2013 (**)
Managers	**1,328**	-	-
- of which, men	1,210	-	-
- of which, women	118		
Junior managers	**4,969**	**5,603**	**6,598**
- of which, men	4,296	4,306	5,140
- of which, women	673	1,296	1,458
White collars	**28,646**	**29,256**	**32,652**
- of which, men	22,400	23,151	25,708
- of which, women	6,246	6,105	6,944
Blue collars	**12,535**	**13,178**	**13,363**
- of which, men	11,665	12,330	12,498
- of which, women	870	848	865
Pilots	**40**	**8**	**8**
- of which, men	40	8	8
- of which, women	0	0	0

(*) Data about this indicator relate to approximately 90% of the Group employees. Specifically, for AnsaldoBreda, only the Italian scope is considered while DRS is excluded from the reporting scope. Data about managers have been included for the first time in 2014.
(**) Data about this indicator relate to approximately 87% of the Group employees. Specifically, for Alenia Aermacchi S.p.A., MBDA, OTO Melara, Telespazio and Thales Alenia Space, only the Italian scope is considered while DRS is excluded from the reporting scope.

LA1 Workforce - by geographical segment and gender	2014 (*)	2013 restated	2013 (**)
Italy	**34,114**	**35,206**	**39,977**
- of which, men	28,686	29,551	33,283
- of which, women	5,428	5,655	6,694
US	**6,984**	**1,794**	**1,794**
- of which, men	1,342	1,365	1,365
- of which, women	437	429	429
UK	**7,500**	**7,731**	**7,731**
- of which, men	6,347	6,563	6,563
- of which, women	1,119	1,168	1,168
France	**567**	**802**	**802**
- of which, men	427	647	647
- of which, women	140	155	155
Poland	**3,135**	**3,144**	**3,144**
- of which, men	2,515	2,513	2,513
- of which, women	620	631	631
Germany	**292**	**357**	**357**
- of which, men	244	305	305
- of which, women	48	52	52
Australia	**460**	**1,044**	**1,044**
- of which, men	377	880	880
- of which, women	83	164	164
Canada	**309**	**0**	**0**
- of which, men	8	0	0
- of which, women	1	0	0
India	**226**	**23**	**23**
- of which, men	206	23	23
- of which, women	20	0	0
Brazil	**94**	**94**	**94**
- of which, men	67	66	66
- of which, women	27	28	28
Argentina	**0**	**0**	**0**
- of which, men	0	0	0
- of which, women	0	0	0
Other	**693**	**451**	**451**
- of which, men	538	342	342
- of which, women	155	109	109

(*) The breakdown by gender for UK, US and Canada does not include DRS.
(**) Data about this indicator relate to approximately 87% of the Group employees. Specifically, for Alenia Aermacchi SpA, MBDA, OTO Melara, Telespazio and Thales Alenia Space, only the Italian scope is considered while DRS is excluded from the reporting scope.

LA1-LA13 Workforce by age	2014 (*)	2013 restated	2013 (**)
Less than 25 years of age	2.5%	2.9%	2.8%
Between 26 and 35 years of age	23.4%	23.1%	23.0%
Between 36 and 45 years of age	26.2%	26.7%	27.0%
Between 46 and 55 years of age	30.4%	30.8%	30.8%
Between 56 and 60 years of age	13.0%	12.4%	12.3%
Over 60 years of age	4.5%	4.1%	4.1%
Total	**100%**	**100%**	**100%**
Employees' average age (years)	44	43	43

(*) Data about this indicator relate to 99.94% of the Group employees.
(**) Data about this indicator relate to 93% of the Group employees.

LA1 Workforce by years of service	2014 (*)	2013 restated	2013 (**)
Less than five years	19.4%	23.0%	23.5%
From six to 10 years	26.7%	22.4%	22.2%
From 11 to 20 years	21.0%	21.3%	21.2%
Between 21 and 30 years of age	17.8%	18.5%	18.5%
Between 31 and 35 years of age	8.7%	9.3%	9.1%
Over 35 years	6.4%	5.6%	5.5%
Total	**100%**	**100%**	**100%**
Average years of service	15	15	15

(*) Data about this indicator relate to 99.94% of the Group employees.
(**) Data about this indicator relate to 93% of the Group employees.

LA1 Education	2014 (*)	2013 restated	2013 (**)
Technical university degrees	28.24%	26.05%	27.1%
Other university degrees	8.78%	7.15%	7.4%
Technical high-school diplomas	37.06%	36.69%	36.2%
Other high-school diplomas	6.12%	9.69%	9.5%
Other qualifications	19.81%	20.43%	19.8%
Total	**100%**	**100%**	**100%**

(*) Data about this indicator relate to 90% of the Group employees.
(**) Data about this indicator relate to 74% of the Group employees.

LA2 Turnover rate	2014	2013 restated	2013
Incoming employees by gender (*)	**1,690**	**2,719**	**2,866**
- men (no.)	1,410	2,291	2,399
- men (%)	3%	8%	7%
- women (no.)	280	428	467
- women (%)	3%	9%	8%
Incoming employees by age bracket (*)	**1,690**	**2,719**	**2,866**
- up to 30 years of age (no.)	772	1,206	1,235
- up to 30 years of age (%)	2%	2%	2%
- between 30 and 50 years of age (no.)	770	1,302	1,411
- between 30 and 50 years of age (%)	2%	3%	3%
- over 50 years of age (no.)	148	211	220
- over 50 years of age (%)	0.3%	0.4%	0.4%
Incoming employees by country (*)	**1,690**	**2,719**	**2,866**
Italy (no.)	606	1,078	1,225
Italy (%)	2%	3%	3%
US (no.)	174	244	244
US (%)	2%	14%	14%
UK (no.)	533	512	512
UK (%)	7%	7%	7%
France (no.)	67	157	157
France (%)	12%	20%	20%
Poland (no.)	134	157	157
Poland (%)	4%	5%	5%
Germany (no.)	27	40	40
Germany (%)	9%	11%	11%
Australia (no.)	48	342	342
Australia (%)	10%	33%	33%
Canada (no.)	9	0	0
Canada (%)	3%	0%	0%
India (no.)	12	4	4
India (%)	5%	17%	17%
Brazil (no.)	1	29	29
Brazil (%)	1%	31%	31%
Argentina (no.)	0	0	0
Argentina (%)	0%	0%	0%
Other (no.)	79	156	156
Other (%)	11%	35%	35%
Outgoing employees by gender (**)	**3,234**	**2,972**	**3,093**
- men (no.)	2,670	2,401	2,498
- men (%)	7%	8%	8%
- women (no.)	564	571	595
- women (%)	7%	12%	10%
Outgoing employees by age bracket (**) (***)	**3,234**	**2,952**	**3,073**
- up to 30 years of age (no.)	523	392	395
- up to 30 years of age (%)	1%	0.8%	0.7%
- between 30 and 50 years of age (no.)	945	1,035	1,086
- between 30 and 50 years of age (%)	2%	2%	2%
- over 50 years of age (no.)	1,766	1,524	1,591
- over 50 years of age (%)	4%	3%	3%
Outgoing employees by country (**)	**3,234**	**2,972**	**3,093**
Italy (no.)	1,661	1,359	1,480
Italy (%)	5%	4%	4%
US (no.)	186	260	260
US (%)	3%	14%	14%
UK (no.)	741	668	668

UK (%)	10%	9%	9%
France (no.)	21	45	45
France (%)	4%	6%	6%
Poland (no.)	170	237	237
Poland (%)	5%	8%	8%
Germany (no.)	36	26	26
Germany (%)	12%	7%	7%
Australia (no.)	132	304	304
Australia (%)	29%	29%	29%
Canada (no.)	10	0	0
Canada (%)	3%	0%	0%
India (no.)	11	2	2
India (%)	5%	9%	9%
Brazil (no.)	0	25	25
Brazil (%)	0%	27%	27%
Argentina (no.)	0	0	0
Argentina (%)	0%	0%	0%
Other (no.)	266	46	46
Other (%)	38%	10%	10%

(*) Data about this indicator relate to approximately 90% of the Group employees. Specifically, for AnsaldoBreda, only the Italian scope is considered while DRS is excluded from the reporting scope. The indicator is calculated using the total number of employees at the reporting date.
(**) Data about this indicator relate to approximately 87% of the Group employees. Specifically, for Alenia Aermacchi, MBDA, Telespazio and Thales Alenia Space, only the Italian scope is considered while DRS is excluded from the reporting scope. The indicator is calculated using the total number of employees at the reporting date.
(***) Data about this indicator relate to approximately 86% of the Group employees. Specifically, Finmeccanica SpA is excluded from the scope.

Total worked hours (no.)	2014 (*)	2013 restated	2013 (**)
Worked hours	**92,069,081**	**86,715,689**	**94,930,367**
men	69,544,942	73,271,557	79,817,699
women	12,383,484	13,444,133	15,112,668

(*) The breakdown by gender does not included DRS' and Finmeccanica SpA worked hours.
(**) Data about this indicator relate to approximately 86% of the Group employees. Specifically, for Alenia Aermacchi, MBDA, OTO Melara, Telespazio and Thales Alenia Space, only the Italian scope is considered while Finmeccanica SpA and DRS are excluded from the reporting scope.

LA7 Accident rate (AR) (i)	2014 (*)	2013 restated	2013 (**)
Men	1.74	2.08	1.93
Women	1.00	1.25	1.2
Total	**1.63**	**1.95**	**1.82**
ITALY			
Men	2.33	2.55	2.29
Women	1.37	1.11	1.06
Total	**2.20**	**2.33**	**2.1**
US			
Men	n.a.	0.07	0.07
Women	n.a.	0.23	0.23
Total	**n.a.**	**0.11**	**0.11**
UK			
Men	0.39	1.26	1.26
Women	0.49	2.29	2.29
Total	**0.40**	**1.41**	**1.41**
FRANCE			
Men	n.a.	1.03	1.03
Women	n.a.	0.00	0.00
Total	**n.a.**	**0.78**	**0.78**
POLAND			
Men	0.70	1.70	1.70
Women	0.57	1.45	1.45
Total	**0.67**	**1.65**	**1.65**

(*) Data about this indicator relate to approximately 89% of the Group employees. Specifically, for Alenia Aermacchi, only the Italian scope is considered while DRS, FGS and Finmeccanica SpA are excluded from the reporting scope.
(**) Data about this indicator relate to approximately 86% of the Group employees. Specifically, for Alenia Aermacchi, MBDA, OTO Melara, Telespazio and Thales Alenia Space, only the Italian scope is considered while Finmeccanica SpA and DRS are excluded from the reporting scope.

*The accident frequency rate is calculated using the following formula: AR=(Total accidents/Total worked hours)*200,000.*

LA7 Occupational disease rate (ODR) (i)	2014 (*)	2013 restated	2013 (**)
Men	0.08	0.09	0.09
Women	0.00	0.12	0.09
Total	**0.07**	**0.10**	**0.11**
ITALY			
Men	0.12	0.10	0.09
Women	0.00	0.02	0.02
Total	**0.10**	**0.09**	**0.08**
US			
Men	n.a.	-	-
Women	n.a.	-	-
Total	**n.a.**	**-**	**-**
UK			
Men	n.a.	-	-
Women	n.a.	-	-
Total	**n.a.**	**-**	**-**
FRANCE			
Men	n.a.	3.08	3.08
Women	n.a.	7.61	7.61
Total	**n.a.**	**4.16**	**4.16**
POLAND			
Men	n.a.	-	-
Women	n.a.	-	-
Total	**n.a.**	**-**	**-**

(*) Data about this indicator relate to approximately 89% of the Group employees. Specifically, for Alenia Aermacchi, only the Italian scope is considered while Selex EX, DRS and Finmeccanica SpA are excluded from the reporting scope.
(**) Data about this indicator relate to approximately 85% of the Group employees. Specifically, for Alenia Aermacchi, MBDA, OTO Melara, Telespazio and Thales Alenia Space, only the Italian scope is considered while Finmeccanica SpA, FATA and DRS are excluded from the reporting scope.

*The occupational disease rate is calculated using the following formula: ODR=(Total cases of occupational disease/Total worked hours)*200,000.*

LA7 Accident severity rate (ASR) (i)	2014 (*)	2013 restated	2013 (**)
Men	55.37	230	212
Women	51.01	416	372
Total	**54.72**	**259**	**238**
ITALY			
Men	71.08	248.31	220.72
Women	74.83	538.09	451.98
Total	**71.60**	**290.82**	**256.27**
US			
Men	15.80	20.05	20.05
Women	4.31	5.89	5.89
Total	**12.83**	**16.68**	**16.68**
UK			
Men	12.13	268.18	268.12
Women	2.33	284.69	284.69
Total	**10.68**	**270.58**	**270.58**
POLAND			
Men	10.75	47.97	47.97
Women	5.50	47.38	47.38
Total	**9.72**	**47.85**	**47.85**
FRANCE			
Men	266.59	838.54	838.54
Women	158.36	1,474.15	1,474.15
Total	**240.26**	**990.55**	**990.55**

(*) Data about this indicator relate to approximately 79% of the Group employees. Specifically, for Selex ES and Alenia Aermacchi, only the Italian scope is considered while DRS, FGS and Finmeccanica SpA are excluded from the reporting scope.
(**) Data about this indicator relate to approximately 86% of the Group employees. Specifically, for Alenia Aermacchi, MBDA, OTO Melara, Telespazio and Thales Alenia Space, only the Italian scope is considered while Finmeccanica SpA, FGS and DRS are excluded from the reporting scope.

*The accident severity rate is calculated using the following formula: ASR=(Total days of work lost/Total worked hours)*200,000.*

LA7 Absenteeism rate (AR) (i)	2014 (*)	2013 restated	2013 (**)
Men	8,746.97	17,728.18	15,661.52
Women	9,765.49	14,715.92	14,129.47
Total	**7,269.81**	**16,952.47**	**15,275.62**
ITALY			
Men	7,511.23	21,895.55	17,749
Women	11,070.44	34,745.24	26,256.52
Total	**8,032.85**	**23,856.66**	**19,210.55**
US			
Men	1,118.29	576.38	576.38
Women	3,969.25	1,201.69	1,201.69
Total	**1,812.15**	**717.89**	**717.89**
UK			
Men	5,263.08	11,934.50	11,934.5
Women	6,473.98	19,493.23	19,493.23
Total	**5,448.74**	**12,811.52**	**12,811.52**
POLAND			
Men	7,979.78	42,785.02	42,785.0
Women	12,298.15	3,940.65	3,940.7
Total	**8,791.10**	**11,735.27**	**11,735.3**
FRANCE			
Men	4,217.95	6,708.33	6,708.33
Women	8,532.03	11,793.23	11,793.23
Total	**5,063.77**	**7,924.38**	**7,924.38**

(*) Data about this indicator relate to approximately 75% of the Group employees. Specifically, for Selex ES, only the Italian scope is considered while DRS, AnsaldoBreda, FGS and Finmeccanica SpA are excluded from the reporting scope.
(**) Data about this indicator relate to approximately 78% of the Group employees. Specifically, for MBDA, OTO Melara, Telespazio and Thales Alenia Space, only the Italian scope is considered while Finmeccanica SpA, FGS, Alenia Aermacchi and DRS are excluded from the reporting scope.

*The absenteeism rate is calculated using the following formula: AR=(Total days of absence/total work days)*200,000.*

LA8 Welfare programmes	2014 (*)	2013
Beneficiaries	**Education and training**	
Employees	Yes	Yes
Employees' families	No	No
Community members	No	No
Beneficiaries	**Advice**	
Employees	Yes	Yes
Employees' families	No	No
Community members	No	No
Beneficiaries	**Risk prevention/control**	
Employees	Yes	Yes
Employees' families	No	Yes
Community members	No	No
Beneficiaries	**Treatment**	
Employees	No	Yes
Employees' families	No	No
Community members	No	No

(*) Data about this indicator relate to approximately 75% of the Group employees. Specifically, Alenia Aermacchi, AnsaldoBreda, FGS and Finmeccanica SpA are excluded from the reporting scope.

LA10 Average hours of training by professional category	2014	2013 restated	2013 (*)
Hours of training by professional category			
Managers	11.30	5.90	18.54
Junior managers	17.09	5.49	8.68
White collars	18.73	9.56	11.49
Blue collars	22.21	5.89	6.35
Pilots	8.48	36.92	36.92

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

LA10 Average hours of training by gender (no.)	2014	2013 restated	2013 (*)
Men	15.01	10.61	12.33
Women	39.78	10.62	12.72

(*) Data about this indicator relate to approximately 86% of the Group employees. Specifically, for MBDA, OTO Melara, Telespazio and Thales Alenia Space, only the Italian scope is considered while FATA, Finmeccanica SpA and DRS are excluded from the reporting scope. The breakdown by gender is not available for the foreign data for AgustaWestland.

LA13 Composition of governance bodies and diversity	2014 (*)	2013 restated	2013
Employees broken down by diversity categories (**)			
Total disabled employees or under legally-protected status	1,597	1,757	2,029
Disabled employees or under legally-protected status - men	1,210	1,356	1,551
Disabled employees or under legally-protected status - women	387	401	478
Impact of disabled employees-diversity category on total workforce	**3%**	**3%**	**4%**
- of which, men	3%	3%	3%
- of which, women	5%	1%	1%
Independence of company bodies			
Total BoD members	11	11	11
- of which, men	7 (64%)	10	10
- of which, women	4 (36%)	1	1
BoD members by age bracket			
Less than 30 years of age	-	-	-
Between 30 and 50 years of age	3 (27%)	1	1
Over 50 years of age	8 (73%)	10	10

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

LA14 Ratio of basic salary by gender (%)	2014 (*)	2013 restated	2013 (**)
ITALY			
Managers	81.37%	84.08%	86.3%
Junior managers	87.58%	95.58%	95.7%
White collars	94.29%	94.65%	94.84%
Blue collars	96.59%	97.62%	97.77%
US			
Managers	71.34%	79.91%	79.91%
Junior managers	75.64%	79.43%	79.43%
White collars	77.06%	94.56%	94.56%
Blue collars	75.62%	77.58%	77.58%
UK			
Managers	96.85%	94.30%	94.30%
Junior managers	88.70%	90.95%	90.95%
White collars	74.86%	77.67%	77.67%
Blue collars	81.68%	81.93%	81.93%
POLAND			
Managers	72.69%	72.59%	72.59%
Junior managers	93.88%	92.27%	92.27%
White collars	75.98%	79.51%	79.51%
Blue collars	87.39%	90.93%	90.93%
FRANCE			
Managers	95.69%	97.37%	97.37%
Junior managers	72.84%	96.25%	96.25%
White collars	81.63%	87.23%	87.23%
Blue collars	96.26%	91.30%	91.30%
GERMANY			
Managers	n.a.	n.a.	n.a.
Junior managers	88.76%	88.76%	88.76%
White collars	94.51%	94.51%	94.51%
Blue collars	83.29%	83.29%	83.29%
AUSTRALIA			
Managers	90.21%	90.91%	90.91%
Junior managers	82.88%	86.05%	86.05%
White collars	70.89%	75.58%	75.58%
Blue collars	79.17%	48.44%	48.44%
INDIA			
Managers	n.a.	n.a.	n.a.
Junior managers	n.a.	n.a.	n.a.
White collars	45.45%	n.a.	n.a.
Blue collars	n.a.	n.a.	n.a.
BRAZIL			
Managers	n.a.	n.a.	n.a.
Junior managers	n.a.	n.a.	n.a.
White collars	96.16%	74.02%	n.a.
Blue collars	n.a.	n.a.	n.a.

(*) Data about this indicator relate to approximately 90% of the Group employees. Specifically, for Alenia Aermacchi SpA, only the Italian scope is considered while DRS is excluded from the reporting scope.
(**) Data about this indicator relate to approximately 67% of the Group employees. Specifically, for MBDA, OTO Melara, FATA and Thales Alenia Space, only the Italian scope is considered while DRS, Alenia Aermacchi and Telespazio are excluded from the reporting scope.

LA15 Return to work after parental leave	2014 (*)	2013 restated	2013 (**)
Employees entitled to parental leave	**27,845**	**21,431**	**23,970**
- of which, men	22,799	17,463	19,466
- of which, women	5,046	3,968	4,504
Employees who availed of parental leave	**1,065**	**1,357**	**1,478**
- of which, men	561	788	825
- of which, women	504	569	653
Employees who returned to work after parental leave	**1,038**	**1,325**	**1,437**
- of which, men	556	784	821
- of which, women	482	541	616
Employees who returned to work after parental leave and that are still with the company 12 months after their return	**988**	**1,297**	**1,406**
- of which, men	531	780	817
- of which, women	457	517	589
Return rate	**97%**	**98%**	**97%**
- of which, men	99%	99%	99%
- of which, women	96%	95%	94%
Retention rate	**95%**	**90%**	**n.a.**
- of which, men	96%	95%	n.a.
- of which, women	95%	84%	n.a.

(*) Data about this indicator relate to approximately 90% of the Group employees. Specifically, Finmeccanica SpA and DRS are excluded from the reporting scope.
(**) Data about this indicator relate to approximately 85% of the Group employees. Specifically, for Alenia Aermacchi SpA, MBDA, OTO Melara, Telespazio and Thales Alenia Space, only the Italian scope is considered while Finmeccanica SpA, FATA and DRS are excluded from the reporting scope.

HR3 Human rights training	2014 (*)	2013 restated	2013 (**)
Total employees who received human rights training	6,347	1,846	1,846
Human rights training hours	10,882	2,597	2,597
% of employees who received human rights training	13%	4%	3%

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

SO3 Employees who received anti-corruption training	2014 (*)	2013 restated	2013 (**)
Managers	22.15%	11.50%	11.50%
Junior managers	13.03%	6.95%	6.95%
White collars	16.90%	3.35%	3.35%
Blue collars	4.41%	1.38%	1.38%
Pilots	27.91%	4.17%	4.17%

(*) Data about this indicator relate to approximately 79% of the Group employees. Specifically, FGS, Finmeccanica SpA and DRS are excluded from the reporting scope. Data for Selex ES only refers to training provided to employees at foreign sites.
(**) Data about this indicator relate to approximately 85% of the Group employees. Specifically, for Alenia Aermacchi, MBDA, OTO Melara, Telespazio and Thales Alenia Space, only the Italian scope is considered while Finmeccanica SpA, FATA and DRS are excluded from the reporting scope.

INDUSTRIAL RELATIONS

Industrial relations in numbers (*)	2014 (**)	2013	2012
Total agreements reached	-	20	7
- of which, agreements on the issue of labour disputes, for reorganisation and restructuring		11	3
- of which, additional second-level company agreements		9	4
Strike hours per capita	3.2	2.2	3.5

(*) Data only refer to the Italian scope and relate to approximately 62% of the Group employees.
(**) No new agreements were signed in 2014.

LA4 Trade unions	2014	2013	2012
% of total employees subject to collective bargaining agreements	80%	80%	80%
- Italy	100%	100%	100%
- UK	65%	65%	65%
- US	5%	5%	5%
Trade union density - Italy	42%	41%	41%
Trade union density - UK	37%	37%	37%
Trade union density - US	5%	5%	5%
Trade union density - Poland	52%	52%	52%

Impact of company reorganisations	2014	2013	2012
Total lay-offs	2,751	2,521	3,418
- lay-offs in Italy	1,340	651	1,906
- lay-offs abroad	1,411	1,870	1,512
Redundancy requests	1,025	651	1,158
Government-sponsored lay-off - extraordinary Government-sponsored lay-off - solidarity contract hours	1,799,910	2,511,507	2,071,657

CSR

EC8 Investments in the communities	2014	2013	2012
Sponsorships with return on image	2,989 (*)	6,504	4,890
Other sponsorships	769	389	726
Donations	1,373	2,011	2,079
Investments in the communities in favour of local areas	12	54	126
Cultural events participations (**)	25	-	-
Total	**5,168**	**8,958**	**7,821**

(*) The amount does not include Alenia Aermacchi's advertisement cost.
(**) Data reported in 2014 for the first time.

CORPORATE GOVERNANCE

Board of Directors	2014	2013	2012
Members	11	11	10
- of which, non-executive	10	10	9
- of which, independent	9	8	7
- of which, without voting rights	-	-	1
- of which, appointed from minority lists	4	4	3
Meetings held	13	17	13
Attendance rate (*)	95%	99%	95%
Meetings held by the group of independent directors	2	2	3

Risk and Control Committee	2014	2013	2012
Members	4	4	4
Meetings held	7	7	11
Attendance rate (*)	90%	100%	93%

Strategy Committee (**)	2014	2013	2012
Members	6	8	5
Meetings held	3	3	3
Attendance rate (*)	89%	100%	100%

Analysis of International Scenarios Committee (**)	2014	2013	2012
Members	4	-	-
Meetings held	3	-	-
Attendance rate (*)	92%	-	-

Remuneration Committeee	2014	2013	2012
Members	4	4	3
Meetings held	7	6	4
Attendance rate (*)	92%	100%	75%

Board of Statutory Auditors	2014	2013	2012
Members (standing)	5	5	5
- of which, appointed from minority lists	2	2	2
Meetings held	20	23	35
Attendance rate (*)	94%	91%	94%

(*) Calculated as the number of attendees/number of meetings held.
(**) Created on the 19th of June 2014.

FIGURES AND INDICATORS BY BUSINESS SEGMENT

Helicopters

Key financial figures (€ million)	2014	2013 restated	2013	2012
New orders	4,556	4,386	4,384	4,013
Order backlog	12,249	11,834	11,928	11,876
Revenues	4,376	4,049	4,076	4,243
EBITA adjusted	543	547	562	473
Workforce (no.)	12,850	13,121	13,225	13,050

Revenues by customer type	2014	2013 restated	2013	2012
Military	49%	38.3%	38.8%	63.5%
Civil	51%	61.7%	61.2%	36.5%

HSE parameters	2014	2013 restated	2013	2012
Number of sites surveyed	13	-	14	14
Total CO_2e emissions (tonnes)	200,043	-	235,806	202,651
Energy consumption (Gj)	1,562,485	-	1,696,960	1,602,856
Total waste produced (tonnes)	13,075	-	12,904	11,649
Water withdrawal (thousands of m^3)	1,485	-	1,568	1,568
Accident frequency rate	3.92	-	5.75	6.34

Aeronautics

Key financial figures (€ million)	2014	2013 restated	2013	2012
New orders	3,113	3,422	3,980	3,169
Order backlog	7,730	7,716	9,014	8,819
Revenues	3,144	2,816	3,343	2,974
EBITA adjusted	237	199	182	104
Workforce (no.)	10,932	11,157	11,702	11,708

Revenues by customer type	2014	2013 restated	2013	2012
Military	47.1%	49.2%	40.3%	47.1%
Civil	52.9%	50.8%	59.7%	52.9%

HSE parameters	2014	2013 restated	2013	2012
Number of sites surveyed	12	-	12	16
Total CO_2e emissions (tonnes)	173,597	-	254,931	265,516
Energy consumption (Gj)	2,326,723	-	2,196,957	2,100,142
Total waste produced (tonnes)	24,744	-	22,710	20,921
Water withdrawal (thousands of m^3)	4,102	-	3,952	4,622
Accident frequency rate	14.82	-	17.23	16.9

Defence and Security Electronics

Key financial figures (€ million)	2014	2013 restated	2013	2012
New orders	5,074	4,932	4,952	5,136
Order backlog	8,765	8,485	8,494	8,831
Revenues	4,980	4,871	4,892	5,754
EBITA adjusted	207	218	221	384
Workforce (no.)	21,927	22,851	23,019	25,183

Revenues by customer type	2014	2013 restated	2013	2012
Military	85.4%	80.6%	79.8%	82.6%
Civil	14.6%	19.4%	20.2%	17.4%

HSE parameters	2014	2013 restated	2013	2012
Number of sites surveyed	72	-	80	93
Total CO_2e emissions (tonnes)	215,713	-	217,124	355,580
Energy consumption (Gj)	1,326,597	-	1.433,903	1,510,448
Total waste produced (tonnes)	5,478	-	6,149	6,727
Water withdrawal (thousands of m^3)	926	-	1,280	1,114
Accident frequency rate	2.08	-	2.18	1.87

Defence Systems

Key financial figures (€ million)	2014	2013 restated	2013	2012
New orders	209	583	1,575	1,005
Order backlog	1,005	1,320	3,654	3,381
Revenues	495	515	1,256	1,256
EBITA adjusted	89	111	143	164
Workforce (no.)	1,472	1,531	3,971	3,963

Revenues by customer type	2014	2013 restated	2013	2012
Military	100%	100%	100%	100%
Civil	0%	0%	0%	0%

HSE parameters	2014	2013 restated	2013	2012
Number of sites surveyed	8	-	8	8
Total CO_2e emissions (tonnes)	83,946	-	85,264	117,037
Energy consumption (Gj)	275,056	-	308,338	286,634
Total waste produced (tonnes)	1,588	-	1,916	2,357
Water withdrawal (thousands of m^3)	174	-	154	173
Accident frequency rate	9.30	-	8.93	9.63

Space

Key financial figures (€ million)	2014	2013 restated	2013	2012
New orders	-	-	1,002	866
Order backlog	-	-	2,165	2,261
Revenues	-	-	1,051	1,053
EBITA adjusted	52	55	94	84
Workforce (no.)	-	-	4,097	4,131

Revenues by customer type	2014	2013 restated	2013	2012
Military	-	-	19.2%	16.4%
Civil	-	-	80.8%	83.6%

HSE parameters	2014	2013 restated	2013	2012
Number of sites surveyed	5	-	5	5
Total CO_2e emissions (tonnes)	2,837	-	15,353	29,412
Energy consumption (Gj)	138,542	-	140,610	141,665
Total waste produced (tonnes)	229	-	155	165
Water withdrawal (thousands of m^3)	65	-	63	86
Accident frequency rate	1.16	-	1.24	3.46

Transportation

Key financial figures (€ million)	2014	2013 restated	2013	2012
New orders	3,005	1,908	1,908	2,290
Order backlog	9,208	8,213	8,246	8,679
Revenues	2,025	1,766	1,793	1,719
EBITA adjusted	66	(115)	(114)	(69)
Workforce (no.)	6,063	6,540	6,739	6,568

Revenues by customer type	2014	2013 restated	2013	2012
Military	0%	0%	0%	0%
Civil	100%	100%	100%	100%

HSE parameters	2014	2013 restated	2013	2012
Number of sites surveyed	21	-	27	26
Total CO_2e emissions (tonnes)	57,045	-	60,769	62,601
Energy consumption (Gj)	339,577	-	357,872	334,025
Total waste produced (tonnes)	7,315	-	5,110	4,134
Water withdrawal (thousands of m^3)	542	-	446	462
Accident frequency rate	9.30	-	9.73	10.89

METHODOLOGICAL NOTE

The 2014 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", accompanied by KPMG assurance ("A+" once the review report has been received). Specifically, the GRI KPIs reported in full are:

- Economic indicators (EC): EC1, EC3, EC4, EC8;
- Environmental indicators (EN): EN1, EN3, EN4, EN5, EN8, EN10, EN11, EN16, EN17, EN18, EN19, EN20, EN21, EN22, EN23, EN27, EN28;
- Labour indicators (LA): LA1, LA4, LA11, LA14, LA15;
- Human rights indicators (HR): HR3, HR5, HR6, HR7, HR9, HR11;
- Society indicators (SO): SO2, SO3, SO4, S05, SO7, SO8, SO10;
- Product responsibility indicators (PR): PR1, PR2, PR6, PR8, 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 of the GRI Index published in the annex on pages 189 ff.

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 on pages 34-35.

The sustainability context
The Sustainability Report represents the numerous viewpoints that Finmeccanica encompasses as a sustainable and responsible company.
The key aspects Finmeccanica deems 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 to provide 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.

Scope

The scope of the 2014 Sustainability Report is based on the following criteria:

- the financial and social figures relate to the scope of the 2014 consolidated financial statements;
- 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.

Definition of the reporting scope complies with the Boundary Protocol of the GRI guidelines (G3.1), which require the inclusion of "all the entities that generate significant (effective or potential) effects on sustainability and/or all the entities over which the reporting organisation has control or significant influence over its financial and operating policies".

Under this principle, two cases are identified:

- entities over which the reporting organisation exercises control shall be included in the operating performance indicators (considering materiality parameters);
- entities over which the reporting organisation exercises significant influence shall be included in the disclosures about management methods (DMA), when the entity has a significant impact for the purposes of the Sustainability Report.

The environmental reporting scope included the following sites, detailed by operating company:

HELICOPTERS	
AgustaWestland	Grâce Hollogne, Yeovil, Cascina C. Di Samarate, Vergiate, Frosinone, Brindisi, Lonate Pozzolo, Anagni, Sesto Calende, Venice, Benevento, Philadelphia, Świdnik (PZL-Świdnik);
AERONAUTICS	
Alenia Aermacchi	Venegono Superiore, Campo Volo, Pomigliano, Caselle Nord and Caselle Sud, Turin, Foggia, Nola, Grottaglie, Naples - Capodichino, Venice, Cameri
DEFENCE AND SECURITY ELECTRONICS	
Selex ES	Genova - via Puccini, Rome - via Laurentina, Rozzano, Abbadia San Salvatore, Piancastagnaio, Rome (Larimart), Pomezia - viale dell'Industria, Cisterna di Latina, Montevarchi, Genova Ancifap, L'Aquila, Chieti, Catania, Pisa, Basildon Lambda House, Filton, Ploiesti, Ankara, Campi Bisenzio, Nerviano, S. Maurizio Canavese, Ronchi Dei Legionari, Palermo, Carsoli, Edinburgh, Luton, Basildon Sigma House, Southampton, Portsmouth Foundry, Overland Park, Fusaro Bacoli, Giugliano, Rome - via Tiburtina, La Spezia, Taranto, Neuss, Bristol Building 430
Selex Service Management	Rome
Integrated software systems	Taranto, Rome
DRS Technologies	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, Cincinnati, Aberdeen[83], Farnham, Chesapeake, Arlington, Bedford, Lemont Furnace
SPACE	
Telespazio	Rome, Fucino, Lario, Naples, Scanzano
DEFENCE SYSTEMS	
OTO Melara	La Spezia; Brescia; Loriguilla
WASS	Livorno, Pozzuoli
MBDA	Rome, Bacoli, La Spezia
TRANSPORTATION	
AnsaldoBreda	Pistoia, Naples, Reggio Calabria, Carini
Ansaldo STS	Tito Scalo, Genoa, Piossasco, Naples, Pittsburgh, Batesburg, Perth, Brisbane, Karratha, Kuala Lumpur Office, Les Ulis, Riom, Bangalore, Noida, Kolkatta, Solna
BredaMenarinibus	Bologna
OTHER ACTIVITIES	
FATA	Pianezza
Finmeccanica	Rome
Finmeccanica Global Services	Rome[84]

[83] Site included in the environmental reporting scope in 2014.
[84] Site included in the environmental reporting scope in 2014.

Sites that left the environmental reporting scope in 2014 are:

HELICOPTERS	
AgustaWestland	Farnborough
DEFENCE AND SECURITY ELECTRONICS	
Selex ES	Pomezia (ex SXG), Milan Palmanova, Genoa Fiumara, Florence - via Barsanti
Selex ES UK	Christchurch, Portsmouth B.O., York
DRS	West Melbourne John Rodes, Oakland
TRANSPORTATION	
Ansaldo STS	Newcastle (Australia)
ENERGY	
Ansaldo Nucleare	Genoa
OTHER ACTIVITIES	
Ansaldo Energia	Genoa, Milan
Ansaldo Thomassen	Rheden
Finmeccanica Global Services	Rome - via Pisanelli, Rome - via Piemonte

2014 HSE REPORTING SCOPE

BUSINESS SEGMENT	2014	2013	2012	GEOGRAPHICAL SEGMENT	2014	2013	2012
Aeronautics	12	12	16	Italy	73	81	91
Defence Systems	8	8	8	UK	10	14	15
Helicopters	13	14	14	US	32	33	39
Space	5	5	5	Rest of the world	19	21	22
Defence and Security Electronics	72	80	93				
Transportation (*)	21	26	27				
Other	3	4	4				
TOTAL	**134**	**149**	**167**	**TOTAL**	**134**	**149**	**167**

(*) 2014: Energy segment deconsolidated.

The number of sites included in the HSE reporting scope decreased as a result of the significant company reorganisations and centralisation of several sites in 2014 (e.g., Selex ES), some sales (e.g., Casoria-Naples, Pomezia - via Castelli Romani, Milan - via Palmanova, Florence - via Barsanti, Genoa Fiumara) and the deconsolidation of the Energy segment. In some cases, this led to the reallocation of personnel and production processes to other facilities. Consequently, the number of employees and worked hours, used to calculate certain performance indicators, went from 59,100 in 2013 to roughly 56,300 in 2014, covering roughly 99% of the Group's employees.

The figures are taken from the consolidated financial statements, the companies' IT systems, the general ledger, the personnel management system, territorial systems, procurement procedures and the web-based environmental data management system. The method used to calculate the significant indicators is summarised below.

When the sites have atmospheric emission monitoring systems (e.g., industrial sites), these are calculated using the laboratory analyses performed during the year. When the analyses are not available (e.g., sites housing offices and/or when the production processes do not give rise to atmospheric emissions), the Group's reporting system automatically calculates the NO^x and SO_2 emissions considering the annual consumption of natural gas and diesel oil to generate energy/heat and emission ratios available from public reports.

GRI INDEX

The following table contains information useful to assess 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 (page numbers in italics relate to details by business segment).
- The **Notes/Comments** column gives information supplementary to the report or provides 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 and the Chief Executive Officer and General Manager to stakeholders	●	• Letters from the Chairman and Chief Executive Officer and General Manager to stakeholders (7)	
1.2 Description of key impacts, risks and opportunities	●	• Materiality matrix (34-35) • The Group replies to materiality issues in 2014 (36-37) • New strategy (26-29) • Improvement objectives (156) • Annual Financial Report 2014 (43-50)	

PROFILE	Presence	References	Notes/Comments
2.1 Name of the organisation	●	• The Group in 2014 (10)	
2.2 Main activities	●	• The Group in 2014 (11-19)	
2.3 Organisational structure	●	• The Group in 2014 (11) • Governance (50-54) • Annual Financial Report 2014 (72-75)	
2.4 Registered office	●	• The Group in 2014 (10)	
2.5 Territorial reach	●	• The Group in 2014 (16-17)	
2.6 Ownership structure	●	• New strategy (26-29) • Business conduct (99) • Annual Financial Report 2014 (127)	
2.7 Markets served	●	• The Group in 2014 (10-23) • Business conduct (72-75)	
2.8 Size of the organisation	●	• The Group in 2014 (10-19) • Governance (50-54) • Annual Financial Report 2014 (12-13)	
2.9 Significant changes in changes in size, structure and ownership structure	●	• The Group in 2014 (10-19) • Governance (50-54) • Annual Financial Report 2014 (8-10)	
2.10 Recognition and awards received in the reporting period	●	• Sustainability at Finmeccanica (39-40, 113) • Governance (66)	

REPORTING SCOPE	Presence	References	Notes/Comments
3.1 Reporting period	●	-	The financial statements refer to 2014.
3.2 Date of publication of the most recent Sustainability Report	●	-	The 2013 Sustainability report was published in May 2014.
3.3 Reporting period	●	-	Annual.
3.4 Contacts and address	●	• Back cover • ir@finmeccanica.com • http://www.finmeccanica.com/nostroimpegno-our-commitment/rendicontazione-reporting	
3.5 Process to define the report content	●		
3.6 Report scope	●	• Sustainability at Finmeccanica (32-38) • Methodological note (183-187)	
		• Methodological note (184-187)	Any scope limitations are indicated in the document. In the medium period, the Group is committed to enlarging the scope of companies included in the reporting scope.
3.7 Statement of any specific limitation to the report's objective and scope	●	• Methodological note (184-187)	Any scope limitations are indicated in the document. In the medium period, the Group is committed to enlarging the scope of companies included in the reporting scope.
3.8 Information on joint ventures, subsidiaries, leased equipment, outsourced activities and other	●	• The Group in 2014 (12-19)	
3.9 Techniques used to measure data and the bases for calculations	●	• Methodological note (183-187)	The calculation techniques and estimate methods used are indicated in this document.
3.10 Explanation of the effects of any changes to information included in previous reports and related reasons	●	• Methodological note (183-187)	Some companies included in the report scope were excluded in 2014 due to adoption of the new IFRS; the 2013 figures have been restated to make the comparison relevant.
3.11 Significant changes in the measurement objective, scope or methods used	●	• Methodological note (183-187)	Some companies included in the report scope were excluded in 2014 due to adoption of the new IFRS; the 2013 figures have been restated to make the comparison relevant.
3.12 Table of G3.1 contents	●	• GRI Content Index (188-207)	
3.13 Policies and practices for the independent audit	●	• Methodological note (183-187) • Assurance letter (208)	

GOVERNANCE, COMMITMENTS AND STAKEHOLDER INVOLVEMENT	Presence	References	Notes/Comments
4.1 Governance structure	●	• Governance (50-69) • Corporate Governance Report (55-61) • Appendix (179)	
4.2 Executive functions of the Chairman	●	• Corporate Governance Report (45)	
4.3 Independence of company bodies	●	• Governance (47-54) • Corporate Governance Report (47-49)	
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 (99-101) • For employees - see Annual Financial Report 2014 (57); People and the community (114)	To assist engagement with its shareholders, Finmeccanica SpA has a special Investor Relations & SRI unit.
4.5 Link between remuneration of the directors and key management personnel and the organisation's performance	●	• People and the community (109) • Remuneration table (11-39)	See the Remuneration Report for information on the directors' and key management personnel's remuneration. 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 undertaken by the highest corporate governance body to ensure that no conflicts of interest arise	●	• Corporate Governance Report (53-55, 84-85)	
4.7 Processes to determine the composition, qualifications and skills of the members of the highest corporate governance body and its committees, including considerations about gender and other diversity indicators	●	• Governance (55) • Corporate Governance Report (25-28, 55-61)	
4.8 Mission, values, code of conduct, main principles for economic, environmental and social performances	●	• Sustainability at Finmeccanica (32-33) • Code of Ethics • The new Operational and Organisational Model (26) • Governance (55, 63-64) • Respect for and protection of the environment (132)	
4.9 Procedures and committees for economic, social and environmental sustainability	●	• Governance (50-55, 67-69) • Code of Ethics	Analysis of the sustainability performance and update of the risk mapping once a year.
4.10 Process for the evaluation of the performance of the members of the highest corporate governance bodies, considering especially the economic, environmental and social performance	●	• Corporate Governance Report (42-44)	The current system to evaluate the directors' performance does not consider environmental and social aspects.
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.

GOVERNANCE, COMMITMENTS AND STAKEHOLDER INVOLVEMENT	Presence	References	Notes/Comments
4.12 Signing and adoption of codes of ethics, principles and charters developed by external organisations	●	· Sustainability at Finmeccanica (33)	
4.13 Participation in trade associations	●	· Sustainability at Finmeccanica (44)	
4.14 List of stakeholders with which the Group is involved	●	· Sustainability at Finmeccanica (38) · Appendix (157-159)	
4.15 Principles for the identification of stakeholders	●	· Sustainability at Finmeccanica (36-38)	
4.16 Approach to the involvement of stakeholders	●	· Sustainability at Finmeccanica (36, 37, 39-47) · Appendix (157-159)	
4.17 Results of involvement	●	· Sustainability at Finmeccanica (36-41)	

ECONOMIC INDICATORS (EC)	Presence	References	Notes/Comments
Disclosure on management approach (EC) - DMA	●		
Economic performance		• The Group in 2014 (20-23) • Business conduct (97)	
Market presence		• The Group in 2014 (12-15) • Business conduct (73-75)	
Indirect economic impacts		• Business conduct (72-75) • People and the community (121-122)	
Policy		• New strategy (26-29) • Annual Financial Report 2014 (10-11, 43-46)	
EC1 core: direct economic value generated and distributed	●	• Business conduct (97)	
EC2 core: implications - financial and other risks and opportunities for the organisation's activities 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 Consilidated Financial Statement, paragraph "Finmeccanica and risk management" (71-77). At present, Group management has not estimated the possible financial effects of climatic change.
EC3 core: coverage of the organisation's benefit plan obligations	●		The pension plans offered to employees are of a defined benefit nature. See the "Employees' benefits" section of the Consolidated Financial Statements at 31 December 2014.
EC4 core: significant financial assistance received from government	●	• Annual Financial Report 2014 (152)	The Ministry of Economy and Finance has an interest of roughly 30.2% in Finmeccanica's share capital.
EC5 add: ratio of entry level wage compared to local minimum wage at the main operating companies	-		

ECONOMIC INDICATORS (EC)	Presence	References	Notes/Comments
EC6 core: policy, practices and proportion of spending on locally-based suppliers of the main operating companies	❍		Locally-based suppliers are suppliers with a registered office in one of the domestic countries (Italy, UK, US and Poland). Total spending on locally-based suppliers is approximately 80% of the total. The Group does not apply procurement procedures that favour the selection of "local" suppliers, compared to the countries in which the individual companies operate. Supplier selection is based on legal criteria and/or internal procedures about quality, environmental sustainability, etc.
EC7 core: procedures for local hiring and percentage of senior management hired from the local community	-		Based on its "talent oriented organisation" vision, the Group does not have selection and hiring policies based on geographical criteria.
EC8 core: impact of infrastructure investments for public benefit through commercial, product/service donations or pro bono activities	●	• People and the community (127-128) • Dialogue with stakeholders (42)	The Group issued a new rule for gifts and entertainment costs for promotion activities in 2014; this significantly altered the existing system. Accordingly, the Group will analyse the impact of this new system on the communities in the near to medium future.
EC9: understanding and describing significant indirect economic impacts, including the extent of impacts			Reference is made to Prometeia and Oxford economics.

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ENVIRONMENTAL INDICATORS (EN)	Presence	References	Notes/Comments
Disclosure on management approach (EN) - DMA	●		
Materials		• Business conduct (81)	
Energy		• Respect and protection of the environment (146-149)	
Water		• Respect and protection of the environment (138)	
Biodiversity		• Respect and protection of the environment (150-153)	
Emissions, discharges and waste		• Respect and protection of the environment (137, 139-145)	
Products and services		• Business conduct (83-88)	
Compliance		• Respect and protection of the environment (132-133, 153)	
Transportation		• Business conduct (82)	
General		• Respect and protection of the environment (132-153)	
EN1 core: raw materials used by weight and volume	●	• Appendix (160)	
EN2 core: percentage of materials used that are recycled input materials	-		Most of the raw materials used in production by Group companies are not recycled as the finished product must meet high quality and safety standards, required by both legislation and sector certifications (e.g., IATA - International Air Transportation Association, IRIS - International Railway Industry Standard) and by customers. Moreover, this information, which is strategic to the Group's business, may be covered by specific confidentiality agreements signed with customers.
EN3: direct energy consumption by primary source	●	• Respect and protection of the environment (146-147) • Appendix (160)	
EN4 core: indirect energy consumption by primary source	●	• Respect and protection of the environment (146-147) • Appendix (160)	

ENVIRONMENTAL INDICATORS (EN)	Presence	References	Notes/Comments
EN5 add: energy saved due to conservation and efficiency improvements	❍	· Respect and protection of the environment (159-160)	The volume of energy saved during the reporting period could not be calculated.
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	❍		The volume of energy saved during the reporting period could not be calculated.
EN7 add: initiatives to reduce indirect energy consumption and reductions achieved	❍		The volume of energy saved during the reporting period could not be calculated.
EN8 core: total water withdrawal by source	●	· Respect and protection of the environment (138-139) · Appendix (160)	
EN9 add: water sources significantly affected by the withdrawal of water	-		
EN10 add: percentage and total volume of water recycled and reused	●	· Respect and protection of the environment (139-140)	
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	●	· Respect and protection of the environment (150-153)	
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	❍	· Respect and protection of the environment (150-153)	Group's activities do not significant impact on biodiversity.
EN13 add: habitats protected or restored	❍	· Respect and protection of the environment (150-153)	
EN14 add: strategies, current actions and future plans for managing impacts on biodiversity	❍	· Respect and protection of the environment (150-153)	
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	●	· Respect and protection of the environment (146-149) · Appendix (161)	Data is calculated by the Group's environmental reporting system
EN17 core: other relevant indirect GHG emissions by weight	●	· Respect and protection of the environment (146-149) · Appendix (161)	
EN18 add: initiatives to reduce GHG emissions and reductions achieved	❍	· Respect and protection of the environment (146-147)	

ENVIRONMENTAL INDICATORS (EN)	Presence	References	Notes/Comments
EN19 core: emissions of ozone-depleting substances by weight	●	• Respect and protection of the environment (145) • Appendix (161)	The Group's activities do not lead to significant emissions of ozone-depleting substances, as shown in Annexes A, B, C and E of the Montreal Protocol.
EN20 core: NOx, SOx and other significant air emissions by type and weight	●	• Respect and protection of the environment (137) • Appendix (161)	
EN21 core: total water discharge by quality and destination	●	• Respect and protection of the environment (139-140) • Appendix (161)	Discharged water is not used by other organisations.
EN22 core: total weight of waste by type and disposal method	●	• Respect and protection of the environment (141-142) • Appendix (161)	
EN23 core: total number and volume of significant spills	●	• Respect and protection of the environment (136)	
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	❍	• Business conduct (86-88) • Respect and protection of the environment (137-145)	The reported initiatives and projects do not include quantification of the results delivered in terms of the reduction of the described products' environmental impacts. Many of these initiatives and projects are still in a design or prototype stage.
EN27 core: percentage of products sold and their packaging material that are reclaimed by category	●	• Appendix (162)	
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 2014.
EN29 add: significant environmental impacts from the transportation of goods/materials used for the organisation's activity and for personnel travel	❍	• Respect and protection of the environment (147) • Business conduct (82)	
EN30 add: expenses and investments in environmental protection divided by type	❍	• Respect and protection of the environment (133-134)	The Group has committed to report on this information starting from the next reporting period.

LABOUR INDICATORS (LA)	Presence	References	Notes/Comments
Disclosure on management approach (LA) - DMA	●		
Position		· People and the community (106-109)	
Trade unions		· People and the community (110-111)	
Health and safety		· People and the community (119-120)	
Training		· People and the community (112-118)	
Diversity and equal opportunities		· People and the community (106)	
Equal remuneration for women and men		· Remuneration Report	
LA1 core: total workforce by employment type, employment contract and region	●	· People and the community (106-109) · Appendix (163-166)	
LA2 core: total number and rate of employee turnover by age group, gender and region	❍	· Appendix (167-168)	
LA3 add: benefits provided to full-time employees	-		
LA4 core: percentage of employees covered by collective bargaining agreements	●	· Appendix (177)	
LA5 core: minimum notice period(s) regarding organisational changes, including whether it is specified in collective agreements	❍		This issue is regulated by and managed as part of the national collective labour agreements.
LA6 add: percentage of total workforce represented in the Health and Safety Committee	-		
LA7 core: rates of injuries, occupational diseases, days of work lost, absenteeism, and total number of work-related fatalities by region	❍	· People and the community (119-120) · Appendix (169-172)	This figure is currently unavailable for independent contractors.
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	❍	· People and the community (112-118, 120)	
LA9 add: health and safety agreements with trade unions	-		
LA10 core: average hours of training per year per employee by employee category		· People and the community (112-118) · Appendix (173-174)	
LA11 add: programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	· People and the community (110-118)	With respect to the final stage of its employees' careers and to encourage their continued employment, the Group supplements the provisions of the existing laws and trade union agreements with a voluntary departure plan protecting its employees and itself.

LABOUR INDICATORS (LA)	Presence	References	Notes/Comments
LA12 add: percentage of employees receiving regular performance and career development reviews	❍	• Annual Financial Report 2014 (54-55)	Information about the percentage of employees is not available as it is not included in the current reporting systems. In the medium period, the Group is committed to enlarging the scope of companies included in the reporting scope based on their significance to the entire 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	❍	• Governance (51) • Appendix (174)	Information about the composition of the Board of Directors and its committees refer to the Parent, Finmeccanica SpA In the medium period, the Group is committed to enlarging the scope of companies included in the reporting scope based on their significance to the entire Group.
LA14 core: ratio of basic salary of women to men by employee category	●	• Appendix (175)	
LA15 core: return to work after parental leave split by gender	●	• Appendix (176)	

HUMAN RIGHTS INDICATORS (HR)	Presence	References	Notes/Comments
Disclosure on management approach (HR) - DMA	●		
Investment and procurement procedures		• Business conduct (76-82)	
Non-discrimination		• People and the community (104-129) • Charter of Values	
Freedom of association and collective bargaining		• People and the community (110-111)	
Child labour (CI)		• Code of Ethics	
Prevention of forced labour (CI)		• Code of Ethics	
Safety procedures		• People and the community (119-120)	
Indigenous people's rights (CI)			
Evaluation		• Sustainability at Finmeccanica (33) • Business conduct (80-81)	
Remedies		• People and the community (121-126)	
HR1 core: percentage and total number of investments that include clauses incorporating human rights concerns	-		To date, agreements and/or contracts have not been formalised that include explicit clauses about human rights or that have been evaluated for the effective implementation of human rights protection policies. However, based on FNM Directive 25 "M&C transactions", all the M&A proposals are communicated to the relevant Finmeccanica unit and the CEO and General Manager as a preliminary illustrative note, to be drawn up in accordance with Annex 1 to the procedure. Specifically, based on Annex 1, the following information shall be included in the note: shareholder structure (shareholders and company bodies), workforce, industrial sites, etc. Finmeccanica Group guarantees and promotes human rights in all contexts in which it operates; it creates equal opportunities for its personnel and fair treatment for everyone, regardless of race, nationality, public opinion, religion, gender, age, different abilities, sexual orientation, personal or social conditions; it always respects the dignity of each individual and worker, encouraging the inclusion of minorities, ensuring freedom of association and complying with the ban on irregular work (Principle 5 of the Charter of Values).

HUMAN RIGHTS INDICATORS (HR)	Presence	References	Notes/Comments
HR2 core: percentage of suppliers and subcontractors that have undergone human rights screening, and action taken	❍	• Business conduct (81)	100% of suppliers not business critical. 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 2014, 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	●	• Appendix (176)	
HR4 core: total number of incidents of discrimination and actions taken	❍		During 2014, no episodes tied to discrimination (race, colour, gender, religion, political opinion, nationality, social background) vis-à-vis the internal and/or external shareholders were recorded.
HR5 core: identification of activities in which the freedom to associate and national collective labour agreements could be exposed to significant risks and measures take to protect these rights	●	• Business conduct (76-82) • People and the community (106)	Finmeccanica Group complies with the legislation of the countries in which it operates and the UN's Universal Declaration of Human Rights and the ILO Fundamental Conventions. All the Group's contracts (critical and non-critical businesses acquired) include full acceptance of its Code of Ethics. There are no reported cases of suppliers or businesses whose freedom of association and collective bargaining rights were violated or exposed to significant risks.

HUMAN RIGHTS INDICATORS (HR)	Presence	References	Notes/Comments
HR6 core: identification of operations at high risk of use of child labour and measures taken to abolish it	●	· Business conduct (76-82)	Finmeccanica Group complies with the legislation of the countries in which it operates and the Universal Declaration of Human Rights of the UN's and the ILO Fundamental Conventions. All the Group contracts (critical and non-critical businesses acquired) include full acceptance of its Code of Ethics. There are no reported cases or suppliers or businesses with a high risk of use of child labour.
HR7 core: activities at high risk of forced labour and measures taken to eliminate it	●		Finmeccanica Group complies with the legislation of the countries in which it operates and the UN's Universal Declaration of Human Rights and the ILO Fundamental Conventions.
HR8 add: percentage of safety personnel who have received training on procedures and policies on human rights	-		The personnel in charge of security at the Group's sites and offices belong to third party service companies. As such, these companies are bound by their acceptance and compliance with the Group's Code of Ethics.
HR9 add: number of violations of local community rights and measures taken	●		No violations of the rights of local communities (indigenous populations) by Group companies were reported in 2014.
HR10 core: percentage and total number of activities subjected to checks and/or assessments of impact of human rights	❍		Finmeccanica Group complies with the legislation of the countries in which it operates and the UN's Universal Declaration of Human Rights and the ILO Fundamental Conventions. A human rights policy will be prepared in the medium term.
HR11 core: number of complaints filed about human rights, dealt with using complaint settlement mechanisms	●		During 2014, no complaints were received about the violation of human rights by internal and/or external stakeholders.

SOCIETY INDICATORS (SO)	Presence	References	Notes/Comments
Disclosure on management approach (SO) - DMA			
Local communities		· People and the community (121-126)	
Corruption		· Governance (55-58, 61-62, 63-64)	
Political contributions		· Governance (55-58) · Code of Ethics	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.
Anti-competitive conduct		· Governance (55-58, 61-62, 67-69, 59-60)	
Compliance		· Governance (67-69)	
SO1 core: percentage of activities in which the local community was involved, the impacts were assessed and development programmes implemented	❍	· Sustainability at Finmeccanica (38-47) · People and the community (121-126)	In 2014, the Group has carried on the implementation of a path to map and assess activities aimed at involving local communities and the related impacts on its operations.
SO2 core: percentage of business units analysed for risks related to corruption	●	· Governance (59-60, 61-62)	All the units have been assessed during the reporting period.
SO3 core: percentage of employees trained in the organisation's anti-corruption policies and procedures	●	· Governance (61-62) · Appendix (176)	
SO4 core: actions taken in response to incidents of corruption	●	· Governance (61-62, 55-58) · Annual Financial Report 2014 (133-147, 197-202)	
SO5 core: public policy positions and participation in public policy development and lobbying	●	· Sustainability at Finmeccanica (33)	
SO6 add: total value of financial and in-kind contributions to political parties, politicians and institutions by country	❍	· Code of Ethics art. 9.1.2 "Relations 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.
SO7 add: total number of legal actions for anti-competitive behaviour, anti-trust and monopolist practices, and their outcomes	●		No legal actions were commenced in 2014 related to anti-competitive behaviour, anti-trust and monopolist practices.

SOCIETY INDICATORS (SO)	Presence	References	Notes/Comments
SO8 core: monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	• Governance (55-58) • Annual Financial Report 2014 (133-139)	There were no significant fines in 2014 for non-compliance with laws and regulations.
SO9 core: activities with significant potential or effective negative impacts on the local communities	❍		The Group constantly monitors the impacts of its activities on the community and surrounding environment. Specifically, it assesses the environmental impact of construction of new facilities, biodiversity impact assessments (see EN26), environmental audits and assessments of environmental impact risk.
SO10 core: prevention measures adopted to mitigate the negative impact of operations on local communities	●	• Governance (61-69)	The Group has implemented a risk management system to assess the possible (potential or actual) impacts of its business. This system identifies the risk of a specific activity and adoption of prevention and mitigation measures designed to avoid or reduce its probability of occurrence and its magnitude.

PRODUCT RESPONSIBILITY INDICATORS (PR)	Presence	References	Notes/Comments
Disclosure on management approach (PR) - DMA	●		
Health and safety of consumers			Finmeccanica Group ensures the highest qualitative and safety standards, required by legislation and sector certifications (e.g., IATA - International Air Transportation Association, IRIS - International Railway Industry Standard) and end customers. All the Group's products are subjected to health and safety checks at all stages of their production cycle.
Labelling of products and services			
Marketing communication			Finmeccanica Group ensures its commercial communications with its stakeholders are correct, accurate and transparent and that they comply with the related laws and regulations.
Compliance with privacy laws			Finmeccanica Group fully complies with the Data protection code and regulations enacted to protect the privacy of all addressees and, more generally, all those parties that enter into contact with it. It has specific rules to prevent undue communications and/or the circulation of personal data without the party's consent.
Compliance			Finmeccanica Group ensures the highest qualitative and safety standards, required by legislation and sector certifications (e.g., IATA - International Air Transportation Association, IRIS - International Railway Industry Standard) and end customers.

PRODUCT RESPONSIBILITY INDICATORS (PR)	Presence	References	Notes/Comments
PR1 core: health and safety impacts of products	●	• Business conduct (83-92)	Finmeccanica Group ensures the highest qualitative and safety standards, required by legislation and sector certifications (e.g., IATA - International Air Transportation Association, IRIS - International Railway Industry Standard) and end customers. All the Group's products are subjected to health and safety checks at all stages of their production cycle.
PR2 add: total number of incidents of non-compliance with regulations and voluntary codes	●		No cases of non-compliance with regulations and voluntary codes about the impact of the Group's products/services on health and safety were reported in 2014.
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	❍		Thanks to its new Organisational Model and a unified commercial approach, the Group will extend its existing best customer satisfaction practices to all its core segments. This will allow the greater enhancement of these activities in the short to medium term and more accurate reporting, including for the purposes of this report.
PR6 core: 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 information on management methods (PR) - DMA (marketing and communication section).
PR7 add: total number of incidents of non-compliance with regulations or voluntary codes concerning marketing communication	❍		See information on management methods (PR) - DMA (marketing and communication section).
PR8 add: number of complaints regarding customer privacy and losses of customer data	●		No complaints about privacy violations were reported by customers in 2014.
PR9 core: monetary value of fines for non-compliance with laws and regulations concerning the provision and use of products and services	●		No (judicial or administrative) sanctions for non-compliance with laws and regulations concerning the provision and use of products and services were received in 2014.

KPMG S.p.A.
Revisione e organizzazione contabile
Via Ettore Petrolini, 2
00197 ROMA RM

Telefono +39 06 80961.1
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)

Independent auditors' report on the sustainability report

To the board of directors of
Finmeccanica S.p.A.

We have carried out a limited assurance engagement of the 2014 sustainability report of the Finmeccanica Group (the "Group").

Directors' responsibility for the sustainability report

The parent's directors are responsible for the preparation of the sustainability report in accordance with the "Sustainability Reporting Guidelines", issued in 2011 (version 3.1) by GRI – Global Reporting Initiative, that are detailed in the "Methodological note" section of the sustainability report, as well as for that part of internal controls that they consider necessary for the preparation of a sustainability report that is free from material misstatement, including due to fraud or unintentional conduct or events. They are also responsible for defining the Group's objectives regarding its sustainability performance, the reporting of the achieved results and the identification of the stakeholders and the significant matters to report.

Auditors' responsibility

Our responsibility is to issue this report based on our procedures. We carried out our work in accordance with the criteria established 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 (IAASB) applicable to limited assurance engagements. This standard requires that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement. These procedures include inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

The procedures we performed on the sustainability report aimed at checking that its content and quality complied with the "Sustainability Reporting Guidelines" and may be summarised as follows:

- comparing the information and data presented in the "Distribution of added value" section of the sustainability report to the corresponding financial information and data included in the Group's consolidated financial statements as at and for the year ended 31 December 2014, on which we issued our report dated 25 March 2015 pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010;

- holding interviews aimed at analysing the governance system and the process for managing the sustainable development issues relating to the Group's strategy and activities;
- 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:
  - interviews and discussions with management personnel of Finmeccanica S.p.A. and personnel of Alenia Aermacchi S.p.A., DRS Technologies Inc., Oto Melara S.p.A., Świdnik, Selex ES Ltd and Telespazio S.p.A. to gather information on the IT, 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 confirm the existence and adequacy of processes and that the internal controls correctly manage data and information in relation to the objectives described in the sustainability report;
- analysing the compliance and overall consistency of the qualitative information included in the sustainability report with the guidelines referred to herein in the "Directors' responsibility for the sustainability report" paragraph, particularly with reference to the strategy, sustainability policies and the identification of significant matters for each stakeholder category;
- analysing the stakeholder involvement process, in terms of methods used, 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 the "Directors' responsibility for the sustainability report" paragraph and on the reliability and completeness of the information and data contained therein.

A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000, and, therefore, it does not offer assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2014 sustainability report of the Finmeccanica Group has not been prepared, in all material respects, in accordance with the "Sustainability Reporting Guidelines", issued in 2011 (version 3.1) by GRI – Global Reporting Initiative, that are detailed in the "Methodological note" section of the sustainability report.

Emphasis of matter

In relation to the judicial investigations into the Finmeccanica Group and certain of its former directors and employees, reference should be made to that set out by the directors in the "Judicial investigations" section of the 2014 sustainability report.

Rome, 4 May 2015

KPMG S.p.A.

(signed on the original)

Marco Maffei
Director of Audit

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Piazza Monte Grappa, 4
00195 Roma
T +39 06.324731
F +39 06.3208621

www.finmeccanica.com