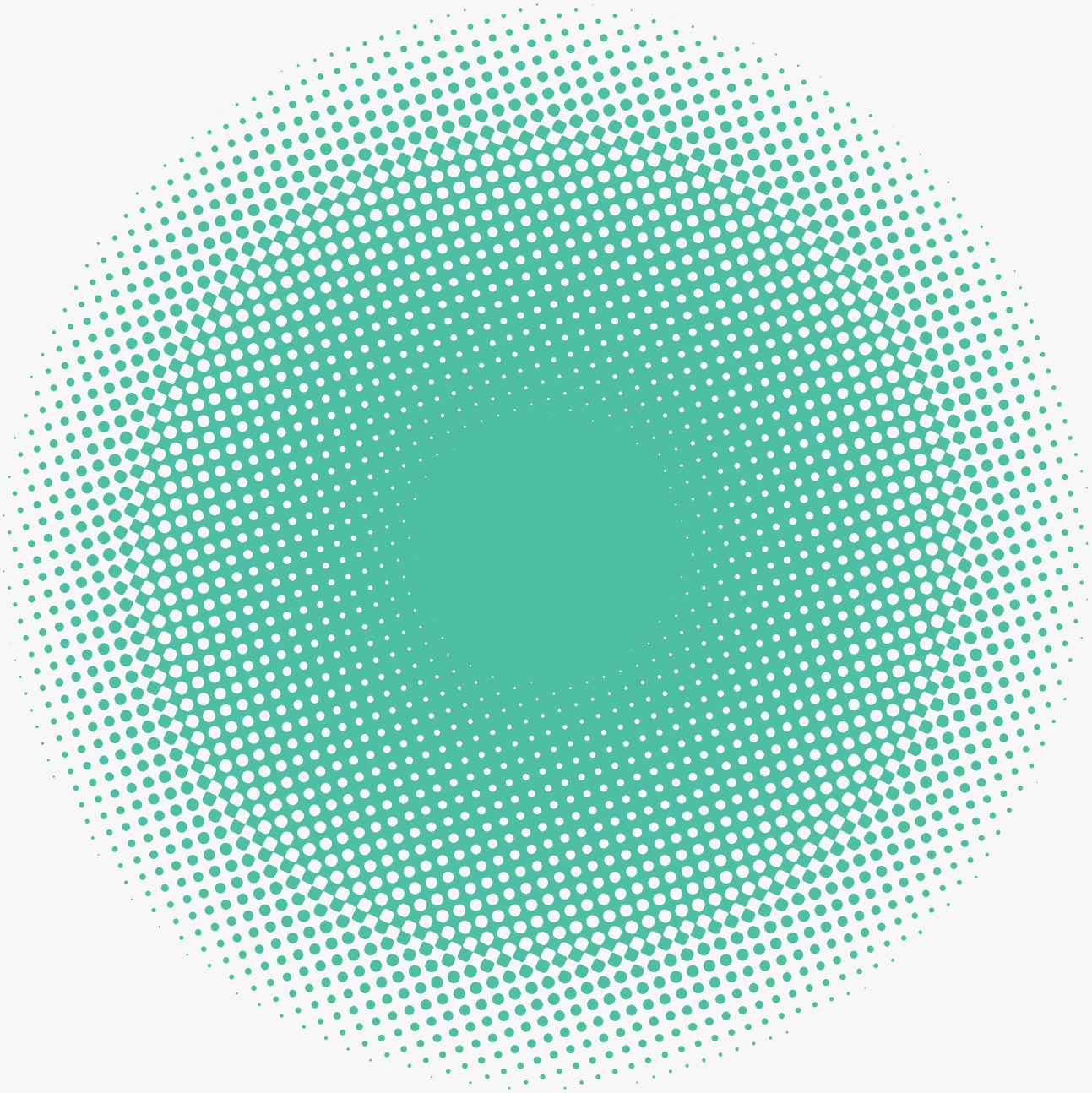
FINMECCANICA

SUSTAINABILITY AND INNOVATION REPORT 2015



BEING ONE

OUR FUTURE TOGETHER

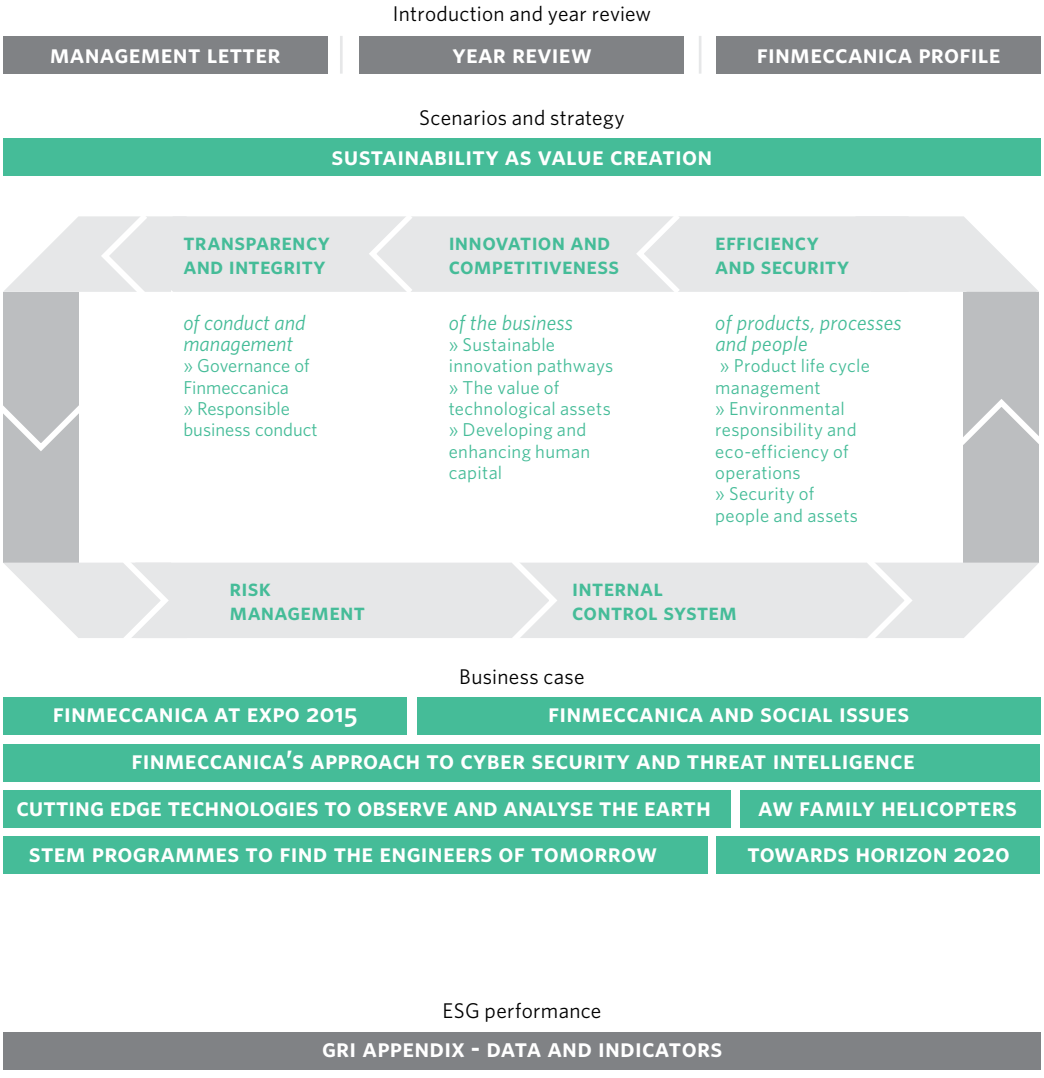
SUSTAINABILITY AND INNOVATION REPORT 2015

INTRODUCTION

The 2015 Sustainability and Innovation Report adopts the G4 new version of the Global Reporting Initiative guidelines.
The aspects covered herein are closely related to significant issues for Finmeccanica and its stakeholders, integrated in the Industrial Plan of the new One Company, and presented using a modular approach based on three qualifying value pillars:

- creating value through **transparent** management and the **integrity** of behaviour;
- using **innovation** as a **competitive** tool and as a critical factor for business sustainability;
- considering **efficiency** and **security** as the essential objectives and characteristics of Finmeccanica's offer and as an expression of reliability.

This document also includes a section with a variety of data and indicators that support complete and transparent ESG (Environmental, Social & Governance) reporting to the benefit of all stakeholders involved.



In this document, Finmeccanica, the Finmeccanica Group or the Company have the same meaning and refer to all companies comprised in the 2015 reporting scope. Conversely, Finmeccanica SpA means the Parent.

CONTENTS

INSIDE THE REGULATORY SYSTEM

EDITORIAL/BUSINESS CASE

BUSINESS EXCELLENCE

EDUCATION/TRAINING

GREEN PRODUCT

STAKEHOLDER ENGAGEMENT

WEB INFORMATION

The Chairman
GIOVANNI DE GENNARO

Letter to stakeholders

Year 2015 was a watershed moment for our Company, strategically and organisationally as well as economically and financially, with the first challenging goals set in the Industrial Plan having been fully achieved.
The first of these goals accomplished have been the major focus on Aerospace, Defence and Security, the adoption of the new organisational and operational model with the starting up of the One Company and the achievement of growing results beyond expectation.

The Chief Executive Officer and General Manager
MAURO MORETTI

In light of these changes, we decided to redefine our identity as well, by proposing to our shareholders changing the name of the One Company to Leonardo, accomplishing another significant step in our transformation process. With Leonardo, a name that represents the roots of our history and the sense of our future, we present this new edition of the Sustainability and Innovation Report, also with a new name and a new way to narrate and account for our approach to sustainable development.

With this publication, we provide full evidence of the changes happening within the One Company, strengthening our idea of sustainability and redefining our way of interpreting long term prospects while defining our corporate culture by illustrating real life cases of sustainability integrated in our products, technologies and, most of all, patterns of behaviour.

We are committed to absolute excellence in managing all the elements that combine responsible development with competitiveness, providing effective answers to our customers' security needs along with the efficient use of resources and containment of the environmental impact. To do this, it is essential that we continue to develop our innovation network, so that it may effectively imagine and interpret the future, and that we are even more capable of systematising the skills, technologies and abilities of our industrial production chains.

The One Company is a fundamental driver of this process: the unification of rules and procedures will strengthen our effectiveness and transparency and the sharing of resources and technologies will allow us to concentrate our efforts and investments. We will be able to work more closely with our customers and to do more with less resources.

The results of our actions are visible in the confirmation of the Leonardo-Finmeccanica stock in the most prestigious sustainability indexes and in the promotion from category C to B by Transparency International in the Defence Companies Anti-Corruption Index. This recognition rewards our commitment to management based on responsible patterns of behaviour and contributes to giving a positive boost to the whole country as part of efforts to prevent and combat corruption, confirming our role as a strategic asset for Italy.

This year, thanks to our people, we were at the forefront in many areas. At EXPO 2015, we showed the whole world not only the most advanced Earth observation technologies for support to agriculture and forestry and for monitoring the environment, fisheries and maritime traffic, but also our capabilities to manage and protect critical infrastructure and our expertise in robotic systems and surveillance drones.

By participating in European aeronautics and space research programmes, we confirmed our commitment to the future development of mobility, with lower consumption and emissions, in line with the climate change objectives defined in the COP21.

We supplied our customers with multiple cybersecurity services, including one of the most important programmes ever carried out outside of the United States, managing sensitive data through one of the world's most advanced centres of excellence.

By extending the Leonardo-Finmeccanica Innovation Award to students, new graduates and PhD students, we strengthened the ties between academia and industry and put young people in contact with technological research.

We redefined goals and priorities and designed new development plans to present to the world an integrated industrial company technologically advanced and focused on the skills required by the global dynamics.

We are doing our best and we believe that this, together with respect for the principles of transparency and integrity and of good business practices, creates value for all the stakeholders and guarantees that our Company will be here for a long time to come.

The Chairman
(**Giovanni De Gennaro**)

The Chief Executive Officer and General Manager
(**Mauro Moretti**)

Year review 2015

BUSINESS STRATEGY
In January 2015, Finmeccanica's Board of Directors approved the Group's 2015-2019 Industrial Plan.

ETHICS AND TRANSPARENCY
Finmeccanica improved its ranking in the 2015 international "Defence Companies Anti-Corruption Index" prepared by the NGO Transparency International, up from category C to B.

BUSINESS PARTNERSHIP
Finmeccanica and Fincantieri, one of the world's leading shipbuilding groups and a major player in maritime engineering, won a contract to build and equip the units covered by the renovation plan of the Italian Navy's fleet.

PRODUCT STEWARDSHIP
The new AW169 helicopter obtained the certification by the European Aviation Safety Agency (EASA) and Finmeccanica can start delivering the first few units to the many customers around the world who have already chosen the most modern helicopter in its class, now available on the market.

FOCUS ON THE AEROSPACE, DEFENCE AND SECURITY SECTOR
Finmeccanica and Hitachi announced the closing of the transactions for Hitachi's purchase of AnsaldoBreda SpA's current business and the entire investment held in Ansaldo STS.

EXPO MILANO 2015
NUTRIRE IL PIANETA
ENERGIA PER LA VITA

PARTICIPATION IN INTERNATIONAL SUSTAINABILITY EVENTS
Finmeccanica participated in EXPO 2015 through the provision of its security systems and devices, supporting the management and protection of large events.

INCLUSION IN SUSTAINABILITY INDICES

For the sixth year in a row, Finmeccanica has been included in the most authoritative stock indexes, **Dow Jones Sustainability Indices** (DJSI) **World** and **Europe**, which select the most virtuous companies in terms of sustainability. The DJSI's confirmation indicates the international recognition of the Group's effort to continuously improve ESG processes and its ability to adopt the highest standards of best practices in business management over the years. Finmeccanica was included in the Bronze Class among the leading companies in the A,D&S sector.
Finmeccanica is also included in the **ECPI World ESG Equity Index**.

ENHANCING HUMAN CAPITAL

Finmeccanica has been included in the top ten of the Best Employer of Choice 2016 ranking for the first time, up by 13 points on 2015. This ranking includes the companies most coveted by new graduates as a workplace.

ONE COMPANY IDENTITY

The One Company has one voice on the market and a new web identity. In order to reflect this change, a new website was launched which gathers and integrates all information included in the websites of the Group companies involved in the divisional reorganisation process into one platform.

CARBON FOOTPRINT

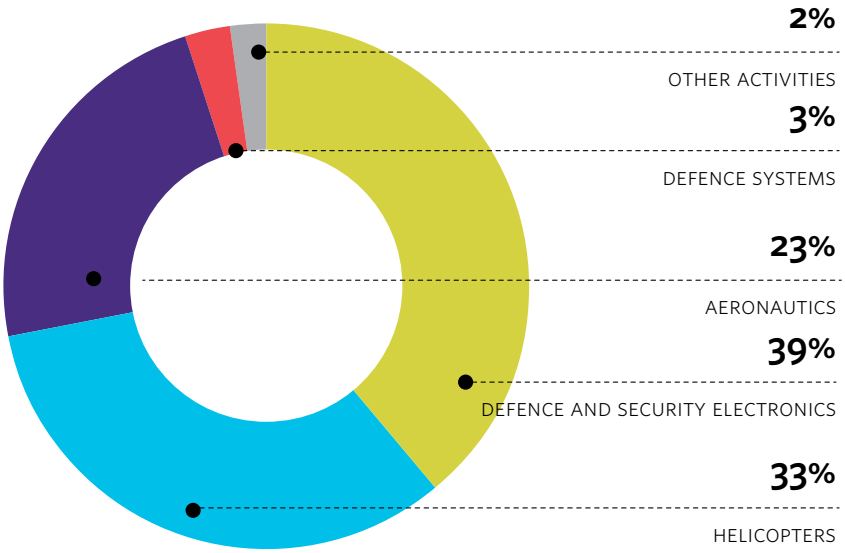
Finmeccanica improved its performance in terms of CO_2 emissions (GHG) within the Carbon Disclosure Project (CDP), a not-for-profit organisation that annually assesses thousands of global listed companies. Finmeccanica's ranking improved by over 20 points between 2010 and 2015.

ECONOMIC AND FINANCIAL PERFORMANCE

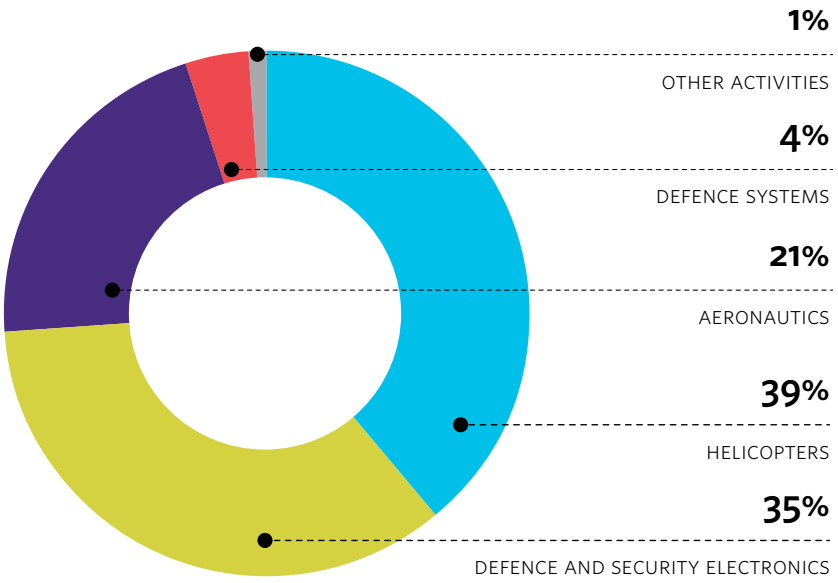
GROUP (in millions of Euros)	2015	2014 (*)	CHANGE
NEW ORDERS	12,371	12,667	(2.3%)
ORDER BACKLOG	28,793	29,383	(2.0%)
REVENUES	12,995	12,764	1.8%
EBITDA	1,866	1,569	18.9%
EBITDA MARGIN	14.4%	12.3%	2.1 P.P.
EBITA (**)	1,208	980	23.3%
ROS	9.3%	7.7%	1.6 P.P.
EBIT (***)	884	597	48.1%
NET RESULT BEFORE EXTRAORDINARY TRANSACTIONS	253	15	X17
NET RESULT	527	20	X26
GROUP NET DEBT	3,278	3,962	(17.3%)
FOCF	307	65	372%
R&D EXPENDITURE	1,426	1,500	(4.9%)
ROI	15.7%	12.7%	3.0 P.P.
ROE	6.2%	0.4%	5.8 P.P.
WORKFORCE	47,156	54,380	(13.3%)

(*) Figures restated (except for workforce) as a result of the reclassification of the operations in the Transportation sector, which were disposed of in 2015, to discontinued operations.
(**) The gross operating profit (EBITDA) is calculated by deducting the following elements from the operating profit (EBIT): any impairment of goodwill; amortisation and possible impairments of the part of the purchase price allocated to intangible 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 (EBIT) 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 income and financial expense.

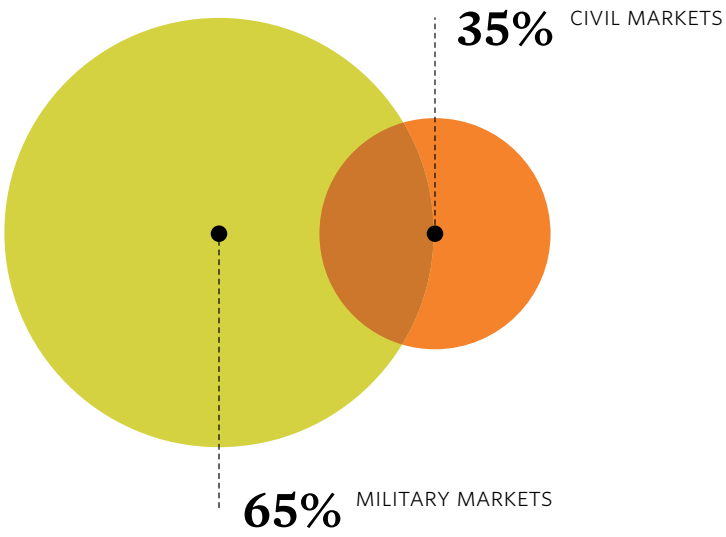
REVENUES BREAKDOWN BY SECTOR



ORDER BACKLOG BREAKDOWN BY SECTOR



REVENUES BREAKDOWN BETWEEN MILITARY AND CIVIL MARKETS



CREDIT RATING

		CURRENT SITUATION		PREVIOUS SITUATION	
AGENCY	MOST RECENT CHANGE	CREDIT RATING	OUTLOOK	CREDIT RATING	OUTLOOK
MOODY'S	August 2015	Ba1	stable	Ba1	negative
STANDARD & POOR'S	April 2015	BB+	stable	BB+	negative
FITCH	May 2015	BB+	stable	BB+	negative

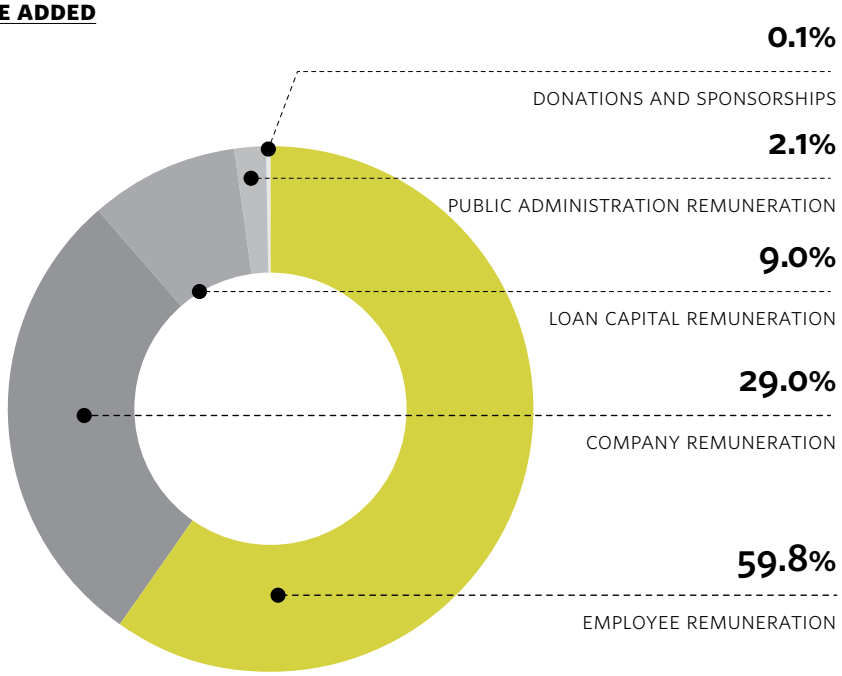
DISTRIBUTION OF VALUE ADDED

Globally speaking, Group's gross value added amounts to €5,521 million at year end 2015, up by approximately 14% compared to 2014, benefitting from the purchasing cost reduction.
In line with the trend that characterised the previous year, most value added was allocated to personnel remuneration (approximately 60% of the total amount for 2015). The portion allocated to Company remuneration rose by 70% on 2014 for the increase of reserves and retained earnings (approximately 29% of the total amount for 2015). Finally, public administration remuneration increased by almost 7% on 2014 (approximately 2% of the total amount for 2015) and the borrowing costs decreased by almost 6% (approximately 9% of the total amount for 2015). The rest of the value added was allocated to donations and sponsorships.

BREAKDOWN OF GROSS TOTAL VALUE ADDED (IN MILLIONS OF EUROS)				
	2015	2014 restated (*)	2014	G4-EC1
EMPLOYEE REMUNERATION	3,301	3,281	3,704	
PERSONNEL EXPENSE	3,220	3,153	3,570	
PERSONNEL EXPENSE FOR RESTRUCTURING	81	128	134	
PUBLIC ADMINISTRATION REMUNERATION	117	109	154	
INCOME TAXES	117	109	154	
LOAN CAPITAL REMUNERATION	498	528	523	
INTEREST EXPENSE	490	519	514	
INTEREST EXPENSE - RELATED PARTIES	8	9	9	
RETURN ON EQUITY (**)	-	-	-	
PROFIT (LOSS) ATTRIBUTABLE TO THE OWNERS OF THE PARENT	-	-	-	
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-	-	-	
COMPANY REMUNERATION	1,602	933	956	
AMORTISATION AND DEPRECIATION	1,077	913	936	
RESERVES AND RETAINED EARNINGS	525	20	20	
DONATIONS AND SPONSORSHIPS	3	6	6	
GROSS TOTAL VALUE ADDED	5,521	4,858	5,343	

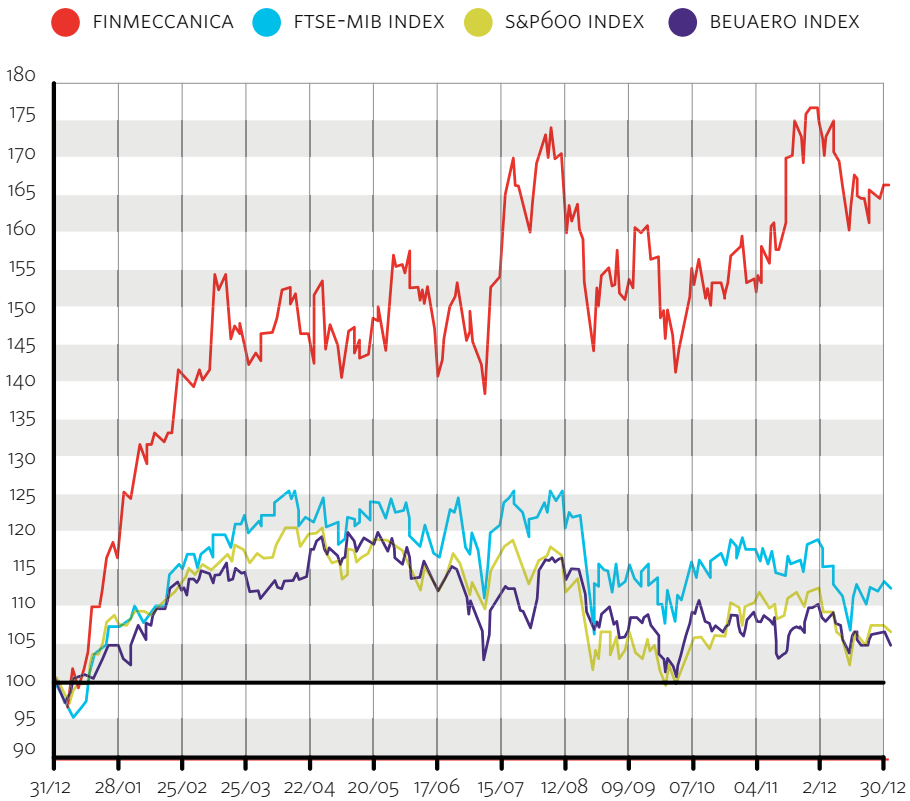
(*) Figures restated as a result of the reclassification of the operations in the Transportation sector to discontinued operations.
(**) The Group has not distributed dividends in the last three years.

BREAKDOWN OF VALUE ADDED



STOCK PERFORMANCE

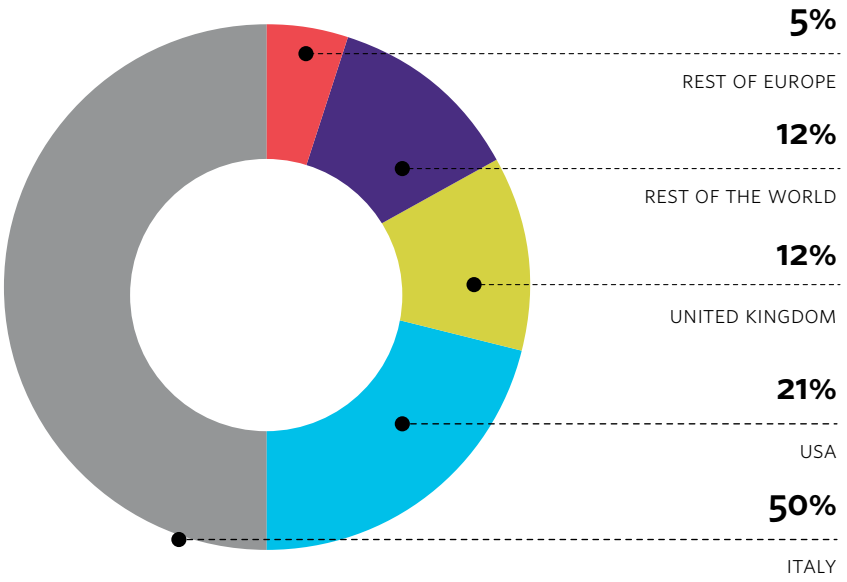
During the year, the financial community acknowledged and positively evaluated the measures taken by management and the compliance with the Industrial Plan, generating a **67% increase in the share performance**, which was substantially better than that of Italy's main stock market (FTSE-MIB +12%) and the average of the European A, D&S sector (BEUAERO +5%).



FINMECCANICA IN THE MEDIA

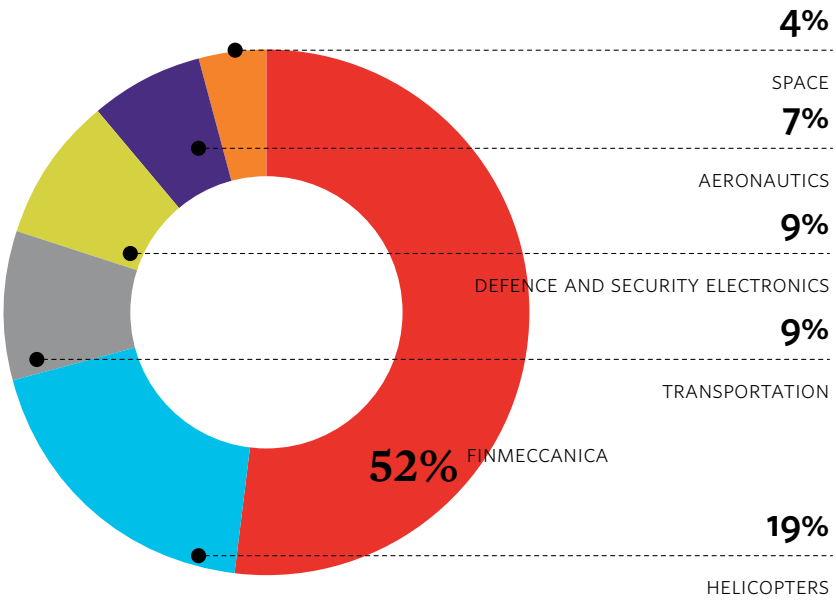
During the year, 18,039 press releases on 230 world publications were monitored, specifically 38 in Italy and 192 abroad[1]. 50% of the total press releases are related to the Italian press, while the remaining ones to the international press.

GEOGRAPHICAL BREAKDOWN OF THE PUBLICATIONS ANALYSED



For each segment, most press releases referred to Helicopters, followed by Electronics, Defence and Security Systems. The media also covered the sale of the Transportation segment.

PRESENCE IN THE PRESS: BREAKDOWN BY SECTORS

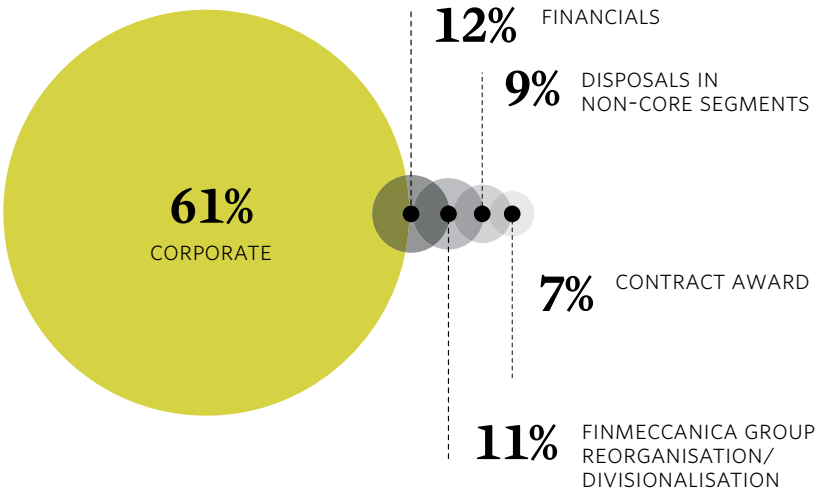


[1] FACTIVA research engine.

The topics covered by the press were grouped into five topics of interest. With respect to operational/ management general topics, the Italian press gave more attention to Finmeccanica SpA (corporate) than the international press, followed by the attention given to the Group's financial performance and its reorganisation. Conversely, the international press focused more on Finmeccanica sales performance than the Italian press.

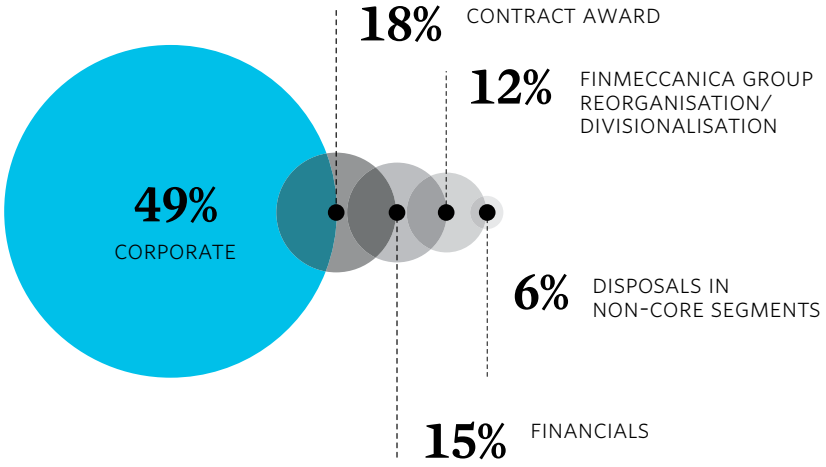
PRESENCE IN THE ITALIAN PRESS: BREAKDOWN BY TOPIC OF INTEREST

ITALY



PRESENCE IN THE INTERNATIONAL PRESS: BREAKDOWN BY TOPIC OF INTEREST

INTERNATIONAL



Finmeccanica profile

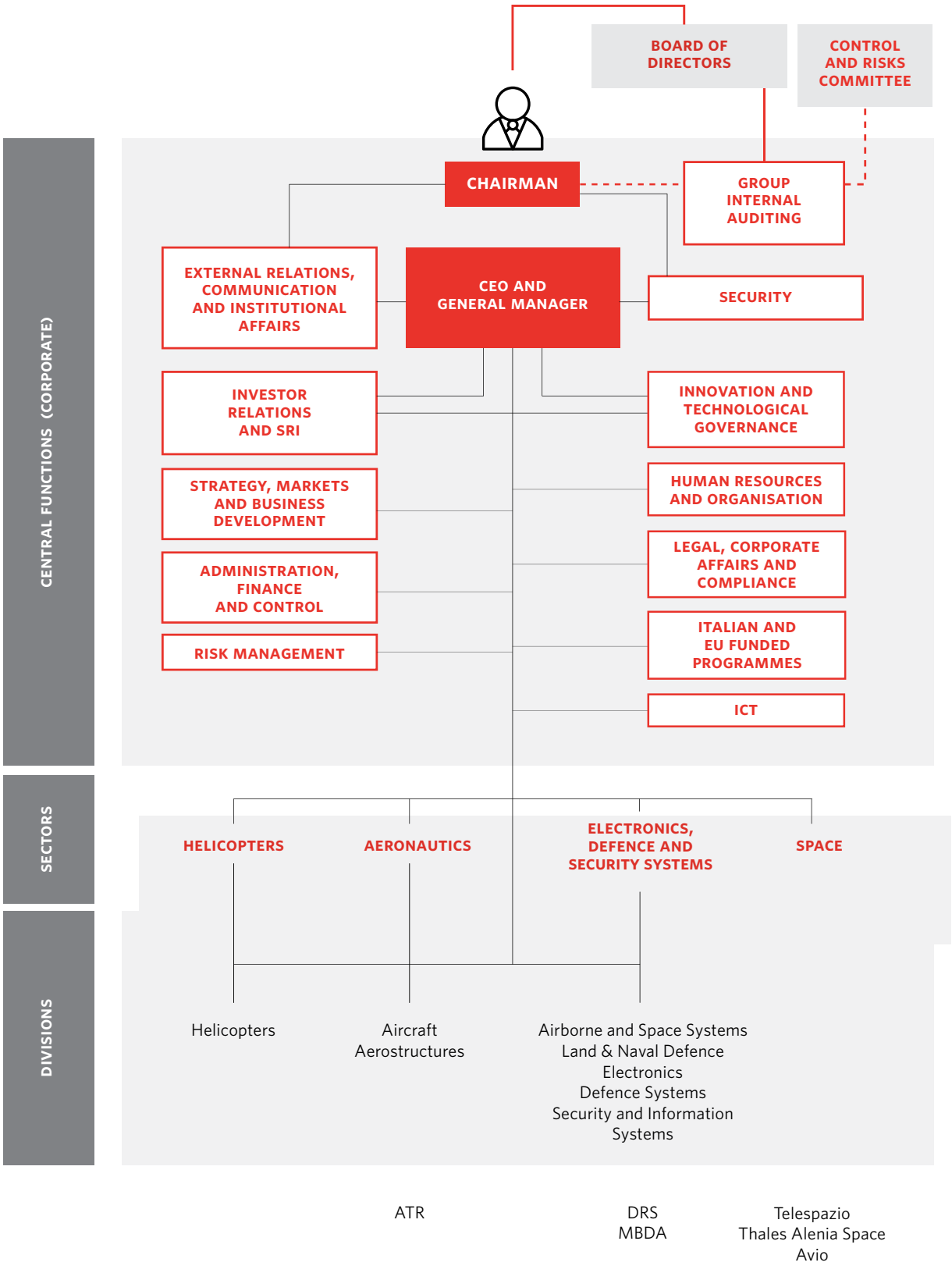
Finmeccanica is a global player in high technology sector and is one of the key global players in the **Aerospace**, **Defence and Security** sectors.

The wide range of defence and security solutions that Finmeccanica offers Governments, private citizens and Institutions includes every possible intervention scenario: **airborne** and **land**, **naval** and **maritime**, **space** and **cyberspace**. In close contact with local customers and partners, Finmeccanica works every day to strengthen **global security**, provide essential **physical protection** and **cybersecurity services** for people, territories and infrastructure networks and support **scientific** and **technological research**.

Based on the dual application of technologies, Finmeccanica designs and creates products, systems, services and integrated solutions both for the defence sector and the civil sector, both in Italy and abroad.

Finmeccanica operates over the five continents in about 20 countries with offices and industrial plants and can rely on a very large network of subsidiaries, joint ventures and international partnerships, with significant industrial presence in four main markets, Italy, the United Kingdom, Poland and the United States, and structured partnerships in the most important high potential markets in the world.

ONE COMPANY


BOARD OF DIRECTORS
CONTROL AND RISKS COMMITTEE
CHAIRMAN
GROUP INTERNAL AUDITING
EXTERNAL RELATIONS, COMMUNICATION AND INSTITUTIONAL AFFAIRS
CEO AND GENERAL MANAGER
SECURITY
INVESTOR RELATIONS AND SRI
INNOVATION AND TECHNOLOGICAL GOVERNANCE
STRATEGY, MARKETS AND BUSINESS DEVELOPMENT
HUMAN RESOURCES AND ORGANISATION
ADMINISTRATION, FINANCE AND CONTROL
LEGAL, CORPORATE AFFAIRS AND COMPLIANCE
RISK MANAGEMENT
ITALIAN AND EU FUNDED PROGRAMMES
ICT
CENTRAL FUNCTIONS (CORPORATE)
SECTORS
DIVISIONS
HELICOPTERS
AERONAUTICS
ELECTRONICS, DEFENCE AND SECURITY SYSTEMS
SPACE
Helicopters
Aircraft
Aerostructures
Airborne and Space Systems
Land & Naval Defence
Electronics
Defence Systems
Security and Information Systems
ATR
DRS
MBDA
Telespazio
Thales Alenia Space
Avio

The new Finmeccanica is the culmination of a radical renewal and transformation process: from **financial holding to integrated industrial company.** On 1 January 2016, Finmeccanica became a **One Company**[2] organised into **four sectors** and **seven divisions**, which include some of the activities carried out by the former wholly-owned operating companies (AgustaWestland, Alenia Aermacchi, Selex ES, OTO Melara and WASS).

Finmeccanica also retains Parent and Corporate Centre functions for subsidiaries and joint ventures not included in the divisional scope. These are: the US subsidiary DRS Technologies, which deals with the supply of products, services and integrated support for the military, intelligence agencies and defence companies; ATR, the joint venture established with Airbus Group for the manufacture of regional aircraft; MBDA, the joint venture established with BAE Systems and Airbus Group for missile systems; Telespazio and Thales Alenia Space, the two joint ventures established with Thales as part of the Space Alliance, for satellite services and the manufacture of satellites and orbiting infrastructures, respectively.

Finmeccanica as One Company

The Finmeccanica Group also comprises Finmeccanica Global Services (FGS), which provides real estate management and enhancement services as well as purchase and facility management services, and SO.GE.PA, which manages small equity investments and non-core activities, including the facility valorisation of the owned companies.

THE DIVISIONS

HELICOPTERS - Designing, developing, testing, producing, customer support and marketing of Finmeccanica's latest-generation helicopters for all main weight ranges, for civil and military applications and training and support services.

AIRCRAFT - Designing, developing, producing, logistic support and crew training for trainer aircraft, military aircraft, unmanned systems and aircraft for special missions and nacelles.

AEROSTRUCTURES - Designing, building, testing and integrating structures and components for the major civil aircraft programmes in Europe and North America.

AIRBORNE & SPACE SYSTEMS - Designing, developing and providing solutions for aircraft platforms that include integrated mission systems, airborne radars and sensors, electronic warfare systems, aerial target systems, simulation systems, on-board avionics. The Division's offer is completed by space systems that, in addition to the sensors and mission payloads, also include advanced robotic systems.

LAND & NAVAL DEFENCE ELECTRONICS - Systems integration, digital architectures, combat management systems and sensors and communications. Electro-optical fire control systems and infrared search and track, integrated logistics transport solutions.

DEFENCE SYSTEMS - Design, development and manufacture of next-generation naval guns of any calibre, tanks and wheeled armoured vehicles. Design, production and integration of light and heavy torpedoes, anti-torpedo defence systems, sonar systems for underwater surveillance. Unmanned and underwater systems.

[2] For additional information on the various stages which led to the One Company see http://www.finmeccanica.com/-/mauro-moretti-vara-one-company-launches.

SECURITY & INFORMATION SYSTEMS - Solutions to monitor and protect territories and urban areas, critical infrastructure, sensitive areas and large events. Air and maritime traffic control systems. Cybersecurity integrated solutions and automation systems.

Focus on the Aerospace, Defence and Security sectors

On 2 November 2015 Finmeccanica completed the sales in the Transportation business to Hitachi. The transactions, which take at completion Finmeccanica's disposal plan launched since 2011, required that Finmeccanica transfers to Hitachi its stake in Ansaldo STS (equal to 40% of the share capital), AnsaldoBreda's businesses in the rolling stock segment and the facilities held by the subsidiary FGS.
The sale is an important step in the implementation of Finmeccanica's Industrial Plan which specifically focuses on combining activities around the core business in the Aerospace, Defence and Security sectors.
Finmeccanica agreed, for itself and its subsidiaries, to a five-year non-competition agreement starting from the closing date. From a financial standpoint, the transaction generated significant benefits, reducing the Group's net financial debt[3].

[3] For further details on the sale of the Transportation business reference should be made to the Annual Financial Report 2015 (pp. 21, 121-122, 166-167).

MAIN PROGRAMMES BY MARKET SEGMENT

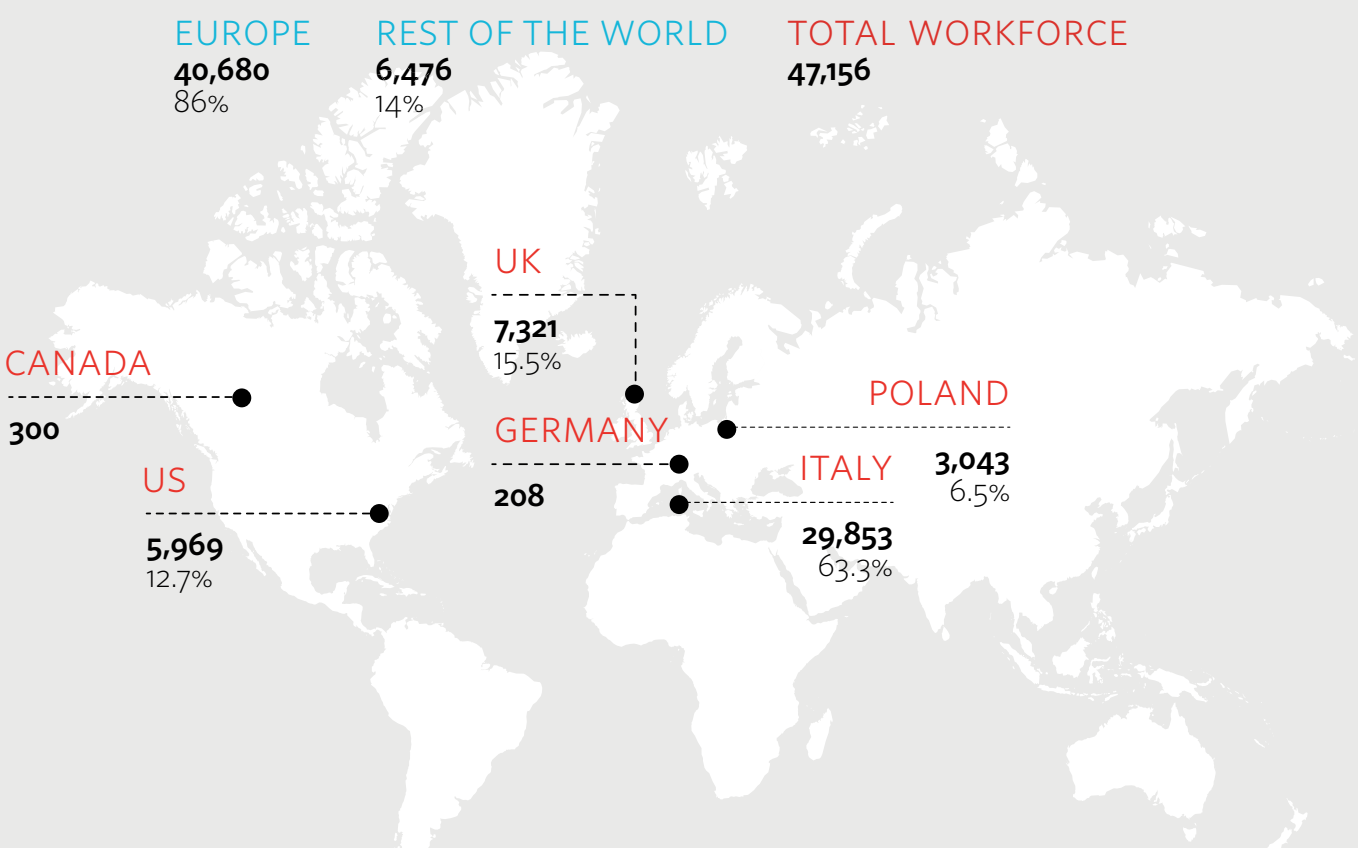
AERONAUTICS	Joint Strike Fighter	Finmeccanica participates in the Joint Strike Fighter F-35 Lightning II programme (JSF) through its Aircraft, Airborne & Space Systems and Land & Naval Defence Electronics Divisions and with Sirio Panel in Italy, through the Airborne & Space Systems Division in the United Kingdom and through DRS Technologies in the US. Assisted by the Italian Ministry of Defence, the first JSF assembly line outside the US was set up at the Cameri military base to manufacture wings and assemble Italian and Dutch aircraft. In December 2014, Cameri was selected as the regional support centre for European/Mediterranean aircraft. Finmeccanica participates in Regional tenders (Europe/ Mediterranean) for the maintenance of the aircraft components, launched at the end of 2015 by the US Department of Defence.
	Eurofighter Typhoon	Consortium comprising Airbus, BAE Systems and Finmeccanica. Finmeccanica's Aircraft Division is responsible for the final assembly of aircraft for the Italian Airforce and some foreign markets. The Airborne & Space Systems Division supplies part of aircraft avionics and is in charge of maintenance of the Italian Typhoon fleet, together with the Aircraft Division, at the Italian Avionic Maintenance Centre (CMA) in the Grosseto military base.
	MALE 2005	Finmeccanica participates with the other key players in the European Aerospace market (Airbus and Dassault) in the programme for the development of a European unmanned aerial system for medium altitude/ long endurance (MALE) missions. In addition to satisfying the needs of Europe's armed forces, this programme promotes the development of advanced technologies and supports Italy's and Europe's high skills.
	nEUROn	Finmeccanica plays an important role in nEUROn, the technological demonstrator developed by an industrial team led by Dassault Aviation and comprised of Finmeccanica, SAAB, Airbus Defence and Space, RUAG and HAI, through which the European industry is exploring important new fields including stealth and unmanned combat air vehicles (UCAV). The flight tests were successfully completed in September 2015 during which the characteristics of nEUROn's combat operational skills were checked, along with its radar low observability and its reduced infrared signature.
	P1HH	Finmeccanica is a key partner in the development programme for Piaggio Aerospace's P1HH RPAS (Remotely Piloted Aircraft System) vehicle by providing state-of-the-art vehicle management and control systems, ground control station and communications systems to ensure safe operations during all flight activities.
	Aerostructures	Numerous collaborations in the aerostructure field between Finmeccanica and the main international manufacturers. Specifically, Finmeccanica has developed and manufactures composite materials sections for the Boeing 787 programme, as Boeing's strategic risk sharing partner, for approximately 14% of the aerostructure. It has also acted as risk sharing partner since the beginning of the Boeing 767 programme, designing and manufacturing assemblies and parts for the 767 family. Finmeccanica is also Airbus' risk sharing partner in the Airbus A380 programme, in relation to which it designed and manufactures a fully-assembled section of the central fuselage.

HELICOPTERS	NH90	Finmeccanica is part of the NHIndustries consortium for the development and production of the NH90 helicopter, a multi-role twin-engined vehicle in the 11 ton class, specifically developed to meet NATO's requirements. Finmeccanica is in charge of approximately 32% of the vehicle production, specifically the main transmission systems, hydraulic systems, fire control automatic systems, electrical systems and on-board computers.
NAVAL	FREMM	FREMM (FRegate Europee Multi-Missione - European multimission 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 Finmeccanica 49%) play a fundamental role in the drafting of the specifics and development of the combat system and main subsystems.
LAND	FNEC	Forza NEC (Network Enabled Capability) is a programme for the digitalisation of the Italian land defence force, 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. Finmeccanica is the prime contractor of the programme and system integrator.
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 MIUR (the Italian Ministry of Education, University and Research). Thales Alenia Space Italia 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 second generation COSMO-SkyMed activities was signed.
DUAL	Cyber Security	Finmeccanica, 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.

GLOBAL PRESENCE

Finmeccanica operates with a structure comprising 218 offices/sites (a reduction of 55 compared to 2014), mainly located abroad (62%), of which 97 are production facilities (50 in Italy)[4].
The considerable decrease mainly refers to foreign facilities (down 44 on the previous year) and is due to the continuation of the streamlining process involving the Company's offices/sites (specifically, Selex ES and DRS Technologies), and the changes in the scope during the year, in particular the sale of the Transportation sector (40 sites, of which 38 abroad).

GEOGRAPHICAL BREAKDOWN OF WORKFORCE AT 31 DECEMBER 2015



GEOGRAPHICAL BREAKDOWN OF REVENUES AND ORDERS IN 2015 (IN MILLIONS OF EUROS)

NORTH AND CENTRAL AMERICA
3,084 / 3,231

SOUTH AMERICA
78 / 123

EUROPE
7,272 / 7,442

AFRICA
364 / 434

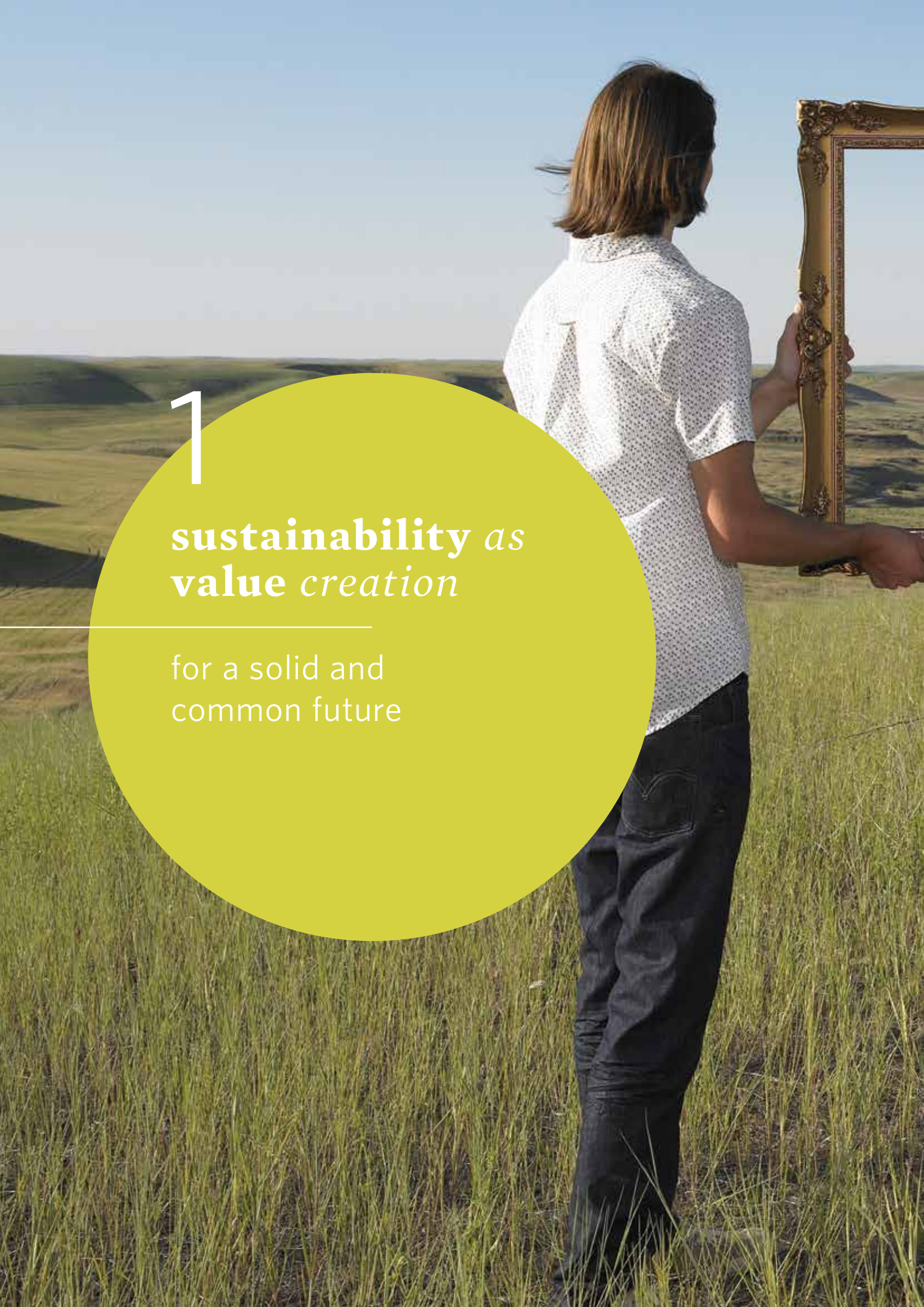
ASIA
1,273 / 1,512

OCEANIA
297 / 251

NEW ORDERS

REVENUES

[4] Figures at 31 December 2015.



1

sustainability *as* **value** *creation*

for a solid and common future

Sustainability as value creation

Sustainability at Finmeccanica means investing in the future to contribute to more stable and stronger economic and social development over time, using knowledge and skills and exploiting the most innovative technologies.

In a global scenario where the challenges in this sector are becoming increasingly clear, Finmeccanica's mission is to interpret the needs of a rapidly evolving market and provide effective answers to security and efficiency issues and to contain the environmental impact.

By managing levers that combine sustainability and competitiveness, Finmeccanica's Industrial Plan specifies the reference parameters which the Company intends to comply with along the transformation and development path, generating value for shareholders, customers, employees and all other Group stakeholders.

PROGRESS OF THE 2015-2019 INDUSTRIAL PLAN

During the year, the Group implemented the actions described in the Industrial Plan, which began in January 2015, to (i) revise its positioning in terms of business areas and product portfolio, (ii) define and implement a new operational governance model and (iii) take appropriate efficiency, restructuring and development actions.

The results achieved in 2015 enhance the solidity of the assumptions underlying the Industrial Plan and, together with the 2016-2020 budget plan, confirm the Group's strategic guidelines and targets. Finmeccanica continues along its development path, while focusing on the implementation of the new Organisational and Operational Model created as part of the One Company, based on common rules and processes, and consolidating its global positioning, by exploiting a new single commercial approach common to the various business sectors. In order to respond more effectively to customers' needs, specifically with respect to security issues, Finmeccanica is committed to developing innovative, integrated and cross-cutting offers. Meanwhile, the activities to boost operation efficiency continue, focusing in particular on engineering, supply chain/procurement and production, and alignment with the main technological trends.

Finally, the business restructuring and the governance streamlining measures will support the relaunch and development of core businesses in order to strengthen and consolidate the global competitive position of the various divisions in the next few years.

The One Voice approach on international markets

In line with the Group's new Organisational and Operational Model, the fundamental principles to be used to strengthen and develop Finmeccanica's global presence were revised. These principles are based on a single approach common to the various business segments and on enhancing an increasingly competitive product/service portfolio.

The Model uses tools and tailored strategies to penetrate target countries, including through innovative and versatile offering models which can best meet customers' needs.

KEY COUNTRIES/TARGET MARKETS

FINMECCANICA RESPONSE TO MATERIALITY ISSUES

Finmeccanica's business strategy and the economic, social and environmental impacts generated by business activities have an effect on stakeholders' expectations and on how the Company is perceived externally and internally. To ensure reciprocity, stakeholders can influence the Company's reputation and, directly and indirectly, the availability of financial, industrial, technical and human resources to the Company.

Consequently, stakeholders are an essential reference point in defining Finmeccanica's significant aspects and their interests and legitimate expectations, included and implemented through a materiality analysis[5], were used to identify the issues covered by the 2015 Sustainability and Innovation Report.

Above all, the analysis shows stakeholders' expectations and Finmeccanica's commitment to responsible and transparent business conduct, with particular focus on the prevention of corruption, and the development of a strategy to achieve long-term business sustainability.

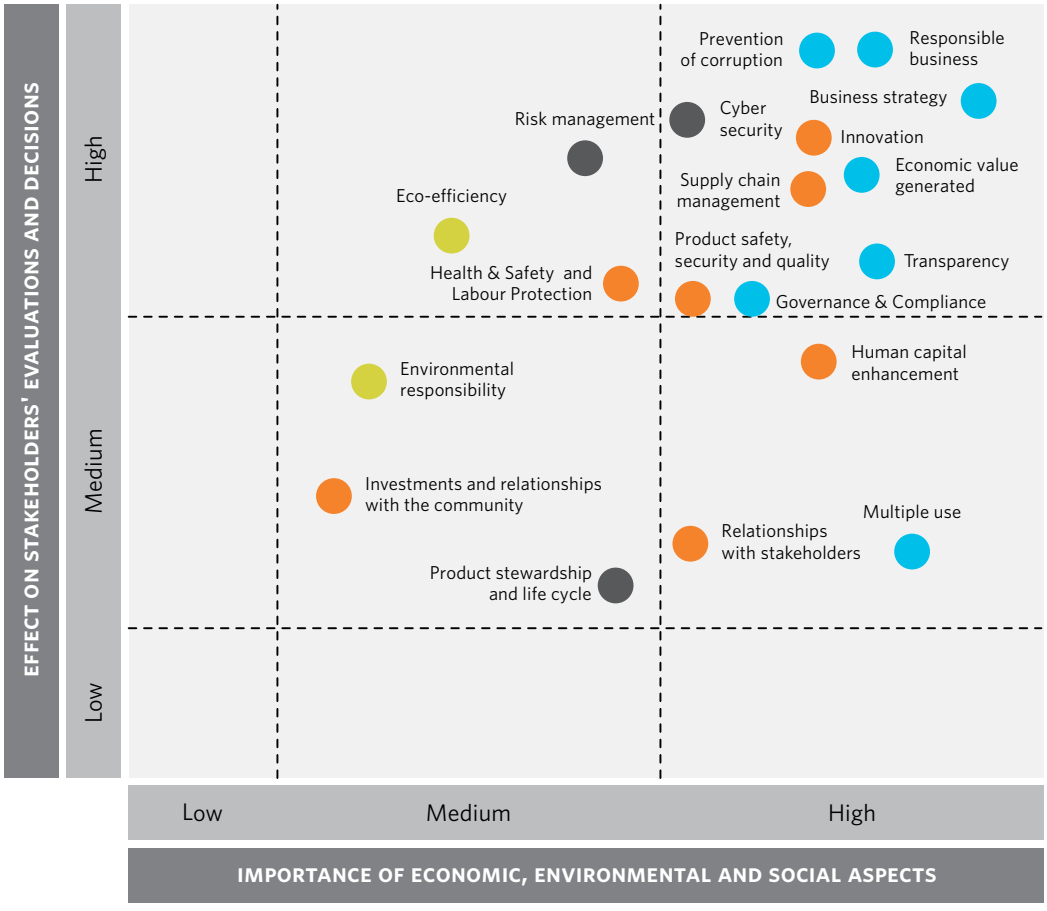
Other sustainability issues related to the evolution of the situation and global scenarios, including the development of top performing, efficient and safe and multiple-use products and solutions throughout the entire life cycle and countering cyber threats, are in addition to the above priorities, along with other sector-critical issues which Finmeccanica intends to exploit to consolidate its overall positioning.

[5] Reference should be made to the Methodological note for a description of the relevant process.

FINMECCANICA STAKEHOLDERS

- BUSINESS PARTNERS
- PEOPLE
- LOCAL COMMUNITIES
- GOVERNMENTS
- TRADE UNIONS
- REGULATORS
- TRADE ASSOCIATIONS
- INSTITUTIONS
- ENVIRONMENT
- FUTURE GENERATIONS
- SUPPLIERS
- CUSTOMERS
- MEDIA
- FINANCIAL COMMUNITY

MATERIALITY MATRIX



SOCIAL ASPECTS

ECONOMIC AND GOVERNANCE ASPECTS

ENVIRONMENTAL ASPECTS

CROSS-CUTTING ASPECTS

ISSUE	KEY ACTIONS AND RESULTS ACHIEVED IN 2015
Responsible business	— Finmeccanica does not produce or sell light weapons (rifles, pistols and similar guns) or controversial weapons (land mines, anti-personnel mines, cluster munitions and biological, chemical and nuclear weapons) — Requiring compliance with the Charter of Values and the Code of Ethics from Company officers and employees, partners, suppliers and all parties operating in the interests of Finmeccanica — Adoption of the guidelines for advisors and business promoters
Governance & Compliance	— New Organisational and Operational model (One Company) — Preparation and approval of the new 231 Model
Transparency	— Preparation of the Sustainability and Innovation Report — Inclusion in the Dow Jones Sustainability World and Europe indexes — Carbon Disclosure Project participation — Engagement with SRI and ESG rating agencies — Transparency International rating improved to “B” — Adoption of the new Regulation on managing negotiations
Prevention of corruption	— Adoption and circulation of the Anti-Corruption Code — Setting up the Corruption Prevention Coordination and Consulting Board — Consolidation of the whistleblowing system — Launch of anti-corruption training activities — Adoption of the guidelines for advisors and business promoters
Business strategy	— Industrial Plan updating — Focus on the A, D&S sector and transformation from a holding company managing different legally separate companies into a One Company
Economic value generated	— Share price up 67% in 2015 — EBITA up 23%, ROS up 1.6 p.p., net profit for the year x26, ordinary net profit for the year x17 and FOCF up 372% — Debt/equity ratio down from 1.03 to 0.76 — Credit rating with stable outlook
Risk management	— Risk management centralisation and Enterprise Risk Management (ERM) model implementation — Setting up a single Company framework for project/contract risk management — Strengthening and expanding business risk culture — TERRA - Tool for evaluating risks & response actions, a new IT tool common to all divisions
Multiple use	— Product portfolio’s increased versatility and flexibility in various sectors (e.g., helicopters family, geo-information technologies)
Cyber security	— Enhancement of IT threat detection centres — Awareness-raising initiatives and training in cyber risk mitigation and information security
Innovation	— Strengthening and consolidating intellectual property management — Adoption of a new technology governance and innovation model — Innovation Award open to universities and independent research centres

Human capital enhancement	— Revision of the key management and development processes — Project to enhance high-potential resources — 2016 Best Employer award (pertaining to 2015)
Supply chain management	— Adoption of the new Regulation on managing negotiations — Setting up the Central purchasing commission — Revision of purchase and supply processes and rules
Health & Safety and Labour Protection	— Compliance with labour regulations applicable in each country and international ILO treaties on workers' freedom of association, child and forced labour, discrimination in the workplace and human rights — Inclusion of screening procedures in the suppliers' pre-qualification process, covering health and safety and human rights protection — Increase in health and safety management system sites — Reduction of accident indexes — New supplementary 2nd level contract for Italian employees
Product safety, security and quality	— Product certificates and approvals based on customers' and relevant authorities' requirements — Training and customer assistance
Relationships with stakeholders	— See the table "Main tools and dialogue with stakeholders"
Investments and relationships with the community	— Projects related to scientific matters (Science, Technology, Engineering and Maths – STEM) — Responsible canteen programme — Sponsorships and projects to promote cultural activities
Product stewardship and life cycle	— Integrated offer of products, solutions and services — Development of the "Think as a Customer" approach — Strengthening product life cycle architectures in product development
Eco-efficiency	— Participation in Clean Sky, SESAR global programmes — Development of innovative solutions to mitigate the environmental impact on products
Environmental responsibility	— Adoption of new procedures governing environmental audits and operational controls over environmental aspects and requirements — Implementation of a Periodical Environmental Risk Review (PERR) — Increasing environmental management systems at facilities (SGA) — Launch of the SPA 2.0 project — Environmental workshop

Finmeccanica at EXPO 2015

For Finmeccanica, EXPO 2015 has been a unique opportunity to associate its image to a large successful global event, ensuring its security and best management with sophisticated skills and systems and effectively participating in the discussion about hot topics and the identification of solutions for the sustainable development of the planet.

150 PEOPLE IN THE MAIN OPERATION CENTRE

OVER **300** FIRE ALARM SYSTEMS MANAGED

AROUND **115,000** SERVICE ANNOUNCEMENTS

OVER **600** SECURITY EVENTS MANAGED

OVER **300** TETRA TERMINALS IN USE

Thanks to Selex ES's expertise in security systems and equipment supporting the management and protection of large events, the EXPO main operation centre operated without interruption for six months. The main operation centre used by the EXPO organisation was based on a sophisticated, versatile and highly customisable platform to manage security in complex scenarios, including large events, urban areas and critical infrastructures, and, consequently, applicable to other daily situations.

The operation centre provided security personnel with an immediate picture of the situation at the exhibition areas, through the coordination of video surveillance and video analysis systems, smoke detectors, emergency voice alarm systems with the public and TETRA-based secured communications for professional operators.
In addition to these systems, a 3D satellite cartographic representation of some areas of the exhibition site was created by e-GEOS (a joint venture between Telespazio and Agenzia Spaziale Italiana). This innovative representation, a true virtual experience in the area to be monitored, improved understanding of the scenario and offered a significant operational effectiveness in terms of security, with actions taking place promptly and reliably.

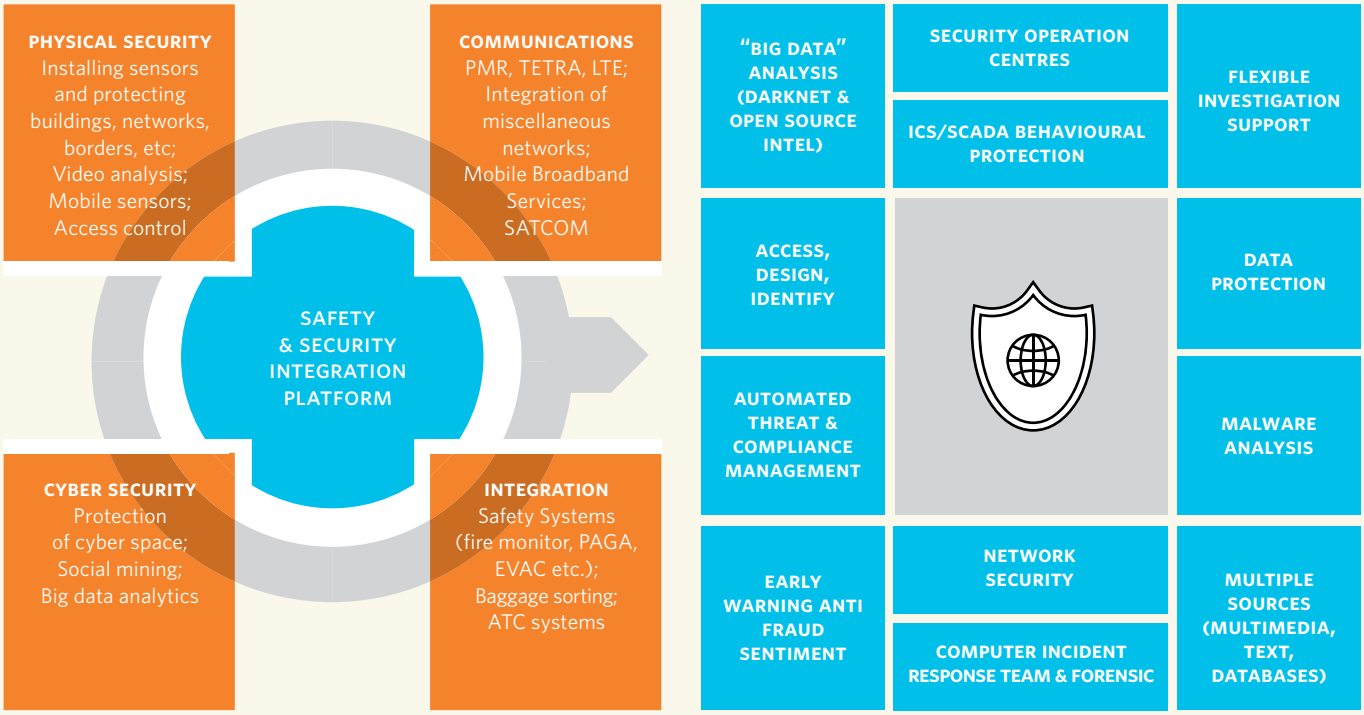
Finmeccanica at EXPO 2015

In the exhibition area open to the public, Finmeccanica also showcased products and technologies related to the sustainable development of the planet. Using a multimedia installation comprised of five environments (sky, sea, earth, city and space), visitors experienced the solutions available to support agriculture and forestry, to monitor the environment, to control and manage fishing and maritime traffic, for early warning and emergency responses, to manage and protect critical infrastructures, for urban resilience systems, for helicopter emergency services as well as robotic systems and surveillance drones.

The exhibition area also hosted initiatives and debates to encourage discussion among the industry and institutions about innovation and environmental technologies. The meetings organised in collaboration with the Prime Minister's office, the Ministry for Agricultural, Food and Forestry Policies and the Ministry for the Environment covered several issues, including managing the crisis caused by hydro-geological instability, the sustainable development of the agricultural sector and land monitoring. Furthermore, research and innovation issues for the planet were discussed together with the National Research Council (CNR) and the Ministry of Education, University and Research.

During events organised at EXPO 2015, Finmeccanica showcased its best practices to an international audience and met over 250 stakeholders, most of which were customers, starting many round-table discussions that may lead to the development of new business and development opportunities.

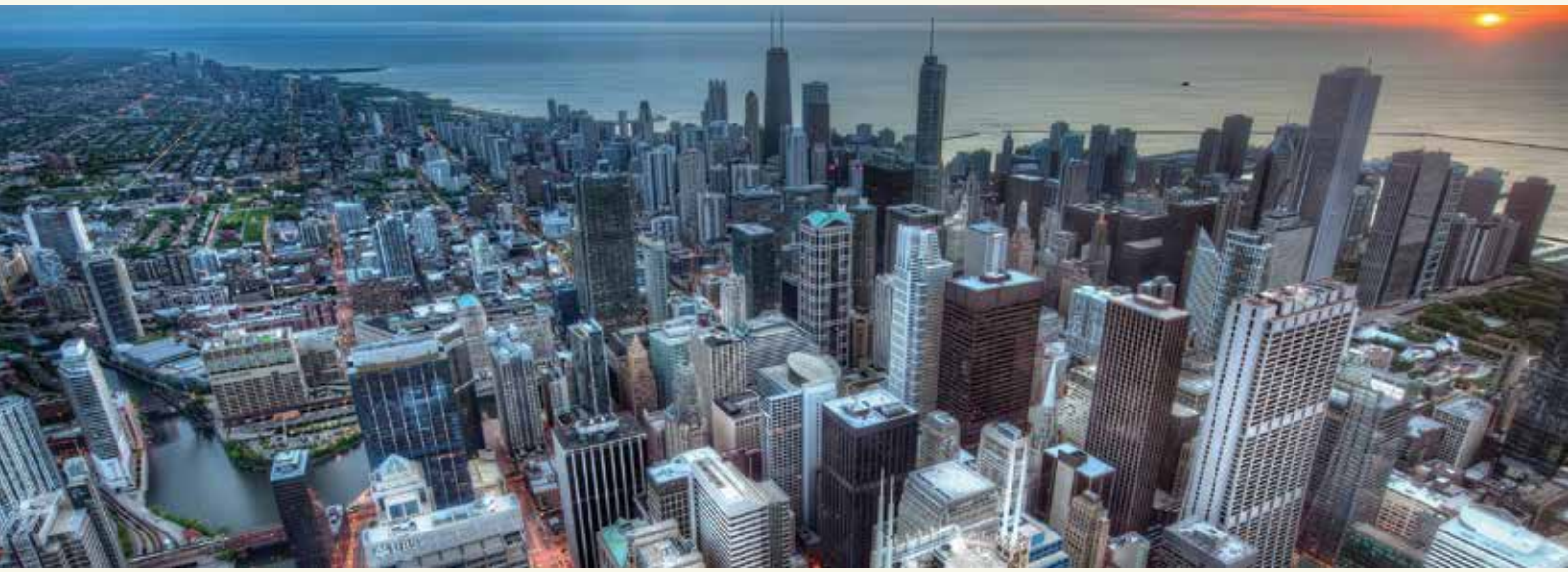
FINMECCANICA'S SECURITY EXPERTISE: THE EXPO EXPERIENCE



ENVIRONMENTS AND SOLUTIONS SHOWCASED AT EXPO

CITY

Solutions and technologies focused on **managing and protecting critical infrastructures for national and large events, urban resilience systems,** as well as **robotic systems and surveillance drones.** The TETRA-based secured communication system and the cyber security services managed are just an example of the product range available in this area.

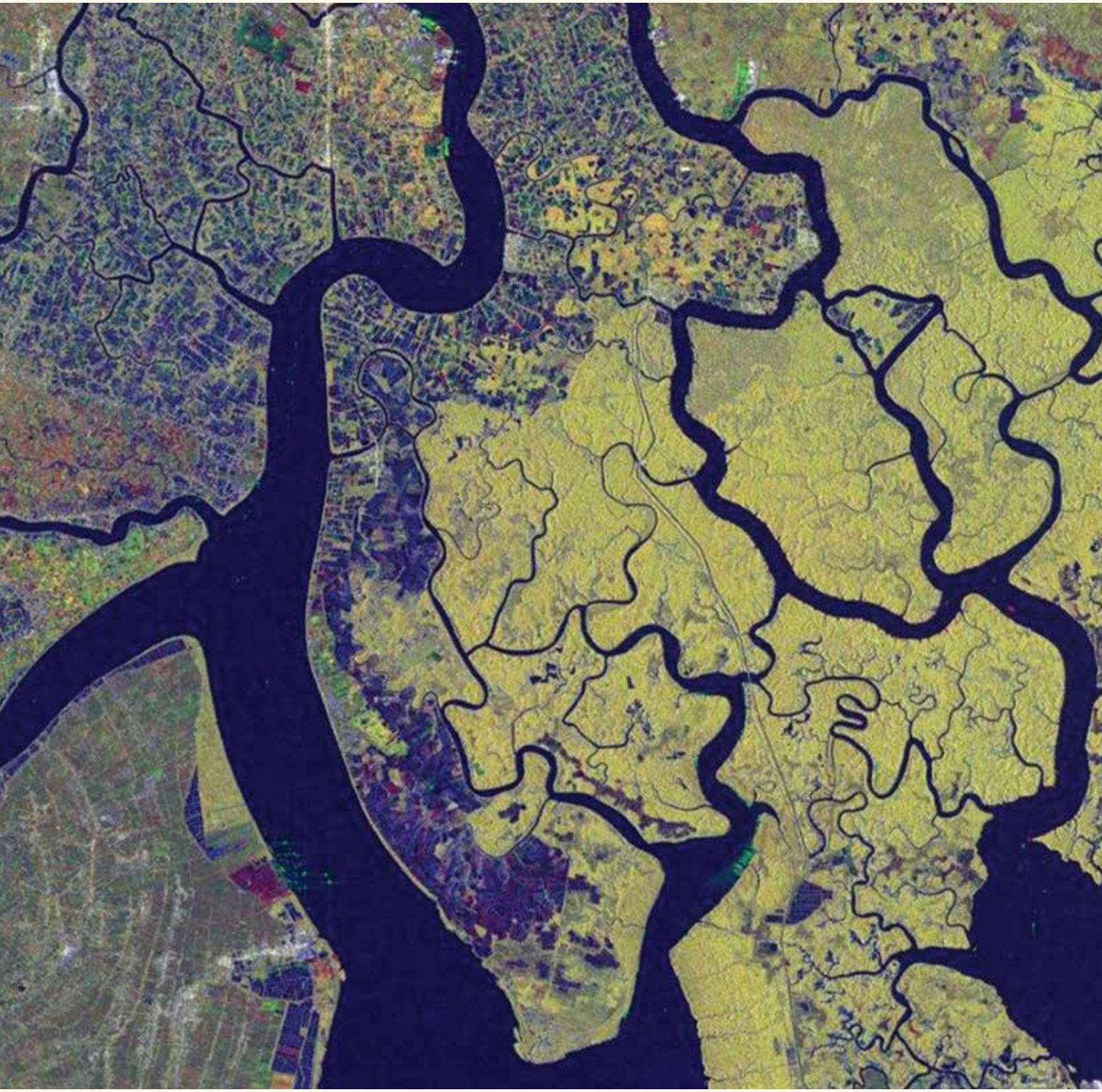


SEA

Control and monitoring of fishing and maritime traffic and emergency management. The top products of this area include the ATR42 MP aircraft of the Coastguard which is used in sea patrol missions, and the V-Fides wire-guided underwater vehicle for the safeguarding of archaeological finds.

Finmeccanica at EXPO 2015

SPACE
Services, systems and satellite equipment, including COSMO-SkyMed, one of the most innovative **Earth observation programmes**, and the Rosetta mission which contributed significantly to **space exploration**, with its Philae lander touching down on a comet.

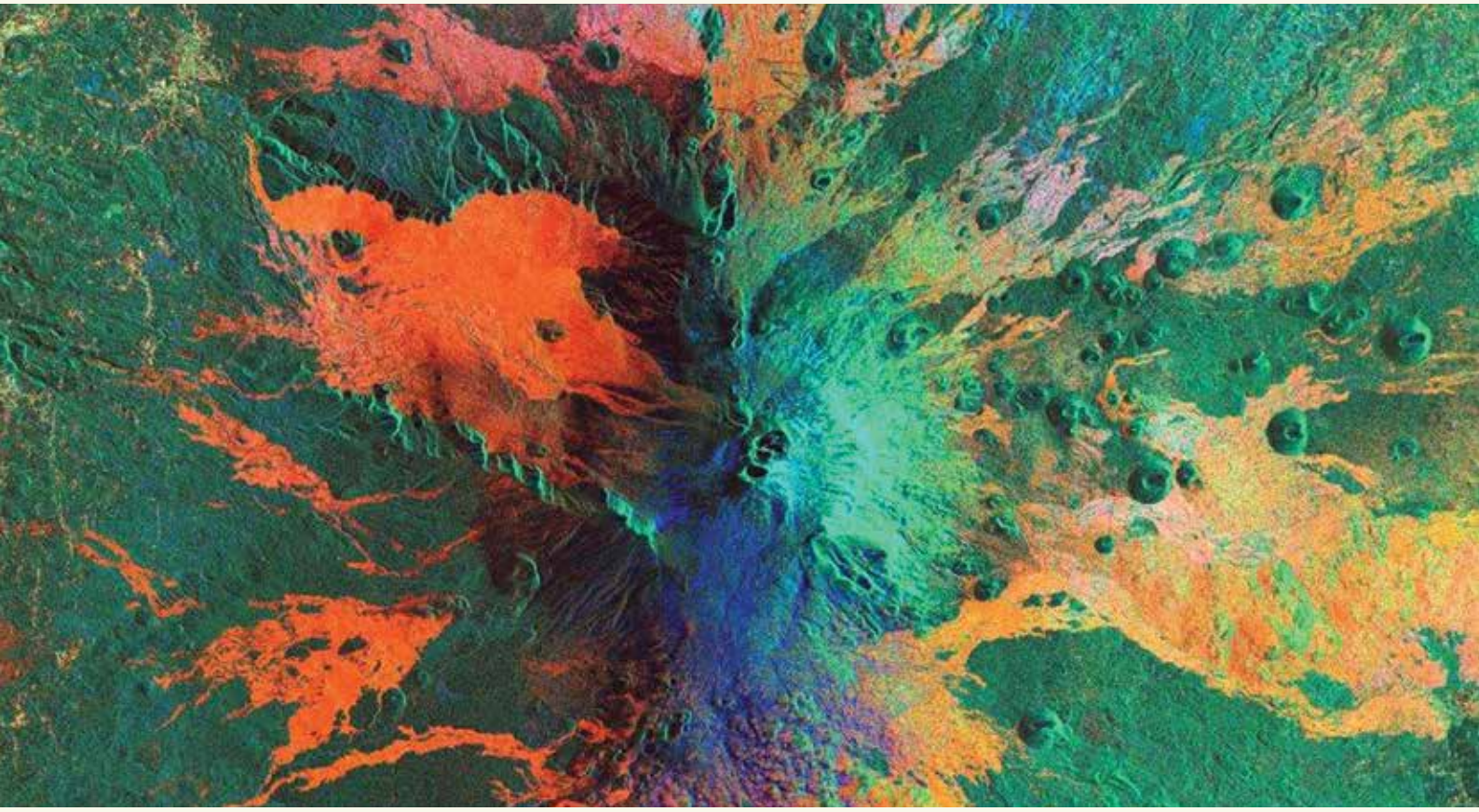


SKY

Products and systems for **air traffic control** and **surveillance**, including the ATCR-33S radar, and for **passenger transport** using the AW609 tilt-rotor aircraft.

EARTH

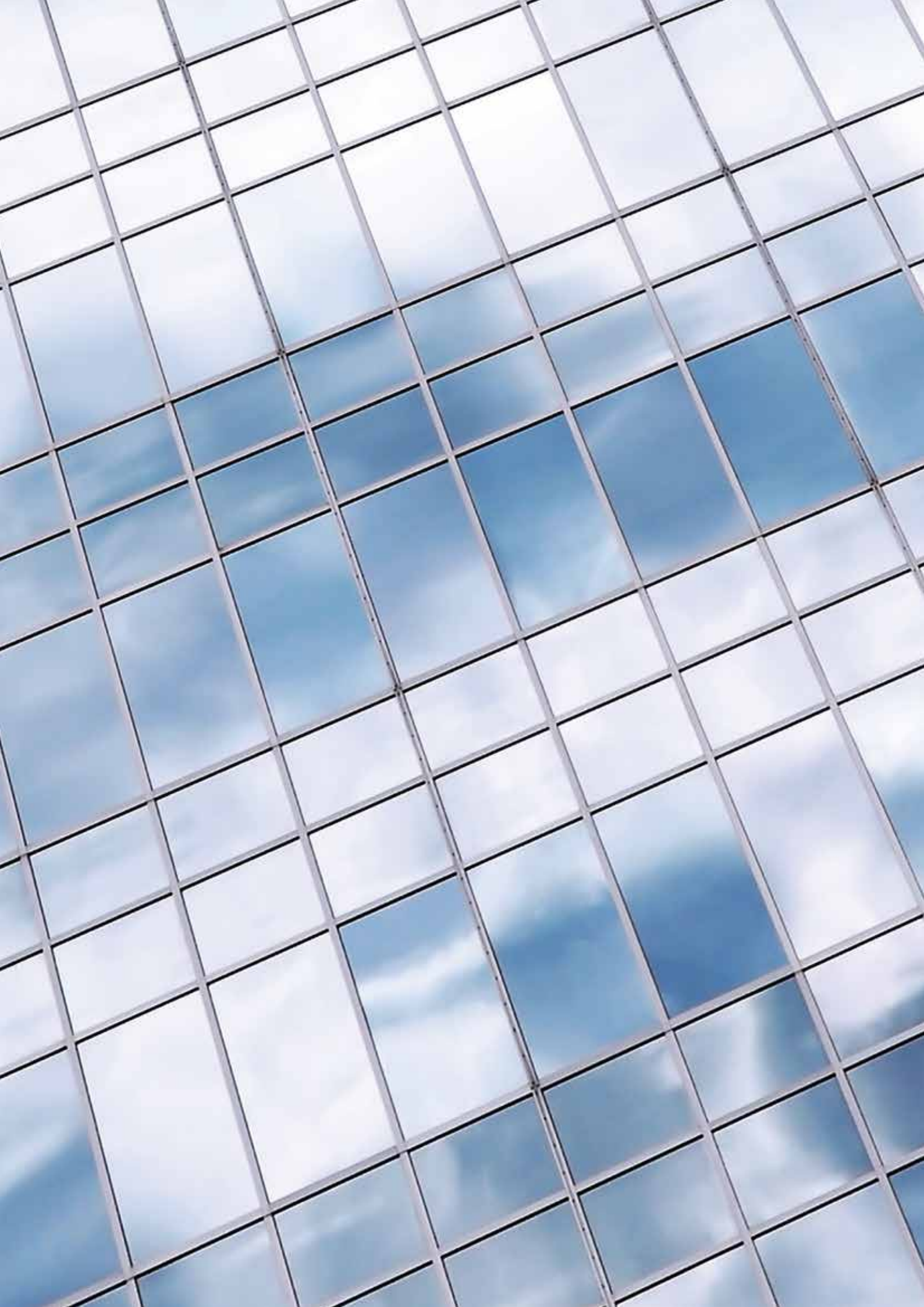
Technologies for environmental monitoring, supporting agriculture and forestry and humanitarian initiatives: the Falco unmanned air vehicle has been recently used in the United Nations missions in Africa.



2

transparency *and* integrity

in behavior and management



Transparency and integrity

Build trust and improve reputation through transparent management of business activities and with the utmost correctness and integrity.

Finmeccanica firmly believes that acting responsibly and legally is fundamental to preserving the economic value and stakeholders' legitimate interest, but, in a broader sense, this represents a fundamental need of social life which affects the full development of humans in all contexts, at work and in private life.

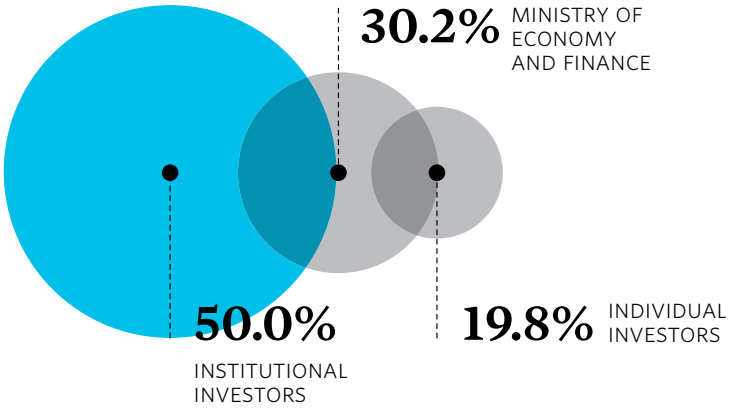
In pursuing its mission, Finmeccanica adopted the **Charter of Values** and the **Code of Ethics**, and, more recently, the **Anti-Corruption Code**, fundamental documents of its internal regulatory system that describe the ethical values and principles and the behaviour to be followed when conducting business. Finmeccanica's directors, employees and all parties operating in the Company's interest are required to comply with such documents.

Finmeccanica's approach is based on strengthening compliance and risk prevention areas, integrating rules with awareness campaigns and education, with the ultimate goal of including awareness and responsibility among the distinctive and deep-rooted characteristics of its culture.

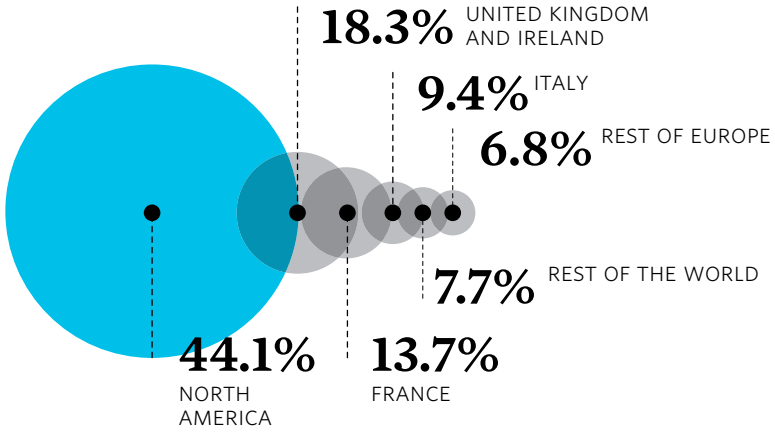
GOVERNANCE OF FINMECCANICA

Finmeccanica's corporate governance system aims to maximise value for shareholders, control business risks and achieve greater market transparency, as well as ensure integrity and proper conduct in its decision-making processes to comply with the prerogatives of all stakeholders.
Finmeccanica is listed on the Milan Stock Exchange. Its share capital[6] is held by institutional investors and individuals, the Ministry of Economy and Finance holds approximately 30.2% thereof and the residual portion is free float.
Finmeccanica's shareholders include Sustainable Responsible Investors (SRIs), a constantly growing stakeholders category, in terms of both numbers and assets under management. These institutional investors base their investment decisions on ethical principles, considering the governance structure and the reputational risk of the companies in which they hold equity investments.

DISTRIBUTION OF SHAREHOLDERS



GEOGRAPHICAL DISTRIBUTION OF INSTITUTIONAL SHAREHOLDERS FLOATING RATE



As at 30 January 2016 | Source: specialist independent company

[6] Finmeccanica share capital at 31 December 2015 totalled €2,543,861,738, comprising 578,150,395 ordinary shares of a nominal amount of €4.40 each. Of these, 232,450 are treasury shares and all bear the same rights and obligations.

Investor outreach: Finmeccanica is close to investors

During the year, Finmeccanica's top management met shareholders and potential investors as part of two institutional roadshows in London, New York, Washington and Boston. In 2015, a visit was organised at the Helicopters Division sites at Cascina Costa, Vergiate and Sesto Calende. In the occasion of the presentation of the annual results in March 2016, the first One Company site visit was held at the Vergiate site, showcasing some products from the Aeronautics, Electronics, Defence and Security Systems and Space sectors.

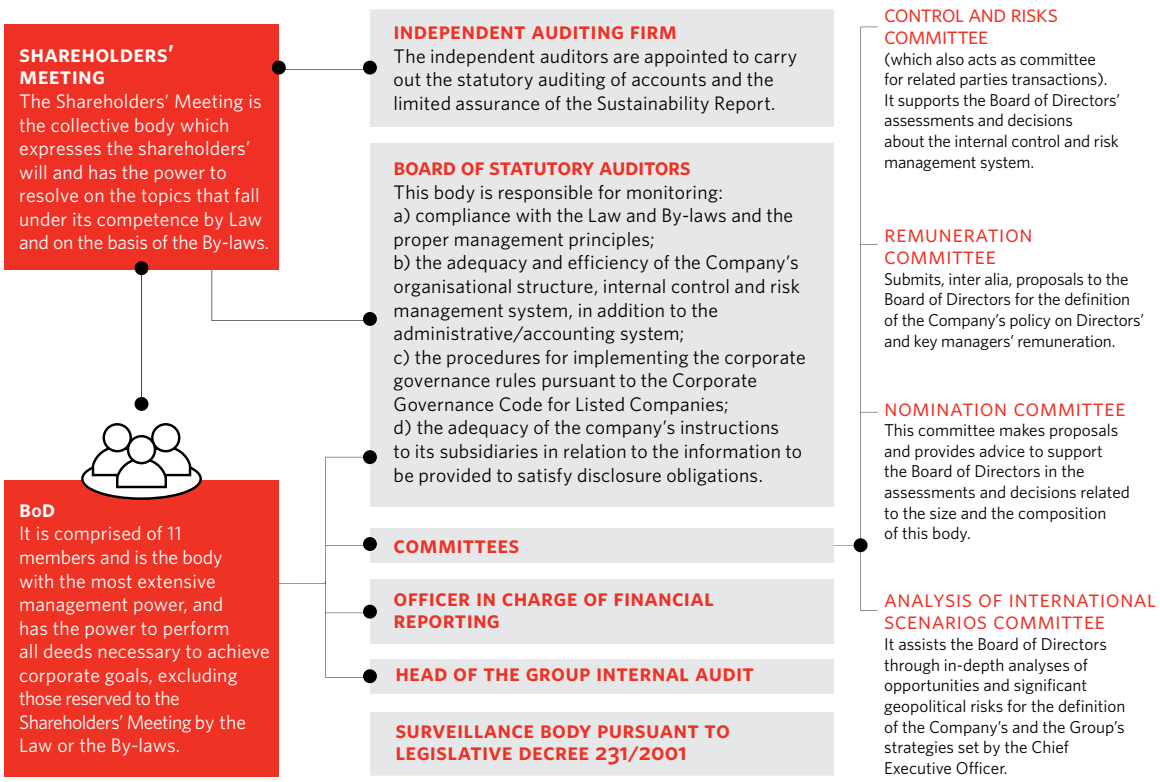
88 CONFERENCE CALLS AND TELEPRESENCE MEETINGS VS. 54 IN 2014

86 ONE-TO-ONE AND GROUP MEETINGS VS. 88 IN 2014

2 INSTITUTIONAL ROADSHOWS VS. 1 IN 2014

The Investor Relations and SRI central structure includes the SRI organisational unit which is responsible for communications and engagement with ESG rating agencies, socially responsible investors, NGOs and brokers.

CORPORATE GOVERNANCE MODEL[7]



[7] Finmeccanica's Corporate Governance model is in line with the application criteria and principles set out in the Corporate Governance Code for Listed Companies.

FINMECCANICA BOARD OF DIRECTORS

(1) Directors appointed from the majority list presented by the Ministry of Economy and Finance, approximately 56.46% of share capital represented in the Shareholders' Meeting.

(2) Directors appointed from the minority list presented by a group of asset management companies and institutional investors, holding, in total, approximately 35.07% of share capital represented in the Shareholders' Meeting.

Corporate Governance Report
Remuneration Report

Features of Finmeccanica's BoD

Independence
9 directors out of 11 meet the independence requirements[8]
Qualifications
The directors have diversified skills, experience and professional backgrounds
Segregation of roles
The Chairman position is segregated from that of Chief Executive Officer
Gender balance
4 out of 11 directors are women, up by 3 on the former BoD.

Directors' and Statutory Auditors' induction

For Finmeccanica's directors and Statutory Auditors, knowing the Company, including through an in-depth analysis of the many and complex issues that affect the Aerospace and Defence and Security sector, is fundamental to the performance of their duties under the best conditions.
In this respect, the Lead Independent Director, together with the Chairman and the Chief Executive Officer and assisted by the relevant Company departments, planned intense involvement and information activities, holding several presentations as part of the many meetings specifically dedicated to business segments, products, the Group structure, reference scenarios and competitive positioning.
During the 2014-2015 two-year period, the members of the Board of Directors and the Board of Statutory Auditors participated in the Farnborough International Airshow 2014 and the Paris Le Bourget Airshow 2015, the leading international events of the Aerospace and Defence sector, as well as in other events organised by Finmeccanica with the involvement of Group managers. They are also regularly updated on the main new legislation and regulations concerning the Company and its bodies and the Company documents that form part of its internal regulatory system.

[8] For information about independence requirements, reference should be made to the Corporate Governance Report.

INTERNAL REGULATORY SYSTEM

The internal regulatory system is based on different hierarchical levels and comprises documents which apply to both Finmeccanica SpA and the Group companies (guidelines, directives, procedures, policies and operational instructions).
This system reflects Finmeccanica's ethical values and principles and is aimed at systematically and consistently regulating the operational approach and the roles and the responsibilities of the main Company processes, while respecting the independence of each Group company and the related applicable regulations.
In Italy, this system complies with the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001[9], whose aim is to prevent the risk of committing the crimes entailing the company's administrative liability. Finmeccanica' subsidiaries not incorporated under the Italian law adopt, implement and update the compliance systems and models required by their respective legal systems.

Furthermore, in line with the best practices, Finmeccanica has also implemented internationally recognised management systems (e.g., ISO 14001 and OHSAS 18001) addressing specific issues (for example, environmental and energy protection, health and safety, cyber security).

The organisational changes occurred required constant updating of regulations and the related control systems, representing one of the priority areas of action for the Group's governance.

[9] The Board of Directors approved the One Company's new Model pursuant to Legislative Decree 231/2001 on 17 December 2015.

The evolution of the internal regulatory system

Directives issued in 2015

Directive 18 on Order Risk Management sets out the general principles governing the process to manage the risks related to Finmeccanica's projects/programmes. The process is comprised of the methods to identify, evaluate, process and monitor operational and financial risks in accordance with the procedure.

Directive 19 on M&A Transactions sets out the general principles governing the evaluation, approval and performance of mergers, acquisitions, disposals and joint venture transactions carried out by Finmeccanica.

Directive 20 on Crisis Management sets out the general principles and operational approach to manage crises at Finmeccanica. A crisis is an extraordinary situation threatening the Company's strategic objectives, reputation and/or existence, generating a negative impact on the business, employees, stakeholders and performance. Crisis management means the group of activities carried out to prevent and deal with the above situations in order to mitigate the negative impacts on the business and limit the damage to people and goods.

Directive 21 on Procurement Management harmonises Finmeccanica Group's procurement process and sets out the general principles, rules, roles and responsibilities for the performance of the key activities related to the procurement of goods and services and work execution.

Directive 22 for persons and vehicles entering and exiting Finmeccanica SpA offices sets out the security requirements for site access management and is an organisational measure which integrates the technological security measures that protect the Company's tangible and intangible assets.

One Company guidelines[10]

Guideline 01/2016 - Security of workers abroad (Travel Security) sets out the general principles and rules for the protection and security of Finmeccanica's employees seconded abroad, in countries with a different travel security level.

Guideline 02/2016 - Commercial advisors and sales promoters (Business Compliance) sets out the general principles and rules for the identification and analysis of consultants and business promoters and the signing and management of the related contracts to support Finmeccanica's business activities. This guideline sets out the rules to be complied with and checks the existence of clear and specific reasons for the assignment of an engagement.

Guideline 03/2016 - Offsets sets out the general principles and rules governing the offsetting obligations taken on by Finmeccanica vis-à-vis foreign countries, either directly or through sub-supply contracts and/or participation in consortia.

Guideline 04/2016 - Commercial bids sets out the general principles and rules for business offer preparation, approval and submission and the negotiation and signing of the related contracts with Finmeccanica's public or private customers.

Guideline 05/2016 - Staff administration and business trip management sets out the general principles and rules to manage Finmeccanica's personnel and transfers.

[10] Guidelines issued in early 2016.

RESPONSIBLE BUSINESS CONDUCT

In pursuing its business activity, Finmeccanica is committed to curbing corruption and preventing the risk of illicit practices in all activities and geographical regions, through both the circulation and promotion of ethical values and the principles of integrity, correctness and transparency, and the effective application of the internal regulatory system and control processes.

The responsibility for preventing and fighting illicit activities lies with both the bodies appointed by the law or the internal control system and all employees and consultants. In this respect, Finmeccanica encourages reporting the existence of facts contrary to the law or internal regulations using the specific procedures identified and approved by the Board of Directors (Whistleblowing Management Guidelines), which implement some elements of the British whistleblowing mechanism.

ANTI-CORRUPTION CODE: GENERAL RULES OF CONDUCT IN THE MAIN AREAS AT RISK AND IN OPERATING AREAS

SEPARATION OF RESPONSIBILITIES

Duties, operational activities and control functions should be appropriately separated, ensuring that the person in charge of the operational activity is always different to that who control and authorises such activities.

SIGNING POWER SYSTEM

Formally-defined signing powers must be related to and consistent with the organisational and management responsibilities assigned and exercised within the value limits defined.

CLARITY AND SIMPLICITY

The duties and responsibilities of all those involved in the Company processes, including activities and controls, must be clearly defined and should provide mechanisms that are easy to apply.

IMPARTIALITY AND ABSENCE OF CONFLICTS OF INTEREST

The recipients of the Code must act with professionalism, impartiality and in compliance with anti-corruption law. They must therefore avoid all and any situations that might give rise to a conflict of interests, and which may affect their ability to act in the interests of the Company and in accordance with such laws.

TRACEABILITY AND FILING

All activities – and the relevant checks – must be traceable and auditable ex post, wherever possible, even by means of appropriate documentary/information technology tools.

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- FINANCING
- ACQUISITION AND MANAGEMENT OF ORDERS
- PROCUREMENT OF GOODS AND SERVICES
- M&A TRANSACTIONS
- GIFTS AND BUSINESS EXPENSES
- SPONSORSHIPS AND RECRUITMENT OF STAFF
- APPOINTMENTS FOR PROFESSIONAL SERVICES
- SALES PROMOTION APPOINTMENTS
- BOOKKEEPING AND AUDITS

PREVENTING CORRUPTION

During the year, Finmeccanica's Board of Directors strengthened anti-corruption controls, fully implementing the recommendations issued upon conclusion of the works of the Flick Committee[11], an independent body comprising renowned independent, authoritative and experienced experts[12].

The Board of Directors approved and published **Finmeccanica Group's Anti-Corruption Code**[13], a single and structured text that groups and harmonises the principles and rules safeguarding the integrity and transparency of business activities in the areas most exposed to illicit practices.

It applies to Company officers, all employees, consultants and all parties with any contractual relationship with Finmeccanica and its Group companies.

Furthermore, the **Corruption Prevention Coordination and Consulting Board** was established. It is comprised of the Chairmen of Finmeccanica's Board of Directors, Control and Risks Committee, Board of Statutory Auditors and Supervisory Body pursuant to Legislative Decree 231/2001. Its duties include, inter alia, the periodic checking of the Code, advising Finmeccanica's Board of Directors of any necessary updates or adjustments.

In 2015, the Board of Directors also issued new **Whistleblowing Management Guidelines** which strengthen and increase the transparency of whistleblowing reports[14].

THE EVOLUTION OF ANTI-CORRUPTION CONTROLS AND THE FLICK COMMITTEE'S RECOMMENDATIONS

7 RECOMMENDATIONS

- ADOPTION OF FINMECCANICA GROUP'S INTEGRITY AND ANTI-CORRUPTION CODE
- CONSTITUTION OF THE CORRUPTION PREVENTION COORDINATION AND CONSULTING BOARD
- REDEFINITION OF AUDIT ACTIVITIES AND INFORMATION FLOW
- VALORISATION AND MANAGEMENT OF REPORTING, INCLUDING ANONYMOUS REPORTING
- ADEQUACY OF THE BUSINESS RISK TRAINING SYSTEM
- SPREAD OF ANTI-CORRUPTION PUBLIC COMMITMENT AND SUPPORT TO RELATED ANTI-CORRUPTION INITIATIVES
- STRENGTHENING THE COMPLIANCE SYSTEM, SPECIFICALLY TRADE COMPLIANCE AND ANTI-CORRUPTION

[11] The Flick Committee's Report, which includes seven recommendations, was submitted to the Board of Directors on 31 March 2014 and is available on the Company's website: http://www.finmeccanica.com/documents/63265270/63868417/Relazione_Comitato_Flick.pdf.

[12] The Committee was composed of Giovanni Maria Flick (Chairman), Alberto Alessandri, Vittorio Mincato, Giorgio Sacerdoti and Angelo Tantazzi.

[13] The Anti-Corruption Code is available on the Company's website: http://www.finmeccanica.com/one-company/etica-compliance/codice-antocorruzione-anticorruption-code.

[14] For a description of the whistleblowing mechanism and the activities carried out in 2015, reference should be made to the "Risk management and internal control" chapter.

2013

APRIL
» The Flick Committee is established

2014

MARCH
» The BoD approved the **7 Recommendations**

JUNE
» The BoD launched the implementation of the **7 Recommendations**

» The Corruption Prevention Coordination and Consulting Board is established

» The Workgroup for the preparation of "Finmeccanica Group's Anti-corruption Code" is established

SEPTEMBER
» The BoD approved the Group Directive on anti-corruption

2015

JULY - SEPTEMBER - DECEMBER
» Anti-corruption training activities

APRIL
» The BoD approves the Anti-Corruption Code of the Finmeccanica Group

» Finmeccanica ramps up the international anti-corruption index, reaching the second bracket

MARCH
» The BoD approves the Whistleblowing Management Guidelines

» The Disclosure Committee is established

Anti-corruption training

Finmeccanica has developed a specific anti-corruption training system which considers business risks in general and corruption risks specifically, along with the related objectives, methodologies and content. Following the adoption of Finmeccanica Group's Anti-Corruption Code, the Company launched online and classroom training. Classroom training involved top level board sessions for the members of the Board of Directors, the Board of Statutory Auditors and the Supervisory Body and classroom courses for first-level managers and other managers based on activity performed. The rest of the Company's employees will attend an online course, with a final test in 2016.

Finmeccanica's international commitment against corruption

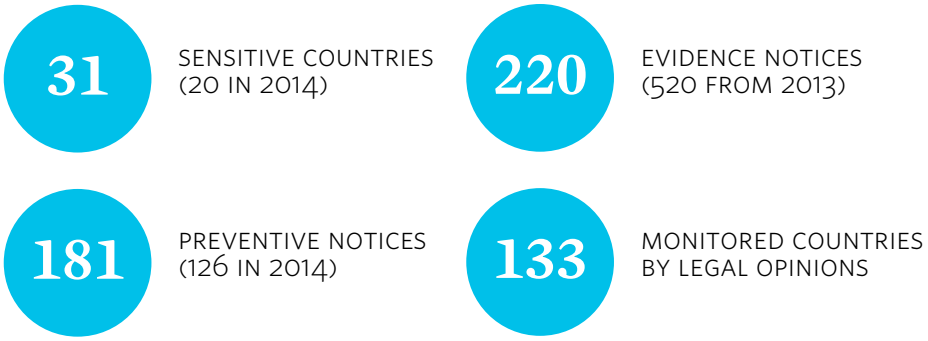
Finmeccanica promotes its commitment to anti-corruption activities by actively participating in institutional and sector bodies. Its public anti-corruption commitment and its support of the related initiatives are witnessed by Finmeccanica's **institutional presence in the AeroSpace and Defence Industries Association of Europe (ASD) and the International Forum for Business Ethical Conduct (IFBEC)** which promote, at a European and international level, the common principles of business ethics, the Common Industry Standards (CIS) and the Global Principles for Business Ethical Conduct, respectively.

COMPLIANCE IN BUSINESS ACTIVITIES

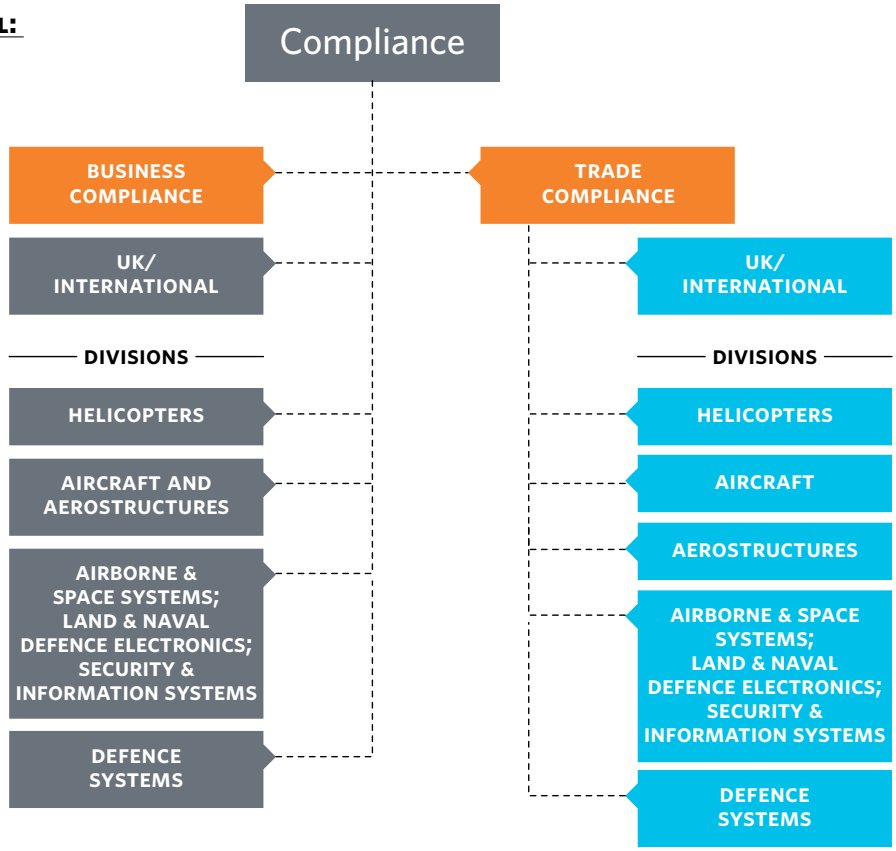
Although it mainly operates in the Defence and Security sectors, Finmeccanica is not involved in the production, development, stocking and/or sale of non-conventional weapons (e.g., cluster bombs, mines, chemical weapons) and only carries out operations authorised by Italian and foreign governmental authorities, in accordance with applicable legislation.

Compliance with the regulations governing Finmeccanica's operations on international markets is regulated by the Trade and Business Compliance controls.
Following the Group reorganisation, Finmeccanica's Compliance unit, which manages both areas and carries out management and coordination activities, directly manages most export licences and relationships with consultants and business promoters through its Trade and Business Compliance managers.

TRADE AND BUSINESS COMPLIANCE IN 2015



COMPLIANCE MODEL: THE NEW ORGANISATIONAL STRUCTURE



TRADE COMPLIANCE

Finmeccanica used the **Trade Compliance Programme**, based on Directive 21/2012, to implement all measures, in accordance with the minimum standards, necessary to ensure compliance with the law[15], governing goods and services transactions for military, dual or commercial use, and transactions in so-called sensitive countries or with legal and natural persons subject to embargoes, sanctions or other restrictive measures, in order to prevent the risk of unlawful acts.

FINMECCANICA'S TRADE COMPLIANCE PROGRAMME MINIMUM STANDARDS

Preventive notice and periodic reporting system with respect to politically sensitive transactions in sensitive countries, explicitly identified by the Directive and updated periodically on the basis of developments in legislative restrictions.
Filing system for export and accounting transaction documentation.
Whistleblowing System.
Adoption of Group Directives, Sector Directives and Procedures that establish the minimum requirements of the Trade Compliance Programme at the different levels.
Roles and responsibilities: Senior Compliance Officer FNM SpA; Trade Compliance Officer FNM SpA; Division Trade Compliance Officer FNM SpA; Trade Compliance Officer/Coordinator in individual Group companies.
Immediate notification system for critical issues, such as potential violations of applicable laws. The Senior Compliance Officer must receive notification of potential violations and be updated on corrective action taken.
Control system for exports, re-exports, the transfer or retransfer of goods, services, software and technology (screening).
Risk analysis process launched and periodically repeated with respect to Company transactions involving materials, goods and services for defence, technical data and applications for dual use, as well as commercial products, technologies and software, also including access control.
Classification and identification of goods pursuant to specific regulations concerning military, dual or restricted commercial use.
New or existing customer verification process.
Due diligence on intermediaries (pursuant to Guideline 2 and Directive 8).

[15] 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.

The Global Trade Council, an advisory and control body established as part of the Trade Compliance Programme, meets once a year to promote trade compliance collaboration, exchange of information and development of best practices. In 2015, the Global Trade Council met with the Trade Compliance Italian representatives to analyse the main technical/operational issues in order to ensure a smooth transition to the One Company and a more effective control over the risks related to the Company transaction.

The implementation of the Trade Compliance Programme is periodically checked by the authorities involved in the authorisation of national and international commercial transactions. Specifically: the National Authority for Armament Licensing and Controls (*Unità per le Autorizzazioni di Materiali d'Armamento* - UAMA), part of the Ministry for Foreign Affairs and International Cooperation, periodically audits sites, sanctioning the non-compliances identified. In 2015, also the Committee on Foreign Investment in the United States (CFIUS) requested evidence of the effective implementation of the Trade Compliance Programme for the 2013-2015 two-year period. The checks carried out by the CFIUS did not result in penalties for Finmeccanica.

Trade Compliance training

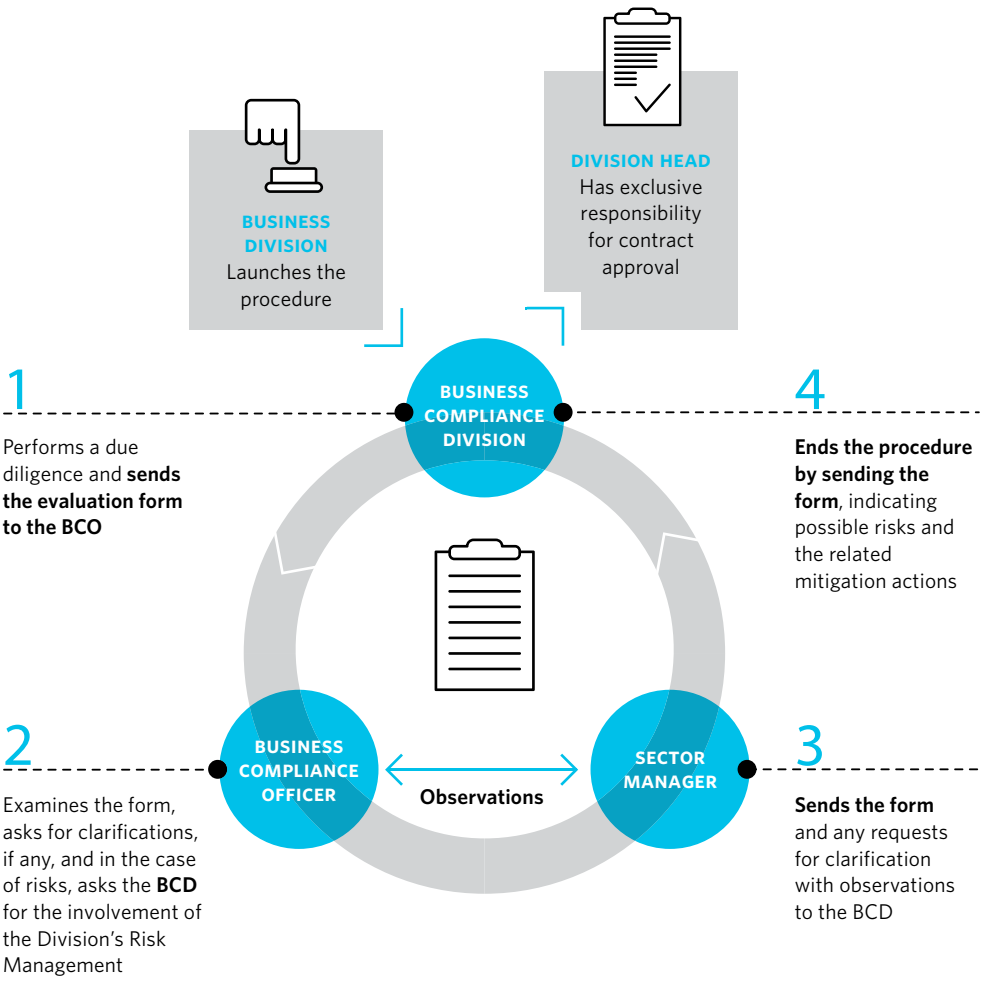
In order to increase the awareness of Trade Compliance issues among all its employees, Finmeccanica developed a web-based training programme comprised of four modules: application and implementation of the Trade Compliance Programme, the legislation governing the sale of dual-use products and that on export, import and transit of military goods and the US ITAR (International Traffic in Arms Regulation).
The first stage of the programme was launched in July 2015 and involved approximately 10,000 Group employees. The remaining employees will participate in the course to be held in 2016.

BUSINESS COMPLIANCE

The new Guidelines 2, issued in January 2016, reorganised and strengthened the management of relationships with consultants and business promoters (Business Compliance). Developed in line with the principles set out in the Model pursuant to Legislative Decree 231/2001, the Code of Ethics and the Anti-Corruption Code, these Guidelines set out the general principles and rules to identify and analyse the above parties and provide guidance on the signing and management of contracts supporting Finmeccanica's activities[16].

All consultants and business promoters are required to meet specific requirements which are subject to corporate, financial and regulatory checks. In this respect, the Guidelines focus, in particular, on the analysis and assessment of the risks inherent in each commercial advisory or sales promotion contract, including through specific preventive due diligence, during the contract term and when contracts are extended or renewed, and prior to payments. False statements and information prevent the signing of the contract or lead to its termination for non-performance should false statements and information be identified during the work or upon its conclusion.

BUSINESS COMPLIANCE ROLES AND RESPONSIBILITIES



[16] Directive 8 continues to apply to the relationships managed by subsidiaries, based on a reporting system managed by the Compliance Officers of individual companies.

Red flags in relationships with consultants and business promoters

These are the circumstances, covered by the Guidelines, that indicate the existence of risk elements, including:

- the corruption level in the country in which the consultant or the business promoter operates;
- dubious reputation, a company recently set up, insignificant geographical presence or poor experience in the market segment in which the consultant or business promoter operates;
- requests for payment to accounts in countries other than that in which the consultant or the business promoter is resident;
- family relationships or personal or professional relationships between the consultant or the business promoter, and/or their partners, and parties belonging to public administration, institutional customers, state-owned companies, private parties or bodies or company suppliers that may cause conflicts of interest or improper influence;
- consultants or business promoters included in the lists drawn by international organisations in order to prevent money laundering and financing of terrorism;
- economic requests not in line with internal regulations.

With a view to further strengthening the focus on ethics and compliance, Finmeccanica works in close cooperation with the banking and financial system to ensure compliance with anti-corruption and anti-money laundering legislation, adoption and maintenance of policies and procedures which prevent possible violations and undertake not to use its bank facilities to promote initiatives in sanctioned countries, violating applicable local legislation or applicable legislation.

JUDICIAL INVESTIGATIONS AND LITIGATION

Criminal proceedings that are currently underway against a number of Group companies and certain former directors as well as executives of Group companies or of Finmeccanica SpA itself, with specific reference to the events that occurred in 2015 and in early 2016, are described in the notes to the Annual Financial Report at 31 December 2015 (pages 147-149). Based upon the information gathered and the results of the analysis carried out so far, the directors did not allocate any specific provisions beyond those indicated in the Annual Financial Report 2015. Any negative developments – which cannot be foreseen, nor determined to date – arising from any internal investigations or judicial investigations being conducted, will be subject to consistent assessment for the purposes of provisions (if any).

With regard to civil, tax and administrative disputes, it is underlined that the Group's operations regard industries and markets where many disputes are settled only after a considerable period of time, especially in cases where the customer is a government entity. Pursuant to the IFRSs, provisions have only been made for risks that are probable and for which the amount can be determined. These are described in the notes to the Annual Financial Report at 31 December 2015 (pages 150-152).

INSTITUTIONAL RELATIONS AND BUSINESS DEVELOPMENT

The central coordination of relationships with governments and governmental, civil and military institutions, which was implemented with the transition to the One Company, ensures a single approach and consistent dialogue with the stakeholders interested, in several respects, in the Company's activities.

As part of the main export campaigns and **Government-to-Government agreements**, Finmeccanica is also assisted by the relevant national institutions, in the light of a "Country-System" synergy. Under this approach, the Group can compete on a global scale against other major sector players, including thanks to effective management of industrial offsets.

Working abroad with national institutions

In 2015, also thanks to the involvement of the Prime Minister's Office, the Ministry of Defence and the Ministry for Foreign Affairs and Italian Embassies abroad, Finmeccanica was particularly successful in several business campaigns, including:

- **Singapore**: new radar-based air traffic control system at the Changi airport
- **Qatar**: air surveillance and defence low-level radar system
- **Bahrain**: renovation of six ships of the Royal Naval Force
- **NATO - Alliance Ground Surveillance** (**AGS**): supply of security systems (drones, sensors, ground systems and mission support structures) to ensure the surveillance and security of the coalition countries
- **Australia**: 14 AW139 for air rescue services
- **Peru**: delivery of the first C-27J Spartan to the Peruvian Air Force

Industrial offsets are required by countries that purchase goods and services of the Aerospace, Defence and Security sectors from foreign suppliers and are often a significant factor in the awarding of contracts. In the international competitive scenario, specifically in emerging markets, Finmeccanica has developed a considerable ability to meet the industrial return requirements of its customers by implementing the most suitable collaboration schemes on a case-by-case basis.
Many projects directly related to the core business were successfully carried out, including the co-production or the co-development of products or the transfer of technology or know-how to the local companies that joined Finmeccanica's supply chain. In other circumstances, investment and academic collaboration opportunities were pursued which proved profitable for both parties.

Offsets are managed by divisional structures centrally coordinated by Finmeccanica in order to share the Group practices learned and generate synergies in the various countries.

TAX TRANSPARENCY

Finmeccanica fully complies with the tax regulations in force in the countries where it is active. Correct fulfilment of tax obligations is ensured by the Company's internal procedures that identify roles and responsibilities, operational and control activities and the necessary information flows. To further confirm its commitment, Finmeccanica has an open and transparent dialogue with the Tax authorities 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.

RESPONSIBLE PROCUREMENT MANAGEMENT

With the 2015 Directive on Procurement Management, Finmeccanica has redefined the rules for suppliers' qualification and vetting and for awarding contracts and purchase orders in order to safeguard, in particular, the principles of transparency, correctness and equal treatment. The Regulation for Procurement Management was updated based on the provisions of the above Directive. In line with the Group Directive, the **Central Purchasing Commission** was established to define the approach to optimise the Group's purchase and supply chain management processes[17].

During the year, implementation of centralised purchase services continued under the management of FGS through IT tools (Procurement Portal) and common rules to manage Finmeccanica' **Single Register of Suppliers** and spontaneous applications. The Register supports the management of a supplier's life cycle, from the spontaneous application to the pre-qualification and qualification stage and the subsequent performance assessment stages.

With respect to suppliers' pre-qualification, ethical/legal[18] and financial/economic requirements were established in order to commence supply relationships with Finmeccanica's divisions and Group companies[19].

The **Procurement Portal** also ensures the transparency and traceability of negotiations thanks to specific functionalities. Suppliers can access both operating instructions and tender participation rules from the portal's home page (tenders and calls to tender).

Finally, in 2016, a **Black List** will be established and managed by the Central Purchasing Commission, to include the name of the suppliers with which transactions are prohibited because of serious irregularities or lack of compliance with ethical and regulatory requirements.

[17] For additional information, reference should be made to the "Efficiency and security" chapter.
[18] Ethical/legal requirements include, through self-certification: checks on the supplier and parties holding senior positions, specifically with respect to bankruptcy proceedings, pending actions related to safety and public morality, implementation of anti-mafia provisions, criminal proceedings in respect of fraud against the country or the community which affect professional conduct, or related to criminal organisation, corruption, fraud, laundering, conflicts of interest with Finmeccanica or discrepancies with the provisions of the Code of Ethics, compliance with the principles of social and environmental responsibility, specifically in relation to equal opportunities, the promotion of first-job creation, child labour, undeclared work and the employment of illegal non-nationals as well as checks on any disputes for the past three years with Finmeccanica.
[19] http://www.finmeccanica.com/fornitori-suppliers.

RULES OF FINMECCANICA'S DIRECTIVE ON PROCUREMENT MANAGEMENT

SUPPLIERS' QUALIFICATION AND VETTING

» Mandatory pre-qualification for all suppliers admitted to tenders, if already included in the Single Register;
» No contracts or orders can be awarded to suppliers that are not suitable after pre-qualification;
» Limits to the turnover that each supplier can obtain from Finmeccanica.

TRANSPARENT TENDER MANAGEMENT

» Value grids for the application of the various tender procedures;
» Privileging public tenders;
» Limiting the circumstances in which private negotiations are possible;
» Setting the minimum number of suppliers and rotating the suppliers participating in calls for tender.

BLACK LIST

» Serious breach of contracts that caused damage to Finmeccanica;
» Breach of the provisions of the Organisational, Management and Control model pursuant to Legislative Decree 231/2001, the Code of Ethics, the Anti-Corruption Code;
» Existence of judgements against parties that act in the name and on behalf of the supplier, for tax crimes, corruption offences among private parties, predicate crimes for the imposition of companies' administrative liability pursuant to Legislative Decree 231/2001.

ONLINE NEGOTIATION PLATFORM OPERATING DATA	2015	2014	2013
Total suppliers registered in the platform (business critical + indirect)	**8,742**	8,246	7,711
- of which, new registrations	**496**	535	476
Transactions managed through the platform	**4,469**	4,191	5,847

FGS SYSTEM OPERATING DATA INDIRECT SUPPLIERS	2015 (*)	2014	2013
Total suppliers registered in the Procurement Portal	**2,142**	n.a.	n.a.
- of which with a “potential” status	**917**	n.a.	n.a.
- of which with a “pre-qualification” status	**255**	n.a.	n.a.
- of which with a “qualified” status	**854**	n.a.	n.a.
- of which with a “denied pre-qualification” status	**12**	n.a.	n.a.
- of which with a “denied qualification” status	**2**	n.a.	n.a.
- of which qualified during the year	**425**	291	181
- of which vetted/with active Group agreements at 31 December	**224**	277	344
- percentage of suppliers with active Group agreements at 31 December which obtained an independent certification	**93%**	92%	93%

(*) The figures consider the suppliers indirectly managed by FGS and exclude prior year historical figures given the release of the new platform in 2015. With the implementation of centralised purchase services in 2016, direct goods’ suppliers will also be included in the Register.

INDUSTRIAL RELATIONS

COMMON RULES FOR THE NEW ONE COMPANY AGREEMENT

During the year, Finmeccanica and the Trade Unions of the metalworking sector negotiated a company-level agreement for Italian employees[20]. For the first time, the economic and regulatory conditions have been redefined based on a **set of rules common to the Group**. The new agreement eliminates the various regimes in place in the various entities, and will better meet the production demands and the needs of the various business segments, while adequately supporting the Group's transformation process.

The negotiations, which began in 2015, covered all the main aspects of the employment relationship and ended in February 2016 with the signing of the draft agreement, subsequently approved by the Trade Unions and employees in March 2016.

ASPECTS COVERED BY THE COMPANY-LEVEL AGREEMENT

In tandem with negotiations, discussions were held which culminated with the signing of Finmeccanica Group's first company-level agreement applicable to management.

The most significant trade union issues for 2015 include the performance of information and consultation transfer procedures as part of the establishment of the One Company. Employment contracts in force on 31 December 2015 in the five companies affected by the transfer procedures were seamlessly transferred to Finmeccanica SpA as of 1 January 2016.

[20] The agreement applies to personnel up to the junior manager level.

REORGANISATION AND RESTRUCTURING PROCESSES IN ITALY AND ABROAD

Also in 2015, the organisational review and streamlining processes aimed at recovering the best conditions to continue competing on the reference markets led to a considerable number of employees leaving the Company (in Italy, the United States and the United Kingdom) compared to the total workforce.
As in previous years, all the management tools provided for by the relevant legislation were used to manage the Company restructuring and reorganisation process. Specifically, in Italy, the tools used included ordinary and extraordinary wage supplementation schemes (the so called CIGO and CIGS), redundancy programmes, employer-sponsored early retirement schemes ("Fornero reform"), working-time reduction schemes in order to avoid dismissals (the so called "*Contratti di solidarietà difensivi*"). 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" redundancy for employees that have or will reach retirement age during the redundancy programme period; income support schemes for employees under extraordinary wage supplementation schemes (CIGS) or redundancy procedures; transfer of personnel to other facilities within the same company and the consequent payment of transfer allowances; training and professional courses to enhance the expertise of the resources involved.

Finmeccanica and social issues

Finmeccanica contributes to the well-being and the development of the communities in which it operates in economic terms, through its business importance, and by promoting and implementing social initiatives, including by supporting education and the development of youth, enhancing and sharing environmental culture, protection and education, volunteering programmes, commitment to local communities and reference areas.

Finmeccanica develops and implements projects and initiatives that involve people and territories, collaborating with associations, foundations, NGOs and other parties engaged in generating benefits for the community. These actions reflect the culture of "know-how" that has always characterised Finmeccanica and strengthen the social and ethical values which generate responsible conduct vis-à-vis stakeholders.

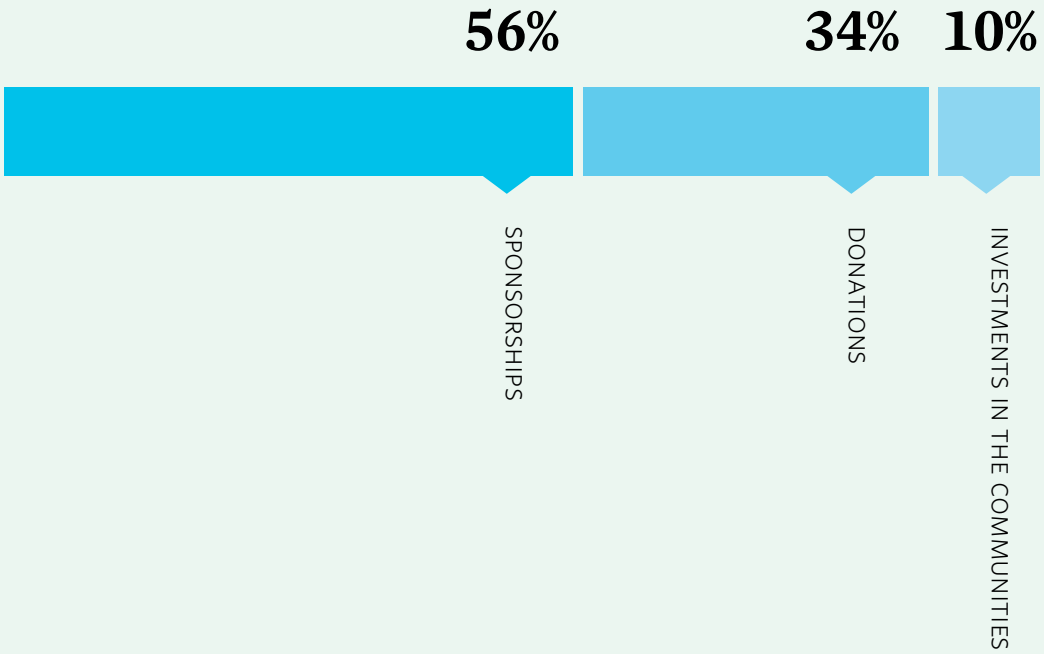
On 18 June 2015, Finmeccanica held the first national round-table meeting with approximately 30 social stakeholders: the charitable organisations of the Responsible Canteen Programme and other not-for-profit associations with which the Company operates, including some of the bodies to which employees provide individual volunteering activities. The meeting gave the opportunity to expand mutual knowledge through the presentation of the Group's CSR activities already implemented and those in the pipeline and to hear the voice of the associations involved and their suggestions on possible projects and initiatives aimed at strengthening their collaboration with Finmeccanica and continuing the promotion and support of its employees' volunteering activities.

Specific attention was given to bringing new generations closer to Science, Technology, Engineering and Maths (STEM) study programmes and challenge them to start a possible career in engineering to become tomorrow's innovators. This is a long-term investment in Company sustainability, with full knowledge that Finmeccanica's success depends on the passion of the new generations for engineering and technical excellence[21].

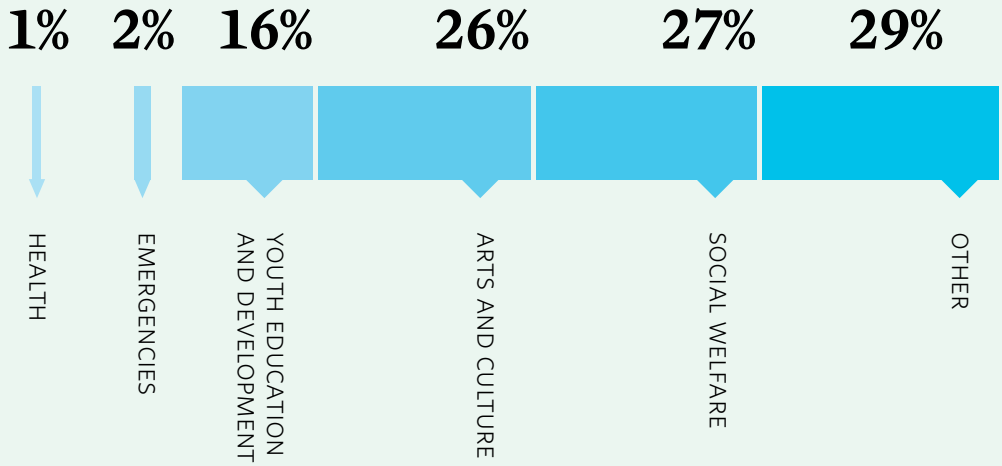
In 2015, €3.1 million was invested in sponsorships and donations.

[21] For additional information see "STEM programmes to find the engineers of tomorrow".

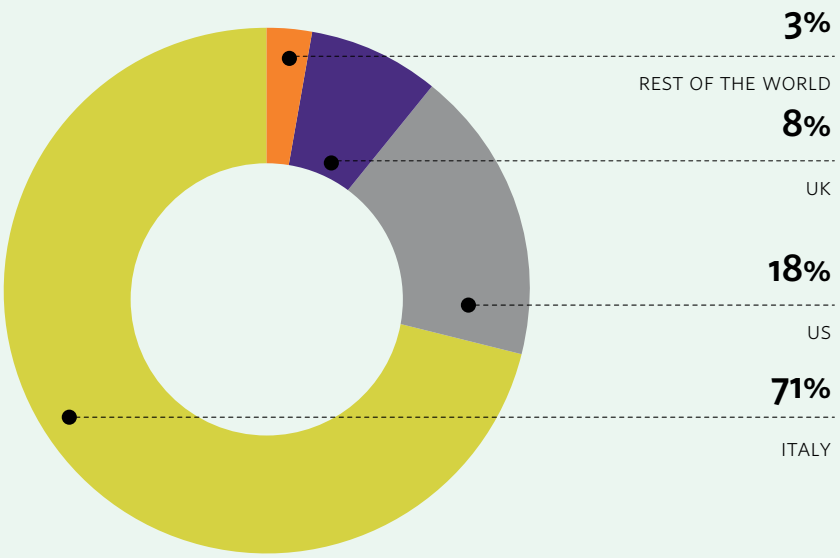
MOTIVATION



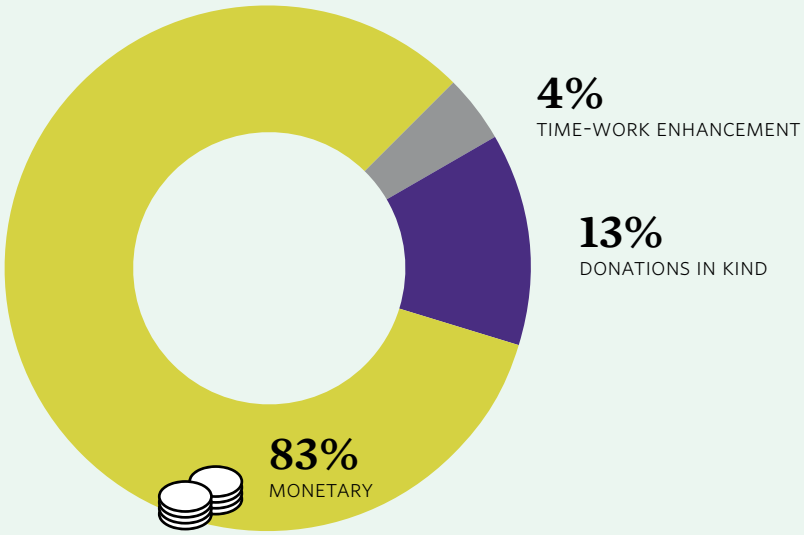
AREA



GEOGRAPHICAL BREAKDOWN



TYPE OF CONTRIBUTION



RESPONSIBLE CANTEEN PROGRAMME	Finmeccanica launched this programme in 2013 to combat food wastage at Company canteens. This programme is carried out in partnership with Fondazione Banco Alimentare Onlus and Siticibo and is aimed at redirecting excess food from companies' canteens to not-for-profit associations based in the areas in which the companies operate. During 2015, the Programme achieved significant results: • 25 active canteens; • around 188 thousands portions collected and 11 tons in other food; • around €380 thousands the estimated economic value of the collection. Fondazione Banco Alimentare was selected among the best 18 practices in the food-farming sector and was first in its class and among the winners of the Best Sustainable Development Practices at EXPO 2015. Finmeccanica's first food collection was organised into two tranches: the first one was held in December 2015, involving 13 sites in Lazio, Tuscany and Liguria, and the second one in March 2016, involving 14 sites in Lombardy, Piedmont, Veneto, Abruzzo, Campania and Apulia. Thanks to this initiative, more than 12 tons of food was collected and given to the associations already involved in the Responsible Canteen Programme.
ARTS AND CULTURE	In 2015, Finmeccanica's sponsorships and donations were mainly focused on arts and culture. The participation in local and national cultural initiatives included the granting of funds for the organisation of thematic exhibitions, supporting museums and promoting historical/industrial studies and books. This commitment confirms Finmeccanica's significant interest in promoting culture in Italy. Finmeccanica's sponsorships and donations supported: • the San Carlo theatre season in Naples; • the Accademia Nazionale Santa Cecilia concert season in Rome; • the Regio theatre season in Turin; • the activities of the Milan Modern Art Gallery (GAM); • the activities of the Milan Museo del '900 (Twentieth century art museum); • the festival of Jewish culture in Rome; • the science festival in Genoa; • the exhibition "Arte della civiltà islamica - la collezione al-Sabah, Kuwait" (al-Sabah collection) at the Scuderie del Quirinale; • the restoration of the dome of the San Lorenzo cathedral in Genoa.
SOCIAL WELFARE AND HEALTH	**Support to US military and veterans** DRS Technologies and Finmeccanica North America contributed to more than 70 projects supporting veterans, injured soldiers and their families. In 2015, most donations were given to the US Armed Services of YMCA, which develops specialised programmes and support services for soldiers and their families, the Fisher House Foundation, which offers care homes at the Virginia military medical centres to enable families to be close to hospitalised soldiers and veterans, and the Community Hope, which assists former soldiers to face and overcome social hardships.
	Eyecare at school Since 2010, Finmeccanica has provided free eye tests at the schools in the La Spezia province through the charity sale of Easter eggs. At present, this initiative has involved over 4,000 children.
	Prudential ride London-Surrey 100 Some employees participated in this cycling race to raise funds for the Blind Veterans UK association. £2,200 was raised.
	Gala dinner with charity auction €116,000 was raised during the event organised in favour the Combined Services Disabled Ski Team (CSDST) association, which is dedicated to the rehabilitation of military veterans of the British Armed Forces injured during military service.
	Coast-to-coast to celebrate the 100th anniversary of Yeovil A group of apprentices walked 100 miles to raise funds for the Blind Veterans UK and the Yeovil Opportunities Group associations.

3

innovation *and* **competitiveness**

in all processes
and technologies

Innovation and competitiveness

The ability to innovate, a long-standing competitive tool and critical factor for business sustainability.

The ability to innovate is a launch pad, the desire to imagine and plan the future through the present, to be forward-thinking and venture into unexplored spaces. In this way, Finmeccanica nourishes and enhances the value of its technological and human resources to compete in international markets and generate significant effects for sustainable development with its innovation.

Technological innovation at Finmeccanica is born from ongoing interaction between various players and stakeholders in different contexts and pathways. The Company's technical resources interact with each other and form a network open to customers, the world of research, suppliers and technological and industrial partners.

In order to make the technological development model more efficient, via the network's central coordination, the new One Company focuses the scope of research and development activities on specific technological fields and the excellences of the areas where it operates. It specifically prioritises platforms, systems, sensors, services and integration skills to create solutions aimed at different customer needs, including with regard to multiple-use.

SUSTAINABLE INNOVATION PATHWAYS

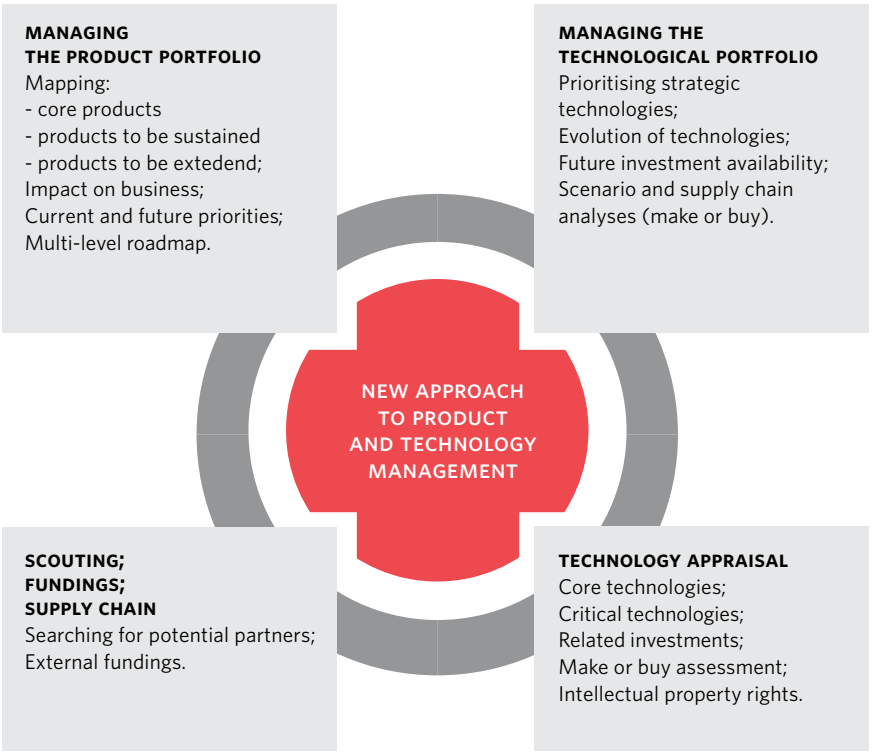
Finmeccanica manages innovation activities through an "internal federation" of laboratories and skills, spread throughout the Group's various sites all over the world, and an "external network" of relationships with stakeholders, all coordinated centrally which has been bolstered by the transition to the One Company[22].

The aim of this open, connected structure is to promptly recognise market needs via close contact with the marketing and commercial departments and speedy application of product innovation thanks to the immediate proximity with the operating engineering structures. In this way, Finmeccanica can, on the one hand, minimise the gap between the innovators and manufacturers and, on the other, effectively and promptly intercept technological opportunities available outside the Company that are in line with Group strategy.

Pushing beyond simple activity monitoring, the new technological governance strives to improve process efficiency, optimise investments and foster internal synergies. The approach will be characterised by greater attention to product portfolio development, identifying the best connections between the product portfolio and technologies under the One Company, and mapping top investments for technology and product development in order to ensure sustainability.

The Company's commitment to sustainability has led it to playing a leading role both in defining European technological roadmaps and setting up research and development projects in Aeronautics, Security and Space by participating in top European and Italian programmes and initiatives, above all Horizon 2020, in addition to collaborating with excellent universities, institutes and research bodies in Italy and the world.

THE PATHWAYS OF FINMECCANICA'S NEW TECHNOLOGICAL GOVERNANCE



[22] Source: *L'innovazione distribuita all'interno e all'esterno* (Innovation distributed internally and externally), MIT Technology Review, Italian edition 6/2015.

PARTICIPATING IN RESEARCH PROJECTS

By taking part in large European and Italian research projects, Finmeccanica contributes to developing green technologies. Based on an assessment of the benefits deriving from the technological update and complexity of the implementation, such technologies can be integrated into as-is and to-be products once they reach a suitable level of maturity[23].

The Horizon 2020 projects include:

- in **aeronautics**, the **Clean Sky** Joint Technology Initiative, functional to the development of the technologies best suited to dramatically curbing the environmental impact of aeronautical vehicles and helicopters in agreement with the goals of Flightpath 2050[24], and the **SESAR** Joint Undertaking, a research programme for updating the European Air Traffic Management (ATM) system[25];
- in **ICT**, the **ECSEL** (Electronic Components and Systems for European Leadership) Joint Technology Initiative, set up to provide incentives for research and innovation in Embedded Systems and software, and the **SPARC** (Public Private Partnership) programme for robotics innovation;
- in **space research**, the **Copernicus** programme, coordinated and managed by the European Commission to equip Europe with its own Earth observation capacity.

THE GOALS OF FLIGHTPATH 2050

1	MEETING SOCIETAL AND MARKET NEEDS	» 90% of travellers in Europe complete their journey within 4 hours » Flights land within 1 minute of the scheduled arrival time » The ATM system must provide services to manage 25 million flights for all types of aircraft
2	MAINTAINING AND EXTENDING INDUSTRIAL LEADERSHIP	» > 40% of the global market share held by the European aereospace industry » Planning, production and certification processes carried out efficiently and effectively » -50% certification costs
3	PROTECTING THE ENVIRONMENT AND THE ENERGY SUPPLY	» -75% CO_2 emissions by passenger/kilometre » -90% NO_x emissions » -65% perceived noise » Zero emissions for taxiing aircraft
4	ENSURING SAFETY AND SECURITY	» < 1 accident every 10 million of commercial flights
5	PRIORITISING RESEARCH, TESTING CAPABILITIES AND EDUCATION	» Creating network of multidisciplinary technological clusters, based on collaboration between industries, universities and research centres » Identifying, maintaining and developing European facilities for strategic aerospace development, simulation and testing » Course offered by European universities effectively meeting the demands of the aviation industry

[23] Reference should be made to the 2015 Annual Financial Report for details on progress in research applied to products in each sector.

[24] Flightpath 2050 refers to the European Union's vision for the Aviation sector, establishing its priorities in developing the air navigation systems of the future. It sets very ambitious goals, including with regard to protecting the environment and energy supplies.

[25] The research programmes were developed by ACARE (Advisory Council for Research and Innovation in Europe). http://www.acare4europe.com/.

In addition, the research and innovation initiatives promoted within NATO, European Technology Acquisition Programme (ETAP) and the European Defence Agency (EDA) also continued successfully.

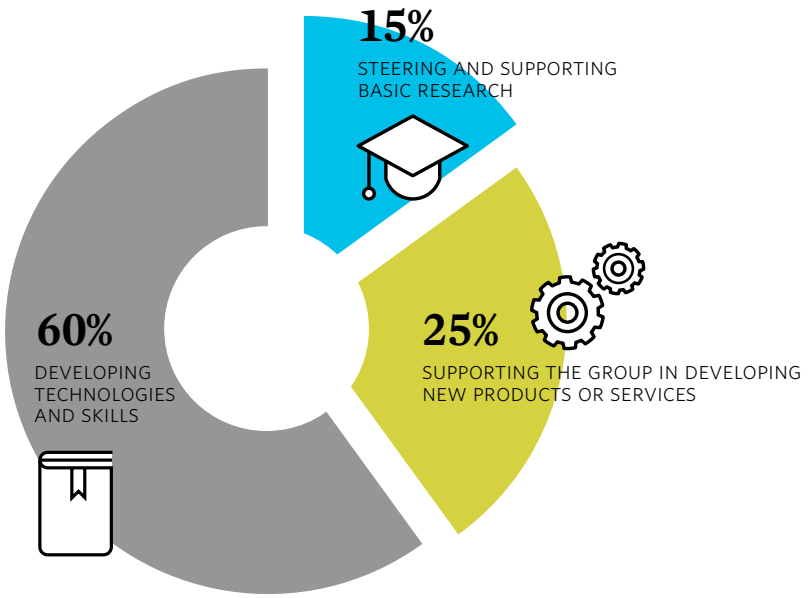
The domestic programmes include:
- the **Italian Technology Clusters** (Finmeccanica is among the main promoters and is one of the founding partners of the "National Aerospace Technology Cluster");
- the "**Smart Cities and Communities and Social Innovation**" programmes;
- the **SEcurity Research in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

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

COLLABORATION WITH THE ACADEMIC WORLD

A vital element in developing new technologies, products and services and promote basic research is collaboration with Italian and international universities, institutes and research bodies recognised for their excellence. These collaborations are priceless for the Group, as they guarantee high scientific quality in its various fields and make Finmeccanica an open organisation capable of enhancing the value and integrating the knowledge intake and experience of the various parties.

THE GOALS OF ACADEMIC COLLABORATIONS



All of the technological collaborations are aimed at developing and improving Finmeccanica's technological portfolio through contracts and partnerships for research programmes and, at the same time, training new resources by offering apprenticeships and hosting postgraduates and undergraduates.

Criteria underlying activation of academic collaborations

Finmeccanica adopted a policy on relationships with universities, research and the education system in 2015 aimed at boosting sustainability and transparency of investments to the benefit of the entire Group. The following criteria are used to identify and activate academic collaborations:

- research into technological and/or product excellence;
- need to update and develop internal Group expertise;
- sustainability of any related investment and related timeframe;
- potential involvement/interest of other companies/divisions;
- any implications about intellectual property.

RECOGNISING AND AWARDING INNOVATION

A laboratory of ideas, an engine that unrelentingly creates: the Innovation Award[26] is Finmeccanica's prime tool for gathering innovative ideas and patent proposals. Over its ten-year history, the competition has produced tangible, measurable results:

15% OF THE PATENT PORTFOLIO GENERATED BY IDEAS PRESENTED AT THE INNOVATION AWARD

x3 THREE TIMES AS MANY PROJECTS PRESENTED COMPARED TO THE FIRST EDITION

9,000 INNOVATION PROJECTS PRESENTED

25,000 EMPLOYEES INVOLVED

In 2015, Finmeccanica began launching the innovation challenge to university students, newly graduates and PhD students to promote the generation of new ideas beyond the Group and approach young talent in the research fields in certain business sectors: 3D printing/additive manufacturing, autonomous systems, cyber security and technologies to reduce the observability of aerial platforms.

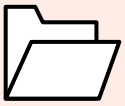
[26] www.premioinnovazionefinmeccanica.com.

The 2015 Innovation Award opens to young talent

The final event of the 2015 Innovation Award had the best possible stage at the EXPO. To mark the "Future horizons: investing in talent and state-of-the-art technology" conference organised by Finmeccanica on 30 October, the traditional awards were assigned to staff and, for the first time, the winners of the "Young People Innovation Award" open to engineering, mathematics, physics, computer science and chemistry students, newly graduates and PhD students at Italian universities. The awards were broken down into various categories:

- "**Incremental innovation**": 3D real-time acoustical imaging system to enhance the performance of underwater acoustic cameras, presented by WASS (Pozzuoli facility, Naples). This innovation also envisages the use of underwater drones for seabed surveillance. It also won the National Innovation Award, the most prestigious Italian prize dedicated to Made in Italy, set up by the government with the National Technological Innovation Foundation, COTEC.
- "**Radical innovation**": SuperHawk Infrared Detector, developed in the Southampton (United Kingdom) facility of Selex ES. SuperHawk combines superior performance in resolution, small size and reasonable cost.
- "**Idea**": INDIA - Innovative Non-Destructive Inspection Architecture, presented by Alenia Aermacchi (Pomigliano d'Arco facility). INDIA inserts grapheme-based integrated circuits in the composite materials used in building aerostructures which enables in-depth analysis of the condition of a structure while avoiding destructive procedures.
- "**Best patent**": the aircraft engine turbine residual power visual display system by AgustaWestland (at the company's Cascina Costa di Samarate facility), which provides pilots with a simple, real-time synthesis of critical helicopter flight information.
- "**Young People Innovation Award**": the award was given to students from the Roma 3 University, the Turin Polytechnic, the University of Milan, the University of Naples-Parthenope, the University of Sannio-Benevento and La Sapienza University of Rome.

This year's edition also awarded an innovative project by young talent from secondary schools who participated in the EUCYS 2015 award, a European competition dedicated to excellent students organised in Italy by FAST (the Federation of Scientific and Technical Associations), with the support of Finmeccanica.



Towards Horizon 2020

The EU Framework Programme for Research and Innovation, Horizon 2020 is the key tool for reaching the goals set in the Europe 2020 Strategy. One of the priorities of such strategy is smart, sustainable growth via an economy developed based on knowledge and innovation. Finmeccanica actively participates in the programme in accordance with the technological priorities of its sectors.

CLEAN SKY AND CLEAN SKY 2

Clean Sky is a programme for the development of break-through innovative technologies in order to **cut CO_2 emissions by 40%, NO_x by 60% and aircraft noise by 20 decibels**, in accordance with the objectives set by ACARE.
Clean Sky covers large components and systems, while the subsequent stage, called Clean Sky 2, encompasses technologies to be integrated into complete systems and aircraft platforms, enabling significant measured changes in environmental and economic performances and bringing crucial benefits to European industry's competitiveness.

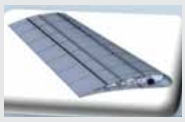
For the aeronautics industry, Finmeccanica is in charge of developing activities linked to the **Green Regional Aircraft** designed to have low environmental impact all through its life, from the design stage to its withdrawal from the market and green recycling. Important results were reached in 2015, including the test flight of the ATR 72 flying demonstrator made with a composite panel that integrates innovative multifunctional material that reduces aircraft weight, fuel consumption and noise, thus slashing the airplane's carbon footprint.

CLEAN SKY - GREEN REGIONAL AIRCRAFT TECHNOLOGICAL INNOVATION DOMAINS

FLIGHT DEMONSTRATOR GROUND DEMONSTRATOR

ADVANCED AERODYNAMICS (LOW NOISE CONFIGURATION)

Goal
» Reduce aerodynamic resistance 4-6%
» Reduce consumption 3-5%
» Reduce noise 1-6 EPNdB



INNOVATIVE SYSTEMS (ALL ELECTRICAL AIRCRAFT)

Goal
» Reduce consumption 1-3%


EVALUATION OF NEW AVIONICS ARCHITECTURE IN MTM DOMAIN

Goal
» Reduce consumption 2-4%
» Reduce noise 1-2 EPNdB

INNOVATIVE STRUCTURES (LOW WEIGHT CONFIGURATION)

Goal
» Reduce weight 6-8%
» Reduce consumption 2-4%



Based on the results of Clean Sky, Clean Sky 2 sets even more challenging goals in terms of energy efficiency and reducing environmental impact. **Finmeccanica Aeronautics segment's goal is to develop three flight demonstrators that further validate incremental technological developments.**

Towards Horizon 2020

CLEAN SKY 2 - FLIGHT DEMONSTRATORS AND EXPECTED OBJECTIVES

AIR VEHICLE TECHNOLOGIES DEMONSTRATORS

Aerodynamics enhancements and Load Control & Alleviation features through new generation wind and advanced flight control systems - FLIGHT TESTING.

FUSELAGE/CABIN INTEGRATION

Full scale composite fuselage and passenger cabin with innovative structural and architectural solutions aimed to weight and cost reduction, methodologies and technologies for structural health monitoring, NDI, repair and maintenance, human centered approach, comfort.

IRON BIRD

Support system design, integration and testing of FCS Load Control & Load Alleviation (LC/LA), Electrical Landing Gear, Electrical Power Generation and Distribution System, inter-system integration activity, verification and certification processes to support the achievement of the permit-to-fly.

CO_2 AND FUEL BURN	NO_x	POPULATION EXPOSED TO NOISE/NOISE FOOTPRINT IMPACT
-20% to -30% (2025/2035)	-20 % to -40% (2025/2035)	up to -75% (2035)

Baseline for these figures is best available performance in 2014.

For the Helicopters segment, Finmeccanica participates in developing **Green Rotorcraft**, aimed at implementing breakthrough technologies in specific platforms in terms of efficiency and lower environmental impact , also in line with the challenges of Flightpath 2050 and ACARE.

CLEAN SKY - FINMECCANICA'S BREAKTHROUGH TECHNOLOGIES

ACTIVE ROTORS

» The rotor blades and their geometry primarily influence performance, consumption, flight comfort and noise.

» The active rotor enables the change of the form of the blade during rotation, optimising it for all conditions.

ECO-DESIGN

» Adopting a technological eco-design approach by using more sustainable materials and treatments, e.g., those that favour lighter machines and easier recycling.

REDUCTION OF AERODYNAMIC RESISTANCE OF THE CELL AND ROTATING SYSTEMS WITHOUT LIFTING

» Aerodynamic resistance of the fuselage reduced by 10/15%.
Fuel consumption reduced by 4/5%.

ENVIRONMENTALLY-FRIENDLY FLIGHT TRAJECTORIES

» New procedures and flight routes to reduce flight noise by 30%.
Cutting CO_2 emissions by 6%.

ASSESSMENT PLATFORM FOR HELICOPTER TECHNOLOGIES

» Providing an integrated simulation platform to forecast the noise and emissions of the helicopters via models based on expected benefits from the introduction of developed technologies.

INTEGRATION OF INNOVATIVE ELECTRIC SYSTEMS

» Implementation of a complete electric activation system for tail rotor.

Towards Horizon 2020

Under Clean Sky 2, Finmeccanica's Helicopters Division is involved in the Next Generation TiltRotor development programme, a dual-use machine that works as both helicopter and airplane.
The programme is divided down into two stages and aims to get the product certified by 2030. The key technologies at the foundations of Next Generation TiltRotor's strength are the design and integration of areas related to rotors, wings, the gearbox and engine installation. The integration of all of these functions (rotor, engine, gearbox and wing) is developed to meet all functionality, performance, dynamic and stability needs required by all the obligations of an aircraft destined to transform the vertical take-off segment.

THE NEXT GENERATION TILTROTOR

SESAR AND SESAR 2020

Finmeccanica is also involved in the SESAR programme aimed at enabling the air traffic management system to manage the forecast rise in commercial flight traffic over the coming years. SESAR's target is to develop Air Traffic Management infrastructure capable of handling up to **three times the current air traffic**, simultaneously **slashing costs by 50%**, boosting **flight security** by a factor of 10, helping to **reducing environmental impact by 10% for each flight** (cutting fuel consumption, noise and emissions).
The first research and development stage (SESAR 1) will be completed at the end of 2016. The subsequent stage, SESAR 2020, will begin at the closing of 2016 and will end in 2021.

DEVELOPMENTS IN THE ELECTRONICS, DEFENCE AND SECURITY SYSTEMS SECTOR UNDER SESAR

FINMECCANICA'S ATM TECHNOLOGIES AND PROCEDURES

ECO-FRIENDLY TECHNOLOGIES AND PROCEDURES

SYSTEM WIDE INFORMATION MANAGEMENT - SWIM

INTEGRATIONS OF REMOTELY PILOTED AIRCRAFT SYSTEMS (RPAS) IN ATM

EXTENDED ARRIVAL MANAGER (E-AMAN)

SATELLITE ASPECTS OF ATM

FLIGHT DATA PROCESSING, MANAGING TRAJECTORY IN FOUR DIMENSIONS

ADVANCED SURFACE MANAGEMENT AND CONTROL SYSTEM (A-SMGCS)

NEW TECHNOLOGIES FOR LAND/ONBOARD/LAND DATALINK

ONBOARD SYSTEMS FOR COMMUNICATION, NAVIGATION AND SURVEILLANCE AND ATM (CNS/ATM)

INTEGRATED SURFACE MANAGEMENT

The integrated management of traffic movement on airport surfaces using traffic planning, steering and monitoring tools leads to a reduction in taxiing times.

PRECISION AREA NAVIGATION (P-RNAV)

Technology which improves management of air traffic in the terminal manoeuvring area (TMA). It has been demonstrated that holding times are reduced by using P-RNAV technology.

FREE ROUTING

Procedure which enables the maximunm saving for fuel, reducing route length and thus flight time in the air space on the route.

TIME BASE SEPARATION

The use of the minimum Time Base Separation by Tower operators, combined with supporting tools, leads to a reduction in holding times.

INTEGRATED ARRIVAL AND DEPARTURE MANAGEMENT

By integrating the arrival (AMAN) and departure (DMAN) management, it has been proven that taxiing times and waiting times on the manoeuvring area with engines on are reduced.

Towards Horizon 2020

Demonstrations were performed in 2015 to test the maturity of technologies and procedural innovations that enable more efficient and effective management of aircraft trajectory during flight and movement along airport surfaces. The testing activities included civil and military planes, in line with achieving non-stop interaction between all users of airspace in the same control environment, permitting growth in air traffic without compromising security.

Finmeccanica's Aeronautics sector participates in the following activities of the SESAR programme:
- optimising the aircraft taxiing stage via suitable navigation procedures and functions;
- improving management of the airport approach stage with the help of new technologies (e.g., GBAS) and by defining new Terminal Manoeuvring Area (TMA) procedures;
- managing and optimising aircraft trajectories (in cruising stage) synchronised with Air Traffic Management systems.

Finally, Finmeccanica collaborates in defining the requirements and needs of the Helicopters sector (manufacturers and operators). These activities include IFR (Instrument Flight Rules) operations for rotorcraft.
The new operating requirements and technologies under development related to achieving programme objectives in terms of security efficiency and environmental impacts. Specifically, implementing low altitude IFR routes and IFR approach procedures will ensure greater operating availability in adverse weather conditions. The introduction at airports of concepts such as Simultaneous Non Interfering Operations (SNI) between fixed wing aircraft and rotorcraft will guarantee new opportunities for commercial helicopter transport in various European locations. IFR rotorcraft operations will gain increasing benefits from the implementation of CNS (Communication, Navigation, Surveillance) technology on board helicopters using satellite-based assistance.

GALILEO

The goal of the Galileo programme, the result of a collaboration between the European Union and ESA, is to enable Europe's technological autonomy in a strategic sector and to contribute to the definition of international standards for Global Navigation Satellite Systems (GNSS), creating a high-precision satellite navigation and localisation system. The fully-deployed Galileo system will consist of thirty satellites (27 operational and 3 reserves) orbiting on three planes inclined to the equator. The first satellites (currently in orbit) and relevant ground infrastructure will validate the signal and test future navigation services and the functionality of space and ground segments.

Finmeccanica holds a leading role in developing the programme and, via its subsidiary Telespazio, built one of the two control centres that manage the constellation of the satellites at the Fucino Space Centre. The Spaceopal joint venture (Telespazio and DLR/GfR) is in charge of the system's operations and integrated logistics and is involved in orbit tests and service validation. The joint venture Thales Alenia Space is responsible for industrial support activities related to the service design, supply, integration and validation stages.

Finally, Finmeccanica develops and produces the IRES N2 (InfraRed Earth Sensor) which tracks the attitude of each satellite and the PHM (Passive Hydrogen Maser) atomic clock which is the heart of the Galileo system through the generation of an ultra-stable signal on board each satellite necessary for navigation functions.

COPERNICUS

The aim of the Copernicus programme, coordinated by the European Commission in collaboration with the European Space Agency (ESA) and the European Environment Agency (EEA), is to create a European Earth observation system, complementary to the assets of certain member states (COSMO-SkyMed in Italy). Copernicus will provide accurate, prompt and easily-accessible information to improve management of the environment, understand and mitigate the effects of climate change and ensure civil security. The programme's priority applications include managing natural disasters and monitoring the oceans, vegetation and the atmosphere.

Finmeccanica plays a leading role through its subsidiaries Telespazio and e-GEOS, which contribute to the development of the ground section, operations, services and applications. Telespazio and e-GEOS make numerous added-value services and applications available, based on data provided by the Copernicus and COSMO-SkyMed systems.

The ESA is developing five groups of Sentinel satellite missions specifically designed for the operational demands of the Copernicus programme. The sentinels will provide radar and optical high-resolution images of the Earth. Through its joint venture Thales Alenia Space, Finmeccanica is in charge of the design, development, integration and testing of Sentinel-1 and Sentinel-3.

THE VALUE OF TECHNOLOGICAL ASSETS

Over the years, Finmeccanica's ability to innovate, via basic research and system development, has enabled it to consolidate significant technological assets that are ahead of their time, including dual-use technology.
Finmeccanica controls and develops key technologies for maintaining leadership positions in various sectors and acquiring new competitive advantages.
Microelectronics for advanced radar sensors, unmanned systems for environmental surveillance and monitoring, innovative materials, software and systemic expertise for creating complex products and solutions: these are just some of the areas which Finmeccanica invests in to create sustainable innovation[27].

MindSh@re, seven communities for creating innovation

To promote involvement and exchange of ideas between the Group's various sections, the **MindSh@re** project has been up and running since 2003. **These seven communities involve approximately 150 representatives of technical management, researchers and engineers**. It is the perfect environment for exchanging experience and best practices among the Group's operating sections. The main task of MindSh@re is to **create a constant link between the Group and national and international centres of excellence and spread open innovation processes** that can stimulate the generation of spin-offs and start-ups. Via MindSh@re, Finmeccanica also spreads and boosts the culture of innovation and team work, ensuring continuity between generations of technicians and enhancing talent.
The various MindSh@re communities are currently working on issues related to the fields of advanced materials, radar, simulation, software, engineering processes, autonomous systems and intellectual property issues.

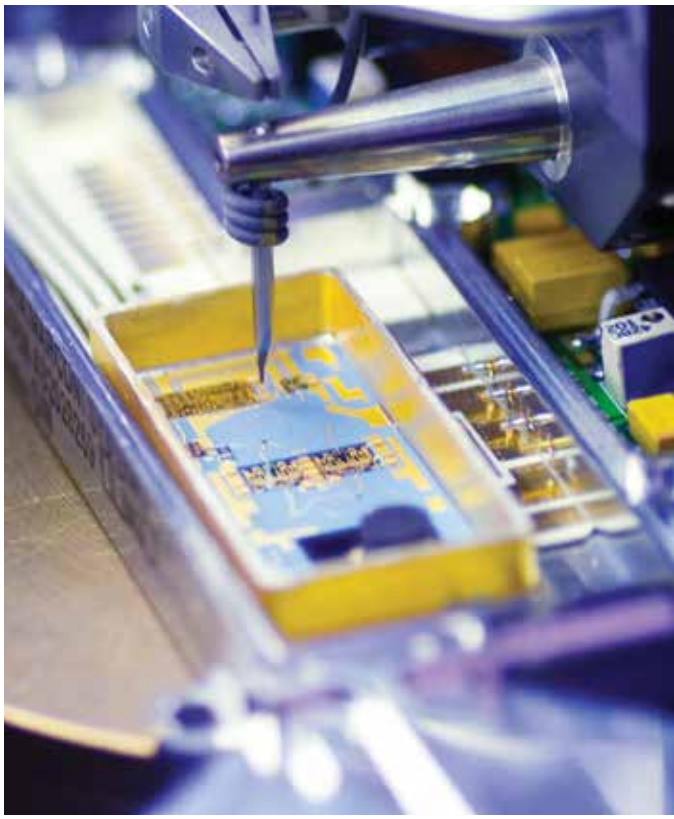
[27] The further details on Finmeccanica's technologies see: http://www.finmeccanica.com/innovazione-innovation/ambiti-tecnologici-technologies.

FINMECCANICA'S KEY TECHNOLOGIES

Materials - The technological culture of materials underlies many of Finmeccanica's product lines. Know-how in this area ranges from processing procedures of basic materials to using them in advanced products. The main technological development objectives include materials for bullet-proof protection of land vehicles, using composite materials in aeronautics, carbon nanomaterials and graphene nanotubes – needed for making thin layers and structures to increase the stealth of platforms in terms of both thermal imaging and radar radiation reflection – and metamaterials, which are used to miniaturise microwave components and manage the diffusion of radiation issued by radar antennae and for communication.

Electronics - Finmeccanica is a leader in the fields of radar and IR sensors, developed in Group-owned foundries, like microwave integrated circuits in gallium arsenide (GaAs) and gallium nitride (GaN) at the centre of excellence in Rome Tiburtina, and through fab-less approaches.
Finmeccanica is also at the forefront in the fields of MMIC (Monolithic Microwave Integrated Circuits) on GaN (gallium nitride) and microelectronic integration between microwave front-end analogue and antenna back-end digital domains. Both contribute to the development of the new generation of AESA (Active Electronically Scanned Antenna) multifunctional radar for naval, land, air and space applications. High precision calculation platforms developed for more advanced systems in signal processing and avionics are also particularly significant.

Optronics - Finmeccanica develops components and systems based on the section of the electromagnetic spectrum conventionally defined "optics" which ranges from ultra violet to far infrared. These include infrared vision systems, fibre optic sensors, DIRCM (Direct IR Counter Measure) protection systems, processing of microwave signals on optical carriers, hyperspectral sensors and powerful lasers for DEWs (Direct Energy Weapon).



This technological expertise is developed vertically from studying basic materials and processing procedures to integrating individual electro-optical devices into systems and land, air and naval platforms.

Mechanics - The mastery and control of technologies applied to the design and building of mechanical systems enable Finmeccanica to guarantee the utmost quality of its products. The broad usage of metal allots with high performances and low weights for hubs, fibre glass and carbon fibre, in addition to latest generation resins, means Finmeccanica can build, inter alia, state-of-the-art helicopter rotors and blades and advanced primary and secondary aerostructures. Finmeccanica also develops advanced mechanics for land devices in defence systems, where the technological challenges come up against requirements dictated by extreme operating conditions, as in the case of bullet-proof protection developed to protect passengers in land vehicles, guided ammunition and related systems.

Modelling & Simulation - In-depth knowledge of operating domains, in combination with the Group's ten-year experience in training and the development and integration of innovative technologies, guarantees customers state-of-the-art solutions to improve operating capacity. In recent

years, Finmeccanica stepped up its investments aimed at developing technologies and expertise in the virtual and augmented reality segment – also applied to maintenance activities – and the scenario generation (including 3D), coordinating missions, serious games and distributed simulation segments.

Design systems - Finmeccanica's vast, in-depth know-how of systems engineering means it uses customer and market requirements as a starting point to direct the overall design of products in terms of architecture, hardware and software components, internal and external interface, aiming for reliability, flexibility, ease-of-use and ability to integrate with the as-is system. Furthermore, Finmeccanica also invests significantly in methods and processes aimed at predicting product performance right from the initial concept stages and developing know-how and tools for the analysis and simulation of the performance of components, systems and products.

Autonomous systems - Finmeccanica develops technologies and solutions aimed at minimising human intervention during missions in various operating fields, ranging from underwater and space (including robotics for extraplanetary missions) to land and air (RPAS - Remotely Piloted Air System, MALE - Medium Altitude Long Endurance). To this end, Finmeccanica develops technologies along a roadmap which, thanks to the sophistication of sensors and the availability of more powerful, secure calculation platforms, aims to build systems capable of managing cognitive and decision-making processes autonomously, adapting their actions to the changeable characteristics of the environment.

Software - Software provides the flexibility, intelligence and security to all systems and complex equipment that support and control the various key infrastructures of modern

society. Finmeccanica's software engineering offers principles, techniques, expertise, methods, tools and metrics that produce top-quality and highly reliable software systems for security, safety, privacy, resilience and best performances, able to meet the highest expectations of private and public users, as well as for military applications.

ICT & Cyber Security - These are a vital technological component of the various solutions provided to customers in the military, professional and public service management fields. Finmeccanica invests in the development of new technologies and communications, including through innovative and cutting-edge ciphers and wave forms. In the fields of Cyber Security, Cyber Protection and Cyber Intelligence, Finmeccanica develops intrinsically secure innovative digital solutions aimed at identifying and managing system threats, vulnerabilities and risks, as well as algorithms that exploit the capacity of the supercalculator at the Security Operation Centre (SOC) in Chieti.

ENHANCING INTELLECTUAL PROPERTY

Finmeccanica safeguards its know-how and innovative potential by registering patents and all other forms of intellectual property (IP). In this way, as well as supporting the Group's industrial development, it also contributes to the country's competitiveness in the strategic high technology sector.
The new divisional structure will bolster the Group's capacity to generate positive effects and revenues directly attributable to strategic IP management, as well as innovating and protecting the outcome of investments transformed into intellectual property.
The Group's database plays a central role in managing and enhancing intellectual property. It was created specifically to promote greater access to patented know-how within Group companies and to optimise IP assets from a financial point of view.
The constant growth of patent families (sky-rocketing from 82 in 1995 to thousands at the current day), accompanied by greater selectivity of IP investments with regard to key industrial technologies and processes, summarise Finmeccanica's strong commitment to competing in the sector.

PATENT PORTFOLIO[28]

	2015	2014	2013
Trend of the portfolio of patents filed compared to previous year	- 1%	3%	1%
Patent portfolio by geographical segment:			
- Italy	15%	16%	17%
- abroad	85%	84%	83%

BREAKDOWN OF PATENTS BY BUSINESS SEGMENT

12% PATENTS

HELICOPTERS

» Helicopters

14% PATENTS

AERONAUTICS

» Aerostructures
» Aircraft

61% PATENTS

ELECTRONICS, DEFENCE AND SECURITY

» Avionic and Space Systems
» Electronics for Land and Naval Defence
» Defence Systems
» Security and Information Systems
» DRS

4% PATENTS

SPACE

» Thales Alenia Space Italia

JOINT VENTURES AND INVESTEES

8% MBDA Italia, Elettronica, Eurotech

OTHER ACTIVITIES

1% Finmeccanica SpA, FATA

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

Cutting edge technologies to observe and analyse the Earth

Finmeccanica views space as a place to surpass limits, test increasingly advanced technologies and explore and seek solutions to improve everyone's present and future.

Telespazio is one of the main global operators in supplying geospatial information services and applications. Through Telespazio and its subsidiary e-GEOS, Finmeccanica is active in the market of Earth observation and satellite data processing: from the acquisition and processing of satellite data to the development and sale of software and products. The services are offered to institutions and companies involved in studying and checking the area, maritime surveillance, civil defence, prevention and management of natural events, and cartography and applications for agriculture.

Telespazio makes its know-how available to aid the most important international Earth observation programmes, including the European programme Copernicus and COSMO-SkyMed, a programme funded by the Italian Space Agency, the Ministry of Defence and the Ministry of Education, University and Research.

The COSMO-SkyMed observation system is a constellation comprised of four radar satellites that can observe the Earth in all weather conditions, taking up to 450 shots of the Earth's surface every day, equal to 1,800 radar images every 24 hours. e-GEOS, a leading operator at global level, sells the COSMO-SkyMed data, offering a significant catalogue of applications integrated with added-value services.
In the field of geoinformation, Telespazio can also provide GIS (Geographic Information System) solutions and applications for fleet control, monitoring hazardous sites and e-tourism services.

DUAL-USE APPLICATIONS OF GEOINFORMATION

Many space services and applications aimed at security and defence are intrinsically dual, as, for example, they allow the monitoring of climatic phenomena and the effects they generate on infrastructures, in addition to surveillance of the infrastructures themselves and the area. They also ensure links for broadband communication and the development of innovative services based on positioning and navigation systems.

The idea of dual-use systems is a dominant trend in the evolution of space services and applications, driven by the increasingly uncertain boundary between civil, defence and security domains, which generate broadly common requisites, including in terms of land infrastructure.

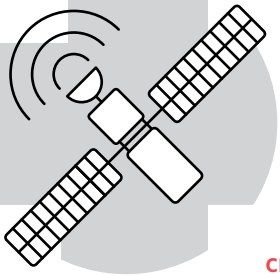
COSMO-SkyMed's contribution to aiding Nepal

Thanks to the extraordinary flexibility of the COSMO-SkyMed satellite constellation, more effective and timely intervention was possible in monitoring the crisis situation in Nepal following the devastating earthquakes that hit the region on 25 April 2015, and coordinating the rescue mission. The Damage Proxy Map was generated via the images acquired by the system immediately after the first tremors upon the request of international institutional users. The Italian Space Agency (ASI) made 330 archive images available as part of its cooperation with NASA's Jet Propulsion Laboratory (JPL).

SOME CIVIL APPLICATIONS OF GEO-OBSERVATION

HYDROGEOLOGICAL RISK
Thanks to geoinformation services, support is provided to estimating the danger and vulnerability of land areas, used as a basis in identifying areas at high hydrogeologic risk. The Extraordinary Remote Sensing Plan, promoted by the Ministry for the Environment, Land and Sea, has enabled the mapping of land deformations through the processing of radar images and building a high resolution database representing the national territory to prevent and mitigate hydrogeologic instability in Italy.

PRECISION FARMING
The information acquired via remote sensing in a combined satellite, air and UAV manner are used to measure soil humidity and plant energy status in order to identify the best agricultural methods to apply (irrigation, fertilisation, plant health treatments).



EMERGENCY MANAGEMENT SERVICE
Emergency mapping services are provided to Copernicus project member states and International Organisations following catastrophes (exceptional weather conditions, earthquakes, explosions) and humanitarian crises that create emergency situations. The rapid mapping provides maps of before the event, the development of the event and assessing the damage. The risk and recovery mapping provides geospatial information not linked to specific events.

40 activations in 2015

CLEANSEANET
The processing of radar satellite data is used to monitor oil dumping in the Mediterranean and identify the possible ships responsible for it. Prompt detection of dumpings means swift recovery actions, limiting environmental damage.

early warning within 20 minutes

500 images processed in 2015

full report within 30 minutes

Cutting edge technologies to observe and analyse the Earth

LAW ENFORCEMENT

As part of the development of the National Information System (NIS) for agricultural information, in 2015 a new presentation system was fine-tuned for EU grant application. The new graphical interface enables agricultural businesses to submit applications without physically going to assistance centres.
Thanks to the innovative online **"Schematic application"**, AGEA (the National Agricultural Supply Agency) can operate in line with the requirements that the European Commission issued to all states involved in the Common Agricultural Policy. The platform will support agricultural businesses in complying with all the formalities required to apply for the grant and will enable the Public Administration to effect a more efficient check on the applications received. Through the "Schematic application", already from 2016, the blueprints and alphanumeric information of the farmers' applications will be directly acquired digitally. Such data will flow to the AGEA database, managed via the most modern Geo Data Ware House techniques.
The go-live of this new tool, which will be used to digitally acquire information related to over 12 million plots, will curb the possibility of fraud by the agricultural businesses. It will also support the European Commission's actions related to preserving the environmental characteristics of agricultural plots.

DEVELOPING AND ENHANCING HUMAN CAPITAL

2015 was a year of strong commitment and great changes for Finmeccanica which contributed to the creation of one company focused on core business, new industrial and production processes, cost streamlining and international competitiveness. Consequently, the definition of a One Company steered the strategic orientations of human resources management and development, requiring radical upheaval of its founding processes.
In compliance with the values of meritocracy and transparency and principles of effectiveness, efficiency and dynamism in satisfying the domestic and foreign markets, the critical goal was to guarantee consistent management processes and development opportunities to all employees, via clear-cut rules which underlie a Group strategy aimed at enhancing each individual's skills, supporting the Group in reaching its business targets, and attracting and promoting talent and ethical behaviour.

The 2015 reassessment of key management and development processes enabled the Group to investigate and integrate significant issues from a management and organisational point of view, ensuring the preparation of new processes and policies for enhancing resources, including:

SALARY REVIEW POLICIES	Ensuring uniform remuneration treatment in line with Company values, governance principles and remuneration policy.
MANAGER AND JUNIOR MANAGER APPOINTMENT POLICIES	Guaranteeing the right combination of key Company positions and people, ensuring a decision-making process based on objective criteria and structured professional growth.
INTERNATIONAL MOBILITY POLICIES	Supporting all expatriates, via consistent management, taking personal situations into consideration and ensuring efficiency, equity and cost-efficiency, along with compliance with the various legislations involved.
INTERNAL MOBILITY POLICIES	Supporting the Company in identifying candidates in line with the requested profile in terms of skills, experience and personal motivation, promoting the culture of job rotation to boost professional growth through varied experiences with regard to business, products and organisational culture.
SELECTION AND HIRING PROCESSES	Meeting the Company's professional requirements, selecting the candidates that best meet the requested professional profile (including with spontaneous applicants via job posting), based on the Company's annual action plan and budget, guaranteeing equal opportunities, transparency and impartiality.

Enhancing high potential resources

Roughly 300 interviews were held in 2015 to probe the know-how of certain employees based on a specific performance and potential assessment methodology, focusing on managerial and other types of appraisal with the support of external experts to ensure impartiality of the method and assessment criteria used. In order to develop personnel **structural assessment** processes and **insource know-how**, a Finmeccanica team of specialists was set up. It is comprised of internal HR professionals which autonomously covered roughly half of the interviews held. The high potential personnel identification stage will be followed by the next project stage in 2016. This will focus on enhancing the resources identified by using the management and development tools available to **Talent Management**.

Particular focus was given in 2015 to building new development processes aimed at supporting the management and organisational choices needed to govern the One Company. The approach meets the needs to **direct the actions of individuals** towards the results expected by the Company and to **enhance the best professionals**, bringing individual merit to the surface and, at the same time, making the organisation secure by planning career paths. The development system processes have the following goals:

- improve people's know-how;
- assess resources' results, skills, behaviour and potential;
- enhancing people via specific development paths and based on a career planning system in line with the evolution of the organisation.

The new assessment processes are based on structured, traceable and transparent methodologies. Specifically, an annual **single performance assessment system** was designed which will be implemented for a portion of employees, junior managers and managers starting from 2016. Such system will assign specific goals and assess results and behaviour, ensuring the involvement of the resources via feedback meetings with their superiors. The results of the review will be one of the basic elements of the new Company management policies, also through related incentive and remuneration tools.

In addition, an assessment process has been set up which uses further analysis criteria and tools to enable **identification of valuable resources** (e.g., the Group's high potential resources will be certified only after suitable investigations) and **resources ready for promotion**, as well as to define professional and organisational paths in line with the Group's needs.
Specifically, with regard to managing successions, Finmeccanica has a **Succession Management** process in place, in line with its strategic and organisational challenges, aimed at mitigating risks by identifying key positions and possible successors over the short and long term.

Finally, initiatives focused on specific personnel categories begun in the previous year were completed in 2015. These included the Management Appraisal process which enabled the Group to perfect the know-how of approximately 150 managers, also thanks to the methodological support of external consultants who had already conducted the initial project stages in 2014. Wrapped up in November, the managerial appraisal campaign produced structured observations on individual performance and development potential. These were used as the basis for suitable management policies adopted in line with the organisational evolution project underway.

"One Company... One Change"

"One Company... One Change" is the first managerial **training and change management programmes** designed in 2015. The initiative was designed to spread awareness of the new divisional organisational model, promote full knowledge of the change underway and activate organisational and management behaviour fit to guarantee increasing efficiency and effectiveness in daily actions.
The programme covers approximately **900 middle managers**, a fundamental personnel category for understanding and steering the change underway.
There are **36 editions planned in Italy** and **8 in the UK**, each broken down into 3 modules for a total of 7 days/56 hours and will be held at the operating offices in order to enhance the assets of the One Company.

STEM programmes to find the engineers of tomorrow

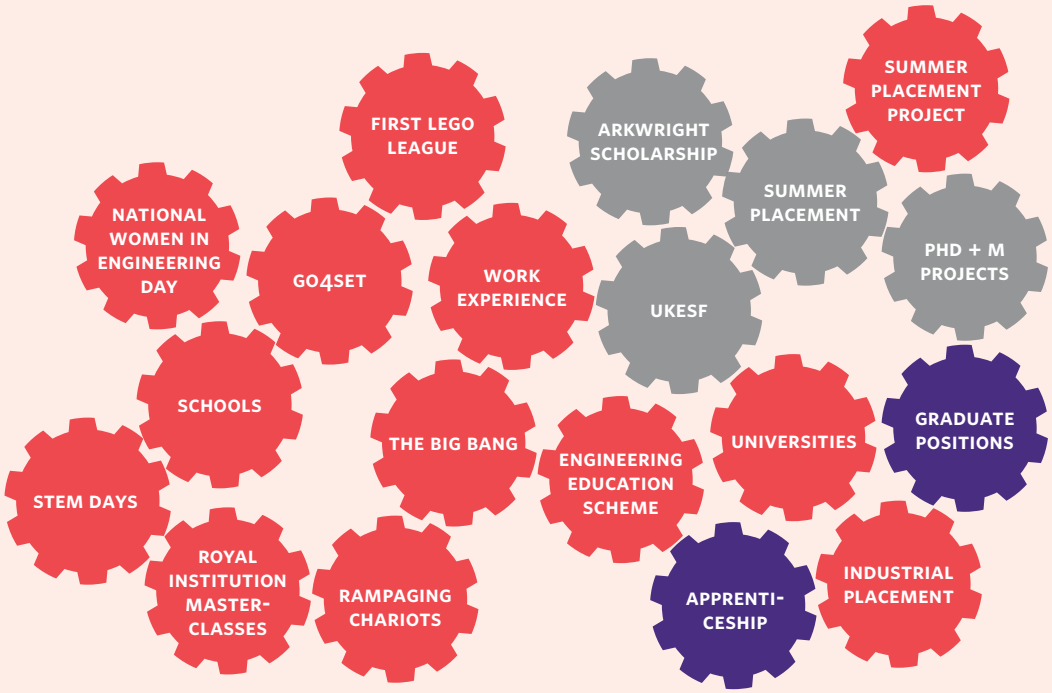
In the coming years many more people will fly in the world than today, especially in emerging economies. We will need to protect and build more airplanes, that are more complex and technologically advanced, with levels of operating efficiency and environmental compatibility such to meet market demands and rising traffic volumes in a sustainable manner.

The application of the technologies needed to reach these performance targets require new expertise and professionalism that the labour market of western countries will need to supply. One of the examples of the most significant **skill shortages** are engineers with experience in composite materials, vital for streamlining aerostructures and consuming less fuel. Sector experts and opinion leaders still agree that this problem affects many areas of engineering, including more traditional segments, and it can only be partly tackled by trying to attract qualified resources from China and other Asian countries, where these disciplines are more popular.

Finmeccanica is well aware of the critical nature of these trends for the sustainability of its business. This is why it is one of the Aerospace, Defence and Security sector players that support the STEM (Science, Technology, Engineering and Maths) programmes which the UK government has been promoting since the sixties. The aim of the programmes is to interest and attract students of all type of technical and scientific subjects. This vital approach nourishes today the pipeline that can become the engineers of the future, in areas where the Group is present, thus maintaining an active stronghold over a strategic competitive factor.

Finmeccanica organised in the United Kingdom over 30 STEM project events in 2015 in collaboration with leading non-profit making or industry organisations dedicated to the world of science and engineering.
The Group's commitment is mainly made up of donations in kind and the work time of approximately 500 Company employees, interns and recent graduates who donated their time and professional expertise to the community, both during ordinary working hours and over the weekend.

FINMECCANICA'S STEM NETWORK IN THE UK



STEM programmes to find the engineers of tomorrow

FINMECCANICA'S MAIN STEM INITIATIVES IN THE UK	
EDUCATIONAL AND STUDY GRANTS	Days dedicated to generate interest in primary and secondary pupils (from 6 to 14 years old) to study and apply science, technology and engineering subjects via games and competitions in schools near the sites (and at the sites themselves) in Edinburgh, Basildon, Luton and Southampton, in collaboration with **The Smallpeice Trust** – a non-profit making organisation that promotes engineering careers among the young through school courses.
	Extracurricular engineering classes for 45 nine-year-old students from six schools around Luton, organised in collaboration with **The Royal Institution**, a non-profit making organisation dedicated to spreading scientific awareness.
	Sponsoring a two-year **study grant** for two 12/13-year-old students promoted by **The Arkwright Scholarship Trust**, a non-profit making organisation that manages the most prestigious study grants in engineering.
SCIENTIFIC EVENTS AND FESTIVALS	Finmeccanica's attendance of the **Big Bang Fair**, held from 13 to 16 March at the NEC, Birmingham, which hosted over 200 organisations from the public, private and voluntary sector. Led by Engineering UK with the British Science Association, the Science Council, the Royal Academy of Engineering and Young Engineers, the event is funded by the Department of Business, Innovation and Skills and numerous industrial sponsors.
	Organising a **workshop** for the 2015 edition of the **International Science Festival in Edinburgh**, one of the leading global and European events dedicated to science and technology, where children, from five years upwards, could build robots, drive them through an obstacle course and have them compete in a football match.
	Organising the **Robotic Games** at Group sites in Edinburgh, Luton and Basildon, promoted by **Rampaging Chariots**, a non-profit making organisation dedicated to training young engineers. At the games, young adults from 12 to 17 years old tackled aspects of design and technology, wood and metal working, electronic engineering and electronics-based skills by designing and building robots that took part in a series of competitions.
	Supporting teams from two schools near the Luton site taking part in the **FIRST® LEGO® League** (**FLL**). This annual global scientific competition sees the participation of over 250,000 young people from 9 to 16 years old. In teams of ten maximum, they have 12 to 16 weeks to complete a research project and build a robot with LEGO to resolve missions on an assigned theme. The initiative was coordinated in the UK by the **Institution for Engineering and Technology** (**IET**).
SCHOOL-WORK RELATIONSHIP	Participating in three programmes promoted by the **Engineering Development Trust** (**EDT**), the largest non-profit making organisation that runs initiatives to encourage students from 11 to 21 years old to study and perform STEM projects, in collaboration with companies: • **Go4Set**: a programme that brings English primary school students and Scottish secondary level students into contact with companies and universities to create a 10-week experience dedicated to scientific subjects; • **Engineering Education Scheme** (**EES**): an educational scheme which brought 4 groups of young secondary school students in England and Scotland and their teachers into contact with local companies to work on real scientific, engineering and technological problems; • **the Year in Industry**: a programme that organises one-year internships. One of such young interns won the prestigious ETD "Future Industry Leader Award" in 2015 for his stand-out work as an intern at the Edinburgh site, where he created an innovative computerised mathematical model of ground reflectivity which led to significant improvements in the accuracy of radar measurements. As well as being promising in economic terms and in relation to environmental impact, the project enabled the Company to cut back on the number of test flights needed in testing and development activities.

FINMECCANICA'S MAIN STEM INITIATIVES IN THE UK	
STEM FOR WOMEN	Some STEM Days are specifically dedicated to girls and young women as part of initiatives organised to mark the **National Women in Engineering Day** (23 June 2015) by the **Women's Engineering Society** (**WES**), a non-profit making organisation and professional network that offers support and inspiration to women who have undertook or want to undertake a scientific-technological or engineering career. Finmeccanica was also partner of the 2015 edition of the **WES Student Conference**, called "**Engineering Inspiration**". The Company also offered its employees licences to access **Everywoman**, the world's largest learning and development network and platform for working and business women. Employees can read or download training material, take part in webinars or taught classes. As confirmation of the effectiveness of STEM initiatives dedicated to the female world, work experience applications received, for example, at the Luton site were 5 times higher than in 2012.

https://www.stem.org.uk/.

4

efficiency *and* **security**

of products
and people

Efficiency and security

Efficiency as a factor of competitiveness, security as an expression of Company reliability.

The characteristics and conditions of use of Finmeccanica's products require excellent performance and top efficiency and security standards. A solid, absolute value that customers seek more and more.

With an approach strongly focused on the market, the One Company shares its vision by tackling together with customers and users the main issues that map out the path to be taken.

The competitive tools that Finmeccanica intends using to guarantee efficiency and security are modular and standardised production, excellent customer support, re-use, doing more but with less resources and focusing on what the Company is best at. As the first step, in line with the Industrial Plan, Finmeccanica has already launched the streamlining of the product portfolio and reorganisation of production processing, also involving substantially the supply chain.

PRODUCT LIFE CYCLE MANAGEMENT

Finmeccanica broadly interprets **product stewardship** as the ability to accompany customers throughout the entire product life cycle, which tends to be typically very long. Right through from the design to the after sales support stage, the aim is to maintain the highest performance over the years, constantly transferring value to the customer.

Think as a Customer is the approach that Finmeccanica is developing to maximise the creation of value for those who purchase its products and services. This approach is based on product life cycle management models (including, for example, the "Stage and Gate" approach adopted at some Group companies) developed within the various operating sites, accompanied by the innovation of models offered on the market.

Product life cycle management is vital for efficiently meeting customer requests, from certification bodies and international standards in terms of control of the rate of product development, and also facilitate sharing information, data and documents within the Company to promote re-use, cost reduction and sustainability.

Innovation of products, on the other hand, targets developing integrated combinations of products and support services, which aim to create customer loyalty by boosting satisfaction and value received from their relationship with Finmeccanica.

AW Service Excellence project: the "by hour of flight" service

An example of innovation of products offered on the market in the Helicopters segment is the possibility for customers to purchase a customised product-service package based on the payment of a fee for each hour of flight by helicopter. This turns the fundamental concept of business after sale on its head. The revenues do not depend on the sale of spare parts or repair and maintenance services not bound to the efficiency of the machine, but instead are tied to actual use of the helicopter, thus changing how value is transferred to the customer.
The "by hour of flight" service is offered in four increasing levels, covering both planned and unplanned events. In this way, customers can maximise the availability of the helicopter, cutting warehouse costs and repair work. The fee contains a component linked to the performances set out in the Service Agreement actually being achieved. Should such service levels not be reached, customers are reimbursed such component.

Customer proximity: Finmeccanica, partner of the Air Guard of Trinidad & Tobago

Following the delivery of four AW139 helicopters purchased by the government of Trinidad & Tobago and allocated to the national Air Guard, over 5,000 hours of flight were accumulated in just two years, by day and by night, search and rescue (SAR), medical evacuation (MEDEVAC), firefighting, VIP transport and surveillance during important public events. By setting up a consortium to manage the "In Country" programme, the Helicopters Division went beyond contractual commitments with regard to training of pilots and crews directly involved in Air Guard operations in order to fully transfer the know-how needed to use the new machines in the numerous areas.

Eco-design applied to AULOS radar

The AULOS passive radar system is capable of detecting military and commercial air traffic by using the radio emissions found in the environment. Based on exploiting electromagnetic energy already found in the air, **AULOS can be used in urban environments without disturbing other sensors, thus avoiding the creation of electromagnetic pollution**.
AULOS was created via an **eco-design** process applied to all of its life cycle stages. The **components were chosen based on the goal of reducing both production costs and environmental pollution**. The partner suppliers comply with the RoHS (Restriction of Hazardous Substance) directives, which restrict the use of certain hazardous substances in building electric and electronic devices, and WEEE (Waste Electrical and Electronic Equipment) for recycling the product at the end of its life cycle.
AULOS does not require specific packaging. It is small in size and consumes little energy. Furthermore, its relative small size means it can be used without modifying or damaging the environment in preparing the radar site.

Electric propulsion in underwater systems

"Lithium polymer" technology applied to high voltage and ultra-high performance batteries for underwater systems is the **first truly "green" alternative to other more polluting and expensive technologies used to date by the military**. It is a typically **dual-use** technology, thus applicable to developments in adjoining civil markets, anywhere it is required to store large quantities of energy in small spaces, with reduced weights and, above all, in complete security. For example, it could hypothetically be used for hybrid or purely electric propulsion of naval vessels, including large ships, which navigate in marine parks or protected areas.
Security is a crucial aspect in broadening the field of use of such devices, as there are no universally-accepted design criteria or checking methods. In this regard, the long, complex research and testing activities, agreed with the Navy, performed to certify the safety of the battery and authorise its use in submarines, including in the presence of explosives, is a unique and particularly significant experience that Finmeccanica offers to the market.

LEAN ENGINEERING PRODUCT DEVELOPMENT

Lean Engineering is another tool that Finmeccanica plans to apply to the product development process at Group level. The aim is to shorten the flows between the various engineering disciplines and between engineering and the other Company functions involved, thus cutting development costs and helping meet the contractual deadlines of the new programmes.

The most significant innovation of the Lean Engineering project is applying lean concepts to a non-recurring process of product development, very different to the field of repetitive production (lean manufacturing).
A second element of innovation is applying such concepts to the overall context of product development, rather than just to specific sub-processes.

This choice was spurred by the results of work performed by the MindSh@re community "E3 (Engineering Efficiency and Effectiveness) - Engineering Processes" aimed at seeking out possible inefficiencies and the related causes within the engineering of the Defence Systems Division, applying a methodology developed by the Milan Polytechnic (the MyWaste methodology), as part of research projects dedicated to Lean Product Development. The methodology used was borrowed, with due adjustments, from that performed in production environments, creating the "Robust 5-Why Tree" methodology, which combines the "Fishbone Diagram - Ishikawa" and linear "5-Why".

Engineering KPIs

All Finmeccanica departments use a Key Performance Indicator (KPI) system to assess the effectiveness and efficiency of their activities and company processes. The MindsSh@re community "E3 (Engineering, Efficiency and Effectiveness) - Engineering Processes" took on the task of standardising the KPIs of the engineering departments in view of the foundation of the One Company. It set up a Focus Group which in 2015 worked on identifying the KPIs common to the engineering departments of Group companies, also processing the specifics for the development of a visibility dashboard to be used by the Group, including the joint ventures, available to users starting from 2016, broken down into four categories.

PRODUCTIVITY	COST PERFORMANCE	SCHEDULE PERFORMANCE	QUALITY
Productivity Index related to the development of a specific Product Family/Process/ Discipline	Cost Performance Index (CPI) of Engineering Projects Cost Variance of Engineering Projects	Schedule Performance Index (SPI) of Engineering Projects % of milestones reached on time	Index of cost of non-quality of Engineering

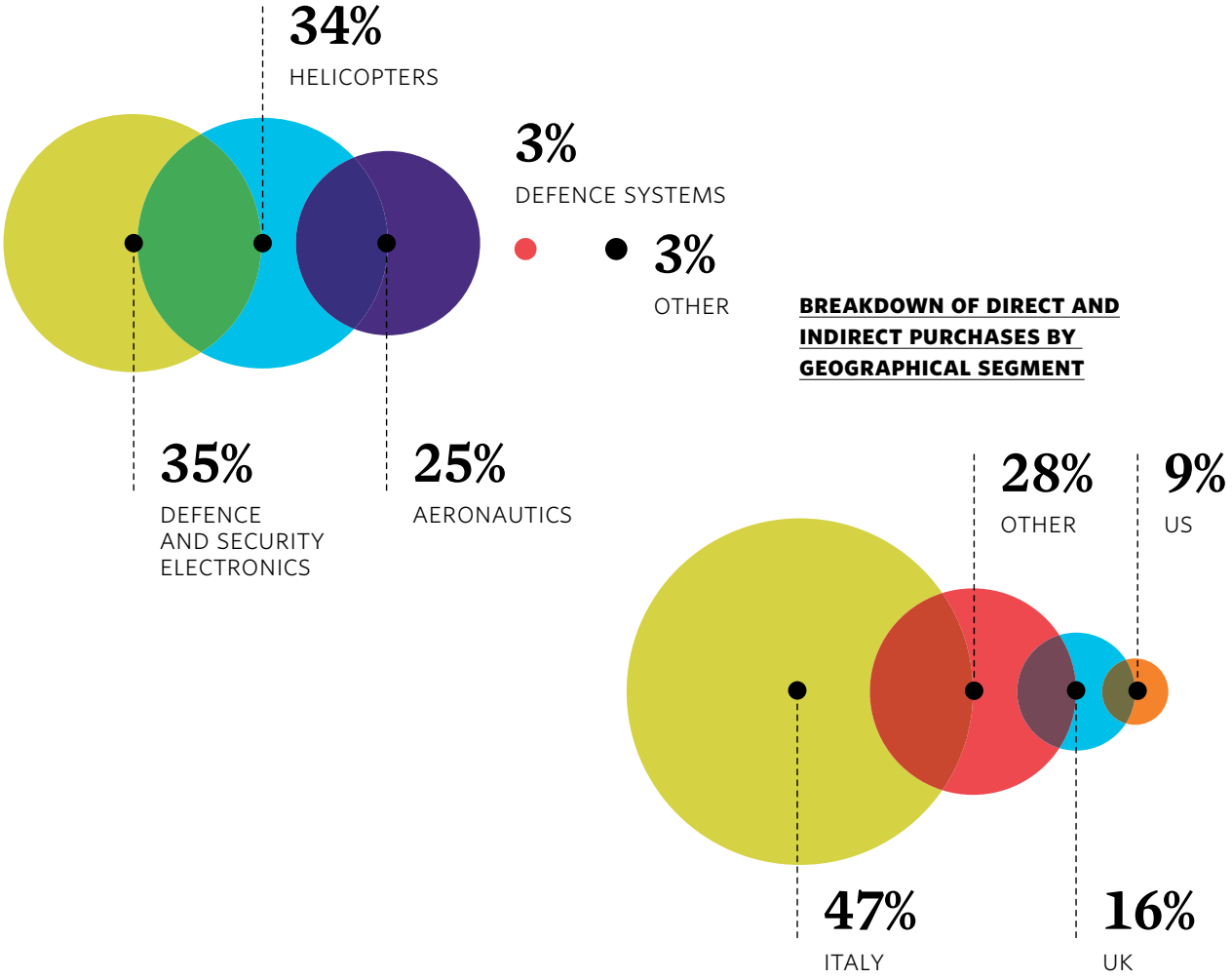
TRANSFORMING THE SUPPLY CHAIN

Finmeccanica works in a sector marked by a large presence of high-tech industry and high-expertise services. As well as being significant for economic and social development, they are increasingly more strategic in competitive dynamics in the Aerospace, Defence and Security sector, where the overall impact of purchases can cover up to 75% of operators' revenues.

This is why the "make or buy" strategies and choice of more effective procurement methods based on the different types of goods and services are central to creating sustainable value. As well as being efficient, the supply chain supporting operations must also express high levels of reliability to guarantee the quality and continuity of supplies throughout the long life cycles of the products.

Finmeccanica's Industrial Plan focused considerably on improving supply chain performance, in both economical terms and as ability to resist and adapt to competitive and technological scenarios. Accordingly, in 2015, and in parallel with the foundation of the One Company, the Group completed efficiency and reorganisation activities related to procurement management, launched in the second half of 2014 on the basis of in-depth analyses performed on supplies and the supplier base.

BREAKDOWN OF DIRECT AND INDIRECT PURCHASES BY BUSINESS SEGMENT



BREAKDOWN OF DIRECT AND INDIRECT PURCHASES BY GEOGRAPHICAL SEGMENT

GOVERNANCE AND PROCUREMENT MANAGEMENT MODEL

The governance of Finmeccanica supply chain was renewed, with centralised guidance, control and coordination departments, common processes and operating methods to support standard direct and indirect purchases. The divisions have end-to-end responsibility for purchases of goods and services directly linked to the manufacturing of the end product.

The following were set up to support the governance system:

- the **Central Purchases Commission** comprising managers of the Procurement and Supply Chain department and divisions, together with representatives of the supporting Corporate departments;
- the **Single Register of Group Suppliers**;
- a **Common Product Tree**, which will facilitate purchases synergies by monitoring Group spending by consistent categories, as well as being functional to establishing the Single Register of Group Suppliers.

CENTRAL GOVERNANCE OF PURCHASES
CENTRAL PURCHASES COMMISSION, SINGLE REGISTER OF GROUP SUPPLIERS, COMMON PRODUCT TREE

TYPE OF GOODS AND SERVICES	PROCUREMENT RESPONSIBILITY	MANAGEMENT GUIDANCE
DIRECT CORE BUSINESS	They relate to strategic supplies of parts and components used for end products and/or covered by design authority and intellectual property. Each division is in charge of checking the Technical Qualification of its suppliers, which consists in checking that they meet requirements and have the technical/professional ability needed to carry out the requested supply. The information obtained during such activities is also available to other divisions to help mutual recognition of activities to enable integrated management of suppliers included in the Register.	Developing the supply relationship by defining partnership agreements with suppliers and sharing management of risks and opportunities. Analysing the common factors between various products/services, both within each division and across the board between various divisions, in order to seek solutions that are as standard as possible, in collaboration with the product design and development technical and engineering structures.
DIRECT STANDARD	These are common supplies between various divisions, e.g., catalogue industrial components and raw materials. A purchases centralisation process was launched by FGS which gathers each division's supply needs, defines purchase policies and supervises the entire cycle, including negotiating and signing purchase agreements with suppliers.	Focusing purchase volumes to define master agreements capable of effectively and efficiently meeting the purchasing needs of each division. Broadening the supplier base and using calls for tender, online negotiations and electronic catalogue purchases.
INDIRECT	These are supplies traditionally managed by FGS that do not directly relate to end products and that regard the different divisions, e.g., managing facility management services, business travel, real estate, etc.	Focusing all purchase requests to maximise spending power. Concentrating the supplier base and using calls for tender and online negotiations to save on time and costs.

Accompanying PMIs towards sustainable growth

Through its UK subsidiaries, Finmeccanica is a founding partner of the 21st Century Supply Chains[29] programme. This initiative of the Aerospace, Defence and Security sector helps PMIs to improve their performance in terms of resilience, in order to build a more competitive and sustainable supply chain. Most of the suppliers in Finmeccanica's supply chain are small to medium-sized entities, based in local aerospace industrial districts. Driven by the partners of SC21st, they are assisted in developing circles of positive development and adopting collaborative processes aimed at identifying, managing and mitigating the risks linked to supply programmes.

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY OF THE SUPPLY CHAIN

Finmeccanica assesses the direct, indirect and induced impacts along its own supply chain, planning specific actions to ensure the compliance of supplies with ruling environmental and social legislation[30].
By streamlining the supplier base and using Group tools linked to global databases, Finmeccanica targets, for example, more effective management of critical aspects (presence of hazardous substances and conflict minerals[31]), linked to the procurement of electronic components.
With regard to indirect goods, Finmeccanica requests ISO 14001 environmental management system certification from its suppliers of goods and services considered at high environmental risk (e.g., waste disposal, chemical products, cleaning and canteen services). Furthermore, certification in other management systems (Health and Safety OHSAS 18001, Social Accountability SA 8000) is considered a rewarding factor in bids for tender. At the end of 2015, over 93% of the Group's suppliers of indirect goods have third-party certification.

[29] http://www.sc21.org.uk/.
[30] Including the RoHS (Restriction of Hazardous Substance) directive, the REACh (Registration, Evaluation, Authorisation of Chemicals) regulation and the WEEE (Waste Electrical and Electronic Equipment) directive which set the standards applicable to management of hazardous materials and eco-design principles.
[31] Based on the "Dodd-Frank Wall Street Reform and Consumer Protection Act", companies listed in the United States are required to communicate whether their products contain so-called conflict materials, i.e., minerals (cassiterite, wolframite, coltan-tantalum, gold and their derivatives) from Africa and specifically the Congo basin. Finmeccanica never purchases such minerals directly from producers, but rather procures components already available on the market (COTS - Commercial Off-the-Shelf component).

Management of hazardous materials in the naval supply chain

Identifying and managing hazardous materials on ships is becoming an increasingly binding requirement, as it enables health risks to be managed suitably and environmental impacts to be reduced over the entire life cycle of the naval platforms, from design to disposal and recycling of materials.
Under the FREMM programme, the prime contractor Orizzonte Sistemi Navali SpA requested all consortium partners to provide REACh and Green Passport certifications for chemical and hazardous substances.
To meet such request, Finmeccanica's Land & Naval Defence Electronics Division launched a monumental analysis of supplies provided, completed in December 2015, and related to products of three different divisions (Land & Naval Defence Electronics, Security and Information Systems, Airborne & Space Systems).
The customer was satisfied with the results, made possible by the work of an integrated team involving the Engineering, Procurement and Programme Management departments and the availability of a new Company tool dedicated to component and COTS management (Component Management System - CMS). This made it possible to perform otherwise impossible analyses on monumental and heterogeneous products.

LEAN MANUFACTURING

At Finmeccanica, productivity and boosting quality levels are vital factors for the sustainability of all businesses and play an even more significant role in aeronautical programmes which set very challenging goals in this respect aimed at constant improvement.
The ultimate goal of applying lean logics based on the World Class Manufacturing (WCM) approach is improving processes, and, consequently, products, by **cutting back on waste**, **improving quality**, **increasing safety**, mainly for people, and the availability of production resources.

The programme applied in the Aerostructures Division, for example, has already seen formal recognition, in terms of performance improvement, by Boeing for the 787 project, currently in the acceleration stage. Indeed, the programme aims to free resources to deal with the need to increase production volumes. In the short term, it has enabled Finmeccanica to insource some of the division's core production activities back within the Group, using the same amount of production resources. The insourcing of such activities on primary programmes enables greater control over the supply chain, cutting back on production lead times and thus boosting customer satisfaction.

To complete the processes to make operations more efficient, a full review of external costs was also performed in 2015 and control over components procured from suppliers was bolstered via the quality gate approach.

Improving efficiency of aeronautics programmes. Doing more with less resources

An example of how lean manufacturing logics can be applied in the Aeronautics segment is seen in the project launched in October 2015 to insource Boeing 787 fuselage structural subset assembly operations to the Foggia facility. Such activities were previously performed by external suppliers.
The project was broken down into stages. In the initial stage, the equipment was relocated to the allocated areas of the facility following an optimised layout to minimise the movement of materials and operators, with an overlap of employees of the external supplier and Finmeccanica personnel. The handover was completed in January 2016, when a new way of feeding of materials in pre-defined kits according to a “just in time” logic was also introduced. These initial substantial changes led to a 30% reduction in the number of operators required to perform the operations. Then the final stage of the project was launched in February 2016, where certain pilot workstations were optimised further.
The first tests performed on these workstations show how operating efficiency can be improved by up to 50%. Based on such results, all other workstations will be modified, thus getting the new production system fully up and running by March 2016.

Future Manufacturing Awards 2016 won by a young Finmeccanica talent

A young apprentice at the Airborne & Space Systems Division at the Luton site won the Outstanding Achievement by a Final Year Apprentice category of the Future Manufacturing Awards 2016. Organised by the EEF (Engineering Employers Federation), the initiative aims to promote development and innovation in the UK manufacturing business in order to be able to compete in a rapidly-evolving competitive context. The prize awarded improvement actions with regard to production and the supply chain: from the improvement of business processes and implementing a lean pull system to the launch of a new product.

AW Family Helicopters: flexibility, efficiency and innovation as competitive drivers

Some years ago AgustaWestland launched an important challenge to be the first helicopter manufacturer to introduce modular platforms common to various technologically-advanced products, the Family of Helicopters.

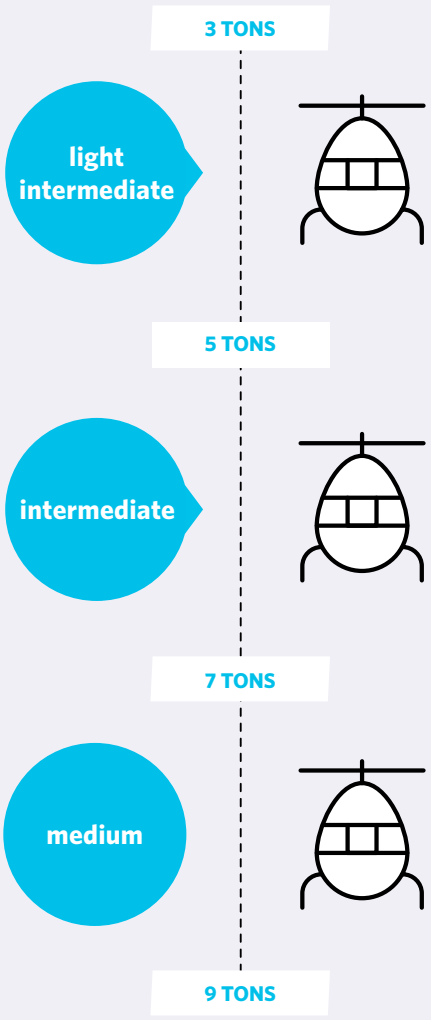
Through the **Product Family & Modularity Programme**, AgustaWestland developed and implemented a product design and development approach based on advanced modularity and design-to-value methods, in order to achieve maximum affordability and value for customers.
Specifically, the aim of the programme is to offer solid benefits to customers in terms of greater reliability and operating availability of the fleets at lower operating costs and to seek out more performing and technologically advanced solutions, also by involving external suppliers. This led to, inter alia, a significant reduction in weight without additional costs. Efficiency, modularity and innovation are the pillars of sustainability and business competitiveness, along with expressing constant improvement in products and Company reliability.

Different abilities, the same DNA

The AW Family was created from three parallel work streams:
- optimising the “Family feeling” of the AW139, AW169 and AW189 helicopters;
- streamlining and modular development of a broader range of kits;
- modular development of key helicopter systems and components.

While covering a very wide range of sizes (from 4.5 tons with the AW169 to over 8 tons with the AW189), missions and configurations, the AW Family helicopters share the same design philosophies, enabling customers, end users, pilots and technicians to feel at home no matter which AW they are using. However, above all, they provide the best solutions in terms of efficiency, upholding the same basic approach with regard to performance, security, training and support.

AW Family Helicopters: flexibility, efficiency and innovation as competitive drivers



WEIGHT REDUCTION
between 40 kg and 120 kg per helicopter

1
hydraulic system with a modular architecture

BENEFITS
extended to other helicopters of the family

COST REDUCTION
of components in co-operation with suppliers

DOUBLED from 20% to 40%
level of commonality of components and systems

+10% HOURS
of helicopter fleet availability

INTERCHANGEABILITY
of components across helicopter models

-25% TRAINING HOURS
for avionics technicians to move from AW139 to AW189

-33% FLIGHT HOURS
for additional pilot training to move from AW139 to AW189

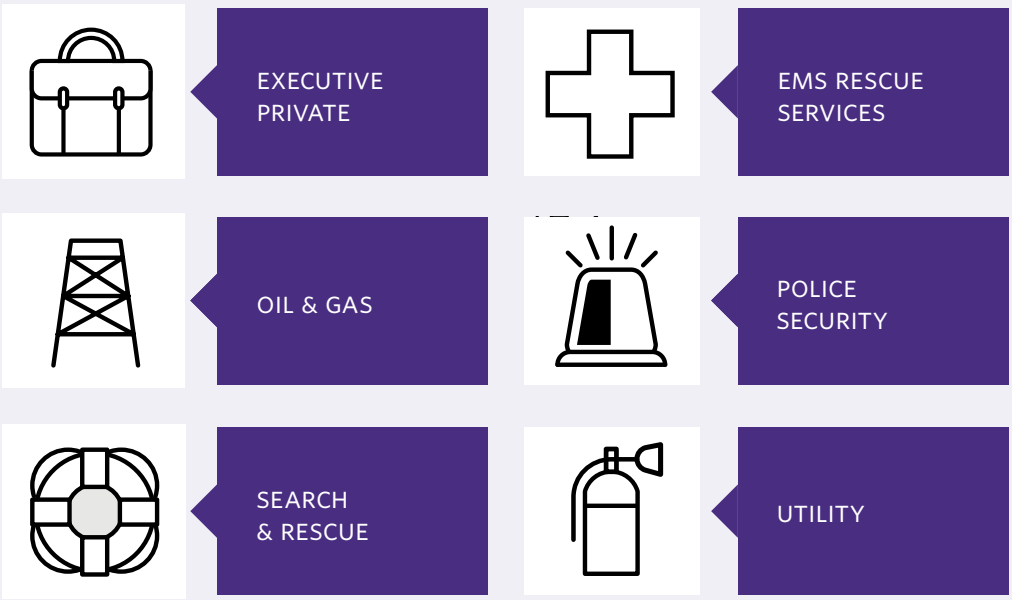
The modular approach of the AW Family means customers receive the **following benefits**:

- **increased availability** of the machines;
- **reduced hours/greater ease of training** for pilots and technicians;
- **greater flexibility** in planning the fleet;
- reduced **spare parts** inventory;
- **less variability in operating procedures**, thus **greater efficiency** and **more security**;
- **higher residual value** of the machines;
- **reduced total cost** of ownership (TCO);
- **versatility in diverse missions.**

The new AW139 7 tons, the AW189 and the AW169, certified in 2014 and 2015, respectively, completed the AW Family with commercial helicopters and opened new opportunities on the civil market, offering operators new and more efficient products to streamline or overhaul their fleets.

To date, several dozen customers have already signed contracts for two or more members of the AW Family, with helicopters that will be used for **transport**, **offshore**, **VVIP/corporate**, **search and rescue and health transport**, confirming the success of the Family & Modularity approach put in place by AW.

THE RANGE OF CIVIL APPLICATIONS OF THE AW FAMILY



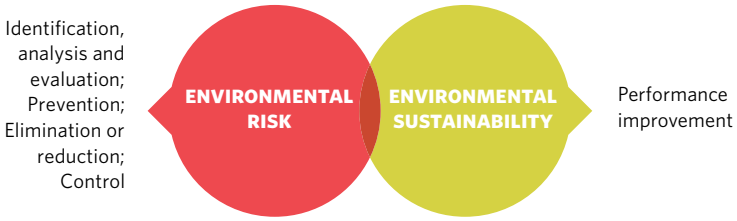
In the civil sector, Finmeccanica's Helicopters segment holds a 30% share of the global market in terms of products delivered in the last five years, with a fleet in operation totalling over 2,100 helicopters and roughly 900 customers spread out throughout the whole world.

ENVIRONMENTAL RESPONSIBILITY AND ECO-EFFICIENCY OF OPERATIONS

The metamorphosis of Finmeccanica in the past year, together with the constant evolution of the competitive and regulatory context, heightens the need to view environmental issues as a strategic and managerial element to be integrated and strengthened in doing business, following an innovative approach constantly focused on improving performances and processes.

The environmental vision of the One Company, strongly promoted by top management, confirms the emphasis on natural capital as a systemic element to be enhanced, safeguarded and preserved in all business activities. It has given a new lease of life to the principles and orientations already set out in the Finmeccanica Directive on environmental protection and the environmental and health and safety in the workplace policy.

This new structure gave rise to the **SPA 2.0. Project** (**Environmental Strategies and Policies**) in 2015. This develops an innovative approach aimed at steering the various environmental management initiatives towards more efficient management of the environmental impacts and risks linked to the business activities.



SPA 2.0. Project activities performed in 2015 included the implementation of the Environmental Audit Programme and the definition of the 2016 edition.
The entire regulatory structure on environmental issues was also simplified and optimised in 2015. Specifically, the FGS Procedures Management of environmental audits and Management and operational control of environmental aspects and compliance were issued. They establish operating methods, roles and responsibilities for the management and performance of related activities in relation to environmental issues[32].
The regulatory renewal procedure involved numerous discussions to assess the actions to be implemented in order to ensure, with the transfer to the One Company, full operational capacity of sites and their compliance with ruling environmental legislation.

[32] See the list of the Group's environmental guidelines in the appendix.

Environmental Workshop 2015

The Group Environmental Workshop was held in Rome on 26 June 2015. During the event, the Chief Executive Officer and General Manager of Finmeccanica illustrated the "new approach" to managing environmental issues which sees the environment as an element that is fully integrated into the One Company.
The contributions and reports presented focused on the Group's efforts to constantly improve management and control processes, starting from a background and data analysis, to assessing the risk and extent of the damage, simulating interventions and coordinating emergency operations, aimed at minimising the impact on the land, facilities and people. Furthermore, the issues tackled included analysis of new Italian environmental legislation, managing compliance and performance, and the importance of employee training for the new environmental management approach. During the afternoon session, the main environmental KPIs were presented and discussed with Group companies' representatives.

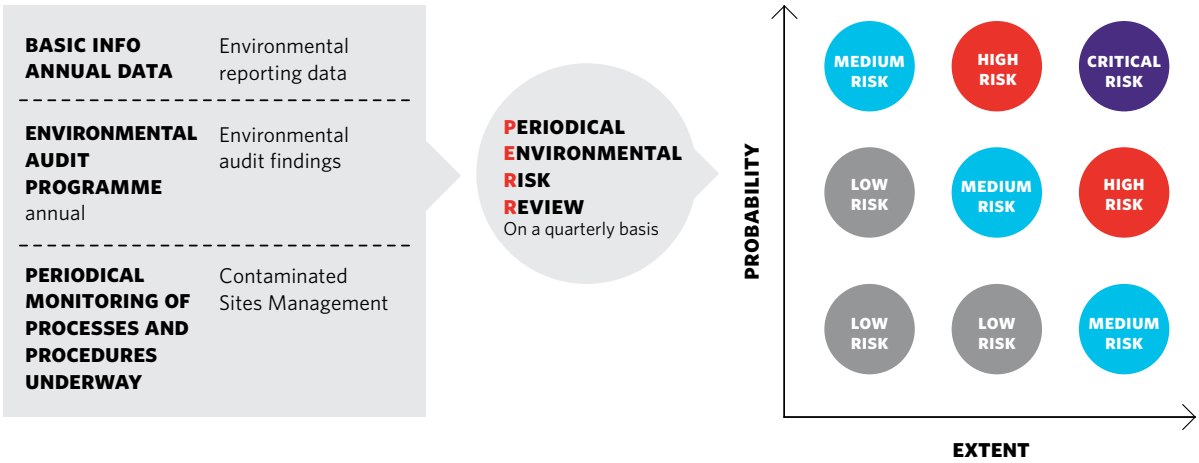
ENVIRONMENTAL RISK MANAGEMENT

Finmeccanica's environmental action plan is aimed, first and foremost, at safeguarding environmental issues and protecting against risks, particularly targeting issues falling under the scope of Legislative Decree 231/2001 (and subsequent amendments and integrations) with regard to sustainable, integrated management.

Risk control and management is performed via a mix of activities and specific tools. Particular emphasis is placed on the risk assessment stage, using the Risk GATE mathematical model developed internally and used by the Italian industrial sites. Such tool enables the sites to separately consider the environmental awareness of the area and the environmental aspects at risk, while objectively comparing the site over time or numerous comparable sites, minimising the discretion on the part of the evaluator to a minimum.

The risk assessment and management tools were further strengthened with the creation of the PERR (Periodical Environmental Risk Review). This calculation model (currently being fine-tuned) enables monitoring of environmental management, on a quarterly basis, by processing the data deriving from environmental reporting, the audit findings and information related to characterisation and reclamation processes underway at Italian sites.

PERR OPERATION



LOW RISK
Environmental management via current procedures. No action currently required.

HIGH RISK
Immediate actions. Swiftly making decisions for risk management.

MEDIUM RISK
Review of current management procedures, aimed at reducing the risk in terms of probability or damage.

CRITICAL RISK
Emergency situation. Immediate actions, also by using all available resources.

In line with the Group's best risk management practices, environmental audits and checks are performed annually at industrial sites in compliance with relevant international standards (UNI EN ISO 19011:2012), aimed at promptly identifying any actions needed to manage potential sources of pollution, thus safeguarding the value of the Group's real estate assets.
Following each audit, follow-up plans are drafted which set out the actions to be implemented to resolve the critical issues identified and the relevant timeframes. The implementation status of such plans is monitored periodically.

There were 55 audits and internal checks performed in Italy in 2015, in line with the Environmental Audit Programme, more than twice as many as those carried out in the previous year (23).
The Group's sites were also subject to environmental audits performed by third parties (e.g., certification bodies, independent auditors) for the purposes of both obtaining or maintaining certifications of site management systems and checking and assessing environmental risk management.

ENVIRONMENTAL MANAGEMENT	2015	2014	2013
Number of facilities with certified environmental management systems	61	75	74
Environmental audits	112 (*)	97	148
Environmental accidents (total)	3	20	32
- spillages	2	18	27
Violations of environmental regulations noted by control bodies	10	9	0
Fines for such violations of environmental regulations (€/thousand)	0	n.a.	n.a.
Main environmental costs (€/million) (**)	6.8	n.a.	n.a.

(*) Including 55 audits by FGS. Data related to the Transportation segment are not included.
(**) The caption includes the following costs: waste management at Italian sites; Group personnel working in environmental management; environmental information and training; environmental certifications; external consultancy; purchase/sale of greenhouse gas emission certificates.

Audit risks on environmental issues

As requested by the Supervisory body, there were two specific environmental audits performed in 2015 as part of the Risk-based Audit Plan coordinated by the Internal Audit department:

- an audit on the “environmental crimes management process”: the aim of the audit was to analyse Finmeccanica SpA process management and operational capacity, from 1 January to 31 December 2014, including with regard to profiles as per Legislative Decree 231/2001, and to verify the eligibility of the Internal Control and Risk Management System;
- an audit on the “waste management process” of OTO Melara SpA: the aim of the audit was to analyse OTO Melara SpA sites’ management and operational capacity of the process from 1 January to 30 June 2015, including with regard to profiles as per Legislative Decree 231/2001, and to verify the eligibility of the Internal Control and Risk Management System.

Thanks to the checks performed, certain areas for improvement in Company processes were identified, promptly investigated and managed, such as the review of internal procedures and more accurate definition of certain profiles with responsibilities in environmental management.

ECO-EFFICIENCY OF OPERATIONS

Eco-efficiency is a competitive lever for Finmeccanica. Careful management of operations in this regard leads to benefits in terms of streamlining energy consumption and cutting environmental management costs.

Maximising efficiency is based on spreading environmental technical-specialist know-how at all Company levels, together with defining and analysing systems and control methods for performance. Thanks to the EHS community, over 150 people, including managers, coordinators and operating personnel involved in environmental and health and safety areas, have the opportunity to enhance, share and refresh their knowledge and skills. Via a dedicated portal that has been operational since 2012, over 130 people spread throughout the world have the chance to view approximately 300 technical-specialist documents that investigate environmental regulations and relevant updates, in addition to sharing international best practices.

INVESTMENTS AND MANAGEMENT SYSTEMS

Based on performance measurement, Finmeccanica companies define long-term investment plans aimed at improving production process and site management. In 2015, over 70% of actions launched or completed during the year related to energy efficiency, while the remainder focused on improving waste cycle and water management.

Finmeccanica also proves its commitment to efficiency and protecting the environment by promoting the adoption at all sites of the Environmental Management System (SGA) and the Health and Safety in the Workplace management systems (SGSS), certified under the relevant international standards, ISO 14001 and OHSAS 18001. Specifically, over half the sites (54% of the total) have an Environmental management System, with 70% of employees working at such sites[33], which falls within the environmental reporting scope.

€8 MILLION SPENT FOR **70** ACTIONS AT SITES AND PRODUCTION PROCESSES

50 SITES EQUIPPED WITH SGA AND SGSS AND **2** SITES EMAS REGISTERED

70% OF EMPLOYEES WORK AT SITES EQUIPPED WITH THE SGA

5 SITES EQUIPPED WITH THE ISO 50001 ENERGY MANAGEMENT SYSTEM

21,700 HOURS OF ENVIRONMENTAL TRAINING (+17% ON 2014)

[33] The Transportation segment accounts for 7%.

In the final few months of 2015, the operating companies/divisions launched preliminary actions aimed at planning the transition from the old ISO 14001 standard from 2004 to the new 2015 edition "Environmental management systems - Requirements with guidance for use". The new standard allocates greater weight to risk assessment, attributing responsibility in the organisation, engagement with stakeholders and the Life Cycle Assessment, issues that are also significant for Finmeccanica. Such transition will involve a temporary three-year period during which the existing certificates will remain valid.

Main investments to improve production processes and site management

Helicopters

Energy efficiency plan:
- overall estimated energy saving within three years of 16,000 MWh;
- estimated cost reduction of over €160,000.

Project to install a steam boiler:
- overall estimated energy saving within three years of 13,000 MWh;
- estimated cost reduction of over €400,000.

Aeronautics

Operational implementation of a project to treat waste in carbon resin by reclaiming and recycling carbon fibre:
- reduction of quantity of dumped waste by over 750 tons over the next three years;
- estimated cost reduction of approximately €150,000.

Project to install energy saving led lighting:
- estimated energy saving of approximately 7,000 MWh for the 2017-2018 two-year period;
- financial saving of almost €1 million.

ENERGY MANAGEMENT

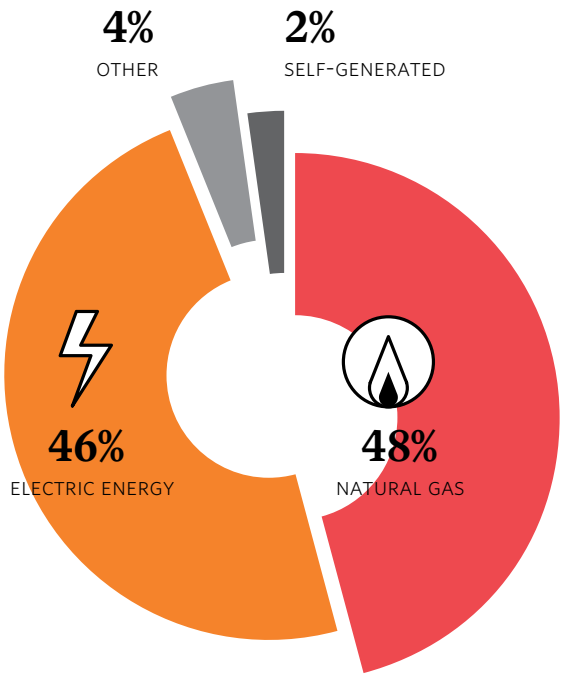
Energy management at Finmeccanica combines efficiency and environmental sustainability. On the one hand, it targets cutting energy consumption, including by adopting more efficient plant design solutions and good management practice. On the other, it aims to boost the use of more environmentally-friendly energy sources.
Group energy consumption in 2015 amounted to approximately 6,160 TJ, more or less unchanged on 2014. For the first time, it includes the consumption of self-generated electrical energy which covered 1.7% of total requirements.
Natural gas became the Group's main energy source in 2015. Its consumption rose by 12% on 2014 due to the rise in production, the go-live of an important cogeneration plant at a production site of the Aeronautics segment and, lastly, the tough weather conditions recorded during the year, especially in Europe.
In contrast, consumption of electrical energy fell by almost 7%[34] on 2014, with a significant surge in the renewable sources component from 6% in 2013 to 72% in 2014 and 73% in 2015[35].

[34] 3% of total reduction is due to the reporting boundary change in 2015.
[35] Thanks to the acquisition of the Certificate of Guarantee of Origin from renewable sources (CGO). 100% of the electrical energy acquired by the Transportation segment is covered by CGO.

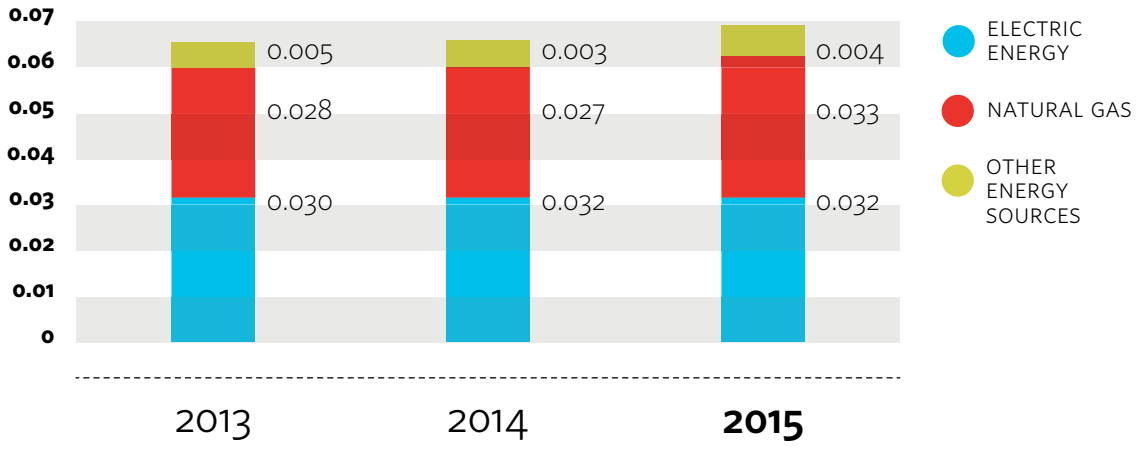
Acquiring the Certificate of Guarantee of Origin[36] 2016 will cover 100% of electrical energy consumption of Finmeccanica's divisions. Such commitment was made in 2015 in parallel with negotiations of energy supplies.

Finally, no consumption of fuel oil was recorded in 2015. It was replaced by more sustainable energy sources, starting from natural gas.

ENERGY CONSUMPTION DISTRIBUTION BY SOURCE



ENERGY CONSUMPTION BY SOURCE (GJ/HOUR WORKED)



[36] The Guarantee of Origin (GO) is an electronic certificate that confirms the renewable origin of sources used by IGO qualified plants. Each GO certificate is issued by the GSE for each MWh of electrical energy added to the network, in compliance with Directive 2009/28/EC.

CARBON FOOTPRINT AND EMISSIONS TRADING

Greenhouse gas emissions[37] are reported via the Carbon Management System (CMS), pursuant to the Greenhouse Gas Protocol (GHG)[38].

The Group produced roughly **687 thousands tons of CO_2e in 2015, down 7% on 2014**[39], confirming the positive results reached in the previous year with regard to the goal of reducing CO_2 equivalent tons produced (-15/20% by 2015).

Direct emissions (Scope I) rose by 11% on 2014 due to the increase in natural gas consumption, while indirect emissions dropped, mainly due to the reduction in electrical energy consumption (Scope II, -8%) and the decrease in handling of materials and goods which affected certain US sites (Scope III, -19%). For the first time, the reporting of Scope III emissions has included CO_2 equivalent produced by train journeys taken by employees.

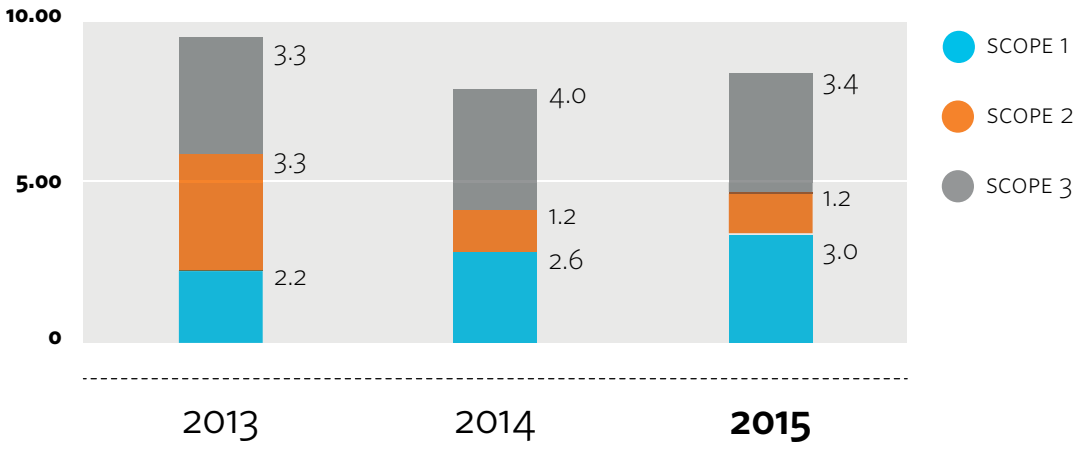
Logistics and business travel sustainability

The new supplies linked to waste collection, transportation and disposal were awarded following technical analyses aimed at favouring offers with lower potential for emissions. The criteria used to assess the offers included the minimisation of CO_2 emissions measured as the product of the fleet emissions and estimated kilometres between the facility and the plant.
The aim of the Group's Travel Policy is to streamline costs and reduce environmental impacts, without compromising business effectiveness and efficiency. In addition to greater planning of work travelling business trips, the policy includes, inter alia, using trains rather than airplanes for domestic transfers under a certain length. The results of the first year of the policy saw a decrease of roughly 18% in kilometres travelled in 2015 compared to 2014 in short-haul flights (< 500 km), which corresponds to a reduction in CO_2 emissions of roughly -21%[40].

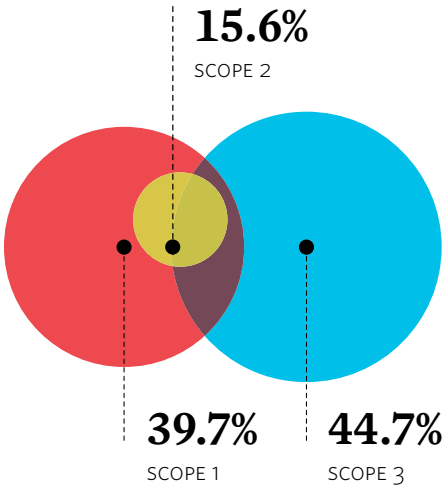
Carbon intensity, calculated as the ratio of tons of CO_2e produced during the year to total hours worked[41], **fell by almost 2% on 2014**. This was mainly thanks to the acquisition, in 2014, of the Guarantee of Origin of renewable sources[42] 2015 for a quantity equal to over 90% of forecast consumption of the Group's main Italian sites (compared to 70% in 2014 and 23% in 2013).

[37] The emissions are classified as "direct" (Scope I, deriving from own sources or controlled by the Company) and "indirect" (Scope II, related to the generation of electrical energy purchased; Scope III, deriving from sources not controlled by the Company, for instance, extraction of raw materials, transport of goods and employee travel).
[38] Coefficients and emission factors were updated, where necessary, in accordance with the relevant national and international standards (GHG Protocol Tool 2011, 2012 and 2014; UNFCCC NIR Italy, 2015).
[39] 3% of total reduction is due to the reporting boundary change in 2015.
[40] The figures refer to the following scope: Finmeccanica, Alenia Aermacchi, AgustaWestland, Selex ES, OTO Melara, WASS, FGS and Telespazio.
[41] Referred to sites included in the environmental reporting scope.
[42] 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.

CO_2E EMISSIONS (KG/HOUR WORKED)



DISTRIBUTION OF CO_2E EMISSIONS



There are 13 sites included in the scope of application of the "Emissions Trading"[43] Directive (with one belonging to the Transportation sector, under the opting out clause[44]) given the combustion method (natural gas) used to generate heat and electrical energy (stationary plant), which requires emission checks and certification by a third party licensed by the Ministry for the Environment, Land and Sea.

[43] Directive 2003/87/EC, as amended by Directive 2009/29/EC (Emissions Trading Scheme - ETS). The latter was implemented into Italian legislation with Legislative Decree 30/2013 which became effective on 5 April 2013.
[44] Under Article 38 of Legislative Decree 30/2013, as amended by Legislative Decree 111 of 2 July 2015, small-size facilities can be excluded from the greenhouse gases trading scheme, 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.

In 2015, actual emissions in 12 sites[45] were 118,695 tons compared to allocated emissions of 66,506 tons: the difference will be covered by offset mechanism (also through new allocations) and by purchasing allowances starting from next year[46].
With regard to air transportation activities covered by the air transportation ETS (Aviation ETS[47]), certain operating companies/divisions of the Aeronautics and Helicopters segments were included in the latter scheme as aircraft operators[48].

Finmeccanica and Climate Change

For the past eight years, Finmeccanica has participated in the initiative of the non-profit making organisation CDP[49], working to reduce greenhouse gas emissions and for sustainable use of water resources. Finmeccanica, which takes part in the Climate Change Programme, has increased its disclosure score by 11 points on 2014 (Disclosure score 2015: 86) and kept its performance unchanged (Performance Band: C).

COP 21

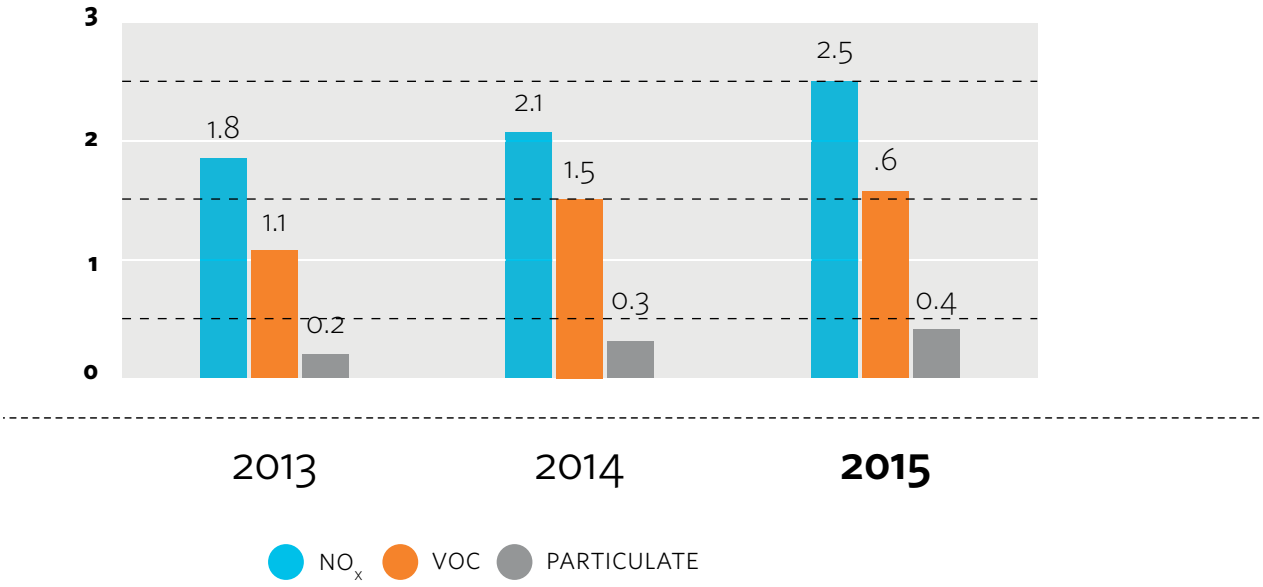
COP 21, the 21st United Nations Framework Convention on Climate Change (UNFCCC), took place in Paris from 30 November to 12 December 2015, for the fight against climate change. The convention also saw the final session of the ADP (Ad Hoc Durban Platform), the negotiation group entrusted with the task of preparing the Paris Agreement over the past few years.
In preparation for COP 21, the General meeting on climate change was held in Rome on 22 June aimed at defining the Italian position at such Convention. Finmeccanica was invited to present its activities, actions, results, strategies and proposals.

ATMOSPHERIC EMISSIONS

Combustion processes for the generation of energy and heat, and certain site specific production activities (e.g., treatment of surfaces, processing of resins and assembly, welding) generate atmospheric emissions.
Environmental protection actions implemented over the years, in addition to improvements made to production processes, ensured that there were no significant emissions of volatile inorganic compounds (VIC), heavy metal and sulphur dioxide (SO_2).
The increase in emissions of nitric oxide (NO_x)[50] in 2015 is mainly due to greater use of natural gas in replacement of other fuels, while the increase in quantities of volatile organic compounds (VOC) and particulate is due to the rise in production, especially in the Helicopters and Aeronautics segments.

[45] The Trasportation sector site is not included.
[46] CO_2 emissions allocated by the Ministry for the Environment, Land and Sea under the National Allocation Plan (2013-2020).
[47] Directive 2008/101/EC.
[48] EU Commission Regulation 2015/180 of 9 February 2015 amending EC Regulation 748/2009 related to the list of aircraft operators that performed one of the air transportation activities included in annex I to Directive 2003/87/EC of the European Parliament and Council dated 10 January 2006 or subsequent to that date, which specifies the reference member state of each aircraft operator.
[49] https://www.cdp.net.
[50] The Transportation segment accounted for roughly 3% of NO_x, 6% of VIC and 5% of particulate.
These percentages are calculated on the basis of average emissions and energy consumption recorded in the last three years.

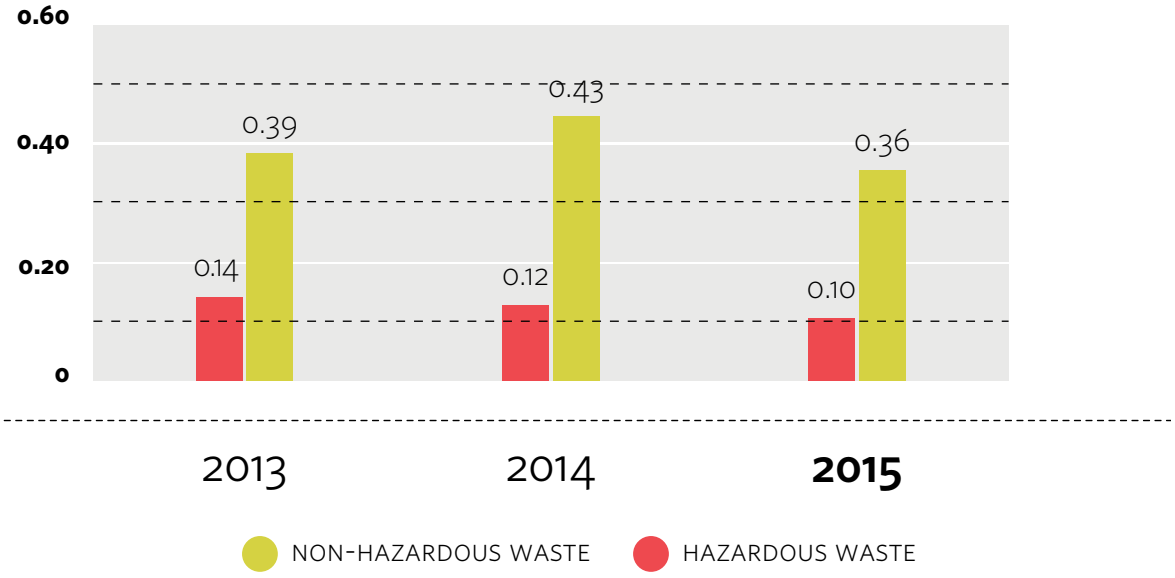
ATMOSPHERIC EMISSIONS (G/HOUR WORKED)



WASTE AND WASTEWATER MANAGEMENT

The quantities of waste generated in 2015 fell by 20%[51] on 2014 (from over 52,000 tons to 42,000 tons[52]) and the breakdown between recycling (49%) and disposed (51%) waste was unchanged on the previous year. Based on ruling regulations, almost 78% of waste produced was classified as non-hazardous and the remaining 22% as hazardous.

HAZARDOUS AND NON-HAZARDOUS WASTE GENERATED (KG/HOUR WORKED)



[51] 1% of total reduction is due to the reporting boundary change in 2015.
[52] The Transportation segment accounts for 9% of total waste generated, estimated on the basis of average volumes produced in the last three years by hours worked.

Focus on waste management

FGS called a national bid for tender in 2015 for the supply of waste collection, transportation, recycling and disposal (urban and similar waste, and special hazardous and non-hazardous waste). Six suppliers were selected, all with an SGA certificate. Such suppliers shall comply will strict requirements established by contract, including:

- meeting minimum goals for recycling special waste products (increase in the percentage of recycling on an annual basis), including through the presence of qualified personnel supporting the waste sorting processes performed at the companies' facilities;
- implementing a transportation streamlining plan;
- reporting and communicating a series of data and information linked to sustainable management issues provided by the supplier during the year and throughout the entire service supply period.

Specifically, the reporting provided in the service period under the contract highlighted the lack of accidents occurred at Group sites and the production of approximately 124 tons of CO_2 (waste transportation, vehicle handling, etc.).

64% of wastewater (including 51% domestic or similar and 49% industrial and process-linked) equal to 5.4 million cubic metres in total[53] is channelled into public sewers, while about 35% drains into surface waterways as it does not require additional purification treatment. The remaining portion (1%) is disposed of in another way (pursuant to the authorisations issued by the supervisory and control bodies).

The Caselle galvanic processing water treatment and recycling plant

A tangible demonstration of the Group's focus on sustainable water management is the reverse osmosis pilot plant at the Caselle Nord facility (Alenia Aermacchi, now the Aircraft Division), installed to treat and recycle the galvanic processing water used in treating metallic surfaces (approximately 5,000 cubic metres of wastewater produced every year and disposed as waste before the plant was installed).
The project entailed a trial period using a pilot plant from July 2014 to February 2015 and was put into effect following the building of an industrial-scale dedicated plant which became operational in mid-September 2015.
The forecast benefits were confirmed during the plant's first few months of operation, from mid-September to the end of December 2015. Specifically:

- reduction in monthly average wastewater produced by approximately 80% compared to the months prior to the launch of the plant, consequently reducing disposal costs (an average monthly saving of roughly €21,000);
- reduction of CO_2 emissions produced by waste transportation due to the decrease in the number of journeys made;
- 100% of galvanic processing water is now treated and reused in production cycles;
- estimated financial saving in future years of roughly €170,000 per year.

In light of the excellent results, the current purification line is scheduled to be doubled in the first half of 2016.

[53] The Transportation segment accounts for 3% of total wastewater generated.

SECURITY OF PEOPLE AND ASSETS

ACCIDENT PREVENTION

Finmeccanica has always been strongly committed to safeguarding the health and safety of people in the workplace, as set out in the Group's Environmental and Health and Safety Policy. Similarly to environmental issues, the management approach is based on the implementation of Management Systems. At the end of 2015, 48% of sites had an OHSAS 18001 Health and Safety in the workplace system, with 63% of the workforce operating therein which falls under the environmental reporting scope[54]. Significant investments are made in this regard (more than €50 million in the last three years), in addition to ongoing specific employee awareness and training activities.

AROUND **€15** MILLION INVESTED, **+33%** ON 2014

63% OF EMPLOYEES WORK AT SITES EQUIPPED WITH THE SGSS

213,517 TRAINING HOURS PROVIDED, **4** FOR EACH EMPLOYEE

-22% ACCIDENTS OCCURRED ON 2014

The 2015 results reflect the effort on the field. The number of accidents[55] in the workplace occurred in 2015 fell dramatically: 443[56] compared to 570 in 2014 and 801 in 2013. Unfortunately, after many years without any fatal accidents, two pilots died in an AW609 testing activity accident.

As in previous years, investigations were made into accidents occurred[57]:

- considering minor sites, i.e., those that belong to an operating company but are not included in the environmental and health and safety reporting scope due to the lower materiality of impacts linked to activities performed and the number of employees: in 94 sites reported, 14 accidents occurred (frequency rate of 6.26, compared to 7.06 in 2014);
- in 49 sites included in the reporting scope, there were 143 accidents[58] involving personnel of external companies (345 suppliers, e.g., Global Services, logistics, ICT companies, etc.), i.e., less than 3 accidents per site.

[54] The Transportation segment accounts for 7%.
[55] An accident is an incident that causes the inability to work to one or more days, excluding the day of the accident itself. Accidents on the way to and from work are excluded.
[56] Including 48 related to the Transportation segment (almost 11% of the Group's total).
[57] The investigation does not include the Transportation segment.
[58] Accidents on the way to and from work are excluded.

COMPANY SECURITY

The security of Company people and assets and business continuity are priority and necessary conditions for Finmeccanica, considering the "sensitive" activities performed and high risk to which the divisions are potentially exposed.

The reorganisation of the Security organisational unit became operational in 2015. The function of this unit is to safeguard and manage security risks in two areas: "Company protection" and "Cyber security", in order to optimise processes and constantly boost efficiency.

COMPANY PROTECTION	Security inspections were carried out in 2015 at sites exposed to threats. These led to defining countermeasures to be adopted and checking that they were effectively and efficiently implemented. Additional preventative controls via open source analyses or following the flagging of relevant events led to the identification of further aspects to be investigated for the correct assessment and forecast of threats and/or the adoption of countermeasures fit to prevent the threat arising or mitigate any effects.
CYBER SECURITY	An important long-term programme was launched in 2015 for the updating and strengthening of cyber protection. Such programme reinforced the Security Operation Centre (SOC), in charge of detecting attacks, and the Computer Security Incident Response Team (CSIRT). This meant that 55% more malevolent events were intercepted compared to 2014. In addition, the foundations were laid for a partnership involving the two-way exchange of information for the prevention of cyber threats. Such partnership involved various national and international counterparties, including private companies and public bodies based on the idea that modern cyber security is based on a company's ability to "create a system" via partnership agreements between private entities and private-public collaborations.
TRAVEL SECURITY	Finmeccanica implements all the measures necessary to ensure the protection and security of its personnel working off-site, especially in countries considered at risk. The travel security system is based on: • monitoring and collection of security information on foreign countries, supporting country risk analyses; • weekly updates and communication of country risk levels; • developing "Alerts" and "Special Advisory" notices (15 Alerts and Special Advisory notices distributed throughout the Group); • drafting "Security Travel Guides" (110 Security Travel Guides distributed); • weekly drafting and distributing of Travel Security Intelligence bulletins.

In order to safeguard employees, assets, reputation and suppliers, a series of activities were implemented to promote the structural resilience of Finmeccanica, i.e., the ability to:

- foresee key events via analysis of emerging trends;
- constantly adapt to change;
- respond to destructive events.

The Group set up a Programme to manage Business Continuity that improves the Group's ability to respond to disruptive and/or destructive events. Accordingly, it defined a Business Continuity Management System, which protects the Finmeccanica business continuity by developing its own ability to tackle disruptive, and at times traumatic, events, to react to them effectively and recover, constantly adapt to change, developing new organisational skills to protect the interests of the stakeholders, its image and reputation, consolidating and, at the same time, strengthening its ability to generate value.

Furthermore, three key documents were updated to protect the Group's intangible assets, i.e. the "Methodology for security risk analysis and management", the "Procedure on security in using IT resources" and the "Manual on information security".

Finally, the Group obtained the following certifications under the international standard ISO/IEC 27001 Information Security Management System (ISMS):

- Continuous Services and Cloud Computing Services related to the EDP, the Server Farm and the Network and Call Centre/Help Desk of Genoa;
- Consultancy, Security Governance and Privacy Services of Rome - Laurentina;
- Cyber security & information assurance Solutions of Rome - Tiburtina;
- Cyber and SOC Services of Bristol;
- Cyber Security, SOC and CSIRT Services, whose Business Continuity Management System was also certified under the ISO/IEC 22301 international standard.

You-SEC: Finmeccanica security starts from information

To fully guarantee operational security, Finmeccanica personnel must be the leading players. Accordingly, a broad awareness and training programme was organised in 2015 focused on building You-SEC, the intranet portal dedicated to security, open to the entire Group population. This tool trains and informs about the risks and threats affecting the Group and the countermeasures to be adopted. It takes advantage of the new One Company to create a common carrier to share and standardise techniques, skills and experience gained throughout the Group. In addition to the portal, other specific initiatives were implemented, including online courses on "Information Classification", "Travel Security", "Business Continuity & Crisis Management", "Cyber Security", "Use of Company IT resources", classroom sessions of theory-based/practical courses on the prevention of Social Engineering attacks, as well as a communication campaigns targeting the entire Group population aimed at promoting and spreading the contents of the security training programme via channels such as videowall, gadgets, Company intranet, items and specialist publications. In 2015, approximately 5,000 online courses were completed in Italy. The awareness campaign involved roughly 15,000 employees in Italy and the UK.

Finmeccanica's approach to Cyber Security and Threat Intelligence

Cyber space is increasingly a point of strategic competition at all levels. Its low-cost accessibility and pervasive nature make it a breeding ground for thefts of sensitive information and cybercrime. The main threat originating in virtual space targets the security of industrial potential in the form of scientific, technological and company know-how, with inevitable repercussions on the social and economic health of countries.

Safeguarding security from cyber threats involves finding the right balance between business priorities, risk management, incident handling and productivity requirements via "managed security services".

Finmeccanica provides managed security services via its Security Operation Centre (SOC) in Chieti. The Chieti facility also added a CSIRT (Computer Security Incident Response Team) in 2015, expanding its expertise and intervention range.

3,000 CUSTOMERS SERVED WITH A SERVICE DEDICATED TO PMIs

MORE THAN **50,000** EVENT LOGS RECEIVED, COMBINED AND ANALYSED EVERY SECOND

MORE THAN **30,000** SECURITY EVENTS GATHERED AND CONNECTED EVERY SECOND

ON AVERAGE **50** SECURITY INCIDENTS MANAGED EVERY DAY

MORE THAN **400** EARLY WARNING ANNOUNCEMENTS (ACTIONABLE INTELLIGENCE)

With the SOC/CSIRT structure, the Chieti facility of the Security and Information Systems Division of Finmeccanica became one of the most advanced MSSP (Managed Security Service Provider) centres of excellence at European and international level, both in terms of service variety and number of customers served.
The unit has numerous security experts and certified ethical hackers specialised in Vulnerability Assessment and Penetration Test activities, which cover the entire life cycle of the attack, starting from the threat prediction stage to the remediation stage, 24 hours a day, 7 days a week.

Finmeccanica's approach to Cyber Security and Threat Intelligence

The office building and SOC are located within a reserved area with access controlled by armed security guards. In order to guarantee the maximum rate of physical security, the Finmeccanica data centre is located in an area fitted with top protection from fire, water, electromagnetic fields, dust and other risk factors, including intrusions and tampering. The cell is comprised of an autonomous, free-standing structure, with the flooring, ceiling and walls made of fireproof insulating panels covered internally and externally by steel plate.

FINMECCANICA'S APPROACH TO CYBER SECURITY

CYBER SECURITY SERVICES PROVIDED BY FINMECCANICA

	MANAGED SERVICE	ON DEMAND ACTIVITY	GOAL
SOC	LM - Log Management; SDM - Security Device Mgmt; RTSM - Real Time Security Monitoring	Security Posture Review; Security Device Policy Review; SIEM - Review and Development	DETECTION & MANAGEMENT
CSIRT	Early Warning; Incident Response; Malware Analysis	Vulnerability Assessment; Penetration Test; Digital Forensics; Artifact Analysis	PREVENTION & REACTION
INTELLIGENCE	OSINT - Open Source Intel; Data Leakage; IoC Analysis and Development	Hands-on support	THREAT INTELLIGENCE

5

risk management *and* **internal control**

for a corporate culture
based on responsibility

Risk Management and Internal Control

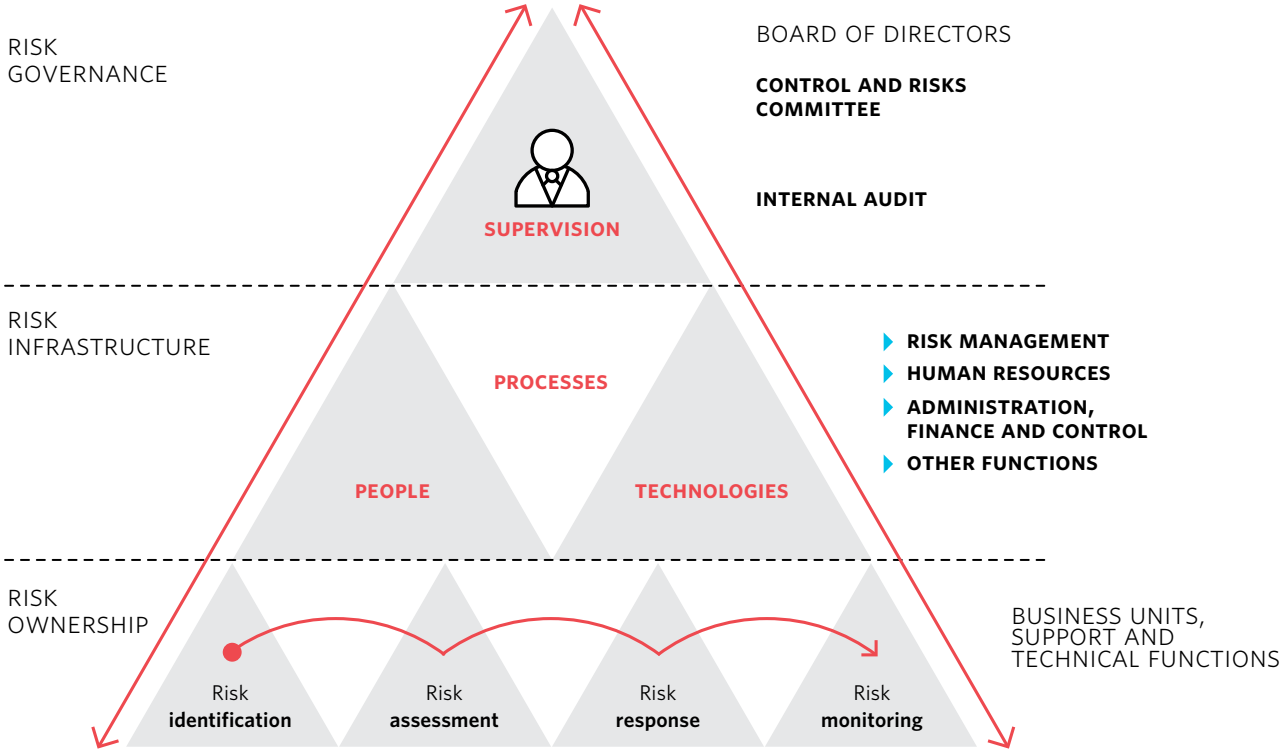
Finmeccanica favours and promotes a corporate culture of responsibility, upstanding conduct and integrity in the performance of its activities, paying the utmost attention to the professional conduct and ethics of all parties operating in the interests of the Group.

To ensure full respect for every applicable legislation and internal management regulation and to prevent illegal practices, Finmeccanica has implemented structures and protocols for Group-level evaluations of controls to identify business risks. Finmeccanica's reorganisation had an impact on the Group's Internal Control and Risk Management System and the integration process related to the transition to the One Company required the design of a new architecture of controls to avoid redundancies and focus on control effectiveness in a highly centralised environment.

RISK MANAGEMENT

The key innovations introduced by the new organisational model include the establishment of the Central Risk Management unit, which reports directly to the Chief Executive Officer and assists top management with the control of risk management activities in accordance with national and international standards and best practices, in order to strengthen the Group's governance and ensure the definition, update and circulation of the methodologies, metrics and tools to properly identify, analyse, assess, manage and monitor risks. This unit operates in close collaboration with the other central units for efficient and coordinated control of all risk areas (strategic, financial, legal, contractual, compliance risks, etc.) and assists business units, including the technical and support units, with the identification and assessment of risks and mitigation activities.

FINMECCANICA'S RISK MANAGEMENT MODEL



The Central Risk Management unit is based on two main areas: Enterprise Risk Management (ERM) and the Project Risk Management, overlooking to the related processes.

In 2015, activities were carried out in order to:

- **standardise** business and contract risk management among the different Company units;
- **spread** the risk culture consistently and pervasively among the players involved in the risk management process, from the members of the specific Professional Family to Risk Owners;
- further **increase** integration between risk management and individual units.

ENTERPRISE RISK MANAGEMENT

The model supporting the identification, assessment, management and control of the enterprise risks is structured and is consistent for all Company units and is aimed at mitigating the risks that, if not adequately controlled, may threaten the achievement of the Industrial Plan objectives. This is crucial in preserving, in the long term, the Company's value, business operations and stakeholders' interests.

As part of Finmeccanica's Enterprise Risk Management, risks are identified and managed by the Company's relevant units (Risk Owner/Risk Specialist), assisted by risk management, in accordance with the following categories:

- strategic risks, i.e., risks related to the achievement of medium/long-term objectives;
- financial risks, i.e., risks with an impact on financial data and profitability indicators, debt reduction and capital strengthening;
- operational risks, i.e., risks related to the effectiveness and efficiency of primary business and support processes;
- compliance risks, i.e., risks arising from the failure to comply with external/sector and internal provisions and regulations.

ERM PROCESS STAGES AND ROLES

MACRO PHASES OF THE ERM PROCESS	RISK **OWNER**	RISK **SPECIALIST**	RISK **MANAGER**
ANALYSIS	Risk identification and evaluation	Support to the risk evaluation	Definition of the risk assessment methodology and support to the risk evaluation
IMPLEMENTATION	Definition/management of mitigation plans	Management of specific mitigation actions	Supporting the risk response identification
MONITORING	Monitoring of mitigation plans	Information on specific mitigation actions	Elaboration of periodic update on the work status
REPORTING	Reporting on risks and risk response	Reporting on specific mitigation actions	Risk reporting for different Company levels

Risk culture

The dissemination of a risk management culture throughout and across the One Company is a soft component of the model that increases effectiveness exponentially. In order to achieve this goal, a specific risk management training programme was launched in 2015 for all ERM players, assisting the implementation of the model as part of the integration of the main business risks.
Training/information activities were therefore designed to be passed on through:

- classroom lectures (alternating theory and methodology, case studies and practical examples);
- awareness raising workshops and focus groups;
- individual on-the-job training/coaching sessions.

PROJECT RISK MANAGEMENT

Projects/contracts are crucial for the Group's business activity being the main sources of income and cash flows and, consequently, also the main sources of business risk. Accordingly, Finmeccanica focused, in particular, on strengthening controls over these risks in the various operating units to increase consistency and, hence, effective management.

An in-depth evaluation of the system used to manage the risks connected to specific projects in the various companies was conducted in 2015, based on an analysis of several procedures and listening to the experience of those involved. This activity led to the update of the Directive, evaluation methodology and metrics (dating back to 2006), and the operational instructions governing project/contract risks, creating a single Company framework in line with the highest reference standards.
Specifically, risk management controls were strengthened starting from the offer stage, which is the most critical moment in the correct assessment of the risk impact.

PROJECT/CONTRACT RISK MANAGEMENT STAGES

SUB-PROCESS	ACTIVITY
PROJECT CLASSIFICATION	**Evaluation of the Risk Class** of projects (A, B, C).
RISK IDENTIFICATION	**Identification of project risks (and opportunities)**, with the support of specific tools (eg. Checklists, historical risk Archive), through the detailed analysis of the contractual scenario, of the activities to be supplied and of the related budget. The identified risks may be of operating (technical-industrial, contractual, patrimonial assets and marketing), strategic, financial and compliance nature.
RISK EVALUATION	Risk evaluation on the basis of previous experience and of historical data related to similar risks, divided in: **Qualitative Analysis**, aimed at providing a priority of risks to be subsequently treated and a **Quantitative Analysis**, aimed at quantifying the probability of occurrence and the cost of each risk versus the project objectives, time schedules, costs and performance of the supply.
RISK TREATMENT ACTION PLAN	**Risk treatment**, in other words cause/risks/effects analysis and identification of the mitigation actions to reduce the risk impact on the project. Identification of the actions corresponding to causes common to various risks. Calculation of the **net benefit of the mitigation actions** identified, choice and implementation of the actions.
CONTINGENCY MANAGEMENT	**Evaluation, allocation and planning of the contingencies** that are budgeted in order to protect the residual risk resulting after the mitigation actions.
MONITORING AND RISK REVIEW	**Periodic monitoring and review of risks and actions**, updating of the relevant risk sheets, increase and/or release of contingencies, possible inclusion of any emergent risks and/or closure of previously identified risks. Creation and management of the **reporting** on risks and actions.

In order to increase the consistency of management, monitoring and control of contract risks, an IT tool (TERRA - Tool for Evaluating Risks & Response Actions), common to all divisions, was implemented. This tool enhances controls over processes, the identification of additional risks and the launching of adequate mitigation actions as quickly as possible and in the most efficient manner.

Finmeccanica's excellence in execution – Project Management

One of the main training programmes of 2015 focused on contract management improvement, strengthening the execution skills of those operating in project management. This programme involved around 230 people, including project managers (both senior and junior), risk managers and contract team members. By adopting internal and external best practices, Finmeccanica's training programme was broken down into basic and advanced project management modules, a vertical course on risk management and courses to obtain project management (PMI-PMP) and risk management (PMI-RMP) certifications. Ten members of the Finmeccanica Faculty – managers specialised in project control, value and risk management – collaborated on the architecture of the new content and played an active role as lecturers, describing business cases. The course was held at a convenient venue to enable participants from different sites to meet and share experience.

INTERNAL AUDIT

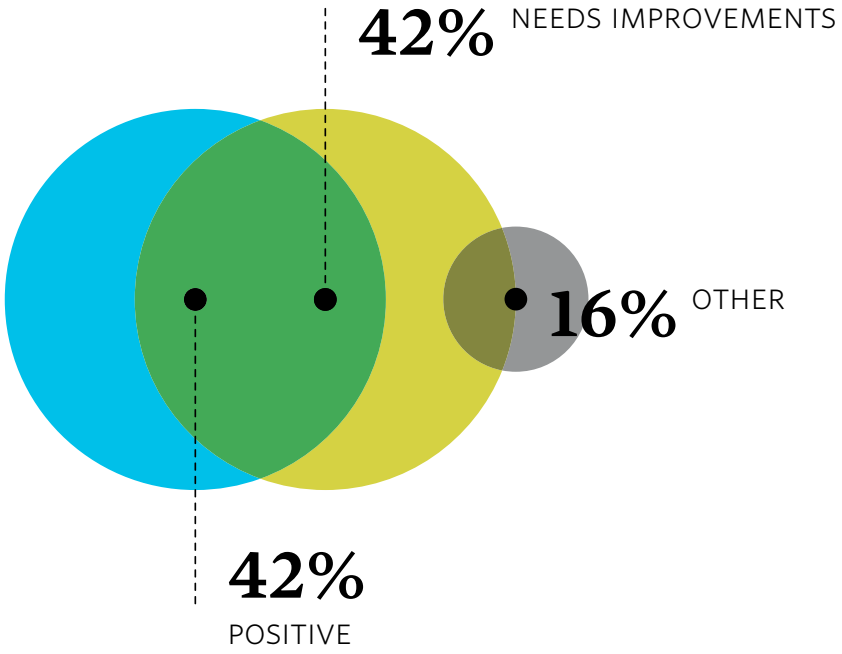
Finmeccanica's new organisational model also impacted the internal control system, whose architecture was redefined to avoid redundancies and focus on control effectiveness in a highly centralised environment.
Towards the establishment of the One Company, the Group Internal Audit (GIA) unit, which had been already centralised in 2013, was redefined, reducing reporting frequency to the Chief Audit Executive, while maintaining territorial controls.
This unit reports to Finmeccanica's Board of Directors. Specifically:

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

Responsibility for supporting Finmeccanica's control and supervisory bodies in assessing the adequacy and effective operations of the internal control and risk management system was assigned once more to the Group's Internal Audit unit. Internal audit activities are currently managed by some controls which focus on macro-areas of activity and other business sectors, which report directly to the Chief Audit Executive. These activities were carried out in accordance with an Audit Plan, approved by the Board of Directors, and unplanned "special" requests, put forward by Finmeccanica SpA's bodies/supervisory and control bodies and Disclosure Committee.

In 2015, 155 ordinary checks were carried out at Group level (including follow-up actions). The related action plans and subsequent implementation thereof were monitored in accordance with the deadlines agreed with management.

OUTCOME OF 2015 ORDINARY AUDITS



Project intangibles

In January 2016, the Consultant unveiled its evaluation of the investigation launched in 2013, upon the request of Finmeccanica's Board of Directors, to analyse the expenses incurred by Group companies in the previous three-year period, in connection with commercial brokerage and agency services, consultancies and engineering and software purchases.
This independent evaluation entailed the analysis of more than one thousand transactions for a total of approximately €578 million, based on the following parameters:

- the relevance and effectiveness of services;
- the fairness (where permitted) of transactional amounts;
- the correctness of the approach used to carry out the relevant transactions, in terms of accountability and traceability and, more in general, compliance with ruling procedures;
- the integrity and reputation of counterparties.

The report qualified the transactions examined based on the nature and type of the findings identified (critical transactions, qualified transactions with the counterparty and unqualified transactions or formal qualifications).
Specifically, the Consultant identified some transactions (accounting for 6% of the total transactions examined) with critical profiles.
In this respect, the Company's Chief Executive Officer and General Manager promptly established a work group to analyse the findings and identify any actions to be taken.
The work group is currently performing some in-depth analyses, including the possible collection of further information and documentation related to some of the transactions analysed. The outcome of the activity will be promptly discussed with the Consultant in order to update its evaluation, where necessary.

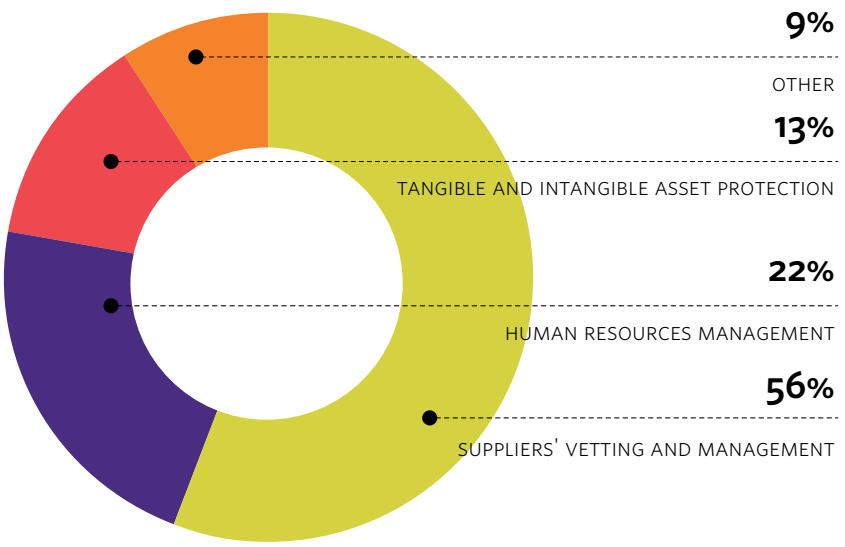
WHISTLEBLOWING SYSTEM

On 18 March 2015, as part of the initiatives to strengthen the governance system, Finmeccanica's Board of Directors approved the **Whistleblowing Management Guidelines**[59] which regulate the whistle-blowing management process to be used by anyone, including anonymously, who becomes aware of facts that may be contrary to law or the Group's internal regulations.
In implementation of the above guidelines, a **Disclosure Committee**[60] was set up to guarantee accurate and effective management of the entire process.
Whistleblowing management respects the anonymity of the reporting party and the confidentiality of reported content, respecting the dignity, honour and reputation of all parties involved.
Since they were issued, the guidelines have been disseminated, both inside and outside the Company, in order to ensure utmost publicity.

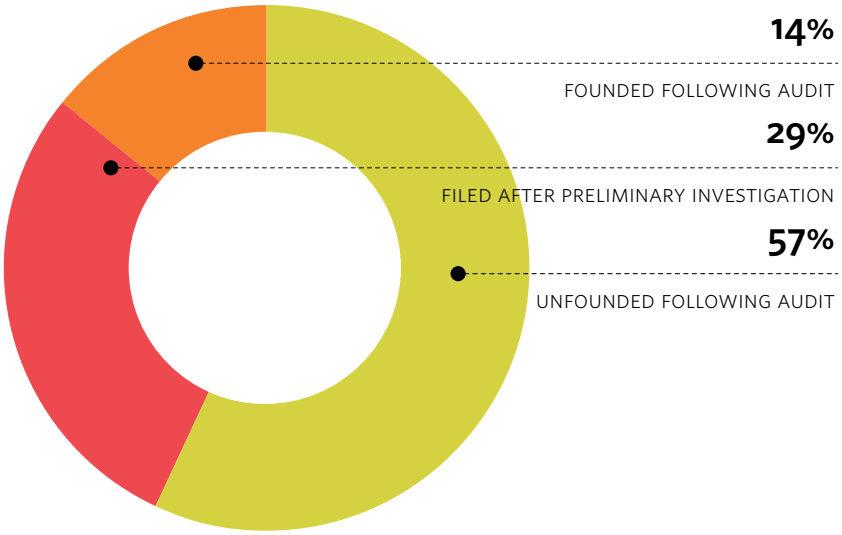
[59] The Whistleblowing Management Guidelines are available on Finmeccanica's website: www.finmeccanica.com/documents/63265270/63870553/body_Linee_di_indirizzo_Gestione_delle_segnalazioni_23_03_2015clean.pdf.
[60] The Disclosure Committee is comprised of the heads of the Legal, Corporate Affairs and Compliance, Group Internal Audit, Human Resources and Organisation, Security, Administration, Finance and Control organisational units.

During the year, Finmeccanica SpA received 26 reports, mainly anonymous, whose content was analysed by the Disclosure Committee.
Each report received was subject to a preliminary investigation which led to 15 specific audits, some of a cross-cutting nature, in order to check and assess their authenticity.
With respect to the audit activities launched and completed during the year, the percentage of authenticity was equal to approximately 14%.

SCOPE OF REPORTS RECEIVED IN 2015



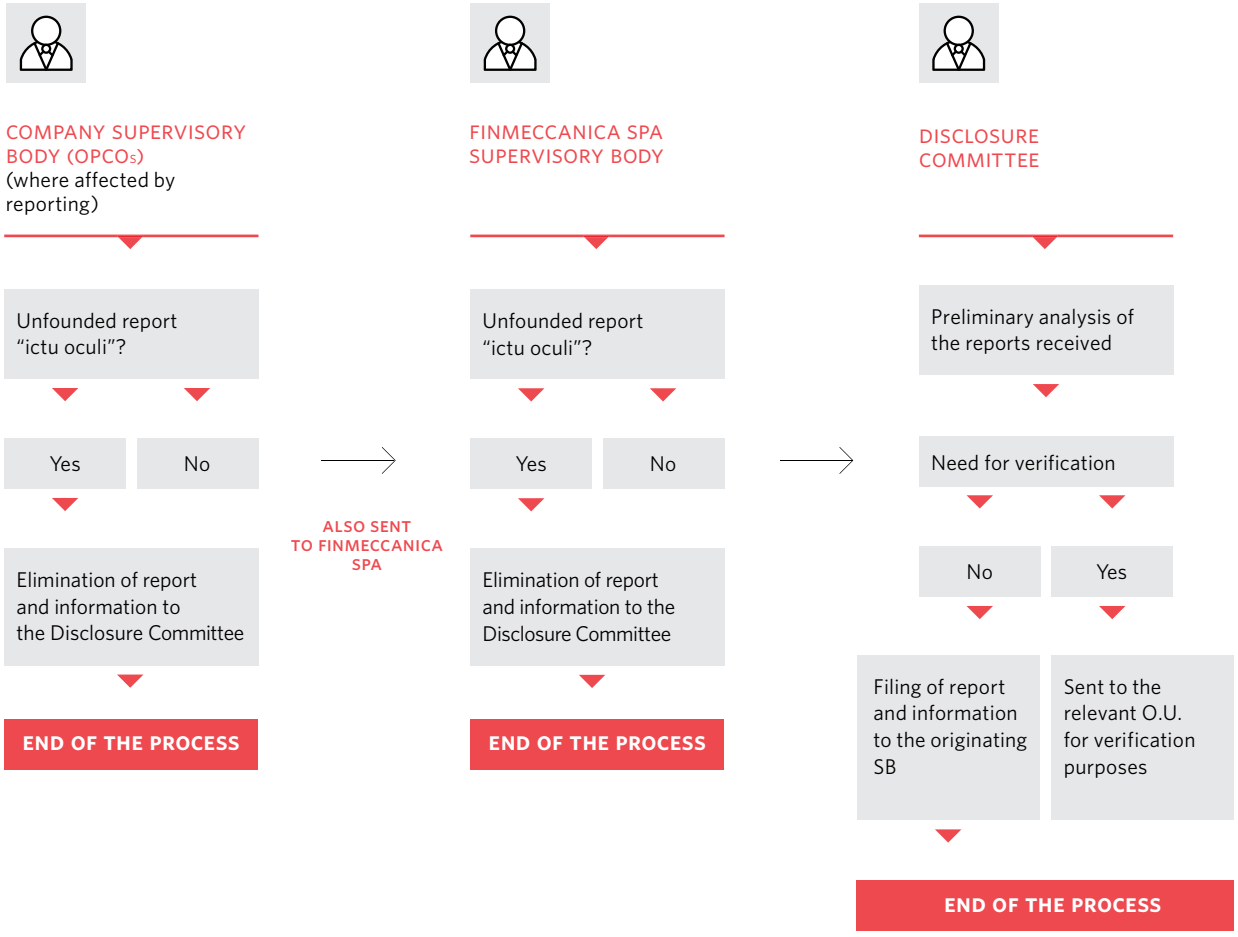
OUTCOME OF REPORTS COMPLETED IN 2015



THE TWO STAGES OF FINMECCANICA'S WHISTLEBLOWING SYSTEM

1 ST STAGE

RECEIPT AND ANALYSIS OF REPORTS

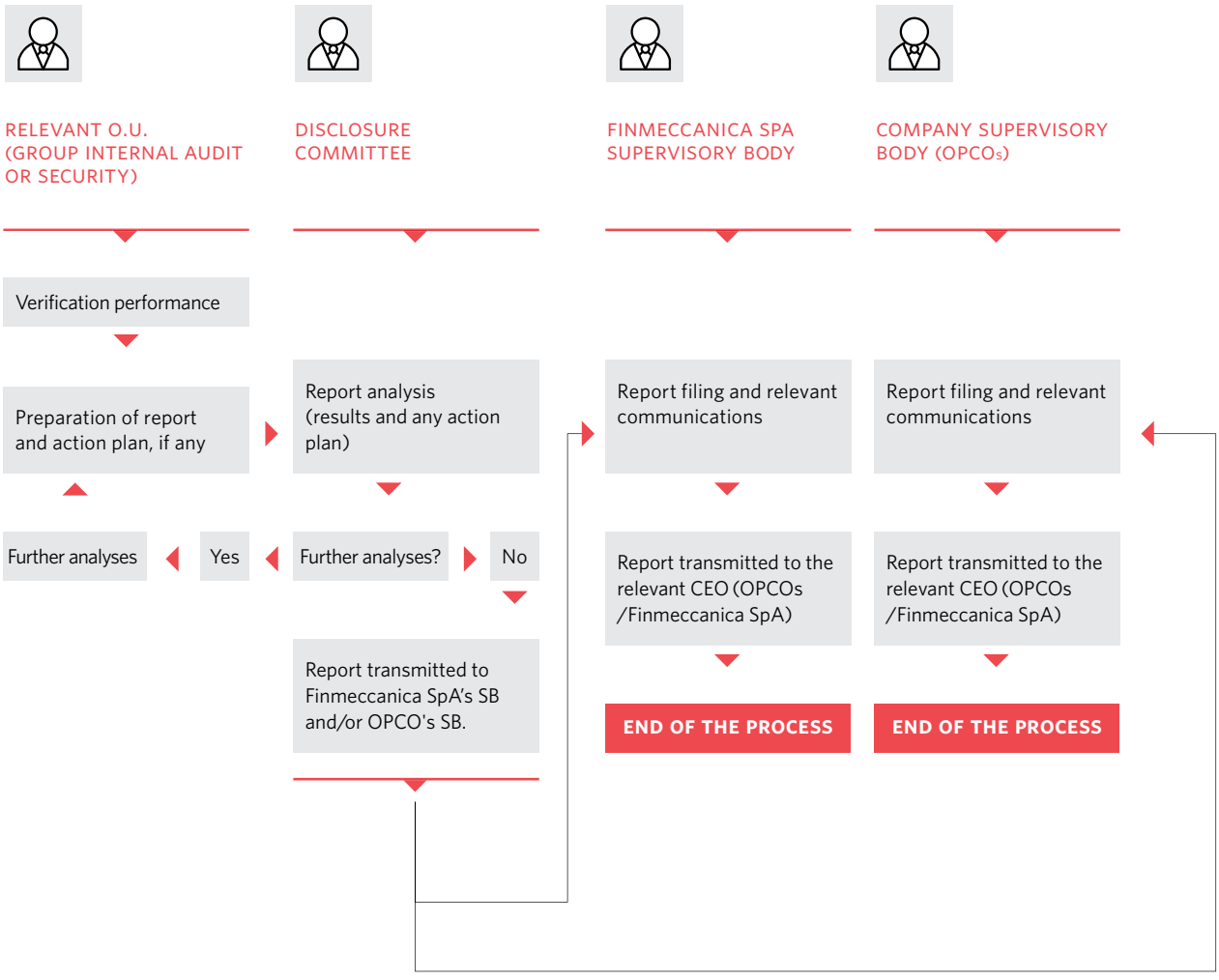


REPORT TRANSMISSION CHANNELS

WEB	E-MAIL	FAX	ADDRESS
www.finmeccanica.com	organismodivigilanza @finmeccanica.com	+39.06.45538059	Organismo di Vigilanza Piazza Monte Grappa 4 00195 Rome

2 ND STAGE

CHECKS AND REPORTING



appendix

Appendix

METHODOLOGICAL NOTE

Finmeccanica' Sustainability and Innovation Report has been prepared in accordance with the "G4 Sustainability Reporting Guidelines" issued in 2013 by GRI - Global Reporting Initiative, using the "core" reporting option.
Identification of material aspects to be reported in the document has been performed following the materiality process, in line with the guidelines and considering the principles of stakeholders' inclusiveness, completeness and sustainability analysis. The Sustainability and Innovation Report is prepared annually by Finmeccanica. This document refers to the fiscal year 2015 (1 January 2015 - 31 December 2015).

Scope of reporting

Economic-financial data
The scope corresponds to that of the Consolidated Financial Statements at 31 December 2015.
Social data, personnel data and raw materials data (G4-EN1)
The scope corresponds to that of the Consolidated Financial Statements at 31 December 2015. Possible restrictions are specified each time within this document.
Environmental data (contained in paragraph "Environmental responsibility and eco-efficiency of operations") and data contained in paragraph "Accident prevention"
The scope has been defined on the basis of materiality of the operating sites (plants/offices) of Finmeccanica SpA, the subsidiaries and certain joint ventures (Telespazio and MBDA). Figures were consolidated on a line-by-line basis[61].
Any restrictions are specified each time within this document.
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 impacts.

Based on these criteria, in 2015, 112 sites were covered (22 less than 2014, following the disposals, closing and reorganisations that involved, inter alia, Selex ES and DRS Technologies). Of these, eight belong to the Transportation segment, which was excluded from the consolidation scope as of 30 September 2015[62].

[61] Environmental figures reported using the Group's web-based system (specifically those related to energy consumption) were obtained by means of:
- direct measurements (e.g., metres and consumption measurement systems);
- calculation (e.g., bills; purchase orders/invoices);
- estimates based on the number of employees and/or activities carried out.
Specifically, where sites (e.g., industrial sites) use monitoring systems, atmospheric emissions are calculated based on the laboratory tests carried out during the year. When these tests are not available (e.g., in the case of office sites and/or when the production processes do not generate atmospheric emissions), the reporting system automatically calculates the NO_x and SO_2 emissions generated, based on the annual consumption of natural gas and diesel oil to generate energy/heat and available emission ratios.
[62] In line with the approach used by other types of corporate reporting (e.g., financial reporting), the reference period for the environmental data relating to the Transportation segment is from 1 January 2015 to 30 September 2015, while 2015 as a whole is the reference period for the other segments. This generated a decrease of approximately 6% in hours worked (56,300 employees in 2014 and roughly 53,000 in 2015). Hours worked figures were used to calculate the main performance indicators.

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

		SCOPE 2015	SCOPE 2014 (*)
HELICOPTERS	AGUSTAWESTLAND	Grâce Hollogne, Yeovil, Cascina Costa di Samarate, Vergiate, Frosinone, Brindisi, Lonate Pozzolo, Anagni, Sesto Calende, Venezia, Benevento, Philadelphia, Świdnik (PZL-Świdnik)	Grâce Hollogne, Yeovil, Cascina Costa 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, Venice, Cameri	Venegono Superiore, Campo Volo, Pomigliano, Caselle Nord and Caselle Sud, Turin, Foggia, Nola, Grottaglie, **Naples - Capodichino**, Venice, Cameri
SPACE	TELESPAZIO	Rome, Fucino, Lario, Naples	Rome, Fucino, Lario, Naples, **Scanzano**
DEFENCE SYSTEMS	OTO MELARA	La Spezia, Brescia, Loriguilla	La Spezia, Brescia, Loriguilla
	WASS	Livorno, Pozzuoli	Livorno, Pozzuoli
	MBDA	Rome, Bacoli, La Spezia	Rome, Bacoli, La Spezia

>>		SCOPE 2015	SCOPE 2014 (*)
DEFENCE AND SECURITY ELECTRONICS Selex Service Management / Sistemi Software Integrati DRS Technologies	SELEX ES	Genoa - via Puccini, Rome - via Laurentina, Abbadia San Salvatore, Rome (Larimart), Pomezia - viale dell'Industria, Cisterna di Latina, Montevarchi, Genoa Ancifap, L'Aquila, Chieti, Catania, Pisa, Basildon Lambda House, Filton, Ploiesti, Ankara, Campi Bisenzio, Nerviano, San 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	Genoa – via Puccini, Rome - via Laurentina, Rozzano, Abbadia San Salvatore, **Piancastagnaio**, Rome (Larimart), Pomezia - viale dell'Industria, Cisterna di Latina, Montevarchi, Genoa Ancifap, L'Aquila, Chieti, Catania, Pisa, Basildon Lambda House, Filton, Ploiesti, Ankara, Campi Bisenzio, Nerviano, San 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	Rome
	SISTEMI SOFTWARE INTEGRATI	-	**Taranto. Rome**
	DRS TECHNOLOGIES	Fort Walton Beach - Anchor St., St. Louis, Melbourne Babcock St., Dallas Expressway, Dallas Sherman, Johnstown Airport, Huntsville (new address), Milwaukee, Bridgeport North Av., West Plains, Elizabeth City, Danbury, Herndon Ds, Florence, Cypress, Kanata, Hauppauge, Carleton Place, High Ridge, Dayton, Largo, Fitchburg, Cincinnati, Farnham (new address), Chesapeake, Arlington, Bedford, Lemont Furnace, Germantown (which joined the consolidation scope in 2015)	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**, Farnham, Chesapeake, Arlington, Bedford, Lemont Furnace

>>		SCOPE 2015	SCOPE 2014 (*)
TRANSPORTATION Ansaldo STS / BredaMenarinibus	ANSALDOBREDA	Pistoia, Naples, Reggio Calabria, Carini	Pistoia, Naples, Reggio Calabria, Carini
	ANSALDO STS	Tito Scalo, Genova, Piossasco, Naples	Tito Scalo, Genova, Piossasco, Naples, **Pittsburgh, Batesburg, Perth, Brisbane, Karratha, Kuala Lumpur Office, Les Ulis, Riom, Bangalore, Noida, Kolkatta, Solna**
	BREDAMENARINIBUS	-	**Bologna**
OTHER ACTIVITIES	FATA	Pianezza	Pianezza
	FNM	Rome	Rome
	FGS	Rome	Rome

(*) In bold sites out of the perimeter.

BUSINESS SEGMENT	2015	2014	2013
Aeronautics	11	12	12
Defence Systems	8	8	8
Helicopters	13	13	14
Space	4	5	5
Defence and Security Electronics	65	72	80
Transportation (*)	8	21 (**)	26
Other	3	3	4
TOTAL	**112**	**134**	**149**

GEOGRAPHICAL SEGMENT	2015	2014	2013
Italy	66	73	81
UK	10	10	14
US	27	32	33
Rest of the world	9	19	21
TOTAL	**112**	**134**	**149**

(*) Included in the Group's reporting scope until 30 September 2015. Only Italian sites were included in the environmental reporting scope given the greater significance of environmental aspects compared to foreign sites.
(**) The Energy segment was deconsolidated in 2014.

The decrease in the number of sites included in the HSE reporting scope is mainly due to the significant Company reorganisations and combination of several sites in 2015 (eg., Selex ES. Alenia Aermacchi) as well as the deconsolidation of the Transportation segment (except for the Italian sites given the greater significance of environmental aspects compared to foreign sites). In specific cases, this entailed the reallocation of personnel and production processes to other sites.

THE MATERIALITY PROCESS

Through this process, Finmeccanica identified the material aspects on which this document was prepared. The process began from an analysis of last year's reporting cycle, based on the mapping and identification of priority stakeholders (by involving the Company's units that interface and listen to individual stakeholders' needs).
Sustainability was subsequently analysed using an industry benchmark and considering the main issues identified in research and documents specifically related to the Aerospace and Defence sector[63].
This in-depth analysis was completed with a media analysis that covered approximately 18,500 press releases related to Finmeccanica SpA and its subsidiaries.
The results of this first analysis were discussed in detail during specific meetings with Finmeccanica's top management to collect additional information and increase the analysis efficacy. Finally, with a view to determining reporting priorities, relevance for the stakeholders' and Finmeccanica was calculated for each issue identified. The external stakeholders' point of view was determined by considering, inter alia, the combined results of benchmark analyses, media analyses and segment documentation (the score was assigned based on how many times the issue was included in the documents analysed and on qualitative assessments), while considering, through a proxy analysis, the score assigned by management to the issues which it considered as the most material ones for stakeholders. Finmeccanica's priorities have been identified by considering the long-term critical aspects and opportunities for each issue, through dedicated meetings with top management. The materiality matrix on page 34 combines the priorities given to external stakeholders with internal priorities and offers a systematic identification of priority reporting issues. The following table gives a combined overview of the GRI Sustainability Reporting Guidelines' issues and Finmeccanica's material aspects.

[63] The Sustainability Topics for Sectors: What do stakeholders want to know? GRI's Aerospace and Defence sector; the Aerospace Industries Association of America (AIA) and AeroSpace and Defence Industries Association of Europe (ASD) global principles of business ethics for the aerospace and defence industry; the Key Issues 2015 identified by the American Institute of Aeronautics and Astronautics (AIAA) and SASB's materiality map for Aerospace and Defence.

	GRI ASPECTS	SELECTED GRI DISCLOSURES	FINMECCANICA'S MATERIAL ASPECTS	INTERNAL IMPACTS	EXTERNAL IMPACTS
ECONOMIC	Economic performance	EC1, EC3, EC4	Business strategy Economic value generated	√	-
	Market presence	EC6	Human capital development	√	-
	Indirect economic impacts	EC7	Community investments and relations	√	-
	Procurement practices	EC9	Economic value generated Community investments and relations	√	-
ENVIRONMENTAL	Materials	EN1	Product stewardship and life cycle Environmental responsibility Innovation	√	-
	Energy	EN3, EN5	Product stewardship and life cycle Environmental responsibility Innovation	√	-
	Emissions	EN15, EN16, EN17, EN18, EN21	Environmental responsibility	√	-
	Effluents and waste	EN22, EN23	Environmental responsibility	√	-
	Products and services	EN27	Product stewardship and life cycle Eco-efficiency Innovation	√	-
	Compliance	EN29	Governance and compliance Risk management Trasparency	√	-
	Supplier environmental assessment	EN32	Risk management Supply chain management Environmental responsibility	√	-
SOCIAL	Employment	LA1, LA3	Occupational health and safety and protection Human capital development	√	-
	Labor/Management relations	LA4	Occupational health and safety and protection	√	-
	Occupational health&safety	LA5, LA6	Occupational health and safety and protection	√	-
	Training and education	LA9, LA10	Human capital development Innovation	√	-
	Diversity and equal opportunity	LA12	Human capital development	√	-
	Equal remuneration for women and men	LA13	Occupational health and safety and protection	√	-
	Supplier assessment for labor practices	LA14	Risk management Supply chain management	√	-

>>	GRI ASPECTS	SELECTED GRI DISCLOSURES	FINMECCANICA'S MATERIAL ASPECTS	INTERNAL IMPACTS	EXTERNAL IMPACTS
SOCIETY	Anti-corruption	SO3, SO4, SO5	Responsible business Corruption prevention Risk management Transparency	√	Consultants and business promoters
	Public policy	SO6	Responsible business Transparency	√	-
	Anti-competitive behavior	SO7	Responsible business Transparency	√	-
	Compliance	SO8	Governance and compliance Risk management Transparency	√	-
PRODUCT RESPONSIBILITY	Customer health and safety	PR1, PR2	Product safety, security and quality	√	-
	Product services and labeling	PR3, PR4	Product safety, security and quality Stakeholders relations Multiple use	√	-
	Marketing communications	PR6	Responsible business Stakeholders relations	√	-
	Customer privacy	PR8	Cybersecurity Responsible business	√	-

LISTENING TO STAKEHOLDERS

Stakeholders are involved at different frequencies and in different ways, based on the needs of Finmeccanica and each stakeholder. The table below shows the main tools and opportunities of dialogue with stakeholders. The frequency of dialogue activities (annual, quarterly, ad hoc, on demand, etc.) depends on the stakeholder category and the related involvement tool.

MAIN TOOLS OF DIALOGUE WITH STAKEHOLDERS	
STAKEHOLDERS	**LISTENING AND ENGAGEMENT METHODS**
ENVIRONMENT	Sustainability and Innovation Report CDP questionnaire Replies to requests for information from supervisory bodies
SECTOR ASSOCIATIONS	Sustainability and Innovation Report Conferences and one-to-one meetings Annual Financial Report Website 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 Code of Ethics and Charter of Values
BUSINESS PARTNERS	Sustainability and Innovation Report Collaboration with universities, research centers and companies Joint research projects Conferences and one-to-one meetings Annual Financial Report Website Workshops Exhibitions and sectors events (among which EXPO 2015)
CUSTOMERS	Sustainability and Innovation Report Customer satisfaction Conferences and one-to-one meetings Workshops Website Exhibitions and sectors events (among which EXPO 2015)
FINANCIAL COMMUNITY	Sustainability and Innovation Report Annual Financial Report Quarterly Reports Investor Relations section of the website Quarterly conference calls Annual collective live presentations One-to-one meetings Workshops Code of Ethics, Charter of Values
LOCAL COMMUNITIES	Sustainability and Innovation Report Social networks Press releases Website Collaboration with universities, research centers Scientific events Exhibition space EXPO 2015

MAIN TOOLS OF DIALOGUE WITH STAKEHOLDERS	
STAKEHOLDERS	**LISTENING AND ENGAGEMENT METHODS**
REGULATORS	Sustainability and Innovation Report Conferences and one-to-one meetings Press releases Code of Ethics, Charter of Values
SUPPLIERS	Sustainability and Innovation Report Conferences and one-to-one meetings FAST (Finmeccanica Advanced Sourcing Tool) portal Website Code of Ethics
FUTURE GENERATIONS	Sustainability and Innovation Report Innovation Award Collaboration with universities and projects with schools Exhibition space EXPO 2015
GOVERNMENTS	Sustainability and Innovation Report Annual Financial Report One-to-one and joint international meetings Institutional events Code of Ethics, Charter of Values Exhibitions and sectors events (among which EXPO 2015)
INSTITUTIONS	Sustainability and Innovation Report Joint research projects Annual Financial Report One-to-one meetings Institutional events Website Exhibitions and sectors events (among which EXPO 2015)
MEDIA	Sustainability and Innovation Report Social networks and website Press conferences and releases Exhibition space EXPO 2015
PEOPLE	Sustainability and Innovation Report Company intranet Training and refresher courses and on-the-job training Code of Ethics, Charter of Values and Directives Meetings Internal communications
TRADE UNIONS	Sustainability and Innovation Report Meetings and conferences Annual Financial Report Website Code of Ethics, Charter of Values

GRI CONTENT INDEX

The following table contains all specific references to the disclosure provided in the Sustainability and Innovation Report, in accordance with the GRI-G4 Sustainability Reporting Guidelines.

KPGM SpA reviewed the Sustainability and Innovation report, as a whole, of the Finmeccanica Group at 31 December 2015, in accordance with ISAE 3000 (Revised). For additional information about the scope of the review and the procedures carried out by the independent auditors, please refer to the "Independent auditors' report" on the Sustainability and Innovation Report. The information summarised in the GRI Content Index is included in the scope of the review. No other information was reviewed.

GENERAL STANDARD DISCLOSURES	
General Standard Disclosures	Page (or link) *page refers to the paragraph that includes the information requested by the disclosure*
Strategy and analysis	
G4-1 - Statement from the most senior decision-maker of the organisation	§ Letter to stakeholders (p. 6)
Organisational profile	
G4-3 - Name of the organisation	§ Finmeccanica profile (p. 21)
G4-4 - Primary brands, products, and/or services	§ Finmeccanica profile (p. 21)
G4-5 - Location of organisation's headquarters	*The headquarter of Finmeccanica SpA is in Rome, Piazza Monte Grappa 4*
G4-6 - Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	§ Global presence (p. 27)
G4-7 - Nature of ownership and legal form	§ Governance of Finmeccanica (p. 45)
G4-8 - Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	§ Finmeccanica profile (p. 21); § Global presence (p. 27)
G4-9 - Scale of the reporting organisation (including total number of employees, number of operations, net sales, capitalisation, quantity of products or services)	§ Economic and financial performance (p. 13); § Global presence (p. 27); Annual Financial Report 2015 (pages 20, 22-23, 24)
G4-10 - Total workforce by employment type, employment contract, broken down by gender and age	§ Appendix (p. 148) *The Group's workforce decreased by 7,224 (13.3%) employees compared to 31 December 2014 (54,380), of which 4,264 in Italy and 2,960 abroad. The significant decrease is mainly due to scope changes during 2015, including: sale of the Transportation business to Hitachi Rail; sale of marginal activities and non core asset of DRS Technologies; sale of resourses in Capodichino plants to Atitech, within the operation that led to the creation of a center for aereonautical maintenances in Naples. For further information, please refer to the Annual Financial Report 2015 (pages 68-69).*

GENERAL STANDARD DISCLOSURES	
G4-11 - Percentage of employees covered by collective bargaining agreements	*After the deconsolidation of the Transportation business, in 2015 in the main countries in which the Group operates, employees covered by collective bargaining agreements are 74%. In particular, the coverage is 100% in Italy, about 65% in UK and about 5% in US.*
G4-12 - Organisation's supply chain	§ Transforming the supply chain (p. 108); § Responsible procurement management (p. 61)
G4-13 - Significant changes during the reporting period regarding size, structure, ownership, or its supply chain	§ One Company (p. 22); § Finmeccanica profile (p. 21); § Transforming the supply chain (p. 108); § Responsible procurement management (p. 61); § Methodological note (p. 148)
G4-14 - Explanation of whether and how the precautionary approach or principle is addressed by the organisation	*When assessing economic, environmental and social risks, Finmeccanica adopts a precautionary approach.*
G4-15 - Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	§ Key actions and results achieved in 2015 (p. 35); § Preventing corruption (p. 52)
G4-16 - Memberships in associations (such as industry associations) and/or national/international advocacy organisations	§ Preventing corruption (p. 52)
Identified material aspects and boundaries	
G4-17 - Entities included in the organisation's consolidated financial statements (or equivalent documents)	§ Methodological note (p. 148); Annual Financial Report 2015 (pages 28-46, 184-191)
G4-18 - Process for defining report content and aspect boundaries and the implementation of the Reporting Principles for defining report content	§ Finmeccanica response to materiality issues (p. 33); § Methodological note (p. 148); § The materiality process (p. 152)
G4-19 - Material aspects identified in the process for defining report content	§ Finmeccanica response to materiality issues (p. 33); § The materiality process (p. 152)
G4-20 - Aspect Boundary within the organisation for each material aspect	§ The materiality process (p. 152)
G4-21 - Aspect Boundary outside the organisation for each material aspect	§ The materiality process (p. 152)
G4-22 - Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	§ Methodological note (p. 148) *Any restatement or adjustment of information and data reported in Sustainability Report 2014 is pointed out within the document.*
G4-23 - Significant changes from previous reporting periods in the scope and aspect boundaries	§ Methodological note (p. 148) *Any scope limitation is indicated in the document. In the medium period, the Group is committed to in reporting indicators with a full boundary.*
Stakeholder engagement	
G4-24 - List of stakeholder groups engaged by the organisation	§ Listening to stakeholders (p. 155)
G4-25 - Basis for identification and selection of stakeholders with whom to engage	§ Finmeccanica response to materiality issues (p. 33) *Stakeholders identification was based taking into consideration following aspects: responsibility, influence, proximity, vicinity, dependence, representativeness.*

GENERAL STANDARD DISCLOSURES	
G4-26 - Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	§ Listening to stakeholders (p. 155)
G4-27 - Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns	§ Finmeccanica response to materiality issues (p. 33) *In 2015, no issue has been reported regarding to stakeholder engagement activities.*
Report profile	
G4-28 - Reporting period for information provided	§ Methodological note (p. 148)
G4-29 - Date of most recent previous report (if any)	*The 2014 Sustainability Report was published in May 2015.*
G4-30 - Reporting cycle	*Annual*
G4-31 - Contact point for questions regarding the report or its contents	*Back cover*
G4-32 - Report the "In accordance" option the organisation has chosen and the GRI Content Index	§ GRI Content Index (p. 157); GRI G4 "In accordance - Core"
G4-33 - Policy and current practice with regard to seeking external assurance for the report	§ Methodological note (p. 148); § Independent Auditors' Report (p. 188)
Governance	
G4-34 - Governance structure of the organisation, including committees of the highest governance body. Committees responsible for decision-making on economic, environmental and social impacts	§ Corporate Governance model (p. 46); § Appendix (p. 148); Corporate Govenance Report (pages 57-63)
Ethics and integrity	
G4-56 - Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance	§ Transparency and integrity (p. 42) *For more details, please refer to:* http://www.finmeccanica.com/en/one-company/etica-compliance/etica-anti-corruzione http://www.finmeccanica.com/en/one-company/etica-compliance/codice-etico http://www.finmeccanica.com/en/one-company/etica-compliance/codice-antocorruzione-anticorruption-code http://www.finmeccanica.com/en/one-company/etica-compliance/carta-calori-charter-values http://www.finmeccanica.com/en/one-company/etica-compliance/linee-indirizzo-whistleblowing-guidelines

SPECIFIC STANDARD DISCLOSURES		
DMA and disclosures	Page (or link)	Omissions/ Reason/ Explanation
CATEGORY: ECONOMIC		
Material aspect: economic performance		
G4-DMA (Generic) - Discloures on Management Approach	§ Economic and financial performance (p. 13); § Distribution of value added (p. 16); § Letter to stakeholders (p. 6); § The materiality process (p. 152)	
G4-EC1 - Direct economic value generated and distributed	§ Distribution of value added (p. 16)	
G4-EC3 - Coverage of the organisation's defined benefit plan obligations	*The pension plans offered to employees are of a defined benefit nature. See the "Employee benefit obligations" section of the Annual Financial Report 2015 (pages 114-115).*	
G4-EC4 - Financial assistance received from government	Annual Financial Report 2015 (pages 126, 161) *The Ministry of Economy and Finance has an interest of roughly 30.2% in Finmeccanica's share capital.*	
Material aspect: marketing presence		
G4-DMA (Generic)	*Based on its "talent oriented organisation" vision, the Group does not have selection and hiring policies based on geographical criteria.* § The materiality process (p. 152)	
G4-EC6 - Proportion of senior management hired from the local community at significant locations of operation	§ Appendix (p. 148); § Global presence (p. 127)	
Material aspect: indirect economic impacts		
G4-DMA (Specific) - Indirect economic impacts at national, regional, or local level; whether a community needs assessment was conducted to determine the need for infrastructure and other services and, if so, description of the results of the assessment	§ Finmeccanica and social issues (p. 66); § The materiality process (p. 152)	
G4-EC7 - Development and impact of infrastructure investments and services supported	§ Finmeccanica and social issues (p. 66); § STEM programmes to find the engineers of tomorrow (p. 98)	
Material aspect: procurement practices		
G4-DMA (Specific) - Actions taken to identify and adjust the organisation's procurement practices that cause or contribute to negative impacts in the supply chain	§ Responsible procurement management (p. 61); § Transforming the supply chain (p. 108); § The materiality process (p. 152)	

SPECIFIC STANDARD DISCLOSURES	
G4-EC9 - Proportion of spending on local suppliers at significant locations of operation	*Locally-based suppliers are suppliers with a registered office in Italy, UK, US, Poland. Total spending on locally-based suppliers is approximately 80-85% of the total. Supplier selection is based on legal criteria and/or internal procedures about quality, environmental sustainability, etc.*
CATEGORY: ENVIRONMENTAL	
Material aspect: materials	
G4-DMA (Generic) - Material aspects, their impacts, how the organisation manages them or their impacts and evaluation of the *management approach*	§ Environmental risk management (p. 117); § Eco-efficiency of operations (p. 120); § The materiality process (p. 152)
G4-EN1 - Materials used by weight or volume	§ Appendix (p. 148); § Methodological note (p. 148)
Material aspect: energy	
G4-DMA (Specific) - Organisation's subjection to any country, regional, or industry regulations and policies for energy. Provision of examples of such regulations and policies	§ Energy management (p. 121); § The materiality process (p. 152)
G4-EN3 - Energy consumption within the organisation	§ Appendix (p. 148); § Methodological note (p. 148)
G4-EN5 - Energy intensity	§ Appendix (p. 148); § Methodological note (p. 148)
Material aspect: emissions	
G4-DMA (Specific) - Whether the organisation is subject to any country, regional, or industry regulations and policies for emissions and reporting on targets and whether offsets are used to meet the target	§ Carbon footprint and emissions trading (p. 123); § Atmospheric emissions (p. 125); § The materiality process (p. 152)
G4-EN15 - Direct greenhouse gas (GHG) emissions (Scope 1)	§ Carbon footprint and emissions trading (p. 123); § Methodological note (p. 148); § Appendix (p. 148) *Emission factor source: GHG Global Protocol*
G4-EN16 - Energy indirect greenhouse gas (GHG) emissions (Scope 2)	§ Carbon footprint and emissions trading (p. 123); § Methodological note (p. 148); § Appendix (p. 148) *Emission factor source: GHG Global Protocol*
G4-EN17 - Other indirect greenhouse gas (GHG) emissions (Scope 3)	§ Carbon footprint and emissions trading (p. 123); § Methodological note (p. 148); § Appendix (p. 148) *Emission factor source: GHG Global Protocol*
G4-EN18 - Greenhouse gas (GHG) emissions intensity	§ Carbon footprint and emissions trading (p. 123); § Methodological note (p. 148); § Appendix (p. 148)

SPECIFIC STANDARD DISCLOSURES		
G4-EN21 - NO_x, SO_x, and other significant air emissions	§ Atmospheric emissions (p. 125); § Methodological note (p. 148); § Appendix (p. 148)	
Material aspect: effluents and waste		
G4-DMA (Generic)	§ Waste and wastewater management (p. 121); § The materiality process (p. 152)	
G4-EN22 - Total water discharge by quality and destination	§ Appendix (p. 148); § Methodological note (p. 148) *Discharged water is not used by other organisations.*	
G4-EN23 - Total weight of waste by type and disposal method	§ Appendix (p. 148); § Methodological note (p. 148) *Hazardous waste recovered: 2,118 tons (23%);* *Hazardous waste disposed: 7,249 tons (77%);* *Not hazardous waste recovered: 16,683 tons (57%);* *Not hazardous waste disposed: 14,019 tons (43%).* *Disposal method is inferred from delivery notes and/or register of material loaded and unloaded.*	
Material aspect: products and services		
G4-DMA (Generic)	§ Sustainable innovation pathways (p. 73); § The materiality process (p. 152)	
G4-EN27 - Extent of impact mitigation of environmental impacts of products and services	§ Towards Horizon 2020 (p. 78)	*In the document there are some projects whose target is also aimed to reduce products environmental impact. For the other initiatives and projects of the Group, at the moment it's not been possible to quantify results achieved in terms of generated environmental impacts. In fact, several of these initiatives are still in the project or prototype stage.* *At the moment, it's not been possible to adopt a collection and reporting system capable to measure environmental impacts reduction for each typology of product/ project.*

SPECIFIC STANDARD DISCLOSURES	
Material aspect: compliance	
G4-DMA (Generic)	§ Environmental responsibility and eco-efficiency of operations (p. 116); § The materiality process (p. 152) *The Group has put in place an environmental monitoring and assessment programme, in addition to insurance coverages aimed to mitigate consequences of a polluting event.*
G4-EN29 - Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	§ Environmental risk management (p. 117); Annual Financial Report 2015 (p. 149) *There were no significant monetary fines in 2015.*
Material aspect: supplier environmental assessment	
G4-DMA (Specific) - Systems used to screen new suppliers using environmental criteria	§ Transforming the supply chain (p. 108); § The materiality process (p. 152)
G4-EN32 - Percentage of new suppliers that were screened using environmental criteria	*100% of new suppliers, during pre-qualification stage, is subject to screening according to environmental criteria. Further environmental analysis are carried out depending on the related product category.*
CATEGORY: SOCIAL **SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK**	
Material aspect: employment	
G4-DMA (Specific) - Actions taken to determine and address situations where working conditions within the organisation's supply chain are not compliant with institutional and legal framework, labor standards, national labor law or where workers are inadequately remunerated	§ Industrial relations (p. 64); § The materiality process (p. 152)
G4-LA1 - Total number and rates of new employee hires and employee turnover by age group, gender, and region	§ Appendix (p. 148); § Methodological note (p. 148)
G4-LA3 - Return to work and retention rates after parental leave, by gender	§ Appendix (p. 148); § Methodological note (p. 148)

SPECIFIC STANDARD DISCLOSURES	
Material aspect: labor/management relations	
G4-DMA (Generic)	§ Industrial relations (p. 64); § The materiality process (p. 152)
G4-LA4 - Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	*This issue is regulated by and managed as part of the national collective labour agreements.*
Material aspect: occupational health and safety	
G4-DMA (Specific) - Description of programmes related to assisting workforce members, their families, or community members regarding serious diseases, including whether such programmes involve education and training, counseling, prevention and risk control measures, or treatment	§ Accident prevention (p. 128); § The materiality process (p. 152)
G4-LA5 - Percentage of total workforce represented in formal joint management-worker health and safety committees	§ Appendix (p. 148); § Methodological note (p. 148)
G4-LA6 - Type of injury and rates of injury, occupational diseases, lost days and absenteeism and total number of work-related fatalities, by region and by gender	§ Appendix (p. 148); § Methodological note (p. 148)
Material aspect: training and education	
G4-DMA (Generic)	§ Developing and enhancing human capital (p. 95); § The materiality process (p. 152)
G4-LA9 - Average hours of training per year per employee by gender, and by employee category	§ Appendix (p. 148); § Methodological note (p. 148)
G4-LA10 - Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	§ Industrial relations (p. 64); § Developing and enhancing human capital (p. 95) *With respect to the final stage of its employees' careers and to encourage their continued employment, Finmeccanica supplements the provisions of the existing laws and trade union agreements with a voluntary departure plan protecting its employees and itself.*

SPECIFIC STANDARD DISCLOSURES	
Material aspect: diversity and equal opportunity	
G4-DMA (Generic)	§ Developing and enhancing human capital (p. 95); § The materiality process (p. 152)
G4-LA12 - Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	§ Appendix (p. 148); § Methodological note (p. 148)
Material aspect: equal remuneration for women and men	
G4-DMA (Specific) - Description of the legal and socio-economic environment that provides opportunities for, and barriers to, gender equity in the workforce. This may include women's workforce participation rates, their participation at highest governance level, and equal remuneration	§ The materiality process (p. 152); Remuneration Report; Corporate Governance Report
G4-LA13 - Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	§ Appendix (p. 148); § Methodological note (p. 148)
Material aspect: supplier assessment for labor practices	
G4-DMA (Specific) - Description of systems used to screen new suppliers using labor practises criteria, description of the process used to identify and assess significant actual and potential negative impacts for labor practices in the supply chain, actions taken to address the significant actual and potential negative impacts for labor practices identified	§ Transforming the supply chain (p. 108); § Transparency and integrity (p. 44); § The materiality process (p. 152)
G4-LA14 - Percentage of new suppliers that were screened using labor practices criteria	*All suppliers are required to sign the Code of Ethics and, even in the pre-qualification stage of new suppliers, more details are requested about main labour practices.*

SPECIFIC STANDARD DISCLOSURES		
SUB-CATEGORY: SOCIETY		
Material aspect: anti-corruption		
G4-DMA (Specific) - Description of organisation's risk assessment procedures for corruption, how organisation identifies and manages conflicts of interest	§ Responsible business conduct (p. 51); § Whistleblowing system (p. 142); § The materiality process (p. 152)	
G4-SO3 - Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	*100% of operations was subject to tests regarding corruption-related risks. Moreover, specific controls have been put in place.* § Preventing corruption (p. 52); § Compliance in business activities (p. 55); § Responsible procurement management (p. 61)	
G4-SO4 - Communication and training on anti-corruption policies and procedures	*In 2015, the Anti-Corruption Code has been communicated to all members of the Board of Directors, of the Board of Statutory Auditors and of Supervisory Body, to employees and to business partners. After the adoption of the Anti-Corruption Code, Finmeccanica launched a training programme by both classroom and online training. Classroom training involved top level board sessions for the members of the Board of Directors, the Board of Statutory Auditors and the Supervisory Body and classroom courses for first-level managers and other managers based on activity performed.*	*At the moment, anti-corruption training has involved only all members of the Board of Directors, of the Board of Statutory Auditors and of the Supervisory Body of Finmeccanica and 102 apical individuals among managers and junior managers in Italy.* *In 2016, anti-corruption training will involve all Finmeccanica's employees through an online course with a final test. The Group is committed to extend reporting on anti-corruption training, including details per geographic areas and professional category.*
G4-SO5 - Confirmed incidents of corruption and actions taken	§ Whistleblowing system (p. 142); § Preventing corruption (p. 52); Annual Financial Report 2015 (p. 147)	
Material aspect: public policy		
G4-DMA (Specific) - Description of significant issues that are the focus of the organisation's participation in public policy development and lobbying, provision of organisation's core position for each of the identified issues	§ Governance of Finmeccanica (p. 45); § Responsible business conduct (p. 51); § The materiality process (p. 152)	
G4-SO6 - Total value of political contributions by country and recipient/ beneficiary	*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".*	

SPECIFIC STANDARD DISCLOSURES	
Material aspect: anti-competitive behavior	
G4-DMA (Generic)	§ Responsible business conduct (p. 51); § Whistleblowing system (p. 142); § The materiality process (p. 152)
G4-SO7 - Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	*No legal actions were commenced in 2015 related to anti-competitive behaviour, anti-trust and monopolist practices.*
Material aspect: compliance	
G4-DMA (Generic)	§ Responsible business conduct (p. 51); § Whistleblowing system (p. 142); § The materiality process (p. 152)
G4-SO8 - Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	*There were no significant fines in 2015 for non-compliance with laws and regulations.* Annual Financial Report 2015 (pages 147-152)
SUB-CATEGORY: PRODUCT RESPONSIBILITY	
Material aspect: customer health and safety	
G4-DMA (Specific) - Description of assessment (if any) of health and safety impacts of products and services during the whole life cycle	§ Product life cycle management (p. 105); § The materiality process (p. 152)
G4-PR1 - Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	*The 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 Finmeccanica's products are subjected to health and safety checks at all stages of their production cycle.*
G4-PR2 - Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	*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 2015.*

SPECIFIC STANDARD DISCLOSURES	
Material aspect: product and service labeling	
G4-DMA (Specific) - Description of organisation wide pracitices in place to assess and mantain customer satisfaction	§ Product life cycle management (p. 105); § The materiality process (p. 157)
G4-PR3 - Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such infirmation requirements	*Finmeccanica 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.* *No cases of non-compliance with regulations and voluntary codes about specific information and training programmes related to Group's products and services were reported in 2015.*
G4-PR4 - Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	*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.* *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.*
Material aspect: marketing communications	
G4-DMA (Generic)	§ Compliance in business activities (p. 55); § The materiality process (p. 152)
G4-PR6 - Sale of banned or disputed products	*Even if the majority of its business is focused in Defence and Security sectors, Finmeccanica is not involved in production, development, storage, trade and/or sale of unconventional weapons (e.g., cluster bombs, mines, chemical weapons, etc.) and it does not put in place operations not authorised by Italian or abroad governmental authorities, in accordance with related legislation.*
Material aspect: customer privacy	
G4-DMA (Generic)	§ Company security (p. 129); § The materiality process (p. 152)
G4-PR8 - Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	*No complaints about privacy violations were reported by customers in 2015.*

DATA AND GRI INDICATORS TABLES

Governance indicators

GOVERNANCE BODIES AND COMMITTEES				G4-34
Board of Directors	**Unit**	**2015**	**2014**	**2013**
Members	**N.**	**11**	**11**	**11**
Of which non-executive	*N.*	*10*	*10*	*10*
Of which independent	*N.*	*9*	*9*	*8*
Of which without voting rights	*N.*	*-*	*-*	*-*
Of which appointed from minority list	*N.*	*4*	*4*	*4*
Meetings held	**N.**	**14**	**13**	**17**
Attendance rate (*)	**%**	**95**	**95**	**99**
Meetings held by the group of independent directors	**N.**	**5**	**2**	**2**
Control and Risks Committee	**Unit**	**2015**	**2014**	**2013**
Members	**N.**	**4**	**4**	**4**
Meetings held	**N.**	**8**	**7**	**7**
Attendance rate (*)	**%**	**88**	**90**	**100**
Strategy Committee (**)	**Unit**	**2015**	**2014**	**2013**
Members	**N.**	**-**	**6**	**8**
Meetings held	**N.**	**-**	**3**	**3**
Attendance rate (*)	**%**	**-**	**89**	**100**
Analysis of International Scenarios Committee (**)	**Unit**	**2015**	**2014**	**2013**
Members	**N.**	**4**	**4**	**-**
Meetings held	**N.**	**3**	**3**	**-**
Attendance rate (*)	**%**	**92**	**92**	**-**
Remuneration Committee	**Unit**	**2015**	**2014**	**2013**
Members	**N.**	**4**	**4**	**4**
Meetings held	**N.**	**6**	**7**	**6**
Attendance rate (*)	**%**	**88**	**92**	**100**
Nomination Committee (***)	**Unit**	**2015**	**2014**	**2013**
Members	**N.**	**4**	**4**	**-**
Meetings held	**N.**	**3**	**3**	**-**
Attendance rate (*)	**%**	**92**	**92**	**-**

Board of Statutory Auditors	Unit	2015	2014	2013
Members (standing)	**N.**	**5**	**5**	**5**
Of which appointed from minority lists	*N.*	*2*	*2*	*2*
Meetings held	**N.**	**19**	**20**	**23**
Attendance rate (*)	**%**	**95**	**94**	**91**

(*) Calculated as the number of attendees/number of meetings held.
(**) Analysis of International Scenarios Committee has been created on 19 June 2014, in place of the previous Strategy Committee.
(***) Nomination Committee has been created on 19 December 2013.

Environmental indicators

MATERIALS				
Materials used by weight or volume G4-EN1	**Unit**	**2015**	**2014**	**2013**
Non-renewable				
Steel	ton	1,443.0	3,888	6,477
Aluminium	ton	4,621.8	5,947	10,928
Plastics	ton	10.2	13	228
Silver (type 9999)	ton	0.6	-	-
Titanium	ton	143.7	314	1,026
Other metals (Ferrous alloys, brass, bronze, magnesium, copper)	ton	539.1	300	270
Resins and composites	ton	879	1.547	953
Laminates	ton	0.2	-	-
Nitrogen	m^3	3,351,933	11,556,846	300
Precious materials (gold, platinum, tungsten)	ton	0.01	0.002	0.002
Renewable				
Wood	m^3	217	273	199

ENERGY				
Energy consumption within the organisation G4-EN3	**Unit**	**2015**	**2014**	**2013**
Natural gas	TJ	2,931	2,616	2,862
Diesel oil for energy and/or heat generation	TJ	8.54	10	11
Fuel oil	TJ	0.0	2	28
Other (LPG, fuels used for product tests)	TJ	244	285	250
Electrical energy from conventional sources	TJ	784	833	2,948
Electrical energy from renewable sources	TJ	2,070	2,211	193
District heating	TJ	19	21	200
Total	**TJ**	**6,056**	**5,978**	**6,492**
Consumption of electrical energy self-produced	TJ	107		
Total with self-consumption	**TJ**	**6,163**		

Energy intensity **G4-EN5**	**Unit**	**2015**	**2014**	**2013**
Energy consumption/worked hours	GJ/worked hour	0.069	0.063	0.063

EMISSIONS

Emissions of CO_2e **G4-EN15/16/17**	**Unit**	**2015**	**2014**	**2013**
Direct emissions (Scope 1)	ton CO_2e	272,914	245,102	232,911
Indirect emissions (Scope 2)	ton CO_2e	107,315	116,643	344,404
Other indirect emissions (Scope 3)	ton CO_2e	307,009	379,458	344,263
Total Scope 1, 2, 3	**ton CO_2e**	**687,238**	**741,203**	**921,578**

CO_2e emissions intensity **G4-EN18**	**Unit**	**2015**	**2014**	**2013**
Direct emissions (Scope 1)/worked hours	kg/worked hour	3.04	2.60	2.20
Total emissions (Scope 1 - Scope 2 - Scope 3)/ worked hours	kg/worked hour	7.64	7.80	8.80

Other emissions **G4-EN21**	**Unit**	**2015**	**2014**	**2013**
NO_X	ton	221	200	183
SO_2	ton	4	3	3
VOC	ton	143	147	115
VIC	ton	2	6	3
Heavy metals	ton	0.1	0.1	0.1
Particulate	ton	33	26	26

WATER DISCHARGE AND WASTE

Total waste water by destination **G4-EN22**	**Unit**	**2015**	**2014**	**2013**
Drainage system	thousands of m^3	3,470	3,800	4,210
Surface water	thousands of m^3	1,900	1,990	2,080
Other	thousands of m^3	40	36	40
Total	**thousands of m^3**	**5,410**	**5,826**	**6,330**

Wastes produced **G4-EN23**	**Unit**	**2015**	**2014**	**2013**
Non-hazardous	ton	32,657	41,237	40,256
Hazardous	ton	9,368	11,252	14,336
Total waste produced (hazardous and non-hazardous)	**ton**	**42,025**	**52,489**	**54,592**

Personnel indicators[64]

EMPLOYMENT Total workforce by employment type, employment contract, and region, broken down by gender G4-10	Unit	2015	2014 (*)	2013
Total of employees	**N.**	**41,379**	**54,380**	**56,282**
Total of men employees	**N.**	**34,521**	**44,962**	**46,281**
Total of women employees	**N.**	**6,858**	**9,418**	**10,001**
Permanent contract	**N.**	**40,438**	**47.518**	**49,735**
Men	N.	33,673	39,565	28,092
Women	N.	6,765	7,953	4,821
Fixed term contract	**N.**	**941**	**1,276**	**888**
Men	N.	848	1,151	634
Women	N.	93	125	62
Full-time contract	**N.**	**40,425**	**47,653**	**49,547**
Men	N.	34,431	40,558	28,670
Women	N.	5,994	7,905	4,462
Part-time contract	**N.**	**954**	**1,141**	**1,076**
Men	N.	90	158	46
Women	N.	864	983	431

(*) Data relates to approximately 90% of the total Group employees. In particular, for AnsaldoBreda only the Italian scope is considered while DRS is excluded from the reporting scope.

Employees by employment type (*)	Unit	2015	2014 (**)	2013
Managers	**N.**	**1,065**	**1,328**	**n.a.**
Men	N.	971	1,210	n.a.
Women	N.	94	118	n.a.
Junior managers	**N.**	**4,448**	**4,969**	**5,603**
Men	N.	3,821	4,296	4,306
Women	N.	627	673	1,296
White Collars	**N.**	**24,809**	**28,646**	**29,256**
Men	N.	19,403	22,400	23,151
Women	N.	5,406	6,246	6,105
Blue Collars	**N.**	**11,018**	**12,535**	**13,178**
Men	N.	10,287	11,665	12,330
Women	N.	731	870	848

[64] With respect to the data reported in the Annual Financial Report 2015, in which the number of employees is 47,156, the following data were not considered:
- 12 employees of Alenia Aermacchi North America and 1 employee in the Swiss headquarter;
- 207 foreign employees of FATA SpA;
- 5,283 employees of DRS (entirely excluded from the scope);
- 261 employees of AnsaldoBreda;
- 2 employees of BredaMenarinibus;
- 2 employees of Finmeccanica Finance;
- 9 employees of SO.GE.PA.

Data of 2015 relate to approximately 88% of the whole Group's scope.

Pilots	**N.**	**39**	**40**	**8**
Men	N.	39	40	8
Women	N.	-	-	-

Number of employees by country and gender	Unit	2015	2014 (**)	2013
Italy	**N.**	**29,271**	**34,114**	**35,206**
Men	N.	24,499	28,686	29,551
Women	N.	4,772	5,428	5,655
USA	**N.**	**1,006**	**6,984**	**1,794**
Men	N.	779	1,342	1,365
Women	N.	227	437	429
UK	**N.**	**7,296**	**7,500**	**7,731**
Men	N.	6,147	6,347	6,563
Women	N.	1,149	1,119	1,168
France	**N.**	**25**	**567**	**802**
Men	N.	23	427	647
Women	N.	2	140	155
Poland	**N.**	**3,044**	**3,135**	**3,144**
Men	N.	2,460	2,515	2,513
Women	N.	584	620	631
Germany	**N.**	**266**	**292**	**357**
Men	N.	233	244	305
Women	N.	33	48	52
Australia	**N.**	**7**	**460**	**1,044**
Men	N.	4	377	880
Women	N.	3	83	164
Canada	**N.**	**13**	**309**	**-**
Men	N.	12	8	-
Women	N.	1	1	-
India	**N.**	**20**	**226**	**23**
Men	N.	16	206	23
Women	N.	4	20	-
Brazil	**N.**	**89**	**94**	**94**
Men	N.	67	67	66
Women	N.	22	27	28
Other countries	**N.**	**342**	**693**	**451**
Men	N.	281	538	342
Women	N.	61	155	109

(*) Regarding 2013 and 2014, data refer only to employees with permanent contract.
(**) Regarding 2014, the breakdown by gender does not include DRS, with reference to UK, USA and Canada.

EMPLOYMENT				
Total number and rates of new employee hires and employee turnover by age group, gender, and region **G4-LA1**	**Unit**	**2015**	**2014**	**2013**
Total new hires	**N.**	**1,124**	**1,690**	**2,719**
Rate of total new hires (*)	**%**	***3***	***3***	***5***
Total male employees hired	N.	938	1,410	2,291
Rate of male employee hires entering	%	*3*	*3*	*8*
Total female employees hired	N.	186	280	428
Rate of female employees hires entering	%	*3*	*3*	*9*
Number of employees hires entering by age group (*)				
< 30 years old	N.	587	772	1,206
< 30 years old	%	9	2	2
30-50 years old	N.	424	770	1,302
30-50 years old	%	2	2	3
> 50 years old	N.	113	148	211
> 50 years old	%	*1*	*0.3*	*0.4*
Total number of employees hires entering by country (*)				
Italy	N.	328	606	1.078
Italy	%	*1*	*2*	*3*
USA	N.	141	174	244
USA	%	*14*	*2*	*14*
UK	N.	477	533	512
UK	%	*7*	*7*	*7*
France	N.	-	67	157
France	%	-	*12*	*20*
Poland	N.	96	134	157
Poland	%	*3*	*4*	*5*
Germany	N.	14	27	40
Germany	%	*5*	*9*	*11*
Australia	N.	3	48	342
Australia	%	*43*	*10*	*33*
Canada	N.	4	9	-
Canada	%	*31*	*3*	-
India	N.	-	12	4
India	%	-	*5*	*17*
Brazil	N.	7	1	29
Brazil	%	*8*	*1*	*31*
Other countries	N.	54	79	156
Other countries	%	*16*	*11*	*35*
Total employees leaving	**N.**	**2,393**	3,234	2,972
Rate of total leavings (**)	**%**	***6***	***6***	***5***
Total male employees leaving	N.	2,016	2,670	2,401
Rate of male employees leaving	%	*6*	*7*	*8*
Total female employees leaving	N.	377	564	571
Rate of female employees leaving	%	*5*	*7*	*12*

Number of employees leaving employment by age group (**) (***)				
< 30 years old	N.	275	523	392
< 30 years old	%	*4*	*1*	*1*
30-50 years old	N.	769	945	1,035
30-50 years old	%	*3*	*2*	*2*
> 50 years old	N.	1,349	1,766	1,524
> 50 years old	%	*11*	*4*	*3*
Total number of employees leaving by country (**)				
Italy	N.	1,236	1,661	1,359
Italy	%	*4*	*5*	*4*
USA	N.	143	186	260
USA	%	*14*	*3*	*14*
UK	N.	680	741	668
UK	%	*9*	*10*	*9*
France	N.	-	21	45
France	%	-	*4*	*6*
Poland	N.	186	170	237
Poland	%	*6*	*5*	*8*
Germany	N.	92	36	26
Germany	%	*35*	*12*	*7*
Australia	N.	-	132	304
Australia	%	-	*29*	*29*
Canada	N.	-	10	-
Canada	%	-	*3*	*0*
India	N.	4	11	2
India	%	*20*	*5*	*9*
Brazil	N.	20	-	25
Brazil	%	*22*	-	*27*
Other countries	N.	32	266	46
Other countries	%	*9*	*38*	*10*

(*) Regarding 2014 and 2013, data refers to approximately 90% of total employees. In particular, for AnsaldoBreda only the Italian scope is considered, while DRS is excluded from the reporting scope. The rate is calculated using total number of employees at the end of the reporting period.
(**) Regarding 2014 and 2013, data refers to approximately 87% of total employees. In particular, for Alenia Aermacchi, MBDA, Telespazio and Thales Alenia Space only the Italian scope is considered, while DRS is excluded from the reporting scope. The rate is calculated using total number of employees at the end of the reporting period.
(***) Regarding 2014 and 2013, data refers to approximately 86% of total employees. In particular, Finmeccanica SpA is excluded.

Return to work and retention rate after parental leave, by gender G4-LA3	Unit	2015	2014 (*)	2013
Return to work rate by gender	**%**	**87**	**97**	**98**
Men	%	87	99	99
Women	%	87	96	96
Retention rate by gender	**%**	**98**	**95**	**90**
Men	%	98	96	95
Women	%	98	95	84
Employees by gender entitled to parental leave	**N.**	**26,500**	**27,845**	**21,431**
Men	N.	18,666	22,799	17,463
Women	N.	7,834	5,046	3,968
Employees by gender that took parental leave in the reporting period	**N.**	**1,010**	**1,065**	**1,357**
Men	N.	516	561	788
Women	N.	494	504	569
Employees who returned to work in the reporting period after parental leave ended, by gender (**)	**N.**	**1,125**	**1,038**	**1,325**
Men	N.	534	556	784
Women	N.	591	482	541
Employees who returned to work after parental leave ended who were still employed 12 months after their return to work, by gender	**N.**	**830**	**988**	**1,297**
Men	N.	410	531	780
Women	N.	420	457	517

(*) Data refers to approximately 90% of total employees. In particular, Finmeccanica SpA and DRS are excluded from the reporting scope.
(**) Data of 2015 includes also employees returned to work after parental leave ended in the reporting period, but they took parental leave in the previous years.

OCCUPATIONAL HEALTH AND SAFETY

Workforce represented in formal health and safety committees G4-LA5	**Unit**	**2015**	**2014**	**2013**
Percentage of total workforce	%	3	n.a.	n.a.

Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender G4-LA6

INJURY RATE (IR)	**Unit**	**2015**	**2014 (*)**	**2013**
Total injury rate of the Group	**i**	**1.64**	**1.63**	**1.95**
Men	i	1.67	1.74	2.08
Women	i	1.51	1.00	1.25
Italy				
Rate	**i**	**2.01**	**2.20**	**2.33**
Men	i	2.13	2.33	2.55
Women	i	1.32	1.37	1.11
USA				
Rate	**i**	**0.88**	**n.a.**	**0.11**
Men	i	0.50	n.a.	0.07
Women	i	2.20	n.a.	0.23
UK				
Rate	**i**	**0.96**	**0.40**	**1.41**
Men	i	0.69	0.39	1.26
Women	i	2.59	0.49	2.29
France				
Rate	**i**	**-**	**n.a.**	**0.78**
Men	i	-	n.a.	1.03
Women	i	-	n.a.	-
Poland				
Rate	**i**	**0.69**	**0.67**	**1.65**
Men	i	0.66	0.70	1.70
Women	i	0.81	0.57	1.45
Germany				
Rate	**i**	**1.25**	**n.a.**	**n.a.**
Men	i	1.46	n.a.	n.a.
Women	i	-	n.a.	n.a.
Other countries				
Rate	**i**	**-**	**n.a.**	**n.a.**
Men	i	-	n.a.	n.a.
Women	i	-	n.a.	n.a.

(*) Data referes to approximately 89% of total employees. In particular, for Alenia Aermacchi only the Italian scope is considered while DRS, FGS and Finmeccanica SpA are excluded from the reporting scope.

The Injury rate is calculated using the following formula: IR=(Total Injuries/Total worked hours)*200,000.

OCCUPATIONAL DISEASES Occupational diseases rate (ODR)	Unit	2015	2014 (*)	2013
Total occupational diseases rate	**i**	**0.02**	**0.07**	**0.10**
Men	i	0.02	0.08	0.09
Women	i	0.02	-	0.12
Italy				
Rate	**i**	**0.03**	**0.10**	**0.09**
Men	i	0.03	0.12	0.10
Women	i	-	-	0.02
USA				
Rate	**i**	**-**	**n.a.**	**-**
Men	i	-	n.a.	-
Women	i	-	n.a.	-
UK				
Rate	**i**	**0.02**	**n.a.**	**-**
Men	i	-	n.a.	-
Women	i	0.11	n.a.	-
France				
Rate	**i**	**-**	**n.a.**	**4.16**
Men	i	-	n.a.	3.08
Women	i	-	n.a.	7.61
Other countries				
Rate	**i**	**-**	**n.a.**	**n.a.**
Men	i	-	n.a.	n.a.
Women	i	-	n.a.	n.a.

(*) Data refers to approximately 89% of total employees. In particular, for Alenia Aermacchi only the Italian scope is considered while Selex ES, DRS and Finmeccanica SpA are excluded from the reporting scope.

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

LOST DAYS Lost days rate (LDR)	Unit	2015	2014 (*)	2013
Total rate	**i**	**111.46**	**54.72**	**259.00**
Men	i	105.40	55.37	230.00
Women	i	145.33	51.01	416.00
Italy				
Rate	**i**	**48.31**	**71.60**	**290.82**
Men	i	53.91	71.08	248.31
Women	i	15.85	74.83	538.09
USA				
Rate	**i**	**6.54**	**12.83**	**16.68**
Men	i	8.41	15.80	20.05
Women	i	-	4.31	5.89
UK				
Rate	**i**	**401.95**	**10.68**	**270.58**
Men	i	345.15	12.13	268.18
Women	i	747.21	2.33	284.69
France				
Rate	**i**	**-**	**240.26**	**990.55**
Men	i	-	266.59	838.54
Women	i	-	158.36	1,474.15
Poland				
Rate	**i**	**11.18**	**9.72**	**47.85**
Men	i	11.67	10.75	47.97
Women	i	8.90	5.50	47.38
Other countries				
Rate	**i**	**-**	**n.a.**	**n.a.**
Men	i	-	n.a.	n.a.
Women	i	-	n.a.	n.a.

(*) Data refers to approximately 79% of total employees. In particular, for Selex ES and Alenia Aermacchi, only the Italian scope is considered while DRS, FGS and Finmeccanica SpA are excluded from the reporting scope.

Lost days rate is calculated using the following formula: LDR=(Total lost days/Total worked hours)*200,000.

ABSENTEE RATE (AR)	Unit	2015	2014 (*)	2013
Total	**i**	**5,861.64**	**7,269.81**	**16,952.47**
Men	i	5,578.87	8,746.97	17,728.18
Women	i	7,431.11	9,765.49	14,715.92
Italy	**i**	**14,673.47**	**8,032.85**	**23,856.66**
Men	i	13,981.30	7,511.23	21,895.55
Women	i	18,686.29	11,070.44	34,745.24
USA	**i**	**412.85**	**1,812.15**	**717.89**
Men	i	453.23	1,118.29	576.38
Women	i	266.45	3,969.25	1,201.69
UK	**i**	**724.94**	**5,448.74**	**12,811.52**
Men	i	639.34	5,263.08	11,934.50
Women	i	1,205.21	6,473.98	19,493.23
France	**i**	**-**	**5,063.77**	**7,924.38**
Men	i	-	4,217.95	6,708.33
Women	i	-	8,532.03	11,793.23
Poland	**i**	**8,246.73**	**8,791.10**	**11,735.27**
Men	i	7,932.13	7,979.78	42,785.02
Women	i	9,692.18	12,298.15	3,940.65
Australia	**i**	**1,690.14**	**n.a.**	**n.a.**
Men	i	2,197.80	n.a.	n.a.
Women	i	1,156.07	n.a.	n.a.
Brazil	**i**	**90,183.18**	**n.a.**	**n.a.**
Men	i	87,431.69	n.a.	n.a.
Women	i	99,585.06	n.a.	n.a.
Other countries	**i**	**-**	**n.a.**	**n.a.**
Men	i	-	n.a.	n.a.
Women	i	-	n.a.	n.a.

(*) Data refers to approximately 75% of total employees. In particular, for Selex ES only the Italian scope is considered while DRS, AnsaldoBreda, FGS and Finmeccanica SpA are excluded from the reporting scope.

Absentee rate is calculated using the following formula: AR=(Total lost days/Total worked days)*200,000.

FATALITIES	Unit	2015 (*)	2014	2013
Total	**N.**	**2**	**-**	**-**
Men	N.	2	-	-
Women	N.	-	-	-
Italy	**N.**	**2**	**-**	**-**
Men	N.	2	-	-
Women	N.	-	-	-

(*) The two fatalities occurred on-flight during the testing activities of prototypes.

TRAINING

Average hours of training per year per employee by gender, and by employee category G4-LA9	Unit	2015	2014	2013
Training hours				
Men	average hours	18	15	11
Women	average hours	17	40	11
Managers	average hours	18	11	6
Junior managers	average hours	33	17	5
White Collars	average hours	20	19	10
Blue Collars	average hours	35	22	6
Pilots	average hours	-	8	37

DIVERSITY AND EQUAL OPPORTUNITY

Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity G4-LA12

Composition of governance bodies	Unit	2015	2014	2013
Men	**%**	**64.0**	**64.0**	**91.0**
Women	**%**	**36.0**	**36.0**	**9.0**
< 30 years old	%	0.0	0.0	0.0
30-50 years old	%	27.3	27.3	9.1
> 50 years old	%	72.7	72.7	90.9
Composition of employees per category and gender	**Unit**	**2015**	**2014**	**2013**
Men				
Managers	%	91.2	91.5	91.9
Junior managers	%	85.9	85.8	85.2
White Collars	%	78.2	77.7	77.1
Blue Collars	%	93.4	91.0	90.9
Pilots	%	100.0	100.0	100.0
Women				
Managers	%	8.8	8.5	8.1
Junior managers	%	14.1	14.2	14.8
White Collars	%	21.8	22.3	22.9
Blue Collars	%	6.6	9.0	9.1
Pilots	%	0.0	0.0	0.0
Composition of employees per category and age group	**Unit**	**2015**	**2014**	**2013**
< 30 years old				
Managers	%	0.0	n.a.	n.a.
Junior managers	%	1.1	n.a.	n.a.
White Collars	%	12.4	n.a.	n.a.
Blue Collars	%	27.8	n.a.	n.a.
Pilots	%	2.6	n.a.	n.a.

30-50 years old				
Managers	%	38.0	n.a.	n.a.
Junior managers	%	47.1	n.a.	n.a.
White Collars	%	57.9	n.a.	n.a.
Blue Collars	%	50.1	n.a.	n.a.
Pilots	%	61.5	n.a.	n.a.
> 50 years old				
Managers	%	62.0	n.a.	n.a.
Junior managers	%	51.9	n.a.	n.a.
White Collars	%	29.7	n.a.	n.a.
Blue Collars	%	22.1	n.a.	n.a.
Pilots	%	35.9	n.a.	n.a.
Composition of employees per minority groups	**Unit**	**2015**	**2014**	**2013**
Minority groups				
Managers	%	6.5	n.a.	n.a.
Junior managers	%	5.0	n.a.	n.a.
White Collars	%	5.4	n.a.	n.a.
Blue Collars	%	2.0	n.a.	n.a.
Pilots	%	0.0	n.a.	n.a.
Disabled employees				
Managers	%	0.8	n.a.	n.a.
Junior managers	%	1.6	n.a.	n.a.
White Collars	%	3.6	n.a.	n.a.
Blue Collars	%	3.8	n.a.	n.a.
Pilots	%	0.0	n.a.	n.a.

EQUAL REMUNERATION FOR WOMEN AND MEN

Ratio of basic salary and remuneration of women to men by employee category G4-LA13	Unit	2015	2014 (*)	2013
Italy				
Managers	%	80.0	81.4	84.1
Junior managers	%	97.2	87.6	95.6
White Collars	%	96.4	94.3	94.7
Blue Collars	%	92.2	96.6	97.6
Pilots	%	-	-	-
USA				
Managers	%	71.52	71.34	79.91
Junior managers	%	81.45	75.64	79.43
White Collars	%	74.51	77.06	94.56
Blue Collars	%	76.21	75.62	77.58
Pilots	%	-	-	-
UK				
Managers	%	88.35	96.85	94.30
Junior managers	%	90.51	88.70	90.95
White Collars	%	75.40	74.86	77.67
Blue Collars	%	81.07	81.68	81.93
Pilots	%	-	-	-
France				
Managers	%	-	95.69	97.37
Junior managers	%	-	72.84	96.25
White Collars	%	-	81.63	87.23
Blue Collars	%	-	96.26	91.30
Pilots	%	-	-	-
Poland				
Managers	%	80.72	72.69	72.59
Junior managers	%	112.68	93.88	92.27
White Collars	%	85.25	75.98	79.51
Blue Collars	%	95.93	87.39	90.93
Pilots	%	-	-	-
Germany				
Managers	%	-	n.a.	n.a.
Junior managers	%	95.77	88.76	88.76
White Collars	%	69.92	94.51	94.51
Blue Collars	%	86.43	83.29	83.29
Pilots	%	-	-	-
Australia				
Managers	%	19.43	90.21	90.91
Junior managers	%	-	82.88	86.05
White Collars	%	-	70.89	75.58
Blue Collars	%	-	79.17	48.44
Pilots	%	-	-	-

Canada				
Managers	%	-	n.a.	n.a.
Junior managers	%	-	n.a.	n.a.
White Collars	%	-	n.a.	n.a.
Blue Collars	%	90.99	n.a.	n.a.
Pilots	%	-	n.a.	n.a.
India				
Managers	%	n.a.	n.a.	n.a.
Junior managers	%	-	n.a.	n.a.
White Collars	%	10.71	n.a.	n.a.
Blue Collars	%	-	45.45	n.a.
Pilots	%	-	n.a.	n.a.
Brazil				
Managers	%	-	n.a.	n.a.
Junior managers	%	56.34	n.a.	n.a.
White Collars	%	39.22	96.16	74.02
Blue Collars	%	20.41	n.a.	n.a.
Pilots	%	-	n.a.	n.a.
Other countries				
Managers	%	45.18	n.a.	n.a.
Junior managers	%	76.99	n.a.	n.a.
White Collars	%	50.47	n.a.	n.a.
Blue Collars	%	37.76	n.a.	n.a.
Pilots	%	-	n.a.	n.a.

(*) Data refers to approximately 90% of total employees. In particular, for Alenia Aermacchi only the Italian scope is considered while DRS is not included in the reporting scope.

MARKET PRESENCE				
Proportion of senior management hired from the local community at significant locations of operation **G4-EC6**	**Unit**	**2015**	**2014**	**2013**
Percentage of senior management (manager and junior manager) from the local community	%	24.85	n.a.	n.a.

An employee is considered from a local community when the country in which the employee works and the country of birth/residence are the same.

OTHER PERFORMANCE INDICATORS TABLES

The following tables provide information and data about Finmeccanica which are not related to the disclosures about significant GRI issues. Some information is given in line with prior sustainability reports.

GROUP'S GUIDELINES ON ENVIRONMENTAL ISSUES
AEE guidelines
Underground tanks guidelines
Waste management guidelines
Guidelines for the identification, assessment and management of environmental emergencies
Guidelines to manage water at Finmeccanica Group's sites
Guidelines to manage hazardous substances at Finmeccanica Group's sites
Guidelines to manage atmospheric emissions at Finmeccanica Group's sites
Guidelines to manage fluorinated greenhouse gases at Finmeccanica Group's sites
CO_2 and Climate Change: Carbon Management at Finmeccanica Group

WATER CONSUMPTION				
Water withdrawals by source	**Unit**	**2015**	**2014**	**2013**
Water supply systems	m^3	2,543	2,945	3,367
Wells	m^3	4,363	4,362	4,313
Total	**m^3**	**6,906**	**7,307**	**7,680**

In 2015, water withdrawals amounted to slightly more than 6.9 millions cubic meters of water[65] (more than 5% less than 2014), of which 37% from water supply systems and 63% from wells.

HAZARDOUS SUBSTANCES				
Consumption of hazardous substances for health	**Unit**	**2015**	**2014**	**2013**
R40/H351 - Substances potentially carcinogenic	ton	566	390	454
R45/H350 - Cancer causing substances	ton	124	116	105
R49/H350i - Cancer causing substances by inhalation	ton	19	10	8
Consumption of hazardous substances for environment	**Unit**	**2015**	**2014**	**2013**
R50/H400 - Highly toxic substances to acquatic organism	ton	275	148	177
R51/H401 - Toxic substances to acquatic organisms	ton	3,845	3,283	1,983
R52/H402 - Harmful substances to acquatic organism	ton	992	767	901
R53/H410-11-12-13 - Substances that could cause negative effects to the acquatic environment in the long term	ton	216	90	154

The consumption of hazardous substances for health (classified as H350 and H351) and for environment (classified as H400, H401, H402, H410, H411, H412 and H413) is strictly linked to specific production processes, for which studies are ongoing in order to contain the use and identify alternatives processes and substances with less impact. In 2015, 710 tons of hazardous substances for health have been consumed, and 5,328 tons of hazardous substances for environment. The increase, compared to 2014, is mainly due to the increases in production in some Group's sectors and to regulatory changes that lead to inclusion/reclassification of new hazardous substances.

[65] The Transportation sector accounts for 5% with respect to the total withdrawn, and it has been estimated on the basis of the average water withdrawals of the last three years per worked hour.

MAH AND IPCC SITES		
Society	**MAH sites**	**IPCC sites**
AgustaWestland	Anagni (FR), Cascina Costa (VA), Frosinone, Świdnik (Poland), Yeovil (UK) - 5 sites -	Anagni (FR), Brindisi, Frosinone, Świdnik (Poland), Yeovil (UK) - 5 sites -
Alenia Aermacchi	Caselle Nord (TO), Nola (NA), Venegono Superiore (VA) - 3 sites -	Caselle Nord (TO), Nola (NA), Pomigliano (NA), Venegono Superiore (VA) - 4 sites -
OTO Melara	La Spezia - 1 site -	La Spezia - 1 site -
Selex ES	Anagni (FR), Cascina Costa (VA), Frosinone, Świdnik (Poland), Yeovil (UK) - 5 sites -	Southampton (UK) - 1 site -

At the end of 2015, 9 sites have been classified as Major Accident Hazard (MAH[66]), and 11 sites have been subjected to Integrated Pollution Prevention & Control Directive (IPPC[67]).

BIODIVERSITY	
Location of group sites with respect to protected natural areas and/or high biodiversity areas	**Number of sites**
Inside	5
Partially inside	1
Very close (between 0 and 300 meters)	5
Close (between 301 and 1,000 meters)	11
Near (between 1,001 and 3,000 meters)	13
Number of sites	**35**
Number of protected natural areas	**38**

[66] Sites included within the scope of the Directive 2003/105/EC and Directive 2012/18/EU. In US exists a similar regulation, "Chemical Accident Prevention Program", but no site of Finmeccanica has such quantities of these substances to be included.
[67] Sites included within the scope of the Directive 2008/1/EC and Directive 2010/75/EU.

112 sites included in the environmental reporting scope cover over 13 km^2 of surface, of which approximately 40% covered by green areas (nearly 5.5 km^2).
35 of these sites (21 in Italy[68], 5 in UK, 9 in the rest of the world) are located at a maximum distance of 3 km from 38 protected natural areas[69] and/or with high biodiversity[70]: in these sites are put in place specific activities of evaluation and monitoring of any environmental impacts. These analysis showed that production processes of 29 sites do not generate impacts to plants and animals in the near protected natural or with high biodiversity areas, or these processes generate only potential or not significant impacts. Moreover, 5 sites are subject to further insights in order to verify the absence of impacts.

TOTAL ENVIRONMENTAL EXPENDITURES

Environmental expenditures by type	Unit	2015
Costs of waste management (Italy)	€ million	4.10
Costs of internal personnel involved in the environmental management	€ million	1.01
Costs for environmental education and training	€ million	0.2
External costs for certification of environmental management systems	€ million	0.13
Costs of external environmental consultancy	€ million	1.38
Proceeds for the sale of greenhouse gas emissions quota	€ million	0.00
Costs for the purchase and use of greenhouse gas emissions certificates	€ million	0.01

[68] Of these, 2 belong to the Transportation sector.
[69] Areas geographically defined, designed, regulated or managed to achieve specific conservation objectives.
[70] Areas not subject to legal protection but recognised by different governmental and non-governmental organisations for their relevant characteristics of biodiversity. These include priority habitats (often defined within National Biodiversity Strategies and Action Plans under the Convention on Biological Diversity).
Furthermore, some international organisations for environmental protection have identified specific areas with high biodiversity.

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(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 2015 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 "G4 Sustainability Reporting Guidelines", issued in 2013 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 (revised) - 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 "G4 Sustainability Reporting Guidelines" and may be summarised as follows:

- comparing the information and data presented in the "Distribution of value added" 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 2015, on which we issued our report dated 18 March 2016 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 the reporting of significant matters process, specifically how these matters are identified and prioritised for the each stakeholder category and how the process outcome is validated internally;
- 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 AgustaWestland Ltd, Alenia Aermacchi S.p.A., DRS Technologies Inc., Selex ES Ltd, Telespazio S.p.A. and Whitehead Sistemi Subacquei 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;
- 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.

As required by the "G4 Sustainability Reporting Guidelines", the data and information covered by our procedures are set out in the "GRI Content Index" table of the sustainability report.

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 2015 sustainability report of the Finmeccanica Group has not been prepared, in all material respects, in accordance with the "G4 Sustainability Reporting Guidelines", issued in 2013 by GRI – Global Reporting Initiative, that are detailed in the "Methodological note" section of the sustainability report.

Rome, 15 April 2016

KPMG S.p.A.

(signed on the original)

Marco Maffei
Director of Audit

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